

INTRODUCED: March 14, 2016

AN ORDINANCE No. 2016-088

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to enter into the Contractor Assistance Program Fourth Cooperation Agreement between the City of Richmond and the Economic Development Authority of the City of Richmond for the purpose of providing for the Authority to serve as the administrative agent of loans made through the Contractor Assistance Loan Program.

\_\_\_\_\_  
Patron – Mayor Jones

\_\_\_\_\_  
Approved as to form and legality  
by the City Attorney  
\_\_\_\_\_

PUBLIC HEARING: MAR 28 2016 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to enter into the Contractor Assistance Program Fourth Cooperation Agreement between the City of Richmond and the Economic Development Authority of the City of Richmond for the purpose of providing for the Authority to serve as the administrative agent of loans made through the Contractor Assistance Loan Program. Such agreement shall be substantially in the form of the document attached to this ordinance and approved as to form by the City Attorney.

AYES: 9 NOES: 0 ABSTAIN: \_\_\_\_\_

ADOPTED: MAR 28 2016 REJECTED: \_\_\_\_\_ STRICKEN: \_\_\_\_\_

§ 2. This ordinance shall be in force and effect upon adoption.



CITY OF RICHMOND
INTRACITY CORRESPONDENCE

O & R REQUEST

FEB 12 2016

Chief Administration Office
City of Richmond

4-4788

O&R REQUEST

RECEIVED

DATE: January 8, 2016

EDITION: 4

MAR 07 2016

TO: The Honorable Members of City Council

THROUGH: Dwight C. Jones, Mayor

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OFFICE OF CITY ATTORNEY

THROUGH: Selena Cuffee-Glenn, Chief Administrative Officer

[Handwritten signature]

THROUGH: Lenora Reid, Deputy Chief Administrative Officer for Finance & Administration

[Handwritten initials]

THROUGH: Jay A. Brown, Director of Budget and Strategic Planning

[Handwritten initials]

THROUGH: Peter L. Downey, Deputy Chief Administrative Officer for Economic Development & Planning

[Handwritten initials]

FROM: Patricia R. Foster, Director of Minority and Business Development

[Handwritten initials]

FROM: Douglas C. Dunlap, Interim Director of Economic and Community Development

[Handwritten initials]

RE: Adopt the Fourth Cooperation Agreement by and between the Economic Development Authority of the City of Richmond and the City of Richmond to administer the Contractor Assistance Program (CAP), formerly known as the Contractor Assistance Loan Program.

ORD. OR RES. No.

PURPOSE: To authorize the Chief Administrative Officer to enter into a Fourth Cooperation Agreement for the continuance of the Contractor Assistant Program with the Economic Development Authority for purposes of discrete administrative functions (i.e., serving as a conduit for loan disbursement, periodic reporting and loan servicing) associated with the Contractor Assistance Program.

**REASON:** To enter into a Cooperation Agreement for the continuance of the Contractor Assistance Program.

**RECOMMENDATION:** Approval is requested.

**BACKGROUND:** The Contractor Assistance Program was created as a tool for the City's Office of Minority Business Development to assist minority, disadvantaged and emerging businesses that often are under-capitalized and unable to obtain conventional financing. OMBD's mission is to assist such businesses in the full array of contracting opportunities through technical and financial assistance impacting their capacity to compete. The program's portfolio servicing and compliance activities will be conducted in the Department of Economic and Community Development.

The CAP addresses:

- Local small contractors' inability to participate in larger projects due to lack of the financial capacity necessary to purchase required materials and/or hire the necessary labor.
- Small businesses' frequent lack of real estate or other assets to adequately collateralize a traditional business loan, and inability to secure conventional financing (even with executed contracts in hand).
- Anticipated increased demand for working capital among small contractors in Richmond, due in part to the City's advancement of major capital projects in the near future.
- The need for capacity building and technical assistance to small contractors with bidding and competing on larger projects.

**FISCAL IMPACT/COST:** There will be no additional cost to the City this fiscal year.

**FISCAL IMPLICATIONS:** The adoption of this paper will continue to provide the necessary funding to offer working capital loans to eligible small businesses and entrepreneurs located within the City of Richmond. CAP will continue to stimulate business growth and stability resulting in new and retained jobs, increased taxes for the City and wealth creation for the owners.

**BUDGET AMENDMENT NECESSARY:** No

**REVENUE TO CITY:** Increased business taxes over time & job creation.

**DESIRED EFFECTIVE DATE:** Upon adoption by City Council.

**REQUESTED INTRODUCTION DATE:** February 8, 2016

**CITY COUNCIL PUBLIC HEARING DATE:** February 22, 2016

**REQUESTED AGENDA:** Consent

**RECOMMENDED COUNCIL COMMITTEE:** Finance & Economic Development

**CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES:** The Economic Development Authority of the City of Richmond.

**AFFECTED AGENCIES:** The Office of Minority Business Development, the Department of Economic and Community Development and the Economic Development Authority.

**RELATIONSHIP TO EXISTING ORD. OR RES.:** This O&R will supersede Ordinance 2013-149-142

**REQUIRED CHANGES TO WORK PROGRAM(S):** None

**ATTACHMENTS:** The Contractor Assistance Program Cooperation Agreement and Exhibit A.

**STAFF:** Patricia R. Foster, Director, Office of Minority Business Development, 804-646-7966; Ronnie N. "Ron" Johnson, Chief Credit & Financial Strategies Officer, Department of Economic and Community Development, 804-646-7489 and Denise Lawus, Deputy Director of Economic and Community Development, 804-646-3975



**Economic Development Authority**  
*City of Richmond*

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**CONTRACTOR ASSISTANCE PROGRAM  
FOURTH COOPERATION AGREEMENT**

THIS FOURTH COOPERATION AGREEMENT is made this \_\_\_\_\_ day of \_\_\_\_\_, 2016 by and between the City of Richmond, Virginia, a municipal corporation of the Commonwealth of Virginia ("City") and the Economic Development Authority of the City of Richmond, Virginia, a political subdivision of the Commonwealth of Virginia ("EDA").

WHEREAS, the City has identified a significant need for working capital among local contractors;

WHEREAS, the City anticipates growing opportunities for such local contractors due to up to two billion dollars in capital infrastructure projects;

WHEREAS, the City has determined that local contractors often lack access to traditional financing;

WHEREAS, the City and the EDA have determined that a program to provide financing assistance to local contractors furthers the purpose of promoting economic development; will result in substantial benefits to the welfare of the City and its inhabitants; is in the public interest; and serves governmental interests, including but not limited to an increase in tax receipts, job creation and job retention;

WHEREAS, to meet the economic development goals and serve the public and governmental interests, the City and the EDA have established and wish to continue to implement the Contractor Assistance Loan Program;

WHEREAS, at the City's request, the EDA will undertake certain activities in the implementation of the Contractor Assistance Loan Program pursuant to established Policies and Procedures, from time to time;

WHEREAS, the City has appropriated funds to the EDA for the fiscal year ending June 30, 2016, and intends by this Agreement to authorize the use of the funds by the EDA for the purpose of continuing to implement the Contractor Assistance Loan Program;

WHEREAS, the City and the Authority agree to work together to jointly continue the Contractor Assistance Loan Program; and

WHEREAS, the City is authorized by Section 15.2-953 of the Code of Virginia (1950), as amended, and other laws, and the EDA is authorized by the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the Code of Virginia and other laws to perform the activities contemplated in this Cooperation Agreement.

NOW, THEREFORE, in consideration of the benefits to accrue to the City and its citizens from a loan program providing access to capital to local contractors lacking access to traditional financing, and of the mutual covenants hereinafter set forth, the City and the EDA agree as follows:

1. Purpose. The purpose of the Contractor Assistance Loan Program is to continue providing access to capital to small contractors doing business within the City of Richmond, who lack access to traditional financing, thereby assisting new and expanding businesses making taxable investments within the City of Richmond and creating and retaining jobs.



2. Applicant Eligibility.

a. Applicant must have an active City of Richmond business license and operate a business headquartered in the City of Richmond, Virginia unless the applicant meets the eligibility set forth in section 2(b) below.

b. Notwithstanding the foregoing section 2(a), an applicant with an active City of Richmond business license but headquartered outside the City of Richmond, Virginia, will be eligible if the applicant possesses a contract for work on a City of Richmond public project, either as prime contractor or as a subcontractor on such public project, and that contract is the primary source of repayment on a request for funding.

c. Applicant must have a ten percent (10%) or more personal investment or equity position in the business.

d. Applicant and the business must not have any tax liens and must be current with the filing of all withholding and other applicable taxes.

e. Applicant and the business must not have experienced personal or business bankruptcy within the twelve months immediately prior to application.

f. Applicant's business financial statements and tax returns should reflect break-even or minimally profitable operations. Operating losses will not automatically disqualify the applicant's business, but the applicant must demonstrate potential future profitability in a business plan.

g. Applicant must be at least twenty-one years of age and must be a legal U.S. citizen or have long-term alien residency status.

h. Applicant must submit a business resume and cash flow budget. Applicants who have been in business for two (2) years or less must submit a business plan.

i. For certain specific loan types, applicant's business must have secured a contract from a federal, state or local government or an established private company.

3. Eligible Loan Purposes.

- a. Working capital.
- b. Equipment financing.
- c. Receivables financing.
- d. Other qualifying uses that will support the delivery of goods or services that further the purpose of the Contractor Assistance Loan Program.

4. Financing Policies.

- a. The maximum loan amount available will be \$100,000.
- b. Loans will be available at interest rates up to nine (9%) depending on the overall credit rating of the transaction.
- c. Maturity of a loan will be based on the purpose, creditworthiness of the contractor, and collateral offered by the contractor.
- d. Security shall be required as determined by the EDA, but generally will be in the form of liens against contracts, real estate, business or personal property, endorsements of co-signers, and the personal guarantees of applicants. It is understood that to attract private investment, any EDA lien may have to be subordinated to liens securing private funds.

e. All loans will be subject to being called in the event of noncompliance with the stated loan conditions.

5. Application and Borrower Information.

Application will be made to the City of Richmond Department of Economic and Community Development and shall include an active City of Richmond business license. In addition, each application should include:

- a. Completed application form.
- b. Business Resume or business plan if in business less than 2 years.
- c. Three most recent years of company financial statements (balance sheet, income statement and statement of cash flows)
- d. Three most recent years of signed personal and business tax returns.
- e. Personal resumes of all owners and key management personnel.
- f. Personal financial statements (90 days old or less) for all owners and guarantors (any person owning 10 percent or more of the business.)
- g. Annual cash flow budget.
- h. Copy of Certificate of Incorporation or Partnership Agreement, and documentation showing good standing to transact business in the Commonwealth of Virginia.
- i. A written explanation of any past or present credit problems, including judgments, collections, charge-offs, or bankruptcy by either the company or any guarantor.
- j. Schedule of existing indebtedness.

k. Other financial documents as deemed necessary.

6. Processing, Approval, and Servicing of Loans.

a. Upon receipt of the application by the Department of Economic and Community Development, it will be processed pursuant to written policies and procedures and forwarded to the Economic Development Authority Loan Committee with a written recommendation.

b. The Economic Development Authority will utilize a professionally diverse, largely non-governmental loan committee to consider the Department's recommendations and report to its Board. The composition and individual membership of the advisory committee will be determined cooperatively by the EDA and the City. The City's Chief Administrative Officer, or a designee thereof, shall serve as chairperson on the committee. In addition, the committee shall consist of seven (7) unpaid members as follows:

- i. From the Banking and Financial Services sectors
- ii. From the Small Business sector,
- iii. From the Real Estate Development sector
- iv. From the Non-Profit sector and others that may be deemed appropriate.
- v. One member from the EDA Board of Directors.

c. The Board of Directors of the Economic Development Authority will make the final decision as to approval or disapproval of the loan.

d. The Economic Development Authority will act as loan servicing agent with staffing from the Department of Economic and Community Development.

7. Budget and EDA Administrative Fee

a. The Contractor Assistance Loan Program shall be administered in accordance with the budget contained in Exhibit A, attached hereto and made a part hereof. The budget shall be reviewed at least annually by the Chair of the EDA or a designee thereof and the Chief Administrative Officer of the City of Richmond or a designee thereof. Any increase in the budget shall be subject to approval by City Council and appropriation of the necessary funds. The budget shall contain existing appropriations, any unencumbered amounts within the Program Fund and anticipated revenues from activities undertaken for the current Fiscal Year.

b. The EDA shall receive an administrative fee from the City up to the amount of \$9,000.00 for administration of the Program in FYE 2017.

8. EDA Administrative Services. Administrative services provided by the EDA will include, but not necessarily be limited to, the preparation of "Comparative Statement of Fiduciary Assets and Liabilities" (Balance Sheet), Statements of Revenues, Expenses and Changes Due to Other Governments (P&L) on a monthly and quarterly basis and annual audit.

9. Information Sharing

The City and the EDA will ensure that necessary systems and practices are in place to allow any and all information sharing required by the EDA and the City to perform under this Cooperation Agreement.

10. Funding.

The City agrees to the continuance of the revolving loan fund by the EDA utilizing the sum of **Seven Hundred Sixty-two Thousand Nine Hundred Sixty Nine Dollars (\$762,969.00)** as described in the budget which is attached hereto and made a part hereof, as Exhibit "A", to allow the Authority to implement this Agreement in FYE 2017.

11. General Project Fund.

The EDA agrees that funds transferred by the City to the EDA from time to time for the Contractor Assistance Loan Program shall be deposited by the EDA in a designated Program Fund to be used only in accordance with this Agreement. The EDA agrees to transfer to the Program Fund any funds received from any source as a result of this Contractor Assistance Loan Program.

12. Authority Liability.

It is the intent of the parties not to impose upon the EDA any responsibility other than what may be required to implement the Contractor Assistance Loan Program under this Agreement. Accordingly, the EDA does not assume any responsibility or liability whatsoever except as specifically stated herein. Should any liability accrue to the EDA which is not specifically addressed in this Agreement, the EDA shall not be required to expend its funds derived from sources other than the Program Fund to discharge such liability. The EDA is

hereby authorized to expend such funds from the Program Fund as may be necessary to protect the assets of the EDA and to prevent the entry of a default judgment against the EDA. If a lawsuit involving the Contractor Assistance Loan Program is filed or expected to be filed against the EDA, the EDA shall immediately notify the City Attorney and Chief Administrative Officer.

13. Accounting and Audit.

The EDA shall keep records of its financial transactions, if any, for the Contractor Assistance Loan Program described herein in accordance with generally accepted accounting principles. The City and the EDA agree that the EDA may engage the services of an independent auditor to conduct an annual audit of the financial transactions, if any, undertaken for the Contractor Assistance Loan Project described herein. Such audit shall comply in all respects with generally accepted accounting principles. The City Auditor shall have access to the independent auditor's work papers. In addition, the City Auditor or his designee may at any time audit the financial transactions undertaken under this Agreement. The EDA shall cooperate to assure that the independent external auditor and the City Auditor are granted reasonable access on a timely basis to all books and records of any party necessary to complete such audits, and will require appropriate provisions in furtherance of this objective in any contracts required under this Agreement.

14. No Discrimination.

The City and the EDA agree not to discriminate, in carrying out this Agreement, against any employee, contractor or applicant for assistance because of race, color, religion, sex or national origin.

15. Authority Bond.

The EDA shall not be required to furnish the City a blanket corporate fidelity bond surety covering all officers and employees of the EDA capable of authorizing disbursements of funds or handling funds received or disbursed by the EDA from the City or any other party involved in any activities undertaken pursuant to this Agreement.

16. Governing Law.

This Agreement and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the Commonwealth of Virginia.

17. Notices.

Any notices required to be given under this Agreement shall be sufficient if in writing and sent by first class, registered or certified mail, return receipt requested; if to the EDA, to its Chairman at RVA Works. Suite 101, 501 East Franklin Street, Richmond, Virginia 23219 or if to the City, to its Chief Administrative Officer, City Hall, 900 East Broad Street, Second Floor, Richmond, Virginia 23219. Either party may change its address for purposes of notice by giving notice to the other in accordance with this paragraph.

18. No Assignment.



This Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the parties hereto; provided, however, that in no event may this Agreement or any of the rights, benefits, duties or obligations of the parties hereto be assigned, transferred or otherwise disposed of without the prior written consent of the other, which consent neither party shall be obligated to give.

19. No Third Party Rights.

No third party rights are created by this Agreement.

20. Termination.

Either party may terminate this Agreement with or without cause at any time upon reasonable written notice. Upon termination, the EDA shall transfer to the City all assets held under this Agreement, including receivables, and shall cooperate in transferring any outstanding loans to the City.

WITNESS the following signatures and seals.

**CITY OF RICHMOND, VIRGINIA**  
a municipal corporation of the  
Commonwealth of Virginia

By: \_\_\_\_\_  
Selena Cuffee-Glenn,  
Chief Administrative Officer  
Authorized by Ordinance No.

Approved as to Form:

By: \_\_\_\_\_  
Bonnie M. Ashley  
Assistant City Attorney

**ECONOMIC DEVELOPMENT  
AUTHORITY FOR THE CITY OF  
RICHMOND, VIRGINIA**  
a political subdivision of the  
Commonwealth of Virginia

By: \_\_\_\_\_  
Julius P. Smith, Jr., Chairman



**Economic Development Authority**  
*City of Richmond*

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**EXHIBIT A**  
**FY17 BUDGET**  
**Contractor Assistance Program (CAP)**

Loan Fund Pool	\$	663,969
Professional Services	\$	10,000
Technical Assistance	\$	75,000
Marketing/Advertising	\$	5,000
Administration (EDA)	\$	9,000
<b>Total Cash</b>	<b>\$</b>	<b>762,969</b>
<b>Total Loans Receivable</b>	<b>\$</b>	<b>170,071</b>
<b>Total Assets</b>	<b>\$</b>	<b>933,040</b>