

**RICHLAND COUNTY**  
**OFFICE OF SMALL BUSINESS AD HOC**  
**COMMITTEE**

**AGENDA**



**THURSDAY NOVEMBER 21, 2024**

**2:00 PM**

**COUNCIL CHAMBERS**

# Richland County Council 2024



Derrek Pugh  
District 2  
Vice Chair



Jason Branham  
District 1



Gretchen D. Barron  
District 7



Yvonne McBride  
District 3



Paul Livingston  
District 4



Allison Terracio  
District 5



Don Weaver  
District 6



Overture E. Walker  
District 8



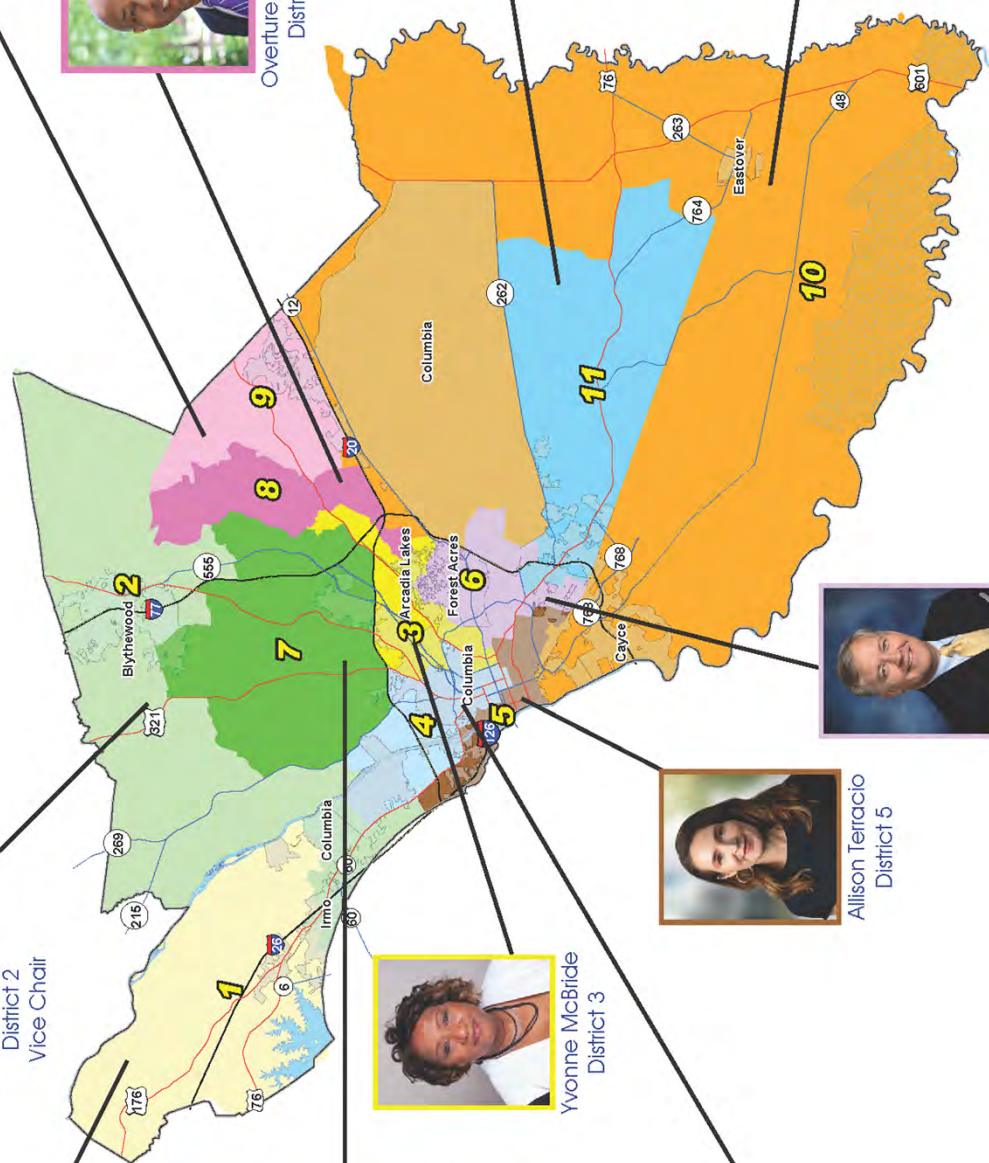
Chakisse Newton  
District 11



Cheryl D. English  
District 10



Jessica Mackey  
District 9  
Chair





**Richland County  
Office of Small Business Ad Hoc Committee**

**AGENDA**

November 21, 2024 - 2:00 PM  
2020 Hampton Street, Columbia, SC 29204

The Honorable Derrek Pugh, Chair	The Honorable Gretchen Barron	The Honorable Chakisse Newton
County Council District 2	County Council District 7	County Council District 11

- 1. Call to Order**

a. Roll Call

The Honorable Derrek Pugh, Chair
- 2. Approval of Minutes**

a. September 17, 2024 [\[PAGE 5\]](#)

The Honorable Derrek Pugh
- 3. Adoption of Agenda**

The Honorable Derrek Pugh
- 4. Items for Discussion/Action**

a. Revolving Loan Fund [\[PAGES 6-8\]](#)

b. Disparity Study Next Steps [EXECUTIVE SESSION]

The Honorable Derrek Pugh
- 5. Adjournment**

The Honorable Derrek Pugh



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Richland County Council  
Office of Small Business Ad Hoc Committee  
**MINUTES**  
September 17, 2024 – 3:30 PM  
Council Chambers  
2020 Hampton Street, Columbia, SC 29204

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COUNCIL MEMBERS PRESENT: Derrek Pugh, Chair; Gretchen Barron, and Chakisse Newton

OTHERS PRESENT: Allison Terracio, Yvonne McBride, Jason Branham, Anette Kirylo, Jackie Hancock, Leonardo Brown, Lori Thomas, Jennifer Wladischkin, Tamar Black, Pamela Green, Patrick Wright, Aric Jensen, Michelle Onley, Kenny Bowen, John Thompson, LaSasha Breland, and Kyle Holsclaw

1. **CALL TO ORDER** – Chairman Derrek Pugh called the meeting to order at approximately 3:30 PM.
2. **APPROVAL OF MINUTES**
  - a. July 16, 2024 – Ms. Barron moved to approve the minutes as distributed, seconded by Ms. Newton.  
In Favor: Pugh, Barron, and Newton  
The vote in favor was unanimous.
3. **ADOPTION OF THE AGENDA** – Ms. Barron moved to adopt the agenda as published, seconded by Ms. Newton.  
In Favor: Pugh, Barron, and Newton  
The vote in favor was unanimous.
4. **ITEMS FOR DISCUSSION/ACTION**
  - a. Disparity Study Report [Pursuant to SC Code of Laws, Sec. 30-4-70(a)(2)]  
Ms. Barron moved to go into Executive Session, seconded by Ms. Newton.  
In Favor: Pugh, Barron, and Newton  
The vote in favor was unanimous.  

***The Committee went into Executive Session at approximately 3:31 PM  
and came out at approximately 4:53 PM***

Ms. Barron moved to come out of Executive Session, seconded by Ms. Newton.  
In Favor: Pugh, Barron, and Newton  
Mr. Pugh indicated that the Committee entered into Executive Session to receive legal advice. No action was taken in Executive Session.
5. **ADJOURNMENT** – Ms. Barron moved to adjourn the meeting, seconded by Ms. Newton.  
In Favor: Pugh, Barron, and Newton  
The vote in favor was unanimous.  
The meeting adjourned at approximately 4:58 PM.



**Informational Agenda Briefing**

<b>Prepared by:</b>	Pam Green	<b>Title:</b>	Director
<b>Department:</b>	Office of Small Business Opportunity	<b>Division:</b>	
<b>Date Prepared:</b>	November 12, 2024	<b>Meeting Date:</b>	November 21, 2024
<b>Approved for consideration:</b>	County Administrator	Leonardo Brown, MBA, CPM	
<b>Meeting/Committee</b>	OSBO Ad Hoc		
<b>Subject:</b>	"Direct the Administrator to explore options for the County to establish a revolving loan." [Office of Small Business Opportunity Ad Hoc Committee Recommendation, 27 August 2024]		

At its August 27, 2024 Regular Session meeting, Council approved the Office of Small Business Opportunity Ad Hoc Committee’s recommendation to direct the County Administrator to explore proposed funding opportunities and parameters for implementing a Revolving Loan Fund (RLF) through the Office of Small Business Opportunity (OSBO). The potential RLF would align with the following strategic goals: Invest in Economic Development, Plan for Growth, and Achieve Positive Public Engagement.

**PURPOSE**

The RLF would provide access to capital for small businesses that may have difficulty obtaining traditional financing. Opportunities funded by the RC RLF seek to ultimately improve the number and caliber of job opportunities in Richland County as well as retain existing jobs. The RLF would help foster entrepreneurship, innovation, and productivity through investments in infrastructure development, capacity building, and business development to attract private capital investment and higher-skilled, higher-wage jobs. Additionally, the RC RLF could support revitalization of designated areas in unincorporated Richland County. The RLF would create a re-lending platform from principle and interest payments.

The City of Columbia currently services small businesses within the designated city limits only thus leaving an area of opportunity to provide access to capital for those businesses that cannot be serviced via the City. The County’s RLF would bridge the gap in lending territory across Richland County.

**FUNDING SOURCES**

Three (3) primary funding sources have been identified as the baseline for the RLF.

*Economic Development Administration-Economic Adjustment Assistance (EDA-EAA) Funds*

As known as Funding Opportunity PWEAA2023, these funds represent a unit of the Department of Commerce with applications being accepted on a continuous basis until funds are depleted. The award range is \$500k-\$2M and is an identified source to capitalize or recapitalize.

EDA evaluation looks for alignment with at least one of its seven Investment Priorities: Equity, Recovery & Resilience, Workforce Development, Manufacturing, Technology Based ED, Environmentally Sustainable Development, Export & Foreign Direct Investment. A RC RLF would be consistent with Equity



and Workforce Development strategies, effectively address the creation and retention of full and part time jobs, and leverage other public/private resources.

#### *CDBG Funds*

These funds would have a HUD low-to-moderate income (LMI) requirement. Currently \$50k is attributed to OSBO with a plan to apply for another \$25k in February. These funds would be considered for forgivable loan opportunities as they serve to improve LMI components.

#### *Richland County General Funds*

A review of the City of Columbia's programs shows the need for matching funds.

#### **BASELINE GUIDELINES TO CONSIDER:**

The RLF will serve as "gap funding" for small businesses who are unable to meet traditional lending requirements. All loans are collateralized which provides a secondary source of repayment and require personal guarantees of the borrowers. Staff suggests a minimum loan of \$10,000 with the possibility of tiered pricing. The EDA requires a maximum of \$200k and certain pricing guidelines. There will also be a designated per loan amount for the creation and/or retention of a full- or part-time job. The County has the ability to access certain fees such as application and origination fees for associated risk measures which offset processing expenses.

The EDA fund has allowable expenses to effectively run the program that must be kept under 51% of interest collected. Staff suggests use of a Loan Servicing Agent for billing, payments, collections, etc. The average estimated cost for a servicing agent is between \$18-\$25 per loan recipient.

To effectively administer the program with designated staff, the OSBO would need an in-house loan officer and compliance coordinator. A seven (7) person Loan Review Committee would need to be appointed by Council for a specified term (i.e. 2 years). The Loan Review Committee can adjust fees, interest terms, and limits deemed necessary to execute the provisions of the RLF while maintaining all federal requirements. OSBO would produce semi-annual reporting to Council.

#### **FIVE (5) YEAR REVOLVING LOAN FUND STRATEGY**

EDA requires a five-year loan strategy from each recipient consistent with the region's current Comprehensive Economic Development Strategy (CEDS). The Central Midlands Council of Government (CMCOG) Comprehensive Economic Development (CED) Strategy is identified for Richland County. The County's RLF would support the following goals and objectives of the 2022-2027 CMCOG's CED:

- Education and Workforce: Support programs focused on removing barriers for small local businesses with Richland County
- Economy: Support entrepreneurship and small business development, build small business capacity for the growth and creating of quality, livable wages by expanding lending/funding opportunities, building stronger entrepreneurial ecosystems.
- Resilience: Build SLBE capacity for growth and development by providing access to capital and support micro-lending programs

The business development objectives of the plan will ultimately improve the number of job opportunities in Richland County, retain existing jobs, foster entrepreneurship, innovation and

productivity through capacity building and foster the potential to revitalize commercial corridors throughout the County. The financing strategy involves funding for building construction, conversions, expansions, land acquisition, machinery, equipment, supplies materials, and working capital. Below is an example of proposed terms with a balloon feature for extended years:

- Equipment: 7 to 10 years;
- Land and building: up to 25 years
- Inventory up to 3 years with review every six months
- Working capital: up to 2 years with review every six months
- Leasehold Improvements: up to 25 years

The RLF would be managed by Richland County through the Office of Small Business Opportunity (OSBO). The OSBO Director and Commercial Loan Officer would be primarily responsible for managing the RLF and coordinating activities of the Revolving Loan Fund Committee. The Committee would be authorized to approve/deny all loan requests, modifications, and referrals for legal action for default recommended by staff. The Committee will also review policies and procedures and quarterly portfolio reports provided by OSBO.

As it relates to the RLF Income, income must be placed into the RLF Capital base to make loans or pay for eligible administrative costs associated with the fund's operation. The income may fund administrative costs, provided:

- Such RLF Income and the administrative costs are incurred in the same 12-month (12) Reporting Period;
- RLF Income that is not used for administrative costs during the twelve month (12) Reporting Period is made available for lending activities;
- RLF Income shall not be withdrawn from the RLF Capital base in a subsequent; and Reporting Period for any purpose other than lending without the prior written consent of EDA.4.
- When charging costs against RLF Income, RLF Recipients must comply with applicable federal cost principles and audit requirements as found in:
  - 2 CFR part 225 (OMB Circular A-87 for State, local, and Indian tribal governments),
  - CFR part 230 (OMB Circular A-122 for non-profit organizations other than institutions of higher education, hospitals or organizations named in OMB Circular A-122 as not subject to such Circular), and 2 CFR part 220 (OMB Circular A-21 for educational institutions); and (2) OMB Circular A-133 for Single Audit Act requirements for States, local governments, and non-profit organizations and the Compliance Supplement, as appropriate. (307.12)

All Principal and interest payments will revolve back into the revolving loan fund. Interest payments and fees may be utilized to defray the ongoing administrative costs of operating the RLF. Principal and any interest not used for administrative expenses will revolve into the RLF for relending. Cash available for lending must be held in an interest-bearing account.