



EDC - 3/16/16

HCCW Revolving Loan Fund Advantages

The Hispanic Chamber of Commerce of Wisconsin (HCCW) designed the Nuevo Futuro: Entrepreneurship & Small Business Development Resource Fund to target underserved and under-resourced Hispanic and non-Hispanic innovators and entrepreneurs to provide access to capital pathways for concept commercialization and sustainability in the City of Madison. HCCW's robust and diverse network of Hispanic and non-Hispanic individuals, e.g. Hispanic and non-Hispanic professionals, UW alumni, small business owners, manufacturers, health care organizations, debt and equity providers, coupled with the resources and intellectual capital of groups such as the Wisconsin Alumni Research Foundation, will work tirelessly to ensure that a diverse cross-section of entrepreneurs, targeting women, specifically, will access innovation and business startup resources and capital that are currently not offered.

The HCCW Nuevo Futuro Program was submitted in reference to the RFP# 8452-0-2015RR to the City of Madison Economic Development Office on December 21, 2015. The HCCW team was invited to meet with the City of Madison Staff on February 8, 2016, in which questions to the proposal were answered. The HCCW Team invited three funding partners to the interview. During the interview, the HCCW Team inquired about the selection process and was told that a rubric was not created and that City staff did not have any intentions of creating one. HCCW was informed that a proposal would be selected based primarily on staff observations. After the interview, the City of Madison Staff indicated they would contact the HCCW Team by February 26, 2016 on their final selection.

On March 3, 2016, the Final Review Scoring Rubric was released to the HCCW Team and City of Madison Staff notified us of their selection of the Doyenne Group (DG) as the recipients of the funding. **The Final Review Scoring Rubric does not take into account the economic impact and optimization of the City of Madison's funding to the city and to its residents.**

This document will describe three major components and differences between the HCCW and DG:

1. HCCW deploys fourteen times the maximum award of \$600,000 for a total budget of \$8,600,000.
2. HCCW optimizes Economic Impact back to the City of Madison taxpayer in the form of new tax revenues generated.
3. The HCCW program deploys program only in the City of Madison as opposed to DG which takes the City of Madison resources and deploys them on a statewide basis.

Following the in-person presentation with the City of Madison, the City of Madison Economic Development staff requested the HCCW provide follow-up information based. Per City of Madison staff guidance, the HCCW then provided the updated HCCW financial model which was to be used for the City of Madison review committee to make their decision. This information included a range of funding from \$6.6M to \$8.6M total, of which \$6-8M would be capital deployed as "Subordinated Revolving Loan Funding" and "Potential Debt Leverage Subject to Deal Flow." Existing companies will better qualify for debt leverage than new and early stage companies.

The following **underlined bolded text** identifies key elements of the RFP that should have been included in the Final Review Scoring Rubric with reference to the RFP section in parentheses along with a descriptive comparison of what the Hispanic Chamber of Commerce of Wisconsin (HCCW) and the Doyenne Group (DG) proposed in their applications to the City of Madison.

Applicant maximizes the total capital deployed in loans to women, people of color and technology businesses.

HCCW Total Capital Deployed: \$8,000,000

Subordinated Revolving Loan Fund: \$4,000,000 (\$2M per year)

The HCCW Nuevo Futuro Program will loan in two years \$4 million dollars to microenterprise businesses who are women or minority owned businesses with a sole focus on technology.

Potential Debt Leverage Subject to Deal Flow Continuum: \$4,000,000 (\$2M per year)

An additional \$4 million dollars will be potential debt leverage that will be led by the HCCW staff to ensure the businesses located in the City of Madison viable financial success.

DG Total Capital Deployed: \$860,000

Funding can be used to assist businesses in the City of Madison only. (RFP 2.2)

HCCW: In a 2-year period, the HCCW Nuevo Futuro Program will **leverage fourteen times** the maximum award of \$600,000 for a total budget of \$8,600,000. The goal of the HCCW Nuevo Futuro project is to optimize the impact on the economic development and job creation ***only in the City of Madison***. The HCCW will assist businesses and entrepreneurs located only in the City of Madison, as opposed to diluting the funding throughout the state of Wisconsin. To ensure the HCCW Nuevo Futuro Program assists only City of Madison residents and businesses, the HCCW staff will collect essential information, document each interaction, and track progress through the HCCW Key Performance Indicator (KPI) Report. A direct line of communication with the Office of Business Resources will ensure the HCCW Nuevo Futuro Program is meeting all requirements.

DG: The Doyenne Group wrote on their proposal: "The Evergreen Fund is setup as a three-part Fund that will be disbursed in 2016 and 2017; totals reflect two (2) years of Fund distribution. \$200,000 will be given out in \$5,000 grants to women-led businesses from across Wisconsin."

The organization demonstrates optimization of 1:1 required matching funds from the City of Madison.

HCCW 2-year Total Budget: \$8,600,000

The HCCW Nuevo Futuro Program is designed to provide Essential Entrepreneurship Skills Workshops by Access-to-Capital Professionals (City of Madison residents), host an annual Salute to Women in Technology Conference (to be hosted in the City of Madison), an Economic News Media Message which **highlights the City of Madison as the entrepreneurial technology soft landing spot in the State of Wisconsin and emphasizes the funding provided by the City of Madison**. Along with providing an HCCW-Starting Block Collaborative Services Grant, the HCCW Nuevo Futuro has allocated funding specifically for Madison based businesses to receive access to capital via the HCCW Revolving Loan Fund.

DG 2-year Total Budget: \$1,200,000

Revolving fund that will reinvest repayments back into technology or small business enterprises with a focus on women and minority entrepreneurs. Does the applicant demonstrate a long-term sustainability after receiving 2 years of funding from the City of Madison with a focus to reinvest repayments back into technology or small business enterprises? (RFP 2.2)

The HCCW projected a 5-year budget proposal.

The HCCW Nuevo Futuro Program leverages the funding provided by the City of Madison to funding sources through its private-public partnership. It is the primary intent of the HCCW Nuevo Futuro Program to reinvest repayments back into technology or small business enterprises with a focus on women and minority entrepreneurs. An updated 5-year budget is available to emphasize the sustainability of the program.

DG: 2-year budget proposal.

The City needs confirmation that the organizations and people applying for this funding have a demonstrable understanding of the issues outlined in the program summary and that they will not be relying solely on City funding to accomplish their programming goals. (RFP 3.2)

The HCCW indicated the understanding of the issues outlined and invited three partners to the interview meeting as they will assist in funding the Nuevo Futuro Proposal. The HCCW leadership team has extensive experience in overseeing IT development and access to capital programs, including underwriting expertise. The HCCW Revolving Loan fund has been providing and servicing loans since 2012; however, the HCCW Chairman, President & CEO has over thirty years of experience in IT development and the banking sector. The HCCW Director of Credit Administration and Access to Capital programs has over thirty years of experience in the financial sector and the Director of IT Services has over twenty years of experience in IT development, culminating in over 80 years of combined finance and IT development experience. In addition, the access to capital approval committee, combined, has over a hundred years of banking experience.

Local Vendor Preference (5% of Total Points) (RFP 1.13)

The HCCW is registered with the City of Madison as a local vendor. The registration was completed prior to submission of this proposal. DG was not listed as a local vendor at the time HCCW received the scoring rubric and award notice from the City of Madison.