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2300 S. Park Street, Suite 103
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Southeast
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Appleton, WI 54913
Phone: 920.944.2700

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May 5, 2021

Ryan Wiesen
Assistant Finance Director/City Treasurer
City of Stoughton
381 E Main St.
Stoughton, WI 53589

Dear Ryan:

The Wisconsin Women's Business Initiative Corporation (WWBIC) appreciates your support as we continue "Putting Dreams to Work!"

In Q1 2021 WWBIC closed 1 loan using City of Stoughton funding for $15,000.

Please see included the quarterly report per our contract reporting requirements.

Thank you again for your commitment to our mission. Please contact me at (414) 395-4530 or at wendy.baumann@wwbic.com if you have any questions or if we can provide additional information.

All my best,

Wendy K. Baumann
President/CVO

Enclosures

Loans							
	Loan Number	WWBIC Loan Closing Date	Business Name	Loan Amount	Accrued Interest	Anticipated Jobs Created	FTE Jobs Created
	7007	6/12/2019	Viking Brew Pub	$ 50,000.00	$ 10,201.38	2	2
	7006	6/14/2019	Green Road Pottery LLC	$ 50,000.00	$ 2,316.59	0	
	7032	9/13/2019	Gemini Games, LLC	$ 15,000.00	$ 408.19	2	2
	7081	1/17/2020	MC Squared LLC	$ 50,000.00	$ 1,434.94	3	3
	P7097	2/26/2020	Fosdal Bakery, LLC	$ 50,000.00	$ 1,734.19	0	
	P7180	10/27/2020	Mershonian Cidery LLC	$ 35,000.00	$ 446.80	0	
	P7224	3/22/2021	Magnolia Beauty Studio LLC	$ 15,000.00	$ 14.34	1	0.75

BUSINESS NEWS

Community Development Funds get more support to relieve minority businesses

In the chaos of the pandemic relief program, when many minority-owned businesses were shut out by major banks, CDFIs provided crucial support.

Michael Miller, 59, owns a landscaping business in Port Huron, Mich. Sylvia Jarrus / for NBC News

Feb. 12, 2021, 5:07 AM CST

By Michela Moscufo and Adiel Kaplan

Michael Miller woke up at 12:30 a.m. on a recent Friday, started the snowplow in his driveway and began to blast "Come and Get Your Love" by Redbone on his radio. It had just snowed 4

inches of heavy wet slush in Port Huron, Michigan, and he had 3 miles of roads and parking lots to shovel before dawn.

"It's like heaven," he said about his work. "It's very labor-intensive, but it's not labor-intensive to me, because I love what I'm doing."

He said he felt uncertain and trapped when the pandemic forced him to shut down his landscaping and snow removal business for over a month beginning in mid-March. "When you can't go out and do the things that you love, it's hard," he said. He had no income coming in, and it took him over a month to get a business loan that helped him get by.

Michael Miller, who owns a landscaping business, struggled to get a paycheck protection loan until he went to a Community Development Financial Institution. Sylvia Jarrus / for NBC News

His usual bank, Flagship Credit Union, didn't give out pandemic relief loans under the Paycheck Protection Program, or PPP, and the six other big banks he called in early April weren't taking new customers.

"I was frustrated," he said. "I didn't think I could ever get through the jungle."

Through the state website, he found a resource that was supposed to be specifically providing funds for minority small-business owners, a Michigan-based Community Development Financial Institution, or CDFI, called the Opportunity Resource Fund. But CDFIs were having trouble getting access to loans, as well. In fact, many chief executives of CDFIs say that in the early days of the pandemic relief programs, they had just as much difficulty as their clients getting federal funding to meet demand. That only compounded the problems for the minority businesses that were in dire need of help.

"It was one of the most insane times I've ever experienced in my career, and I've been with Opp Fund over 30 years," said Christine Coady Narayanan, CEO of the Opportunity Resource Fund, where Miller got his loan. "We were literally hindered by the amount of money we had on hand to lend."

An NBC News analysis last year of PPP data, census records and a leading economic distress indicator show that struggling American communities received less from the PPP program proportionally than the country's wealthier and more vibrant neighborhoods. Economically distressed communities – in which minorities make up a greater share of the population than more prosperous communities – fared worse than the country's wealthiest communities when it came to getting Paycheck Protection Program loans.

When it comes to the amount of PPP loans per business establishment, the country's most well-off areas got 12 percent more in terms of total dollar amount than its economically distressed communities. When it comes to the amount by number of employees, they got 29 percent more. And when it comes to the amount of PPP loans per population, the most well-off areas got 57 percent more than those in economically distressed communities. The data support concerns that have been raised throughout the Paycheck Protection Program's brief history, some of them by Congress.

Officials of the Small Business Administration, or SBA, didn't respond to repeated requests for comment about the NBC News analysis. But for this article, officials said that since then, they have made every effort to help minority-owned businesses receive funds. Shortly after the PPP got more funding from Congress in late April, the SBA began to position CDFIs as the ticket to reaching minority small-business owners. The second infusion of capital, which came in April, allocated $10 billion in PPP loans for CDFIs alone. When the second round reopened last month, CDFIs were given the first draw of funds from the SBA.

"The Biden-Harris Administration is committed to improving equitable access to federal relief programs, and CDFIs and MDIs will be critical to achieving our goals," said Carol Wilkerson, press director for the SBA. (MDIs are minority depository institutions.)

But there are long-term implications for not having worked with CDFIs from the start.

"The clients that we serve, who are primarily women, people of color, lower wealth, clients throughout the state of Wisconsin, they were falling between the cracks," said Wendy Baumann, president of the Wisconsin Women's Business Initiative Corp., or WWBIC.

Bumpy start

CDFIs such as WWBIC didn't know, for example, whether they could access PPP loans in the early stages of the program because they were community advantage lenders – financial institutions that give out specific "community advantage" loans through the SBA intended for

underserved communities. Community advantage lenders, which include CDFIs, don't have direct authority to process loans without prior review by the SBA.

Over 100 community advantage lenders were in this situation, the SBA said.

"By the time we figured it out, the first pot of money was gone," said Jaimie Charon, WWBIC's director of portfolio management and loan operations.

While larger financial institutions had enough capital to back their PPP loans, CDFIs, which can be nonprofit organizations, credit unions or community banks, had to race to borrow from banks and seek out private investors. In late April, after the Opportunity Finance Network, which represents hundreds of CDFIs across the country, pushed for changes, the CDFIs were granted access to the PPP Liquidity Facility – a pandemic relief program that extends credit to lending institutions directly from the Federal Reserve.

But then they faced another hurdle. CDFIs had to process their transactions through traditional banks. The Opportunity Resource Fund was able to turn to Wells Fargo, with which it had a deposit account, to process its loans. But Narayanan said many other CDFIs weren't as fortunate.

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Even though Narayanan said her team was able to access funds, CDFIs often weren't directly notified about changes to the PPP by SBA headquarters. So they had to rely on local SBA contacts for updates.

"It seemed the Small Business Administration was flying the plane as it was building it," said Janie Barrera, CEO of Texas CDFI LiftFund, one of the largest microlenders in the country in portfolio size.

CDFIs and government agencies found that the situation directly hurt minority businesses. A report released in May by the SBA inspector general's office found that, even though it was mandated by the CARES Act, the SBA failed to give guidance to lenders for prioritizing minority and underserved small businesses. In addition, it was difficult to judge the reach of the PPP for these participants because only a quarter of loan recipients reported demographic data, according to the SBA.

Nonprofit organizations like Color of Change, a predominantly online organization focused on racial justice, and UnidosUS, a lobbying organization for Latinos, stepped in to assess the program's reach among African American and Latino small businesses. They found that by mid-May, the majority of owners either hadn't received loans or were still waiting for responses. Only a tenth received the loan amounts they had asked for.

"Until Congress funds overdue Covid assistance with specific allocations for Black business owners and addresses the glaring racial disparities that are baked into current relief programs, the devastating repercussions of government inaction will continue to ripple through Black communities and further grow the racial wealth gap for generations to come," said Rashad Robinson, president of Color of Change.

Growing strength

This wasn't the first fight CDFIs have had to wage. They have a long track record of battling to get money for their borrowers. What began in the 1970s as a grassroots movement by smaller local banks to distribute capital to underserved communities became part of a larger government effort in 1994 with the Riegle Community Development Banking and Financial Institutions Act. The CDFI Fund, created by the Riegle Act, is allotted money annually by Congress that is then redistributed. But the CDFI Fund wasn't even given money to distribute PPP loans until the federal budget was passed in December.

Because over a thousand CDFIs across the country are certified to draw capital and credit from the government's CDFI Fund, the program consistently struggles to meet the demand. This year, funding requests were more than double what the government allocated.

As they enter the third round of PPP loans, CDFI executives feel more confident about how the process has been streamlined and adapted. WWBIC, LiftFund and Opportunity Resource Fund have been able to meet all of their clients' demand so far.

"We're just waiting on new applications," Narayanan said.

Because of the changes to the program, CDFIs have been distributing a significantly higher volume of PPP loans compared to last year. They have already distributed 5 percent of PPP funding in 2021, compared to only 3 percent of PPP funding in all of 2020, said Matt Coleman, a regional communications director for the SBA.

CDFIs are already having more minority business owners, disillusioned with the bigger banks, come to them directly in the first week of this round. Small-business owners tell them that they didn't have positive experiences with their banks in the first rounds or that they're afraid the money will run out, Narayanan said. And CDFI staff members are always happy to help.

Miller said he finally got a call from Opportunity Resource Fund a few weeks ago telling him that there was additional PPP funding for small businesses that he was eligible for.

"I got the loan within a week," he said. "I mean, you know, my head's still spinning."

He could tell the team wasn't working around the clock anymore, because he used to get emails at 1 in the morning. As someone who had just worked through the night, 12 hours straight, he could understand.

"It's like any other thing," he said. "I'll work as long as it takes to get the job done."

Michela Moscufo

Michela Moscufo is an intern for NBC News based in New York.

Adiel Kaplan

Adiel Kaplan is a reporter with the NBC News Investigative Unit.

Andrew W. Lehren contributed.

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