ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team

at MileHighOrdinance@DenverGov.org by **11:00am on Monday.** Contact the Mayor's Legislative team with questions

Date of Request: 9/30/2022

Please mark one: ☐ **Bill Request** **or** ☒ **Resolution Request**

1. Type of Request:

☒ **Contract/Grant Agreement** ☐ **Intergovernmental Agreement (IGA)** ☐ **Rezoning/Text Amendment**

☐ **Dedication/Vacation** ☐ **Appropriation/Supplemental** ☐ **DRMC Change**

☐ **Other:**

2. Title: (Start with *approves, amends, dedicates*, etc., include name of company or contractor and indicate the type of request: grant acceptance, contract execution, contract amendment, municipal code change, supplemental request**,** etc.)

Approves a contract with New Community Transformation Fund – Denver for $15,187,405 using 1% of Denver's cannabis sales taxes through 07-30-2025 to increase investment in entrepreneurs and small businesses that have traditionally lacked access to capital markets by providing capital to small businesses seeking to start, restart, restructure, improve upon or grow in their endeavors, citywide.

3. Requesting Agency: Denver Economic Development & Opportunity

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Michael Bevis	Mayor-Council: Michael Bevis Email: michael.bevis@denvergov.org
Email: michael.bevis@denvergov.org	City Council Inquiries: Patrick Walton Email: patrick.walton@denvergov.org

5. General description or background of proposed request. Attach executive summary if more space needed:

Please see executive summary.

6. City Attorney assigned to this request (if applicable): Brian Martin

7. City Council District: Citywide

8. **For all contracts, fill out and submit accompanying Key Contract Terms worksheet**

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: _____ Date Entered: _____

Key Contract Terms

Type of Contract: (e.g. Professional Services > $500K; IGA/Grant Agreement, Sale or Lease of Real Property):

Professional Services

Vendor/Contractor Name: New Community Transformation Fund – Denver

Contract control number: 202264977

Location: Citywide

Is this a new contract? ☒ **Yes** ☐ **No** **Is this an Amendment?** ☐ **Yes** ☒ **No** **If yes, how many? _____**

Contract Term/Duration (for amended contracts, include existing term dates and amended dates):

08/01/2022 – 07/30/2025

Contract Amount (indicate existing amount, amended amount and new contract total):

Current Contract Amount (A)	*Additional Funds (B)*	*Total Contract Amount (A+B)*
$15,187,405	N/A	$15,187,405

Current Contract Term	*Added Time*	*New Ending Date*
08/01/2022 – 07/30/2025	N/A	N/A

Scope of work:

- Develop an ecosystem of technical assistance and professional service partners qualified to provide supports
- Develop a pipeline of companies that will be supported with capital readiness resources and hands-on technical assistance and/or professional services supports.
- Deliver services in a culturally relevant manner.
- Conduct due diligence with firms to determine investment readiness in a manner to address the systemic inequities faced by firms.
- Directly invest in capital ready firms.
- Continuously seek additional funding for both operational and programmatic capital, as well as partnership building across the ecosystem.

Was this contractor selected by competitive process? Yes. **If not, why not?**

Has this contractor provided these services to the City before? ☐ **Yes** ☒ **No**

Source of funds: 1% of Denver's cannabis sales taxes.

Is this contract subject to: ☐ **W/MBE** ☐ **DBE** ☐ **SBE** ☐ **XO101** ☐ **ACDBE** ☒ **N/A**

WBE/MBE/DBE commitments (construction, design, Airport concession contracts): N/A

Who are the subcontractors to this contract? N/A

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Executive Summary

The purpose of this contract is to provide New Community Transformation Fund – Denver (NCTF-D) funding to support underserved businesses (business participants) with necessary equity, debt financing, and technical assistance in order sustain, grow, and scale their businesses while building wealth across the communities served by this initiative. These funds will be provided to NCTF-D to finance equity investments into companies that require capital to expand and grow their operations. Additionally, NCTF-D will work with approved ecosystem partners (sub-contractors) to provide debt financing, technical assistance, and professional services to ensure that business participants are capital ready. NCTF-D is a certified venture fund created for the purpose of working with underserved business communities in Denver.

The Malone Fund is the city's first equity-focused business investment tool designed to level the playing field for minority- and women-owned small businesses. The program aims to increase the City's investment in entrepreneurs and small businesses with a new, progressive program that will focus on providing capital and technical assistance to small businesses needing to start, restart, improve upon or grow in their endeavors. It is focused on directing funding to under-resourced businesses by designing programming that is culturally relevant and delivered by a trusted community that looks like them.

The Fund will focus on strengthening Denver's economic diversity while providing quality job opportunities, ensuring a pipeline of entrepreneurs and small business startups, and creating generational wealth for Denver's business owners who have historically lacked investment opportunities. DEDO anticipates private, nonprofit, and/or other investment partners to bring additional funding to this endeavor to strengthen this impactful, investment into Denver's business community.

This contract will be funded from 1% of Denver's marijuana sales tax revenues. The initial three-year agreement is anticipated to be $15,187,405 and is illustrated below. We anticipate two 1 (one) year extensions to be provided to NCTF-D in hopes of achieving a $50M evergreen fund to support under-resourced businesses.

PROJECT FUNDING

	Program Year 2022/23	Program Year 2023/24	Program Year 2024/2025	Total
Equity Investments	$1,000,000	$2,000,000	$3,000,000	$6,000,000
Debt Financing	$750,000	$750,000	$750,000	$2,250,000
Technical Assistance and Programming	$2,080,500	$1,401,500	$945,640	$4,427,640
Professional Services	$800,000	$470,000	$0.00	1,270,000
Administrative Expenses	$289,300	$208,400	$135,814	$633,514
Marketing Expenses	$150,000	$50,000	$50,000	$250,000
Personnel	$95,000	$95,000	$95,000	$285,000
Fringe	$23,751	$23,750	$23,750	$71,250
Total	**$5,188,551**	**$4,998,650**	**$5,000,204**	**$15,187,405**

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