

## LISC Jacksonville – Small Business Equity Fund for Jacksonville

### FY 2021-2022 City Grant Proposal Term Sheet

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**Grant Recipient:** LISC Jacksonville (“Recipient” or “LISC”)

**Program Name:** Small Business Equity Fund for Jacksonville (the “Program” or the “Fund”)

**City Funding Request:** \$1,000,000.00

**Contract/Grant Term:** October 1, 2021– September 30, 2022

**Any substantial change to this FY 2021-2022 City Grant Proposal Term Sheet (the “Term Sheet”) or the attached Program budget will require City Council approval.**

#### **PROGRAM OVERVIEW:**

Capital is critical to small business growth and success, but many businesses located in or primarily serving low income or underserved neighborhoods don’t have access to capital because their communities have been historically locked out of economic opportunity. Consequently, these businesses do not grow, fail in higher numbers, and if they survive at all they produce lower profits, hire fewer employees, and are less able to fuel wealth creation. The Small Business Equity Fund for Jacksonville will bridge this capital gap by creating an equity investment fund to empower the growth of small businesses from low income or underserved neighborhoods and, ultimately, build a sustainable investment model with the potential to seed wealth building in these communities.

Debt capital makes up the bulk of capital for small businesses, but small businesses from low income or underserved neighborhoods have more difficulty obtaining it than other businesses. Gaps also exist in access to equity capital.

With access to debt and equity limited, entrepreneurs frequently rely on their personal wealth or that of their networks - so-called “friends and family” capital. This may come from savings, home equity, credit card advances or other disposable assets. But Jacksonville’s stark wealth gaps make this source of capital elusive for many entrepreneurs. These gaps compound the ability of small businesses to access “friends and family” capital.

The Program will provide access to growth capital for small businesses from historically low income or underserved neighborhoods to unlock their potential to grow, scale, create jobs and fuel wealth creation. LISC will invest in these businesses by providing them with grants in the form of patient capital, which act as substantial equity-like investments, but without the cost and loss of control that equity often requires. LISC plans to invest up to \$50,000 in at least 20 small businesses from historically low income or underserved neighborhoods.

This Program will:

- Build wealth for small business owners from historically low income or underserved neighborhoods;
- Create and retain sustainable jobs in small businesses;
- Measure results and document impact to quantify success in promoting inclusive growth; and
- Establish the investment thesis for a larger follow-on fund for these types of businesses.

#### **PROGRAM SCOPE OF WORK AND DELIVERABLES:**

All small businesses that are located in or serve historically low income or underserved neighborhoods which businesses have 2 or more employees and a continuous operational history of more than 2 years in Duval County will be eligible for these grants. The LISC local office will open an application process for these businesses and make grant awards based on the application submitted, supplemented by additional due diligence.

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- a. “Small business” is defined as a business which has less than \$2,000,000 in annual revenues.
- b. Investment Criteria – Businesses will be asked to submit a business/growth plan that outlines their plans for expansion and job creation in their communities. Businesses with realistic and promising ideas for investment will be favored in the selection. In addition to evaluating the business’s growth plan, LISC will consider the following:
  - i. Business Size – The Fund will target businesses with \$100,000 - \$2,000,000 in initial revenue.
  - ii. Business Stability – The Fund will review the business’s P&L, bank statements, balance sheets, and tax filings to determine the ability of the business to take on the investment;
  - iii. Business Longevity - The Fund will prioritize businesses that are pillars in their communities. Businesses must be at least 2 years old, however priority will be given to businesses that have been operating for at least 5 years.
  - iv. Background Searches – LISC will run background searches, including CLEAR, on any candidate business.
  - v. Employees – The Fund will prioritize businesses with at least 2 employees and business plans showing a clear path to hiring more employees post investment
  - vi. Community Impact – The Fund will prioritize businesses in sectors promoting positive economic growth and opportunity (i.e., a manufacturing business would receive a higher ranking than a liquor store)
- c. Monitor investment performance – LISC will provide quarterly updates regarding the status of the funded businesses.
- d. Conduct local check-ins with business owners – Bi-monthly.
- e. Provide direct technical assistance to small businesses – LISC will provide recipient businesses with technical assistance to ensure payment schedules are made and to monitor businesses for signs of trouble. In certain instances LISC will refer recipient businesses out to specific professionals, such as accountants, attorneys, etc. for additional assistance if the recipient business is unable to meet the contract requirements in a timely manner.

#### **PROGRAM COSTS/PAYMENT TERMS:**

In addition to any additional documentation or information required to be submitted pursuant to any contract between the City and LISC, LISC will submit invoices for reimbursement of its costs to administer the Program and for each grant awarded in accordance with the Program, along with the justification for the award and quarterly reports. The Program Budget is attached.

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#### **PROGRAM IMPACT & REPORTING:**

LISC will monitor the businesses which receive the grant and report the following collective outcomes of the Program:

- Number and names of organizations supported;
  - Number and names of small businesses located in or serving historically low income or underserved neighborhoods and investment amounts;
- Geographic distribution of Program investments;
- Number of jobs created by small business recipients;
- Incremental revenues generated by small business recipients;
- Any follow-up investments in small business recipients from other funding sources;
- Pace of grant drawdown by each small business recipient;
- Breakdown of investments vs. administrative/other support by organization; and
- Recipient investment/entrepreneur profile(s)
- Provide up to \$50,000 grants to at least 20 small businesses

#### **ADDITIONAL GRANT REQUIREMENTS AND CONDITIONS:**

Recipient's and Sub-Recipients' expenditure of City funds for the Program and the provision of services shall be subject to Chapter 118, Parts 1 – 5 of the *Jacksonville Ordinance Code*, and the terms and conditions of any contract entered into between the City and Recipient. Recipient and Sub-Recipients' shall use the City funds for the Program in accordance with the City Council approved Term Sheet and Program budget. The City's Grant Administrator may amend this Term Sheet or the approved Program budget consistent with the Program's needs, provided that any substantial change to this Term Sheet or the approved Program budget will require City Council approval.

FY 2022 PSG/ City Grant - Program Budget Detail

Lead Agency:  
 LISC Jacksonville  
 Program Name:  
 Impact Investment Fund

Agency Fiscal Year:  
 January - December

| Categories and Line Items                              | Prior Year<br>Prg Funding<br>FY 2019-2020 | Current Year<br>Prg Budget<br>FY 2020-2021 | Total Est. Cost<br>of Program<br>FY 2021-2022 | BUDGET                        |                                  | Funding Partners                        |                                   |                                  |
|--|---|--|---|-------------------------------|----------------------------------|---|-----------------------------------|----------------------------------|
|  |   |  |   | Agency<br>Provided<br>Funding | All Other<br>Program<br>Revenues | City of<br>Jacksonville<br>(City Grant) | Federal/ State &<br>Other Funding | Private<br>Foundation<br>Funding |
|  |   |  |   |                               |                                  |   |                                   |                                  |
| <b>I. Employee Compensation</b>                        |   |  |   |                               |                                  |   |                                   |                                  |
| <b>Personnel - 01201 (list Job Title or Positions)</b> |   |  |   |                               |                                  |   |                                   |                                  |
| 1 Executive Director                                   | \$0.00                                    | \$0.00                                     | \$33,592.25                                   | \$0.00                        | \$0.00                           | \$20,155.35                             | \$0.00                            | \$13,436.90                      |
| 2 Program Officer for Economic Development             | \$0.00                                    | \$0.00                                     | \$46,750.00                                   | \$0.00                        | \$0.00                           | \$41,556.85                             | \$0.00                            | \$5,193.15                       |
| 3 Lending Officer                                      | \$0.00                                    | \$0.00                                     | \$40,815.26                                   | \$0.00                        | \$0.00                           | \$36,102.46                             | \$0.00                            | \$4,512.81                       |
| 4 Finance Director                                     | \$0.00                                    | \$0.00                                     | \$35,100.00                                   | \$0.00                        | \$0.00                           | \$10,881.00                             | \$0.00                            | \$24,219.00                      |
| 5 Administrative Assistant                             | \$0.00                                    | \$0.00                                     | \$10,342.12                                   | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$10,342.12                      |
| 6  | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 7  | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 8  | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 9  | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 10   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 11   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 12   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 13   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 14   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 15   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 16   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 17   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 18   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 19   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 20   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 21   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 22   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 23   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 24   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 25   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 26   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 27   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 28   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 29   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| 30   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| <b>Subtotal Employee Compensation</b>                  | <b>\$0.00</b>                             | <b>\$0.00</b>                              | <b>\$186,599.84</b>                           | <b>\$0.00</b>                 | <b>\$0.00</b>                    | <b>\$108,895.85</b>                     | <b>\$0.00</b>                     | <b>\$57,703.98</b>               |
| <b>Fringe Benefits</b>                                 |   |  |   |                               |                                  |   |                                   |                                  |
| Payroll Taxes - FICA & Med Tax - 02101                 | \$0.00                                    | \$0.00                                     | \$12,729.57                                   | \$0.00                        | \$0.00                           | \$8,315.22                              | \$0.00                            | \$4,414.35                       |
| Health Insurance - 02304                               | \$0.00                                    | \$0.00                                     | \$42,182.31                                   | \$0.00                        | \$0.00                           | \$27,554.35                             | \$0.00                            | \$14,627.96                      |
| Retirement - 02201                                     | \$0.00                                    | \$0.00                                     | \$8,319.98                                    | \$0.00                        | \$0.00                           | \$5,434.78                              | \$0.00                            | \$2,885.20                       |
| Dental - 02301   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Life Insurance - 02303                                 | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Workers Compensation - 02401                           | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Unemployment Taxes - 02501                             | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Other Benefits - (Please describe)                     | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| <b>Subtotal Taxes and Benefits</b>                     | <b>\$0.00</b>                             | <b>\$0.00</b>                              | <b>\$63,231.86</b>                            | <b>\$0.00</b>                 | <b>\$0.00</b>                    | <b>\$41,304.35</b>                      | <b>\$0.00</b>                     | <b>\$21,927.51</b>               |
| <b>Total Employee Compensation</b>                     | <b>\$0.00</b>                             | <b>\$0.00</b>                              | <b>\$229,831.50</b>                           | <b>\$0.00</b>                 | <b>\$0.00</b>                    | <b>\$150,000.00</b>                     | <b>\$0.00</b>                     | <b>\$79,631.50</b>               |
| <b>II. Operating Expenses</b>                          |   |  |   |                               |                                  |   |                                   |                                  |
| <b>Occupancy Expenses</b>                              |   |  |   |                               |                                  |   |                                   |                                  |
| Rent - Occupancy - 04408                               | \$0.00                                    | \$0.00                                     | \$13,300.00                                   | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$13,300.00                      |
| Telephone - 04181                                      | \$0.00                                    | \$0.00                                     | \$4,433.33                                    | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$4,433.33                       |
| Utilities - 04301                                      | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Maintenance and Repairs - 04603                        | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Insurance Property & General Liability - 04502         | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Other - (Please describe)                              | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| <b>Office Expenses</b>                                 |   |  |   |                               |                                  |   |                                   |                                  |
| Office and Other Supplies - 05101                      | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Postage - 04101  | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Printing and Advertising - 04801                       | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Publications - 05216                                   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Staff Training - 05401                                 | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Directors & Officers - Insurance - 04501               | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Professional Fees & Services (not audit) - 034         | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Background Screening - 04938                           | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Other - Equipment under \$1,000 - 06403                | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Other - (Please describe)                              | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| <b>Travel Expenses</b>                                 |   |  |   |                               |                                  |   |                                   |                                  |
| Local Mileage - 04021                                  | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Parking & Tools - 04028                                | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| <b>Equipment Expenses</b>                              |   |  |   |                               |                                  |   |                                   |                                  |
| Rental & Leases - Equipment - 04402                    | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Vehicle Fuel and Maintenance - 04216                   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Vehicle Insurance - 04502                              | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Other - (Please describe)                              | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| <b>Direct Client Expenses - 08301</b>                  |   |  |   |                               |                                  |   |                                   |                                  |
| Client Rent  | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Client Utilities                                       | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Client Food  | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Client Medical   | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Client Educational                                     | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Client Personal  | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Recoverable Grants                                     | \$0.00                                    | \$0.00                                     | \$850,000.00                                  | \$0.00                        | \$0.00                           | \$850,000.00                            | \$0.00                            | \$100,000.00                     |
| Client Other (Please describe)                         | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| <b>Total Operating Expenses</b>                        | <b>\$0.00</b>                             | <b>\$0.00</b>                              | <b>\$867,733.33</b>                           | <b>\$0.00</b>                 | <b>\$0.00</b>                    | <b>\$850,000.00</b>                     | <b>\$0.00</b>                     | <b>\$117,733.33</b>              |
| <b>III. Operating Capital Outlay (OVER \$1,000)</b>    |   |  |   |                               |                                  |   |                                   |                                  |
| Machinery & Equipment - 06402                          | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Computers & Software - 06427                           | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| Other - (Please describe)                              | \$0.00                                    | \$0.00                                     | \$0.00  | \$0.00                        | \$0.00                           | \$0.00                                  | \$0.00                            | \$0.00                           |
| <b>Total Capital Outlay</b>                            | <b>\$0.00</b>                             | <b>\$0.00</b>                              | <b>\$0.00</b>                                 | <b>\$0.00</b>                 | <b>\$0.00</b>                    | <b>\$0.00</b>                           | <b>\$0.00</b>                     | <b>\$0.00</b>                    |
| <b>Direct Expenses Total</b>                           | <b>\$0.00</b>                             | <b>\$0.00</b>                              | <b>\$1,197,364.83</b>                         | <b>\$0.00</b>                 | <b>\$0.00</b>                    | <b>\$1,000,000.00</b>                   | <b>\$0.00</b>                     | <b>\$197,364.83</b>              |
| <b>Percent of Budget</b>                               |   |  | <b>100.0%</b>                                 | <b>0.0%</b>                   | <b>0.0%</b>                      | <b>83.5%</b>                            | <b>0.0%</b>                       | <b>16.5%</b>                     |

Last Modified: 02/11/2020

All PSG items listed must be included in the narrative section of the budget.

Revised 02/11/2020