



TIRZ 5 Funded Agreement and American Rescue Plan Act (ARPA) Sub-Recipient Agreements

Borderplex Community Capital, Inc. And Junior Achievement
Item 71, 72 and 73

Goal 1. Cultivate an Environment Conducive to Strong, Economic Development

Requested Action

- **APPROVAL** on a Resolution authorizing the City Manager to sign the Chapter 380 Economic Development Program Agreement by and between the City of El Paso, a municipal corporation organized and existing under the laws of the State of Texas, Borderplex Community Capital, Inc. (“BCC”), a Texas non-profit organization.
- **APPROVAL** on a Resolution authorizing the City Manager to sign the ARPA Subrecipient Agreement by and between the City of El Paso, a municipal corporation organized and existing under the laws of the State of Texas, Borderplex Community Capital, Inc. (“BCC”), a Texas non-profit organization.
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El Paso Small Business Landscape Survey 2023

KEY FINDINGS

BUSINESS DIVERSITY

● 47.1% of surveyed small businesses operate in the *Other Services* sector, including Personal and Laundry services; *Professional, Scientific, and Technical Services*; and *Retail Trade*.

BUSINESS GOALS

● 59.8% of businesses express that a significant challenge to achieving businesses goals is a lack of funding.

BUSINESS CHALLENGES

● A significant 53.5% of businesses operate with at least one employee, facing challenges like reduced sales, employee recruitment hurdles, and high-interest rates when seeking credit.

TECHNICAL ASSISTANCE

● Businesses express a need for technical assistance in areas such as loan applications, business plan reviews, and improved access to technology services.

Borderplex Community Capital (BCC) TIRZ 5 Agreement:

- A Revolving Loan Fund (RLF) is a pool of capital used to provide loans to small businesses with the repayments from existing loans replenishing the fund for future lending.
- The City will allocate an initial \$500,000 to BCC for the **Frontera Future Fund Revolving Loan Fund** with continued support through an annual \$250,000 contribution, aiming to reach a total of \$1,500,000 by 2028.
- This loan program will **empower small businesses with vital access to capital** within the City of El Paso's Tax Increment Reinvestment Zone 5 (TIRZ 5) in District 8.



**BORDERPLEX
COMMUNITY
CAPITAL**

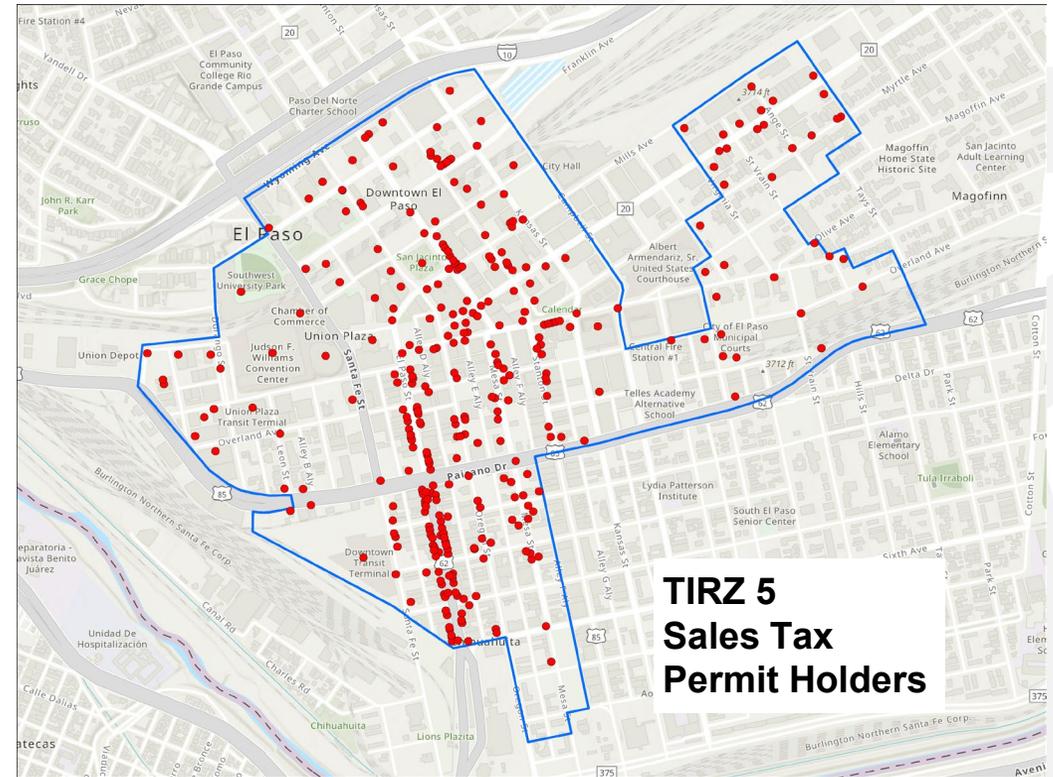
Together Reaching New Heights

A partner of the El Paso Community Foundation

RLF Program Budget	
Year of Program	Amount Allocated
1	\$500,000
2	\$250,000
3	\$250,000
4	\$250,000
5	\$250,000
Total Allocated	\$1,500,000

TIRZ 5 RLF Program Specifics:

- **Loan Maximum:**
 - Up to **\$100,000**
- **Annual Reporting (by BCC) tracks:**
 - Number of loans approved
 - Total loan amounts
 - Industries served
 - Jobs created/retained
 - Delinquency rates
- **Outreach efforts by Economic Development Liaisons**
- **TIRZ 5 Board approved unanimously**



Revolving Loan Fund Advantages:

- **Sustainable Financing:** Evergreen Revolving Loan Fund
- **Access to Capital:** Provides funding to small businesses and startups that may not qualify for traditional bank loans
- **Economic Impact:** Drives local job creation and economic growth through business expansion

Small Businesses in TIRZ 5

Industry Type	Business Count
Retail Trade	100
Accommodation and Food Services	96
Professional, Scientific, and Technical Services	15
Wholesale Trade	15
Information	11
Arts, Entertainment, and Recreation	10
Construction	9
Finance and Insurance	9
Other Services (except Public Administration)	9
Manufacturing	7
Administrative and Support and Waste Management and Remediation Services	5
Real Estate and Rental and Leasing	4
Transportation and Warehousing	2
Not Provided	293
Grand Total	585

80%

Of businesses are considered small (20 employees or less)

Borderplex Community Capital (BCC):

Provides capital to help non-profits, and small businesses succeed, while adding value to broader social and economic systems for the benefit of the community.

Stimulates **economic growth**, enables **reinvestment**, **boosts hiring** and **strengthens the local economy**

Interest Buy-Down

- Interest buy-down to **2%**
- Offer loans up to **\$100,000**, with an average estimated size around of **\$50,000**.
- Limited to businesses located within the City of El Paso limits

Approximately **20** qualified small businesses, enabling them to **enhance operations** and **expand their ventures**.



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Program Budget	
Funding Request	\$200,000
Total Admin Fee 10%	\$20,000
Total Program Cost	\$180,000

Interest Buy Down Example

	Current Rate	Buy Down Option
Loan Amount	\$ 25,000	\$ 25,000
Term	36	36
Interest Rate	12.50%	2%
Payment Amount	\$ 836	\$ 716
Total Interest Paid by Borrower	\$ 5,108	\$ 778
Total Savings		\$ 4,330

Junior Achievement of the Desert Southwest Inc. (JA):

Inspire and prepare young people to succeed in a global economy by providing them with skills, coaching and job connections to meet the demand for alternative career paths.

- Primary focus of recruitment for the **Workforce Development Pathways for Opportunity Youth Program: Young adults aged 16 – 25 from minority and low-income backgrounds.**
- **Skill-Building and Credentialing:**
 - Creativity and Innovation
 - Critical and Analytical Thinking
 - Cultural Agility
 - Effective Collaboration
 - Engaging Communication
 - Self-Direction
- **Employment Connections:** Access to internships, shadowing and potential job placement with JA partners.



Junior Achievement™
of El Paso

Program Budget	
Funding Request	\$100,000
Total Admin Fee 10%	\$10,000
Total Program Cost	\$90,000

Contact:



**BORDERPLEX
COMMUNITY
CAPITAL**

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**Junior
Achievement™
of El Paso**



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El Paso, TX 79912

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MISSION



Deliver exceptional services to support a high quality of life and place for our community.

VISION



Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government.



VALUES

Integrity, **R**espect, **E**xcellence,
Accountability, **P**eople