



# CAPITAL FOR CONSTRUCTION

Minority Contractor Mobilization Loan



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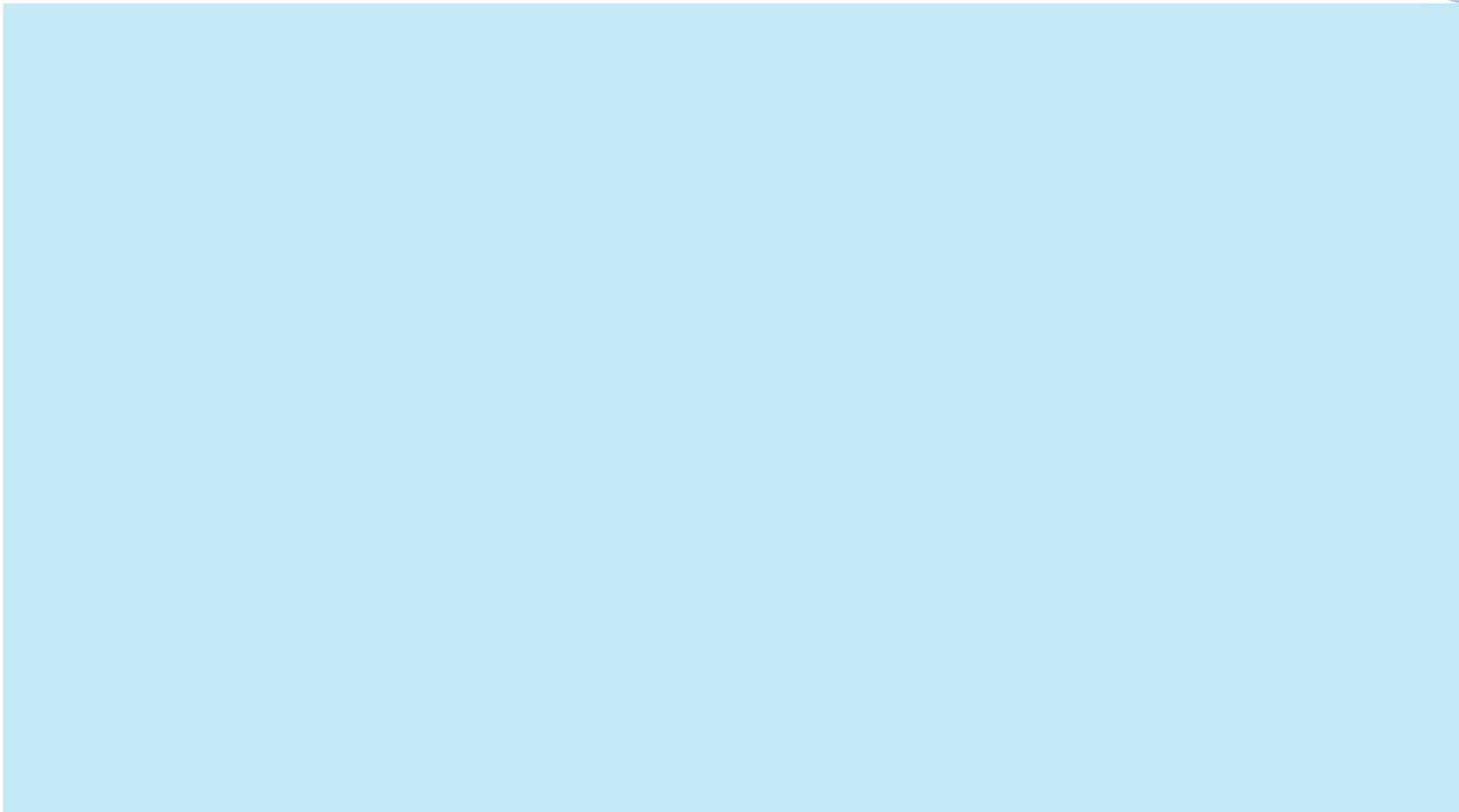
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# Overview

- Overview of ECDI
- History of the Capital for Construction Program
- Details of the Mobilization Loan
- Other Aspects of the Program
- Q & A



[YouTube](#)

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# ECDI Serves Small Businesses

- What is ECDI?
  - A non-profit, economic development organization providing knowledge, education, mentoring, and loans to those interested in starting or expanding their business.
- What is ECDI's Mission?
  - To invest in people to create measurable and enduring social and economic change.



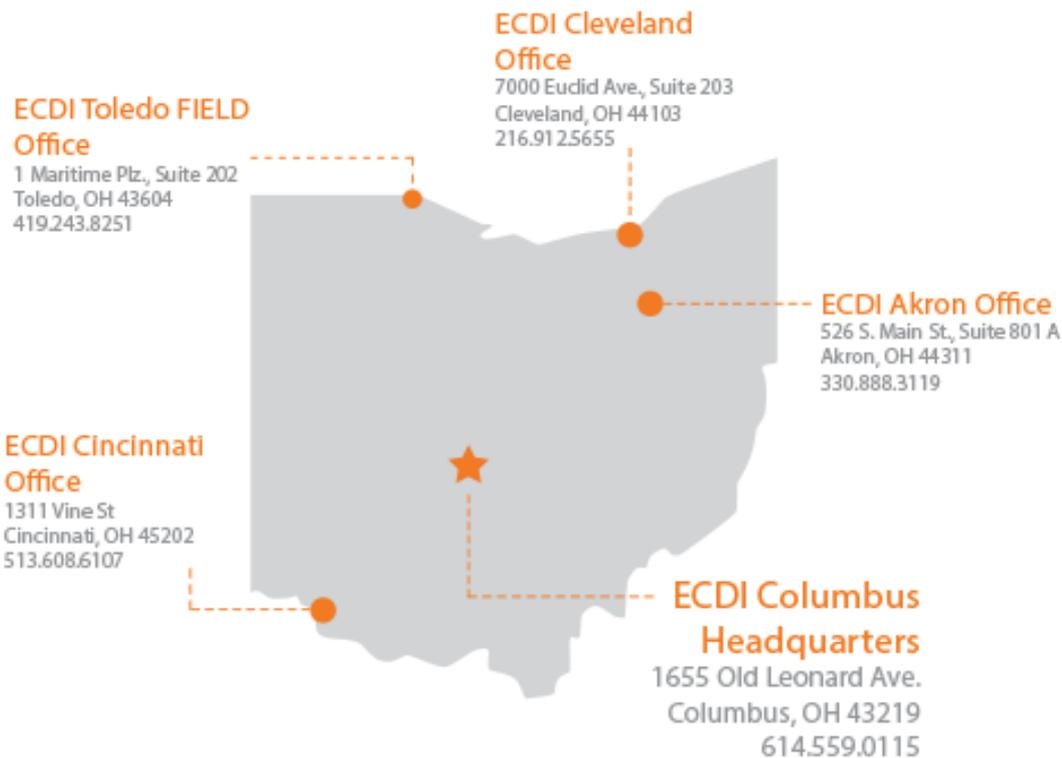
# ECDI Serves Small Businesses

- What are ECDI's Objectives?
  - To help individuals succeed as small business owners, which bolsters the local economy, and in turn, helps those individuals attain financial freedom for themselves and their family.
  - To create jobs and keep dollars local, recirculating through the local economy.
- Who does ECDI serve?
  - Low-to-moderate income (LMI) and minority entrepreneurs, in addition to entrepreneurs living or working in CDFI-designated investment areas.



# ECDI Serves Small Businesses

- **Business Innovation Center (BIC)**
  - Business Specific Education / Technical Assistance
- **Women's Business Center (WBC)**
  - Customized One-on-One business counseling
  - Computer resource center
  - Co-working space
  - Notary and printing services
  - Loan package preparation



## ECDI's Lending Reach

ECDI can lend in all 88 Counties in Ohio.



# ECDI INVEST EDUCATE INNOVATE

## FISCAL YEAR 2018 STATISTICS

345



MEMBERS

261



TRAINING PARTICIPANTS

14,410 ASSISTANCE HOURS PROVIDED TO ENTREPRENEURS



1,735

INDIVIDUALS ASSISTED



3,458

HOURS OF TRAINING



\$7,065,037 DEPLOYED THIS YEAR

LOANS DISBURSED



LOW-TO-MODERATE INCOME 53%  
MINORITIES 57%

290

WOMEN OWNED BUSINESSES 38%



130



REPAIR JOBS COMPLETED



491 JOBS RETAINED

JOBS CREATED 410



48

MEMBERS HOUSED



# Catalyzing MBE Success

## PROBLEM STATEMENT

- While development projects in Central Ohio are flourishing, the number of minority subcontractors has steadily decreased
- Small minority contractors cannot afford to wait for payment from local general contractors (GCs) when contracts are delayed or processes are slowed down.
- Those who take the chance may end up having to forfeit a contract or even go out of business.



# Catalyzing MBE Success

## FEASIBILITY STUDY

- 72% participants were denied a bank loan.
- 57% needed “mobilization funds” (i.e., advance payments for construction contracts).
- 76% needed a small business capitalization loan
- 66% were concerned they could not begin an existing contract without advanced payment.



# Catalyzing MBE Success

## Inability to Bid

*“I need the line of credit before I can bid.... Trucks, equipment and bills come out of my pocket.”*

## Inability to Grow

*“How can I move to \$1.5 million over the next 4-5 years? I need funding to get to this place.”*

## Concern about The Future

*“Once we are gone, there won’t be minority contractors left.”*



# ECDI's Solution – The Capital for Construction Program

- Eligible businesses receive **short-term, low rate working capital loans between \$5,000 to \$150,000** that increase the utilization of minority owned sub-contractors and create and/or retain jobs for residents.
- **Capitalization loans up to \$350,000** use more **flexible underwriting guidelines** than that of traditional lenders, and support businesses typically would not be able to secure that same financing from a traditional bank.
- Clients can access **ECDI's Business Innovation Center (BIC)** to take advantage of construction industry-specific trainings, co-working space, professional amenities, and ECDI's Professional Advisory Network – a local group of experts that assist clients in all areas of business ownership.



# CHASE

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# Mobilization Overview

AKA FAQ



## What is ECDI's Capital for Construction Program?

- Lending, technical assistance, and procurement opportunities
- Short-term financing option for labor and materials for a specific contract – *the Mobilization Loan*.
- Training sessions are required to be eligible for procurement opportunities.



## What is the Mobilization Loan?

- Short-term loan (90-day) to subcontractors
- Funds labor and materials to jump start a project
- Must be a public or private commercial contract



# What Collateral is Required?

- The Joint Payment Authorization (JPA) between the applicant, ECDI and the third party (owner or GC)
- The JPA is tied to a specific contract with the third party
- ECDI will also file a U.C.C. financing statement.



# What Else is Required?

- We evaluate
  - business revenue
  - length of time in business
  - tax returns
  - financial statements
  - credit score, and other similar items.



# What Can I Use Funds For?

- Payroll
- Insurance costs
- Vendors
- Subcontractors
- Materials, supplies, and equipment costs



# What Can I NOT Use Funds For?

- Residential remodeling
- Taxes
- Unrelated projects
- Personal use
- General overhead expense
- Other uses unrelated to the project



## APPLICATION REQUIREMENTS

- Registered business in Ohio
- Existing business with two years of financials and tax filings (including personal)
- Personal Financial Statement
- MBE Certification
- Operating agreement / Articles of Incorporation
- Evidence of business insurance including bonding requirements, if applicable
- Capability Statement
- Financial projections
- Executed **contract** with approved general contractor or construction funder including bid documents (estimated labor & materials cost)
- AIA Draw Schedule
- **Joint Payment Authorization**



## LOAN TERMS

<b>Loan Size</b>	<ul style="list-style-type: none"><li>• \$5,000 - \$150,000</li></ul>
<b>Loan Terms</b>	<ul style="list-style-type: none"><li>• 5% Interest Rate (flat)</li><li>• 90 day term</li><li>• Limit one draw outstanding for first borrowers</li><li>• Limit three draws outstanding for repeat borrowers (not to exceed \$150,000)</li></ul>
<b>Eligible Uses</b>	<ul style="list-style-type: none"><li>• Labor and Material Costs of a construction contract payable within 90 days.</li></ul>
<b>Ineligible Uses</b>	<ul style="list-style-type: none"><li>• Working capital other than labor and material costs</li><li>• Equipment purchases</li><li>• Real Estate Purchase</li></ul>



# Technical Assistance

- Certified Payroll for State Funded Projects
- Accurately Estimating for a Profitable Job
- Understanding the Bid Process and Prequalification
- Insurance Requirements for Construction Contractors
- Financial Fundamentals



# Technical Assistance

- Cash Flow and Overhead Planning
- Access to Skilled Labor
- Contracting Opportunities for 2019



# Capital for Construction – Capitalization Loans

- **Capitalization loans up to \$350,000** use more **flexible underwriting guidelines** than that of traditional lenders, and support businesses typically would not be able to secure that same financing from a traditional bank.



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FOR  
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INVEST · EDUCATE · INNOVATE  
**WBC**

**YOU HAVE A CONTRACT.  
WE HAVE CAPITAL.  
LET'S BUILD SOMETHING  
TOGETHER.**

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## Contact Us Today!



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