



Meeting Date: Jan. 24, 2012

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input checked="" type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: James Cameron Agenda Item No. 0-1

Reviewed By: City Manager [Signature] City Attorney [Signature] Finance [Signature] Other (Specify) _____

DATE: January 18, 2012

TO: City Council

FROM: James Cameron [Signature]
Chief Financial Officer

SUBJECT: **Grow Oxnard Fund**

RECOMMENDATION

That City Council receive a report on the Grow Oxnard Fund and provide direction to staff.

DISCUSSION

The Grow Oxnard Fund would be established under the Grow America Fund offered by the National Development Council (NDC). The NDC Grow America Fund, in cooperation with community partners, provides financing to growing small businesses. This program operates as a community development lender to support the creation of jobs and the expansion of eligible small businesses in underserved areas, particularly minority and women-owned businesses. The financing provided is partially guaranteed by the U.S. Small Business Administration under the program's Small Business Lending Company license. Each dollar invested by the City in this program will provide at least \$4 dollars in small business loans.

The Grow America Fund lending differs from conventional lending by providing:

- Longer Terms – Using repayment schedules up to 25 years that give the borrower smaller monthly loan payments
- Larger Loans - Providing loan amounts ranging from \$100,000 to \$2 million
- Lower Down Payments – Allowing higher loan-to-value ratios to preserve the business's equity and maximize growth potential
- Lower Interest Rate – Providing lower interest rates to enhance community development rather than corporate profit

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- Better Structure - Matching the term of the loan to the life of the assets being financed, ensuring debt service does not exceed available cash flow

NDC is the oldest national non-profit community development organization in the U.S, founded in 1969. NDC's mission is to increase the flow of capital to underserved urban and rural areas for job creation and community development.

FINANCIAL IMPACT

The Grow America Fund will provide small business loans at a ratio of 4 to 1. While a \$500,000 investment by the City (providing \$2 million in loan capacity) would be a minimum requirement, a \$1 million investment providing \$4 million in loans would provide significant benefit to the community.