

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

AGENDA DATE: October 22, 2024

CONTACT PERSON(S) NAME AND PHONE NUMBER: Mirella Tamayo, 915-212-1617
Karina Bragalla, 915-212-0094

DISTRICT(S) AFFECTED: District 8

STRATEGIC GOAL: 1. Cultivate an Environment Conducive to Strong, Economic Development
SUBGOAL: 1.1 Stabilize and expand El Paso's tax base

SUBJECT:

Discussion and action on a Resolution authorizing the City Manager to sign a Chapter 380 Economic Development Program Agreement by and between the City of El Paso and Borderplex Community Capital, Inc. (BCC), a Texas non-profit organization. The purpose of this Agreement is to establish the "Frontera Future Fund," a Revolving Loan Fund for small businesses within Tax Increment Reinvestment Zone No. 5 (TIRZ #5). TIRZ #5 will provide an initial \$500,000 to establish the fund and an annual contribution of \$250,000, with the goal of reaching a total investment of \$1.5 million by 2028.

BACKGROUND / DISCUSSION:

BCC is a mission-driven nonprofit Community Development Financial Institution (CDFI) established in 2020 to address disparities in access to capital for underserved entrepreneurs in El Paso County and Far West Texas. BCC provides low-interest loans and critical financial support to nonprofits and small businesses, particularly those owned by women, veterans, and minorities. By working closely with community leaders, lending institutions, and local governments, BCC fosters a network of support that helps businesses grow and thrive.

This allocation to BCC will create the Frontera Future Fund, which offers small business loans of up to \$100,000 with a maximum interest rate of 18% to businesses within the TIRZ #5 boundaries. By providing accessible, low-cost financing, this revolving loan program empowers small businesses to launch, grow, or stabilize their operations. As businesses repay their loans, the funds are continuously reinvested, creating a sustainable source of capital for future entrepreneurs. This cycle of reinvestment amplifies the fund's impact, fostering ongoing business development and strengthening the community's economic resilience.

PRIOR COUNCIL ACTION:

N/A

AMOUNT AND SOURCE OF FUNDING:

\$500,000 and \$250,000 annually thereafter via Tax Increment Reinvestment Zone No. 5 Fund

HAVE ALL AFFECTED DEPARTMENTS BEEN NOTIFIED? YES NO

PRIMARY DEPARTMENT: Economic and International Development

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:



(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

RESOLUTION

WHEREAS, by the City of El Paso Ordinance No. 016528, adopted December 19, 2006, the City Council created Tax Increment Reinvestment Zone Number Five, City of El Paso, Texas (the “TIRZ 5”), establishing the boundaries of the Zone as described therein, pursuant to the provisions of the Tax Increment Financing Act, Chapter 311, Texas Tax Code (as amended, the “Act”); and later amended by Ordinances No. 016803 and 016804 on December 18, 2007, by Ordinance No. 017821 on July 17, 2012, and by Ordinance No. 018049 on July 30, 2013; and

WHEREAS, the City Council identified that 100% of the City of El Paso’s (“City”) portion of the property tax increment collected on real property located within this Zone would be contributed to the TIRZ’s 5 Tax Increment Financing Fund (the “TIF Fund”); and

WHEREAS, on July 12, 2024, the City Council adopted a Project and Financing Plan for TIRZ 5 (the “Plan”), as required by Section 311.011(a) of the Act which identifies eligible project costs of the TIF Fund; and

WHEREAS, Section 311.010(b) of the Act allows the use of revenue in the TIF Fund to pay any project costs that benefit the reinvestment zone, including economic development grants; and

WHEREAS, the TIRZ 5 Board held a public hearing on September 4, 2024 and recommended approval of the funding request; and

WHEREAS, Borderplex Community Capital (“BCC”) is a mission-driven nonprofit Community Development Financial Institution (“CDFI”) established in 2020 to address disparities in access to capital for underserved entrepreneurs in El Paso County and Far West Texas; and

WHEREAS, BCC provides low-interest loans and critical financial support to nonprofits and small businesses; and

WHEREAS, BCC will establish the revolving loan program, the *Frontera Future Fund*, which offers small business loans of up to \$100,000 with a maximum interest rate of 18% to businesses within the TIRZ 5; and

WHEREAS, the revolving loan program may empower small businesses to launch, grow, or stabilize their operations; and

WHEREAS, as businesses repay their loans, the funds will be continuously reinvested to create a sustainable source of capital for future entrepreneurs.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the City Manager be authorized to sign a Chapter 380 Economic Development Program Agreement (“Agreement”) by and between the **CITY OF EL PASO** (the “City”) and **BORDERPLEX COMMUNITY CAPITAL, INC.** (the “Applicant”), a 501(c)(3) non-profit organization, to provide a \$500,000 incentive to the Applicant to establish the Revolving Loan Program, the “Frontera Future Fund,” which will provide access to small businesses within the City’s Tax Increment Reinvestment Zone No. 5 (“TIRZ 5”). Additionally, the City will provide continued support through an annual contribution of \$250,000, with the goal of reaching a total investment of \$1,500,000 by year 2028.

APPROVED THIS _____ DAY OF _____ 2024.

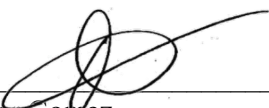
CITY OF EL PASO:

Oscar Leeser
Mayor

ATTEST:


Laura D. Prine
City Clerk

APPROVED AS TO FORM:



Oscar Gomez
Assistant City Attorney

APPROVED AS TO CONTENT:



Karina Brasgalla, Interim Director
Economic & International Development

STATE OF TEXAS) **CHAPTER 380 ECONOMIC DEVELOPMENT**
) **PROGRAM AGREEMENT**
COUNTY OF EL PASO)

This Chapter 380 Economic Development Program Agreement (“Agreement”) is made and entered into by and between the **CITY OF EL PASO, TEXAS** (“City”), a Texas home-rule municipal corporation, and **BORDERPLEX COMMUNITY CAPITAL, INC.**, a 501(c)(3) non-profit organization (“BCC” or “Applicant”) for the purposes and considerations stated below:

WHEREAS, the Applicant desires to enter into this Agreement pursuant to Chapter 380 of the Texas Local Government Code (“Chapter 380”) and the Texas Constitution Article III, Section 52-a; and

WHEREAS, the City has the authority under Chapter 380 to make loans or grants of public funds, as a governmental function, for the purposes of promoting economic development and stimulating business and commercial activity for the general public within and around the City of El Paso, Texas; and

WHEREAS, the City desires to provide, pursuant to Chapter 380, an incentive to the Applicant to establish the Applicant’s Revolving Loan Program, titled “Frontera Future Fund”, to serve the public purpose of promoting economic development and enhancing business and commercial activity within the City of El Paso’s Tax Increment Reinvestment Zone No. 5 (“TIRZ 5”); and

WHEREAS, the Applicant’s “Frontera Future Fund” services being located in El Paso, Texas will likely encourage increased economic development in the City, provide increases in the City’s property tax revenues, and improve the City’s ability to provide for the health, safety, and welfare of the general public within and around El Paso, Texas; and

WHEREAS, the City has determined and hereby finds that this Agreement embodies an eligible *program* and promotes economic development in and around El Paso, Texas and, as such, meets the requisites under Chapter 380 of the Texas Local Government Code and furthermore, is in the best interests of the City and Applicant.

NOW, THEREFORE, in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. DEFINITIONS.

The following words shall have the following meanings when used in this Agreement.

A. Agreement. The word *Agreement* means this Chapter 380 Economic Development Program Agreement, together with all exhibit(s) attached to this Agreement.

B. Applicant. The word *Applicant* means Borderplex Community Capital, a 501(c)(3) non-profit organization.

- C. City.** The word *City* means the City of El Paso, Texas.
- D. Effective Date.** This phrase means the date the El Paso City Council approves the Agreement.
- E. Event of Default.** This phrase shall have the meaning set forth in Section 5 hereof.
- F. Event of Non-appropriation.** The phrase means the failure of the City to appropriate for any Fiscal Year, sufficient funds to pay the Grant payment, or the reduction of any previously appropriated money below the amount necessary to permit the City to pay the Grant payments from lawfully available funds.
- G. Grant.** The word *Grant* means a payment on an annual basis to the Applicant under the terms of this Agreement and payable from the City's TIRZ 5 fund. The maximum payment amounts shall not exceed \$250,000 during the five-year term of this Agreement, aside from the \$500,000 seed payment in year one of this agreement. Under no circumstances shall the aggregated grant payment exceed \$1,500,000. Yearly fund allocations are subject to evaluation based on program performance.
- H. Project.** The word *Project* means Applicant's Revolving Loan Program, titled "Frontera Future Fund", being located in El Paso, Texas as more fully described on **EXHIBIT A**.
- I. Property.** The word *Property* means the location of the Applicant's operations, place of business and address for Notice purposes located at 333 North Oregon St., in El Paso, TX 79901 as described in **EXHIBIT A**.

SECTION 2. TERM AND GRANT PERIOD.

The Term of this Agreement shall commence on the Effective Date and shall terminate on the first to occur: (i) Five years from the Effective Date or (ii) the proper termination of this Agreement in accordance with the applicable provisions contained herein, or (iii) termination by mutual consent of the parties in writing.

SECTION 3. OBLIGATIONS OF APPLICANT.

During the term of this Agreement, the Applicant shall comply with the following terms and conditions:

A. The Administration of the Frontera Future Fund.

1. The Applicant shall administer business loans through the "Frontera Future Fund" over a five-year period, utilizing \$1,500,000 funded by the City.
2. The Applicant shall administer business loans in strict and complete accordance with the description of the loan program provided in **EXHIBIT A**.
3. 60 months after the Effective Date, the Applicant shall return to the City all any

remaining loan funds from the initial \$1,500,000 funds that were not distributed (“Grant Repayment Date”).

B. Annual and Quarterly reporting on Frontera Future Fund.

1. On an annual basis, the Applicant will produce and present an Annual Report to the TIRZ 5 board to include descriptions reporting on the outcome metric items more fully described in **EXHIBIT A**. Failure of the Applicant to produce and present the Annual Report shall result in a stop on future disbursements of Grant funds.
2. On a quarterly basis, the Applicant shall provide documentation evidencing all loan disbursements made and report on the outcome metric items more fully described in **EXHIBIT A** to the City. If the City determines that the documentation provided by Applicant to evidence loan disbursements is not sufficient, the City may request additional documentation. If the Applicant is unable to provide evidence that the City, in its sole discretion, finds is sufficient to show loan disbursements, the City may terminate this Agreement and the City shall have all rights and remedies under the law or in equity. The Applicant’s documentation and records pertaining to this Agreement shall be retained for a period of no less than 10 years. The Applicant will provide electronic copies of any/all documentation and records to the City within five working days of request by the City. Quarterly reports will be due within 60 days of the end of the respective quarter.

SECTION 4. OBLIGATIONS OF CITY.

During the term of this Agreement, and so long as an event of default has not occurred and is not continuing as set forth herein (provided, however, an event of default hereunder shall not be deemed to have occurred until after the expiration of the applicable Notice and Cure Period), the City shall comply with the following terms and conditions:

- A.** The City shall advance \$500,000 to the Applicant within 30 days of the Effective Date to be utilized for the “Frontera Future Fund” program as described herein, and in **EXHIBIT A** attached. Any funds that have been disbursed and repaid shall not be subject to any recapture or reimbursement provision by this agreement. Under no circumstances shall the total aggregated payments disbursed by the City exceed \$1,500,000 over the five-year period this agreement is in effect.
1. The City will distribute the \$1,500,000 as follows: An initial \$500,000 will be advanced to the Applicant for the revolving loan fund for business loans. Subsequently, the Applicant will receive an annual contribution of \$250,000 to the revolving loan fund for the next four consecutive years, contingent upon meeting all obligations set herein.

SECTION 5. EVENTS OF DEFAULT.

Each of the following shall constitute an Event of Default under this Agreement:

- A. Failure to administer the Revolving Loan Program in strict accordance with the terms of this Agreement and/or EXHIBIT A.** The Applicant’s failure to cure within

90 days (“Cure Period”) after written notice from the City describing such failure (“Notice”), shall be deemed an event of default. If such failure cannot be cured within such 90 day period in the exercise of all due diligence, but the Applicant has commenced such cure within such 90 day period and continue to thereafter diligently prosecute the cure of such failure, such actions or omissions shall not be deemed an event of default.

- B. False Statements.** In the event the Applicant provides any written warranty, representation, or statement under this Agreement or any document(s) related hereto that is/are false or misleading in any material respect, either now or at the time made or furnished, and the Applicant fails to cure same within 30 days (“Cure Period”) after written notice (“Notice”) from the City shall be deemed an event of default. If such violation cannot be cured within such 30 day period in the exercise of all due diligence, but the Applicant commences such cure within such 30 day period and continuously thereafter diligently prosecutes the cure of such violation, such actions or omissions shall not be deemed an event of default. Furthermore, if the Applicant obtains actual knowledge that any previously provided warranty, representation, or statement has become materially false or misleading after the time that it was made, and the Applicant fails to provide written notice to the City of the false or misleading nature of such warranty, representation, or statement within 30 days after the Applicant learns of its false or misleading nature, such action or omission shall be deemed an event of default.
- C. Insolvency.** The dissolution or termination of the Applicant’s existence as a going business or concern; the Applicant’s insolvency; appointment of receiver for any part of the Applicant’s portion of the Property; any assignment of all or substantially all of the assets of the Applicant for the benefit of creditors of the Applicant; or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Applicant shall all be deemed events of default. However, in the case of involuntary proceedings, if such proceedings are discharged within 60 days after filing, no event of default shall be deemed to have occurred.
- D. Other Defaults.** Failure of the Applicant or the City to comply with or to perform any other term, obligation, covenant, or condition contained in this Agreement or in any related documents, and the Applicant’s or the City’s failure to cure such failure within 60 days (“Cure Period”) after written notice (“Notice”) from the other party describing such failure, shall be deemed an event of default. If such failure cannot be cured within such 60 day period in the exercise of all due diligence, and the Applicant or the City commences such cure within such 60 day period and continuously thereafter diligently prosecute the cure of such failure, such act or omission shall not be deemed an event of default.
- E. Failure to Cure.** If any event of default by the Applicant or the City shall occur, and after Applicant or City fails to cure the same in accordance herewith, then this Agreement may be terminated without any further action required of the Applicant or City and the Applicant’s or the City’s obligations end at that time. If a default has not been cured within the time stated herein, the non-defaulting party shall have all rights and remedies under the law or in equity.
- F. Liability.** In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental, or consequential damages. In no event shall the

liability of either party exceed the value of Grant Payments issued hereunder. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such damages.

SECTION 6. RECAPTURE OF GRANT PAYMENTS.

Should the Applicant default under Section 5 of this Agreement or any other terms of this Agreement, and provided that the cure period for such default has expired and the Applicant failed to timely cure such default, all Grants previously provided by the City pursuant to this Agreement shall be recaptured and repaid by the Applicant within 60 days from the date of such termination.

SECTION 7. TERMINATION OF AGREEMENT BY CITY WITHOUT DEFAULT OF APPLICANT.

The City may terminate this Agreement in whole or in part for its convenience and without the requirement of an event of default by the Applicant. The City retains the right to terminate this Agreement immediately if any state or federal statute, regulation, case law, or other law renders this Agreement void, illegal, or Applicant violates the same.

SECTION 8. MISCELLANEOUS PROVISIONS.

The following miscellaneous provisions are a part of this Agreement:

- A. Amendments.** This Agreement constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by all parties.
- B. Applicable Law and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. and all obligations of the parties created hereunder are performable in El Paso County, Texas. Venue for any action arising under this Agreement shall lie in the state district courts of El Paso County, Texas.
- C. Assignment of Applicant's Rights.** Applicant understands and agrees that the City expressly prohibits the Applicant from selling, transferring, assigning, or conveying in any way any rights to receive the Grant proceeds without the City's prior written consent. Any such attempt to sell, transfer, assign, or convey without the City's prior written consent is void and may result in the immediate termination of this Agreement, with no ability for the Applicant to cure.
- D. Binding Obligation.** This Agreement shall become a binding obligation on the signatories upon execution by all signatories hereto. City warrants and represents that the individual executing this Agreement on behalf of City has full authority to execute this Agreement and bind City to the same. The individual executing this Agreement on Applicant's behalf warrants and represents that he or she has full authority to execute this Agreement and bind Applicant to the same.
- E. Confidentiality Obligations.** The confidentiality records related to the City's economic development considerations and incentives provided herein will be maintained in

accordance with and subject to all applicable laws, including the Public Information Act, Chapter 552, Texas Government Code. Specifically, the City will maintain the confidentiality of any proprietary information to the extent permitted by law and agrees that, as required by the Public Information Act, it will notify the Applicant if a request relating to such proprietary information is received. The Applicant represents that it understands that the Public Information Act excepts disclosure of trade secret and confidential commercial information and that it will need to assert the proprietary interest of the Applicant as a basis for nondisclosure.

F. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute the same document.

G. Employment of Undocumented Workers. During the term of this Agreement, the Applicant agrees not to knowingly employ any undocumented workers as defined in Texas Government Code Section 2264.001. If convicted of a violation under 8 U.S.C. Section 1324a(f), the Applicant shall repay the amount of the Grant payments received by the Applicant from the City as of the date of such violation not later than 120 days after the date Applicant is notified by the City of a violation of this section, plus interest from the date the Grant payment(s) was paid to the Applicant, at the rate of 7% per annum. The interest will accrue from the date the Grant payment(s) were paid to the Applicant until the date the reimbursement payments are repaid to the City. The City may also recover court costs and reasonable attorney's fees incurred in an action to recover the Grant payment(s) subject to repayment under this section.

H. Execution of Agreement. The City Manager has received authority to execute this Agreement on behalf of the City from the City Council through approval of a resolution.

I. Force Majeure. It is expressly understood and agreed by the parties to this Agreement that if the performance of any obligations hereunder is delayed beyond such party's reasonable control by reason of war, civil commotion, acts of God, severe weather, fire or other casualty, or court injunction, the party so obligated or permitted shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such obligation or requirement shall be extended for a period of time equal to the period such party was reasonably delayed.

J. Notices. All notices required to be given under this Agreement shall be given in writing and shall be effective when actually delivered or when deposited in the United States mail, first class, postage prepaid, addressed to the party to whom the notice is to be given at the addresses shown below. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, each party agrees to keep the other informed at all times of its current address.

The Applicant shall provide all required invoices and other required documentation to the City electronically at the following address: EDcompliance@elpasotexas.gov.

To the City: The City of El Paso
Attn: City Manager
P. O. Box 1890
El Paso, Texas 79950-1890

With a Copy to: The City of El Paso
Attn: Economic and International Development
P. O. Box 1890
El Paso, Texas 79950-1890

To the Applicant: Borderplex Community Capital
President And CEO
300 North Oregon
El Paso, Tx. 79901

K. Ordinance Applicability. The signatories hereto shall be subject to all ordinances of the City, whether now existing or in the future arising; provided, however, no ordinance shall reduce or diminish the contractual obligations contained herein. This Agreement shall confer no vested rights on the Project unless specifically enumerated herein.

L. Severability. In the event any provision of this Agreement shall be determined by any court of competent jurisdiction to be invalid or unenforceable, the Agreement shall, to the extent reasonably possible, remain in force as to the balance of its provisions as if such invalid provision were not a part hereof.

M. Governmental Function. The parties also agree that the City is entering into this Agreement as a governmental entity performing a governmental function, implementing a government grant program intended to provide a public benefit.

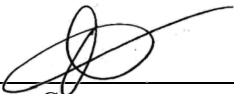
[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereby execute this Agreement on this _____ day of _____, 20____.

CITY:
CITY OF EL PASO:


Dionne Mack
City Manager

APPROVED AS TO FORM:



Oscar Gomez
Assistant City Attorney

APPROVED AS TO CONTENT:



Karina Brasgalla, Interim Director
Economic and International Development

ACKNOWLEDGMENT

THE STATE OF TEXAS §
§
COUNTY OF EL PASO §

This instrument was acknowledged before me on the _____ day of _____, 20__, by **Dionne Mack** as **City Manager** of the City of El Paso, Texas.

Notary Public, State of Texas

My commission expires: _____ / _____ / _____

(Signatures continue on the following page)

APPLICANT:
Borderplex Community Capital, Inc.

By: [Signature]

Name: HECTOR VILLEGAS

Title: CEO & PRESIDENT

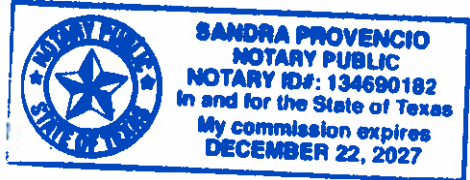
ACKNOWLEDGEMENT

THE STATE OF TEXAS §
 §
COUNTY OF EL PASO §

This instrument was acknowledged before me on this 7 day of October,
2024 by Hector Villegas, as CEO & President of Borderplex Community
Capital, Inc.

[Signature]
Notary Public, State of Texas

My commission expires: 12 / 22 / 2027



ATTACHMENT “A”

SCOPE OF WORK

PROGRAM NAME: “FRONTERA FUTURE FUND” REVOLVING LOAN PROGRAM

RECIPIENT:

Borderplex Community Capital, Inc. (BCC)

Hector Villegas, President & CEO, 333 North Oregon – 2nd floor, El Paso, TX 79901

Services listed in this Scope of Work (SOW) will be provided for the following period:

- Service Period Start: November 1, 2024
- Service Period End: November 31, 2029

PROGRAM DESCRIPTION

The “Frontera Future Fund”, led by BCC, will provide access to capital to small businesses within the City of El Paso’s Tax Increment Reinvestment Zone 5 (TIRZ 5). This five-year program provides loans of up to \$100,000 with an interest rate cap of 18%. Loans are administered through BCC, a local Community Development Loan Fund committed to strengthening small businesses and nonprofits across the City of El Paso, El Paso County, Far West Texas, and Dona Ana County, NM.

This sustainable financing initiative aims to stimulate continued economic development and revitalization, create jobs, and foster entrepreneurial success, particularly for startups and those owned by historically underserved populations, who faces significant hurdles in obtaining capital through the traditional banking system.

Small business owners receive loans from the program to start or grow their businesses. As those loans are repaid, funds are redistributed to other businesses, again and again, creating a long-lasting impact. By accessing financial literacy, one-on-one coaching, and capital through BCC, businesses boost their ability to grow, expand, or satisfy their working capital needs.

The City of El Paso is seeding \$500,000 in a revolving loan fund from TIRZ 5 providing continued support of a \$250,000 annual contribution to reach a total of \$1,500,000 by year 2028. The program funds will be provided upfront by the City of El Paso in accordance with the timeline specified, provided that BCC produces the deliverables listed hereunder.

PROBLEM STATEMENT

El Paso, Texas, a vibrant border city, faces unique economic challenges that have been exacerbated by the past COVID-19 pandemic and recent global economic uncertainties. The city's small businesses, particularly those owned by minorities, women, and low-to-moderate income individuals, are struggling to access affordable capital necessary for growth, expansion, and recovery.

El Paso's economy, heavily reliant on cross-border trade, tourism, and small businesses, has been disproportionately impacted by the effect of the past pandemic-related border restrictions and economic slowdowns. According to the El Paso Chamber of Commerce, over 70% of businesses in the city are classified as small businesses, many of which operate in sectors hardest hit by the past pandemic, such as retail, food service, and personal services.

Furthermore, El Paso's demographic makeup presents additional challenges. With a population that is 82.9% Hispanic or Latino (U.S. Census Bureau, 2021), many business owners face language barriers and limited financial literacy, which can impede their ability to navigate complex lending processes.

Traditional financial institutions often view these small businesses as high-risk borrowers due to factors such as:

1. Limited credit histories or poor credit scores
2. Lack of substantial collateral
3. Inconsistent cash flow
4. Insufficient or not well-prepared business documentation

As a result, many El Paso small businesses are either denied loans or offered financing at prohibitively high interest rates, stifling their potential for growth and economic contribution to the community. The situation is particularly dire for minority-owned businesses, which make up a significant portion of El Paso's business landscape.

According to a 2021 report by the Federal Reserve Bank of Dallas, minority-owned firms are more likely to be denied credit and less likely to receive the full amount requested compared to white-owned firms. This disparity in access to capital perpetuates cycles of economic inequality and hinders the overall economic development of the city. Moreover, El Paso's unique position as a border city presents additional complexities. Many businesses operate in a binational context, serving customers and sourcing supplies from both the United States and Mexico. This international dynamic, while offering opportunities, also introduces challenges in terms of currency fluctuations, cross-border regulations, and supply chain vulnerabilities that require specialized financial products and support.

The lack of accessible, affordable capital for El Paso's small businesses threatens not only individual livelihoods but also the city's overall economic resilience and growth potential. Without intervention, this problem could lead to:

1. Increased business closures and job losses
2. Widening wealth gaps, particularly along racial and ethnic lines
3. Decreased economic diversity and innovation
4. Reduced tax revenue for essential city services
5. Diminished community vitality and social cohesion

To address these challenges, there is a critical need for local organizations like BCC that understands the unique context of El Paso's small business ecosystem. Such organizations must offer not only affordable capital but also culturally competent, bilingual support services to help business owners navigate the complexities of financing, business planning, and growth strategies in a border economy.

By providing accessible financing options and comprehensive support, BCC can empower El Paso's small businesses to recover, grow, and contribute to a more resilient and inclusive local economy.

This approach aligns with the goals of the City of El Paso to foster equitable economic recovery and build long-term economic strength in communities that have been historically underserved and disproportionately impacted by the past pandemic.

METHODOLOGY

To secure funding, BCC must ensure that applicants complete the City of El Paso's Business Climate Survey. The City will provide BCC with the survey link, which applicants are required to fill out.

1. **Loan Program:**

- Limited to businesses located within the TIRZ 5 boundary within City of El Paso limits with capacity to service the loan, and in good standing with creditors.
- Offer loans up to \$100,000, with an average estimated size around of \$50,000.
- Provide flexible terms between 24-60 months.
- The interest rate cap is set at 18%.
- Accessible to businesses operating in a variety of industries, including but not limited to professional, scientific, retail trade, laundry services, accommodation and food services, and technical services.
- Funds may be used for working capital, equipment, furniture, fixtures, inventory, vehicles, trailers, and any other acceptable uses as defined by BCC's Loan Policy, provided that all uses occur within the boundaries of TIRZ 5.
- Commitment fees up to 5%.
- Conduct thorough yet accessible application process. Spanish support will be available.
- Up to 120-day deferral of principal and interest (P&I) upon closing of the loan may be considered based on the applicant's financials and cash flows.

2. **Eligibility/Requirements:**

- Complete the Business Climate Survey
- Business can be a start-up or an established business.
- Employed fewer than 25 full time employees at all business locations.
- Annual gross revenues of not more than \$3 million from all business activities at all business locations.
- Must be in good standing with creditors for at least 12 months.
- Loans are limited to businesses that are located within the City of El Paso TIRZ 5 boundary.
- Business existence will be verified using BCC existing process including business reports, entity documents verified with Secretary of State, or copies of Assumed business name filed with the County.
- Capacity to service the loan will be verified using existing BCC's practice for capacity verification.

3. **Service Schedule and Locations:**

- Loan applications accepted continuously through an online portal at www.borderplexcommunitycapital.org
- Primary location: Borderplex Community Capital, Inc. office – 333 North Oregon St. – 2nd floor – El Paso Texas 79901.
- BCC's team can assist business owners in applying online or in person if needed.
- One-on-one coaching will be offered to assist applicants throughout the lending process.
- Business support services offered Monday – Friday 9am-5pm.

4. Documents:

- Last 3 months of bank statements connected to business demonstrating expenses and revenue; business formation verification, tax returns and financial statements.
- Application completed via BorderplexCommunityCapital.org website.
- Purchase orders will be required for large assets and be paid by BCC directly with loan proceeds (vehicles, trailers, heavy machinery and equipment).

METRICS / MILESTONES

Goals and Objectives:

1. Provide low-cost financing to qualified small businesses, enabling them to enhance operations and expand their ventures.

Deliverables:

Deliverables would provide a comprehensive overview of the program's activities, impact, and financial management, justifying the reimbursement requests and demonstrating the program's progress towards its stated goals and objectives.

Reporting Metrics:

1. Loan disbursements and repayments: This report should include detailed information on the number and amount of loans disbursed, as well as their repayment status and rates. Reports will be submitted to the compliance team on a quarterly basis to ensure adherence. Reports may be distributed to the TIRZ 5 board on a quarterly basis. BCC will also be required to provide an annual report to the TIRZ 5 board, detailing the same metrics to ensure transparency and accountability. The report should include the following sections:
 - Loan Portfolio Overview:
 - PAR30, PAR60, PAR90: Total dollar amounts of loans 30, 60, and 90 days past due, compared to the total loan portfolio.
 - Collections: Total dollar amount and percentage of loans in the collection process.
 - Charge-offs: Total dollar amount and percentage of loans charged off
 - Loan-Specific Information:
 - Business Name
 - Business Address
 - Business Owner(s) names
 - Veteran Status
 - Race and Ethnicity
 - Gender
 - Loan Amount
 - Survey Completion Status

Internal Tracked Data

1. Loan program activity summary: Number of loan applications received, processed, approved, and denied. Total amount of funds disbursed.
2. Program performance: Progress towards annual loan disbursement goal, current loan repayment rate, number of jobs created or retained by businesses receiving loans.
3. Participant demographic data: Information on the diversity of businesses served (e.g. veterans, minority-owned, women-owned), industry, type of business formation, years/months in business, delinquency.

Method of Measuring Deliverables:

These methods will provide a more comprehensive approach to measuring and tracking the program's performance and impact. They will also help in maintaining transparency ensuring accountability and facilitating continuous improvement of the Program.

- Utilize loan management operating system (Loan Well) for tracking disbursements and repayments, number of businesses created or assisted, diversity, TA provided, etc.
- Conduct quarterly surveys of loan recipients for job data.
- Annual financial statement or tax return of participant businesses.
- Conduct annual calls with program participants to gather qualitative feedback related to the program.

BCC will provide quarterly reports on loan disbursements, job creation, and economic impacts to ensure transparency and accountability in the use of these funds.

BCC's team will assist small businesses in applying online throughout our lending operating system (Loan Well) or in person if needed. TA will be provided to support applicants during the lending process. Support in Spanish will be available.

Loss Mitigation methods:

In coordination with BCC's Loan Policy, BCC will provide information on virtual, or in-person technical assistance activities, training, and/or consultations offered in-house or through partners aimed at preventing loan defaults and mitigating losses. Some of these activities/training/consultations may include:

1. Early Warning Implementation:
 - Train businesses to set up and monitor key financial indicators
 - Implement automated alerts for missed payment deadlines
 - Financial health check-ins to identify potential problems early
2. Cash Flow Management:
 - Cash flow forecasting and management workshops
 - Assistance in setting up cash reserves or emergency funds
 - Strategies for managing accounts receivable and payable to optimize cash flow
3. Cost Reduction and Efficiency:
 - Expense analysis and cost-cutting strategies
 - Guidance on negotiating with suppliers and creditors

- Identifying and eliminating non-essential expenses
- 4. Revenue Enhancement:
 - Customer retention strategies to maintain steady income
 - Upselling and cross-selling techniques to increase revenue from existing customers
 - Diversification strategies to create multiple income streams
- 5. Debt Restructuring Assistance:
 - Help in negotiating with other creditors to restructure existing debts
 - Guidance on prioritizing debt payments
 - Strategies for consolidating high-interest debts
- 6. Crisis Management Planning:
 - Developing contingency plans for various financial scenarios
 - Creating action plans for sudden market changes or economic downturns
- 7. Working Capital Management:
 - Optimizing inventory levels to free up cash
 - Improving accounts receivable collection processes
 - Managing supplier credit terms effectively
- 8. Loan Compliance Assistance:
 - Reviews of loan covenants and requirements
 - Guidance on maintaining compliance with loan terms
 - Communication strategies with lenders

BCC will maintain records, including:

- Issues addressed in each session
- Action plans developed
- Follow-up activities and ongoing support provided

BCC will provide technical assistance activities/training/consultations to the specific need and situation of each borrower. If a loan under this program is deemed a loss, BCC will share with the City all relevant loss mitigation efforts provided to help prevent the loss.

Budget:

The City will distribute the \$1,500,000 as follows: An initial \$500,000 will be advanced to the Applicant for the revolving loan fund for business loans. Subsequently, the BCC will receive an annual contribution of \$250,000 to the revolving loan fund for the next four consecutive years, contingent upon meeting all obligations.

Program Budget		
Year of Program	Amount Allocated	Usage of funds
1	\$500,000	Revolving Loan Program
2	\$250,000	Revolving Loan Program
3	\$250,000	Revolving Loan Program
4	\$250,000	Revolving Loan Program
5	\$250,000	Revolving Loan Program
Total allocated	\$1,500,000	

BORDERPLEX COMMUNITY CAPITAL, INC.			Metrics
Program Timeline			
November 1, 2024 - October 31, 2025			
Program Quarter	Responsibilities	MONTHS	# of anticipated loans
Q1	i BCC will provide a quarterly report to City and TIRZ 5 board	November December January	2
Q2	i BCC will provide a quarterly report to City and TIRZ 5 board	February March April	2
Q3	i BCC will provide a quarterly report to City and TIRZ 5 board	May June July	3
Q4	i BCC will provide a quarterly report to City and TIRZ 5 board i BCC will provide an annual report to City and TIRZ 5 board	August September October	3
TOTAL for year 1			10
November 1, 2025 - October 31, 2026			
Program Quarter	Responsibilities	M O N T H S	# of anticipated loans
Q1	i BCC will provide a quarterly report to City and TIRZ 5 board	November December January	2
Q2	i BCC will provide a quarterly report to City and TIRZ 5 board	February March April	1
Q3	i BCC will provide a quarterly report to City and TIRZ 5 board	May June July	1
Q4	i BCC will provide a quarterly report to City and TIRZ 5 board i BCC will provide an annual report to City and TIRZ 5 board	August September October	1
TOTAL for year 2			5

November 1, 2026 - October 31, 2027			
Program Quarter	Responsibilities	MONTHS	# of anticipated loans
Q1	i BCC will provide a quarterly report to City and TIRZ 5 board	November December January	2
Q2	i BCC will provide a quarterly report to City and TIRZ 5 board	February March April	1
Q3	i BCC will provide a quarterly report to City and TIRZ 5 board	May June July	1
Q4	i BCC will provide a quarterly report to City and TIRZ 5 board i BCC will provide an annual report to City and TIRZ 5 board	August September October	1
TOTAL for year 3			5
November 1, 2027 - October 31, 2028			
Program Quarter	Responsibilities	MONTHS	# of anticipated loans
Q1	i BCC will provide a quarterly report to City and TIRZ 5 board	November December January	1
Q2	i BCC will provide a quarterly report to City and TIRZ 5 board	February March April	1
Q3	i BCC will provide a quarterly report to City and TIRZ 5 board	May June July	2
Q4	i BCC will provide a quarterly report to City and TIRZ 5 board i BCC will provide an annual report to City and TIRZ 5 board	August September October	1
TOTAL for year 4			5

November 1, 2028 - November 30, 2029			
Program Quarter	Responsibilities	MONTHS	# of anticipated loans
Q1	i BCC will provide a quarterly report to City and TIRZ 5 board	November December January	1
Q2	i BCC will provide a quarterly report to City and TIRZ 5 board	February March April	1
Q3	i BCC will provide a quarterly report to City and TIRZ 5 board	May June July	2
Q4	i BCC will provide a quarterly report to City and TIRZ 5 board i BCC will provide an annual report to City and TIRZ 5 board	August September October	1
TOTAL for year 5			5