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SUNCOAST COMMUNITY CAPITAL MEMORANDUM

TO: PALMETTO COMMUNITY REDEVELOPMENT AGENCY (PCRA) –
ADVISORY BOARD

FROM: MIKE KENNEDY, SUNCOAST COMMUNITY CAPITAL (SCC)

CC: JEFF BURTON, PCRA EXECUTIVE DIRECTOR

SUBJ: FY12 FUNDING REQUEST FOR BUSINESS DEVELOPMENT

DATE: 9/7/2011

Dear Palmetto Community Redevelopment Agency (PCRA) Advisory Board Members:

Thank you for the opportunity to provide both this brief memo and a more detailed presentation at your Tuesday, September 13, 2011 board meeting.

SCC's mission is to advocate for and create economic opportunities in underserved and economically distressed communities in Manatee, Sarasota, DeSoto and Charlotte Counties in the State of Florida, focusing on small business development and lending, workforce development, asset development, and support for community real estate development.

At this time, SCC is focused on microenterprise¹ training, financial capability and access to capital. SCC is unique in our region because we:

1. focus on distressed communities and the people who live and work within them;
2. take a comprehensive approach to microenterprise training by integrating financial capability, credit building and digital literacy into it; and most importantly;

¹ Microenterprise development is an income-generating strategy that helps low- to moderate-income and other disadvantaged individuals start or expand microenterprises. It fulfills personal, family and community needs by creating income, building assets and creating local jobs. As a proven economic development tool, microenterprise development assists these disadvantaged individuals in working their way out of poverty, fulfilling their dreams, and contributing to their community. A microenterprise is any type of small business that has fewer than five employees and is small enough to benefit from loans of under \$50,000. In general, microenterprises – which represent more than 80% of U.S. businesses - do not meet the credit and/or collateral requirements necessary to access conventional financial services. (Source: Association for Enterprise Opportunity (AEO), www.aeworks.org). To learn why microenterprise development will help our local economy rebound, please review the attached AEO document entitled “The Power of One in Three.”

3. provide access to micro-capital (loans of \$2,000 - \$50,000 through our partnership with Manatee Community Federal Credit Union).

At your September 13, 2011 meeting, on behalf of the SCC board of directors, I will request that the PCRA invest \$100,000 in SCC's work in your fiscal year 2012 (Oct. 1, 2011 – Sept. 30, 2012). The Kauffman UEP investment is up-front, but the microenterprise training and loan loss reserve would only be expended upon PCRA staff's verification and approval that a person or business exists in the PCRA. A table and accompanying footnotes below summarize the funding request.

FUNDING REQUEST:

Item	FY12	Clients Served
Kauffman UEP ²	\$38,500	7
Microenterprise Loan Loss Reserve ³	\$20,000	To be determined.
Microenterprise Training	\$41,500	75
TOTAL	\$100,000	

² “Established to encourage and advance minority entrepreneurship in the urban core, the Urban Entrepreneurship Partnership (UEP) coaches and educates entrepreneurs, fosters innovation, and advances profitable and sustainable businesses. The UEP is a 501(c)(3) nonprofit organization and a program of the Ewing Marion Kauffman Foundation, empowering individuals to attain economic independence by advancing education achievement and entrepreneurial success. For more information about the UEP, visit www.uepkauffman.org.” SCC and the Foundation are currently negotiating the establishment of an SCC-hosted UEP to serve our region. For more info on Kauffman UEP, please review the two attached flyers.

³ A loan loss reserve fund available if the CCRA requests that SCC partner Manatee Community Federal Credit Union lends capital to a business or resident located within the CCRA that doesn't qualify for a MCFCU loan per its risk policy.

Suncoast Community Capital and The Kauffman Foundation's Urban Entrepreneur Partnership (UEP) SW Florida Program for Small and Minority Businesses

An Opportunity for Sponsorship

What is Suncoast's Role in the UEP?

The Kauffman Foundation is partnering with Suncoast Community Capital, Inc. (SCC) to bring the Urban Entrepreneurship Partnership to Manatee and Sarasota Counties. SCC is a nonprofit corporation whose mission is similar to Kauffman – to advocate for small and minority businesses; to create jobs and grow communities.

What does UEP offer Manatee and Sarasota Counties' Businesses?

Drawing from the two-county area, the UEP's unique and comprehensive approach will combine intensive business education and one-to-one coaching by UEP staff and other true business experts. In fact, the video conferencing approach offers entrepreneurs a chance to receive one-on-one assistance from experts in many fields, depending on individual need. UEP also use a sophisticated, real-time data collection process to:

- Assess business strengths and challenges;
- Monitor business growth, development, and profitability;
- Track measurable outcomes, and
- Report trends.

To ensure client confidentiality and safeguard proprietary information, all data is processed and reported in aggregate form. Entrepreneurs participating in our program receive a personalized development plan (PDP) incorporating relevant goals and outcomes, including:

- proving the business concept,
- identifying the market,
- developing a marketing strategy,
- developing a financial system,
- accessing financing through viable financing strategies, and
- capitalizing on technology.

UEP Emphasizes Small Business Affected by the Economic Downturn

Enhancing the unique coverage area (urban and rural) for the proposed Bradenton-Sarasota program, UEP's Florida Program will emphasize businesses which have been especially hard-hit by the downturn. This will include construction-related businesses. Construction is one of Palmetto's leading industries accounting for 14% employment. Helping this industry rebound is especially timely since research has shown that the missing link in securing contracts is bonding. The bonding companies refer to this as "briefcase readiness." Their new stable business structure will also enable contractors to bid more successfully on large projects which also require well-developed back offices.

Why Should the Palmetto CRA Sponsor the UEP?

The population of Palmetto is mature. Over 50% are ages 45 +. When workers reach middle-age, they are often less employable if they lose their jobs. Many older, unemployed workers will need to become entrepreneurs to earn a living. Younger people, as well, are becoming interested in entrepreneurship. To sustain its economy and workforce, Palmetto should look to small business as an opportunity for stability and growth. Sponsoring the UEP will give Palmetto CRA a chance be a part of this proven business development strategy. For each participant, Palmetto will receive complete data on the types of businesses served and the outcomes from participation. From this data, Palmetto will be able to inform its constituency about the project and to examine its future commitment to business development in the community.

The average UEP participant increases revenues by almost 50%. Aside from the personal gain to the business, in Palmetto that will result in more jobs, more tax revenues and increased prosperity for the community.

Given access to the UEP's resources, who knows when another Tropicana or Bealls may emerge from the City of Palmetto's small business community?



"My UEPGC coach helped me secure \$8 million in contracts and assisted me in aligning business and community resources to develop my enterprise from a \$1.2 million to a \$3.5 million organization."

Keith Tillage,
Tillage Construction, L.L.C.

Visit www.kauffman.org for more information on the Foundation and UEP. For more information on all our programs, see the Suncoast Community Capital website at www.suncoastcommunitycapital.org.

What is the cost of the partnership?

For every 50-55 entrepreneurs served (known as a "site") Kauffman provides all business expertise, coaches, state-of-the art equipment for videoconferencing and data collection and analysis. The SCC can draw from a considerable geographic distance so, for example, a site located in Manatee County will include businesses from communities such as Palmetto and North Point.

Kauffman values its contribution at \$300,000. SCC and its sponsor organizations will seek to match this amount to bring the project to sites throughout SW. This works out to approximately \$5500 per business served.