

EQUITY LOAN PROGRAM

City of Oakland
November 2018

[Program Summary](#) [Prerequisite Documents](#) [Loan Assessment Tiers](#) [Application Process](#) [Loan Process](#)



Program Summary

- ▶ Revolving Loan Program
- ▶ Loan Tiers to help build sustainable businesses
- ▶ Maximum loan is \$100,000 per individual or business
- ▶ Loans are interest free, to be repaid over 4 years
- ▶ Limited pool of funds

Meet the Consultants – Elevate Impact Oakland

- ▶ Paula Groves
- ▶ Monica Edwards
- ▶ Keith Spears



Oakland Equity Loan Program

Welcome to the City of Oakland Cannabis Equity Loan Program website. This program offers 0% interest four-year loans to Oakland Verified Equity Applicants who fulfill the loan criteria.

HOW TO APPLY

Getting Started

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Prerequisites

- ▶ Register at ElevateImpactOakland.com
- ▶ City of Oakland cannabis permit inspection card for the site where the Loan Applicant intends to operate their business
- ▶ Certificate for Equity Qualified Individual(s) from the Make Green Go's entrepreneurship training course titled "Start, Run and Grow your Cannabis Company"
- ▶ Completed a business plan
- ▶ Completed 12-month monthly financial projections
- ▶ Completed Use of proceeds statement



Funding Tiers

Program Summary | Prerequisite Documents | **Tiers** | Loan Process

Funding Tiers

Tier 1 – Establish The Business

- Up to \$5,000

Tier 2 – Get Compliant

- Up to an additional \$10,000

Tier 3 – Open the Business

- Up to an additional \$15,000

Tier 4 – Start Operations

- Up to an additional \$20,000

Tier 5 – Grow the Business

- Up to an additional \$50,000*

\$100,000

Maximum
loan
amount

per person or
business



Tier 1 – “Establish the Business”

Loan amount – Up to \$5,000

► Potential Use of Funds:

- Legal fees
- Branding (name/logo)
- Consultants
- Staff and contractors

► REQUIREMENTS:

- Completed Prerequisite Documentation
- Completed Loan Assessment Documentation
- Lease, sublease or incubator agreement
- Personal Financial Statement
- Personal and business tax returns from the most recent 2-years.



Tier 2 – “Get Compliant” Loan Amount up to additional \$10,000

■ Potential Use of Funds:

- Items in Tier 1
- Insurance
- Bookkeeping system
- Accounting fees
- State license fees
- Proof of trademark search and business name usability
- Organization documents for the business entity
- Operating agreement signed by the business partners
- Fictitious business name statement
- City of Oakland business Tax Certificate
- State of California seller’s permit

■ REQUIREMENTS:

- Completed requirement for Tier 1
- Proof of trademark search and business name usability
- Organization documents for the business entity
- Operating agreement signed by the business partners
- Fictitious business name statement
- City of Oakland business Tax Certificate
- State of California seller’s permit



Tier 3 – “Open the Business”

Loan Amount up to additional \$15,000

- ▶ Potential Use of Funds:
 - ▶ Items in Tiers 1 & 2
 - ▶ Bring space into compliance
 - ▶ Equipment & furniture
 - ▶ Architect
 - ▶ Structural engineer
- ▶ **REQUIREMENTS:**
 - ▶ Completed requirements for Tier 1 and 2
 - ▶ Temporary, provisional or annual state cannabis license
 - ▶ Business insurance policy
 - ▶ Evidence of compliance with Oakland’s Minimum Wage Ordinance
 - ▶ If Loan Applicant has employees, demonstrates the company is in compliance with Employment Development Department regulations (i.e. payroll tax, unemployment insurance, state disability insurance, etc.),
 - ▶ Evidence of a bookkeeping system



Tier 4 – “Start Operations”

Loan Amount up to additional \$20,000

► Potential Use of Funds:

- Items in Tiers 1, 2 & 3
- Inventory
- Packaging
- Marketing and Advertising
- Event permits
- IT and Website
- Acquiring more space
- Maintenance/upgrades

► REQUIREMENTS:

- Completed requirements for Tier 1, 2 and 3
- Copy of completed and signed inspection card



Tier 5 – “Grow the Business” Loan Amount up to additional \$50,000

- ▶ **Potential Use of Funds:** Growth
- ▶ **REQUIREMENTS:**
 - ▶ Completed requirements for Tier 1, 2, 3 and 4
 - ▶ Proof that the business is EITHER
 - ▶ 100% owned by individuals satisfying the City of Oakland equity criteria as evidenced by the operating agreement; OR
 - ▶ Will match the City of Oakland loan amount in cash with an equal size loan or investment from a Third-Party as evidenced by a completed and signed “Tier 5 Equity Loan Match Form”.



Loan Approval Process

Program Summary Prerequisite Documents Loan Assessment Tiers Application Process Loan Process

STEP 1

Online Application

- ▶ Register for an account at www.ElevateImpactOakland.com
- ▶ Complete the loan application online.
- ▶ Paper applications will not be accepted.
- ▶ Applications can be completed online at local public libraries.
- ▶ Must fulfill all Prerequisites and Tier requirements.



STEP 2

Application Review

- ▶ Loan applications are reviewed by Elevate Impact to ensure Tier requirements are met and required documents are submitted.
- ▶ If complete, the Applicant receives email saying that the application has been sent for Loan Committee for review.
- ▶ If not complete, the Applicant receives email stating what is missing and the Applicant will be able to complete and resubmit their application.





STEP 3

Loan Committee Review

- ▶ Loan Application is submitted to Loan Committee for review and *Equity Loan Assessment Scoring*. Application must receive 60 out of 100 points for approval.
- ▶ If score is 60 points or more, email is sent saying application has been approved and will be sent to loan closing.
- ▶ If score is 59 points or less, applicant is contacted to explain how to improve their score. Applicant can then resubmit their Loan Application.

60
Minimum
score
required for
approval

Loan Assessment Documents p.1 of 2

- ▶ Evidence of ownership amount
- ▶ Loan applicant resume or experience questions
- ▶ Partner(s) resume or experience questions
- ▶ Current or future customer reference
- ▶ Current or future supplier reference
- ▶ Work reference



Loan Assessment Documents p. 2 of 2

- Strategic/joint venture reference
- Personal reference
- Reference from one Loan Applicant borrowed and repaid at least \$1,000
- Equity Loan Project Description
- Assessment of Business Plan
- Assessment of 12-Month Monthly Financials
- Assessment of Use of Proceeds Statement



Equity Loan Assessment Score

The Equity Loan Program seeks to both provide access to capital for Verified Equity Applicants and achieve high repayment rates so funds can be relet to help more businesses be successful. In order to meet this dual outcome, Loan Applicants must undergo an assessment process (aka underwriting) where the loan application will be evaluated and scored based upon the point system below which takes into account both the applicant's need for funds and their ability to repay the loan. This assessment process will result in the Loan Application "Equity Loan Assessment Score".

**In order to obtain a Loan, an application must receive a Equity Loan Assessment Score of at least 60 points.
Loan Applicants can re-apply if their Loan Application does not receive the required minimum score.**

There are 100 total points available.

TOTAL AVAILABLE POINTS		100
1	Is the business 100 % owned by Equity Qualified Individuals?	15
2	Does the Loan Applicant have at least one year of managerial work or volunteer experience that can be verified through a resume, reference, description in the business plan and/or company research?	15
3	Do(es) the operating partner(s) have at least one year of managerial work or volunteer experience that can be verified through a resume, reference, description in the business plan and/or company research?	10
4	Business plan completeness	
	a. Did the Loan Applicant answer each business plan question in line with industry standards?	7
	b. Did the Loan Applicant provide 12-month monthly projections for the first year of the business in line with industry standards?	7
	b. Did the Loan Applicant provide a certificate which shows that the verified equity applicant individuals completed the Make Green Go Entrepreneurial Course "Start, Run and Grow your Cannabis Company"?	6
	Total for Business Plan Completeness	20
5	Verifiable business network	
	a. Did the Loan Applicant provide a current or future customer reference?	3
	b. Did the Loan Applicant provide a current or future supplier reference?	3
	c. Did the Loan Applicant provide a reference from someone they have worked previously (former boss, employee, partner, customer, volunteer relationship, Other - specify)?	3
	d. Did the Loan Applicant list any current or future strategic or joint venture partnerships (specify)?	3
	e. Did Loan Applicant provide a personal reference?	3
	f. Did the Loan Applicant provide a reference from someone from whom they borrowed at least \$1,000?	3
	Total for Verifiable Business Network	18
6	Track record	
	Did the Loan Applicant describe a project that they completed which produced a successful result or achieved a meaningful accomplishment (work, volunteer, other, specify)?	12
7	Business Investment	
	a. Has the Loan Applicant invested in the business?	5
	b. Does the Loan Applicant have partners that have already provided or are willing to provide capital to the business?	5
	Total for Business Investment	10

Step 4 Loan Closing

- ▶ Email sent to Applicant and City stating loan is approved
- ▶ Meet with the Applicant to review, complete and sign the closing documents
- ▶ Send completed loan documents for City's signature and payment processing

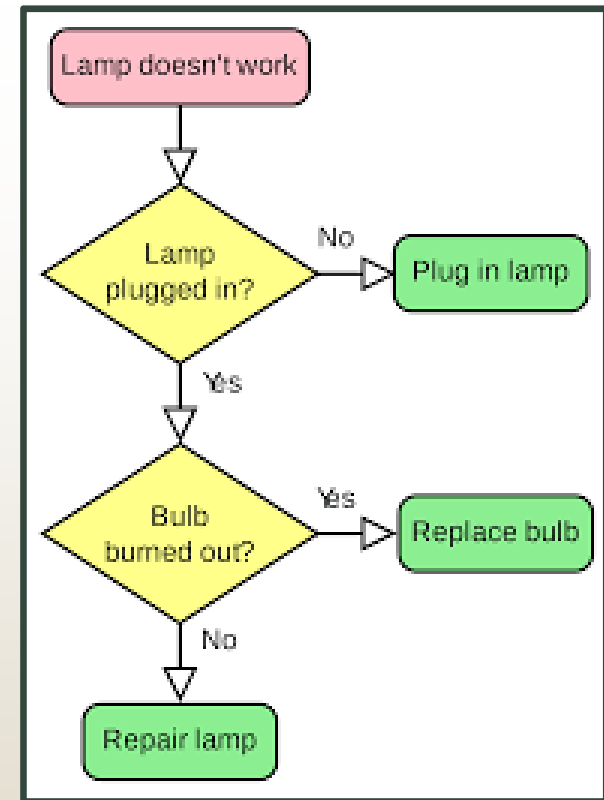


Step 4 Loan Closing

- Once funds are available, the City of Oakland contacts Applicant to pick up the loan payment and fully executed Loan Agreement at the Special Activity Permits Office and sign for payment receipt.



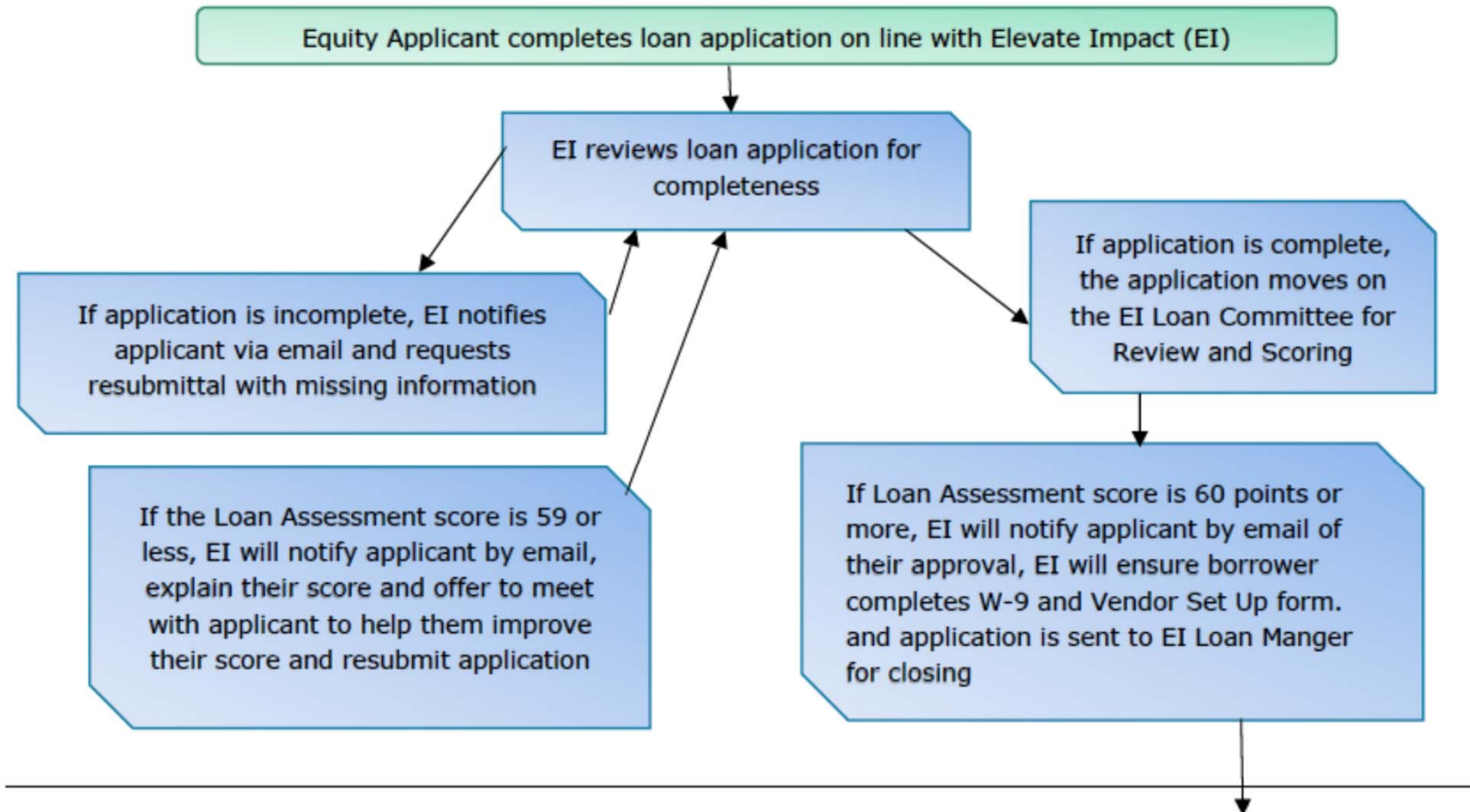
- 1. Underwriting
- 2. Funding
- 3. Post-Close



Process Flowcharts

EQUITY LOAN PROGRAM ISSUANCE PROCESS

UNDERWRITING PROCESS



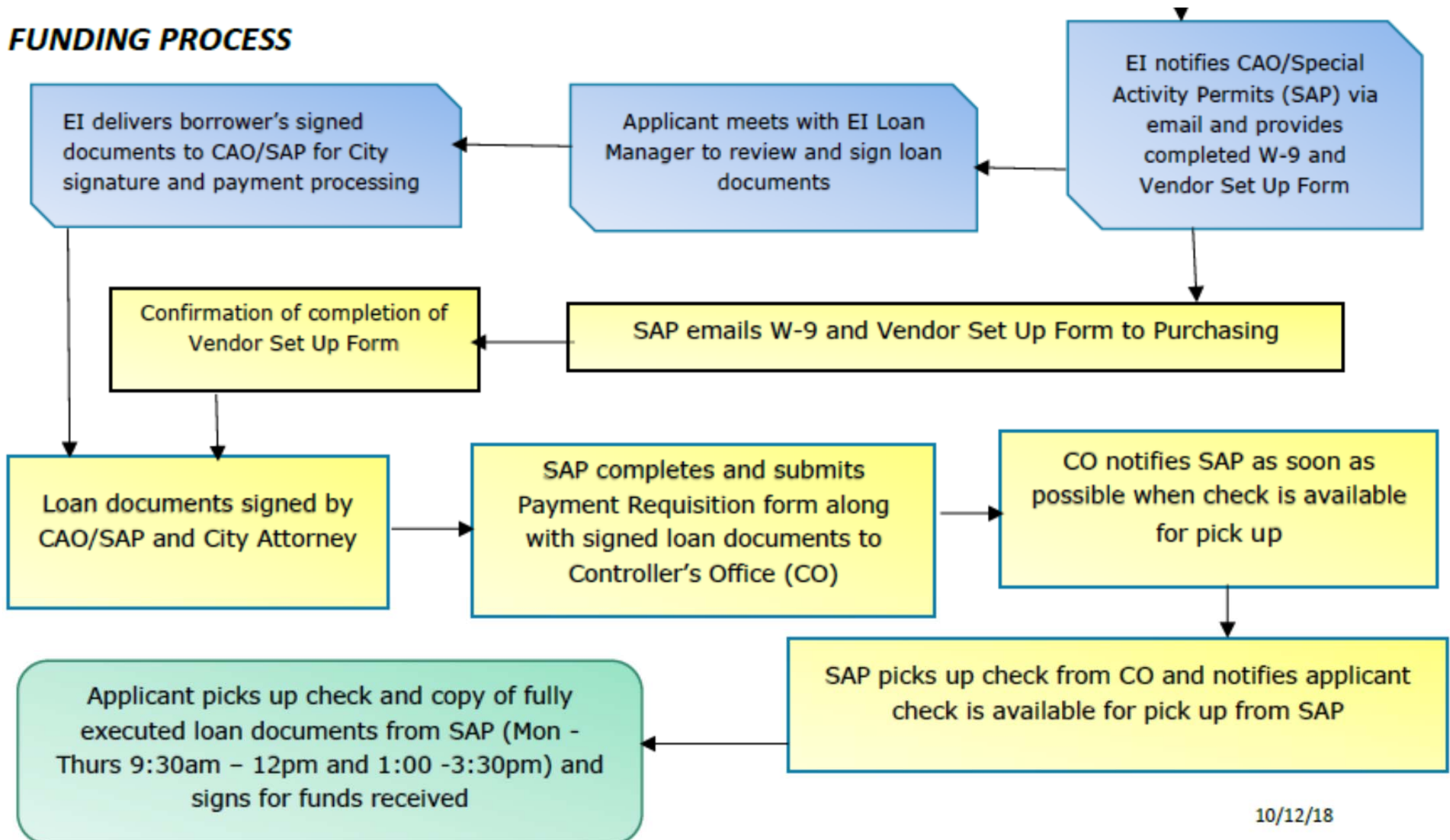


Application
must get 60
out of 100 on
Loan
Assessment



Underwriting Key Take Away

FUNDING PROCESS

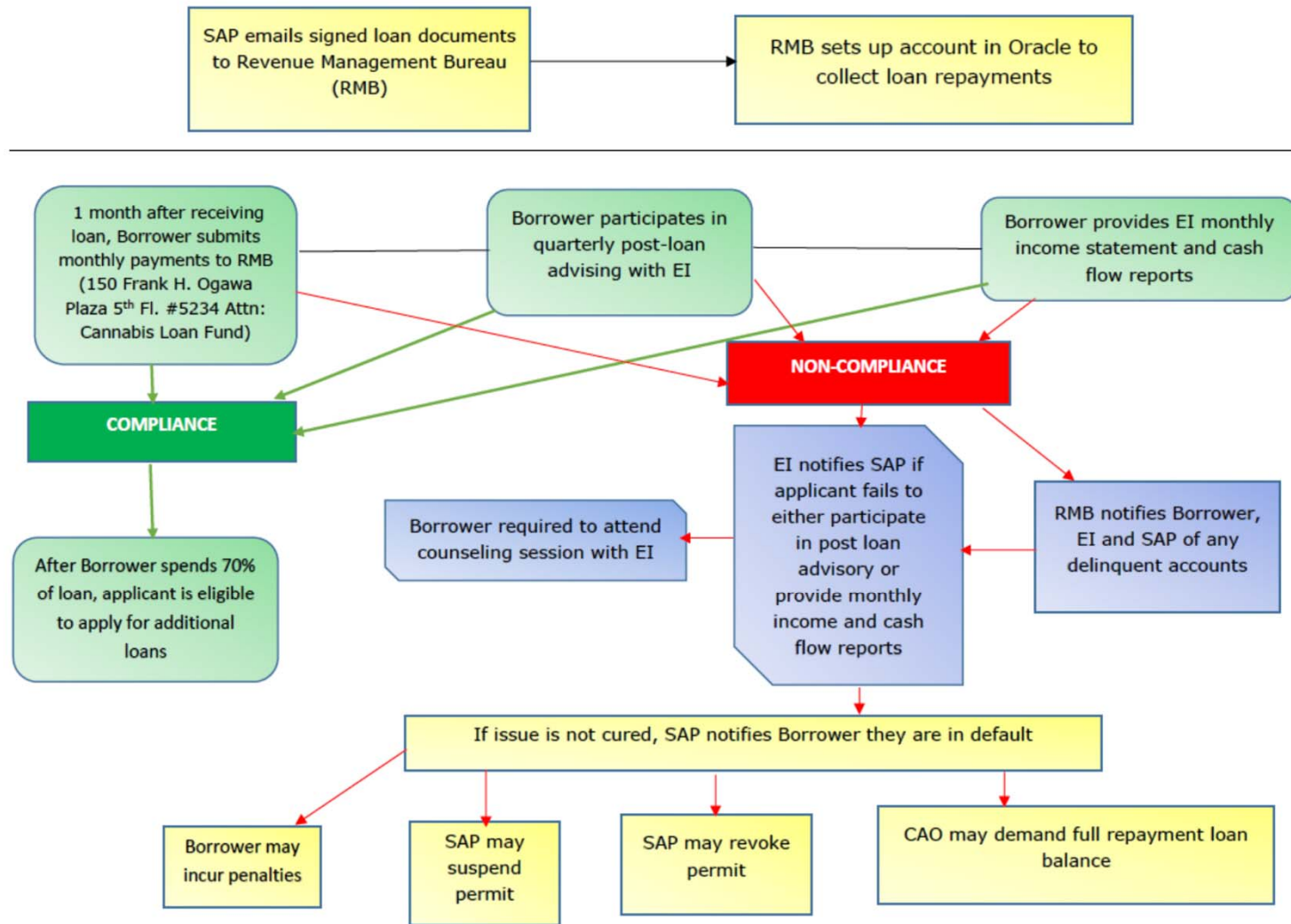



City will
issue a
check



Funding Key Take Away

**EQUITY LOAN PROGRAM
POST-LOAN ISSUANCE PROCESS**





License
could be
suspended or
worse for
non-payment



Post Close Key Take Away

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Get Registered

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Thank you ♦ Questions ♦ Contact Us

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