

Legislation Text

File #: 15-11179, Version: 1

Charlotte Community Capital Fund

Action:

- A. Authorize the City Manager to execute a contract with Self-Help Credit Union to extend the City's participation in the Charlotte Community Capital Fund for an additional one-year and six months term to extend its expiration to June 30, 2020, and**
- B. Authorize the City Manager to approve additional programmatic changes including but not limited to future terms, fund administrators, and other administrative adjustments consistent with the purpose of the Fund.**

Committee Chair:

James Mitchell, Economic Development

Staff Resources(s)

Tracy Dodson, Economic Development
Eric B. Nelson, General Services

Explanation

- On February 24, 2003, City Council approved the creation of the Charlotte Community Capital Fund (Fund) to help small businesses in the Charlotte region gain access to capital that is otherwise unavailable through conventional lending.
- On September 3, 2003, the City Manager executed an Allocation of Services and Duties Agreement (Agreement) with Self-Help Credit Union (Self-Help), a local non-profit community development lender and Fund administrator.
- The Fund was capitalized with loans of \$500,000 from the City, and \$1,479,480 from private and non-profit investors, including The Knight Foundation, Time Warner Cable, Piedmont Natural Gas, and several banking institutions.
- Fund oversight is provided by the Charlotte Community Capital Fund Operating Committee (Operating Committee) of original Fund investors, including two appointments by the Mayor and City Council.
- Funds are not used as direct business loans; rather, funds are used as an 85 percent guarantee for business loans made by Self-Help.
- Loans are typically used for equipment and inventory purchases and to support working capital needs.
- The Fund serves small businesses in Mecklenburg, Cabarrus, Rowan, Union, Anson, Gaston, and Lincoln counties.
- On April 28, 2014, Council authorized the City Manager to extend the Agreement until March 31, 2019.
- On May 9, 2019, the Operating Committee unanimously approved the extension of the Fund to June 30, 2020.
- The Operating Committee will use this extension to research, compile data, and recommend ways to assist businesses improve their chances of successfully accessing capital.
- Since its beginning, the Fund has made 148 loans totaling \$7,771,439, which equates to an average of 10 loans annually and an average loan amount of \$52,510.
- Of the 148 loans made through December 31, 2018, 60 percent of the loans were extended to

minority-owned and 56 percent to women-owned businesses.

Committee Discussion

- On June 27, 2019, the Economic Development Committee voted unanimously (Mitchell, Driggs, Eiselt, and Newton) to approve the Fund extension.