



# **Creative Collaborations for Economic Development**

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# OVERVIEW

- SPAG's EDA-funded Revolving Loan Fund (1990 to 2020)
- COVID-19 and what changed?
- Creative Solutions
- Collaboration
- What's next?



# SPAG's Existing Revolving Loan Fund

- **EDA Funded in 1990**
- Had funded 83 loans as of March 2020
- Over \$11MM (our portion)
- Over \$40MM in private dollars & \$8.5MM in borrower injections
- Created over 1,000 jobs; Retained over 750



### Revolving Loan Fund

**Job Criteria**

- One job must be created or retained for every \$65,000.00 borrowed from SPAG-RLF.
- All SPAG-RLF loans must pay a 1 point (1%) loan origination fee at the time the loan closes. In addition, the borrower is responsible for paying all attorney's fees and filing fees associated with the loan.

**Eligible Use of Funds**

- Working Capital
- Consolidation of Accounts Payable
- Machinery/Equipment
- Building/Land \*New construction may trigger Davis-Bacon\*


**Terms and Interest Rate**

- Terms tied to useful life of assets
- Rates determined by RLF Board, as low as 4%
- Fixed interest for the life of the loan
- No pre-payment penalty

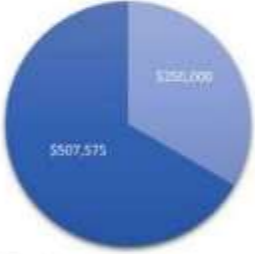
**Notes**

- Existing debt cannot be re-financed
- RLF funds cannot be used for new construction
- Size of loan may not exceed \$250,000

\*Counties in which loans can be made: Bailey, Cochran, Crosby, Dickens, Floyd, Garza, Hale, Hockley, King, Lamb, Lynn, Lubbock, Motley, Terry, and Yoakum




**SPAG RLF Sample Financing Structure**



- 1/3 SPAG-RLF Loan
- 2/3 Match Funds (private lender, equity, other)

\*Assuming maximum amount borrowed\*



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## March 2020 - COVID 19

- **Partnership with Lubbock Economic Development Alliance (LEDA)**
  - Launched in mid-April 2020
  - \$2 MM capital funded over 60 small businesses
  - All loans funded in May 2020
- **EDA COVID-19 Revolving Loan Fund**
  - SPAG regional non-competitive application (due to existing RLF)



## Creative Solutions

- **EDA Non-Competitive COVID RLF Application**
  - SPAG Region Only
  - Modeled RLF Plan after existing RLF + COVID SLF Program
  -  Launched in September 2020
- **Competitive COVID RLF Applications**
  - Panhandle Region
  - Permian Basin Region
  - Issue of Matching Funds
  - Partnerships





## What is SPAG CORE?

SPAG CORE is a COVID relief loan program that was created for small businesses in the SPAG, Permian Basin and Panhandle region that have been in business for at least 2 years in order to aid in their pandemic recovery. The proceeds from this program may be used towards expenses such as inventory and working capital (overhead operations, payroll, rent, utilities, professional fees, etc.).

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## Loan Details

- Fixed interest rate of 2.44%
- Maximum of a 10 year term
- Loan amounts of: \$25K, \$50K, \$75K, \$100K (Maximum \$250,000)
- Collateral will be required on a case-by-case basis
- 6-month moratorium on principal payments
- Monthly payments required
- No prepayment penalty

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## How to Apply.

Email the following to [SPAGcore@spag.org](mailto:SPAGcore@spag.org):

- Completed SPAG CORE Application Form
- 2 Years of Business Tax Returns (most recent)
- Interim Financial Statements: Balance Sheet and Profit & Loss Statement (dated within the last 90 days)
- Personal Financial Statement for each business owner over 20%

\*\*\*If you file as a sole proprietorship we will need a Balance Sheet for the year ending of each tax return\*\*\*

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Email: [SPAGcore@spag.org](mailto:SPAGcore@spag.org) • [www.caprock504.org](http://www.caprock504.org)

## Collaboration

- **Caprock Business Finance Corporation**
  - CDC operating SBA 504 loans throughout Texas
  - Matching Funds
  - Marketing Solution
- **Panhandle & Permian Basin Region**
  - Consideration of Interlocal Agreements
  - Less Formal Arrangements - Committee Members
  - Learning Areas & Sharing Information
  - Introductions





THANK YOU

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