Legislation Details (With Text)

File #:	22-1271 **Version:** 1		
Type:	Resolution	**Status:**	Adopted
File created:	10/3/2022	**In control:**	Business, Arts, Workforce, Climate & Aviation Services Committee
On agenda:	10/24/2022	**Final action:**	10/24/2022
Title:	A resolution approving a proposed Agreement with New Community Transformation Fund - Denver GP, LLC, to provide technical and capital support to qualifying small business entrepreneurs, citywide. Approves a contract with New Community Transformation Fund - Denver GP, LLC, for $15,187,405 funded by 1% of Denver's retail special cannabis sales tax and through 7-30-2025, with two one-year options to extend, to provide technical and capital support to qualifying small business entrepreneurs, citywide (202264977). The last regularly scheduled Council meeting within the 30-day review period is on 11-14-2022. The Committee approved filing this item at its meeting on 10-12-2022.		
Sponsors:			
Indexes:	Lucas Palmisano		
Code sections:			
Attachments:	1. RR22-1271_DEDO Resolution Request - Malone Fund, 2. DEDO Presentation - Malone Fund, 3. 22-1271 Filed Resolution_NewCommunityTransformationFund-Denver GP, LLC_202264977-00_10182022_BLM_Final, 4. 22-1271 Filed Agreement_NewCommunityTransformationFund-Denver_GP_LLC_202264977-00_10192022_BLM, 5. 22-1271 Filed Resolution_NewCommunityTransformationFund-Denver GP, LLC_202264977-00_10182022_BLM_Final, 6. 22-1271 - signed		

Date	Ver.	Action By	Action	Result
10/24/2022	1	Council President	signed	
10/24/2022	1	City Council		
10/12/2022	1	Business, Arts, Workforce, Climate & Aviation Services Committee	approved for filing	Pass

Contract Request Template (Contracts; IGAs; Leases)

Date Submitted: 10-10-2022

Requesting Agency: Denver Economic Development and Opportunity
Division:

Subject Matter Expert Name: Michael Bevis
Email Address: Michael.Bevis@denvergov.org
Phone Number:

Item Title & Description:
(Do not delete the following instructions)
*These appear on the Council meeting agenda. Initially, the requesting agency will enter a 2-3 sentence description. Upon bill filling, the City Attorney's Office should enter the title above the description (the title should be in **bold** font).*

*Both the title and description must be entered between the red "title" and "body" below. Do **not** at any*

time delete the red "title" or "body" markers from this template.

A resolution approving a proposed Agreement with New Community Transformation Fund - Denver GP, LLC, to provide technical and capital support to qualifying small business entrepreneurs, citywide.

Approves a contract with New Community Transformation Fund - Denver GP, LLC, for $15,187,405 funded by 1% of Denver's retail special cannabis sales tax and through 7-30-2025, with two one-year options to extend, to provide technical and capital support to qualifying small business entrepreneurs, citywide (202264977). The last regularly scheduled Council meeting within the 30-day review period is on 11-14-2022. The Committee approved filing this item at its meeting on 10-12-2022.

Affected Council District(s) or citywide? Citywide

Contract Control Number: 202264977

Vendor/Contractor Name (including any "DBA"): New Community Transformation Fund - Denver

Type and Scope of services to be performed: See Executive Summary

- 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.

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.

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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**

Location (if applicable): Citywide

WBE/MBE/DBE goals that were applied, if applicable (construction, design, Airport concession contracts): N/A

Are WBE/MBE/DBE goals met (if applicable)? N/A

Is the contract new/a renewal/extension or amendment?
New
Was this contractor selected by competitive process or sole source?
Competitive
For New contracts
Term of initial contract:
08/01/2022 - 07/30/2025

Options for Renewal:
How many renewals (i.e. up to 2 renewals)? 2
Term of any renewals (i.e. 1 year each): 1-year

Cost of initial contract term:
1% of Denver's cannabis sales taxes (estimated to be $15,187,405 over 3 year term)
Cost of any renewals:

Total contract value council is approving if all renewals exercised:

For Amendments/Renewals Extensions:
Is this a change to cost/pricing; length of term; terms unrelated to time or price (List all that apply)?

If length changing

What was the length of the term of the original contract?

What is the length of the extension/renewal?

What is the revised total term of the contract?

If cost changing
What was the original value of the entire contract prior to this proposed change?

What is the value of the proposed change?

What is the new/revised total value including change?

If terms changing
Describe the change and the reason for it (i.e. compliance with state law, different way of doing business etc.)