



CLIMBER DLC Loan Memo

Borrower:	Good Capital	Request Date:	8/31/2023
Address:	415 N Tejon St. Colorado Springs, CO 80903	Officer:	T. Grady
Entity Type:	Nonprofit Lender	Funding Source:	State Funds (20%) Private Funds (80%)
Staff Size:	4 FTE	Loan Amount:	\$4,500,000
Service Area:	Statewide	Loan Term:	Ten Years
		Interest Rate:	2.5%
Written Procedures:	Yes	Borrower Fee:	\$0

I. Description of Transaction:

Purpose:

Good Capital is requesting a \$4,500,000 loan from CLIMBER DLC. Loan funds will be used to make loans and lines of credit to eligible borrowers that meet CLIMBER DLC requirements.

Collateral:

CLIMBER DLC loan will be unsecured.

Exception to Standards:

None.

II. Business Background

Lender Overview:

Good Capital is a startup nonprofit created in April of 2023 to increase economic development and community growth through small business lending. The founders noticed gaps in their ability to provide financing for businesses owned by historically underserved communities. They decided to start a nonprofit focused on meeting those financing needs in the community through flexible lending solutions and accessing below-market capital from public and private sources that support their mission. They will work throughout the state of Colorado, but their initial focus will be on southern Colorado, specifically Colorado Springs, Pueblo, Canon City, Penrose, Florence, Trinidad, Lamar, La Junta, and Walsenburg. Good Capital would only use CLIMBER funds to support loans to eligible borrowers for working capital.

Management:

The founders, Lisa Tessarowicz and Shane Sherman, began working together and co-lending in 2022 to promote economic development and community growth via small business lending. They've made over \$400,000 in loans to businesses in southern Colorado in the last 12 months with all loans made to either woman, minority, or veteran owned businesses. The combined portfolios of Lisa and Shane's separate lending ventures and their combined efforts are just below \$2,000,000 over the last 3 years with interest rates ranging from 2% to 15% and a 0% default rate. Lisa and Shane combine for over 10 years of lending experience and will continue to operate there respective lending practices, 18 Sierra Financial and CALM Foundation. Shane is a retired Army Green Beret and received his Bachelor of Science in Economics from Santa Clara University and MBA from the Kellogg School of Management at Northwestern University. Lisa is a business owner, philanthropist, and investor. She received her Bachelor of Science in Business Administration from the University of Denver. They're joined by Hannah Parsons, Chief Operation Officer at Barn Owl Tech, and Katie Willemark, Chief Financial Officer at the Air Force Academy Foundation and Association of Graduates, as Board Members.

Financial Analysis

Good Capital was created in April of 2023 and doesn't have historical financials. Projections for Q4 2023 and full years 2024 and 2025 were provided.

Revenues & Expenses/Profitability:

	2023 (Q4)	2024	2025
Earned Revenue	301,875	215,625	516,542
Total Income	301,875	215,625	516,542
Salaries and Benefits	75,500	150,000	150,000
Accounting	5,000	5,150	5,305
Attorney Fees	10,000	10,300	10,609
Travel Expenses	2,000	2,060	2,122
Office Supplies	2,500	2,575	2,652
Marketing	10,000	5,000	5,150
Total Expenses	105,000	175,085	175,838
Net Income	196,875	40,540	340,704
CLIMBER IO Debt Service	112,500	112,500	112,500
DSCR	1.75	0.36	3.03

Good Capital projects the ability to service its debt in 2 of the 3 projected years with the sole year of inability a result of ramping up staffing and a gap in additional lending capital. Good Capital can slow down hiring to limit the strain on cashflow and bring the DSCR above 1 in 2024, but the plan is to fundraise in order to cover the deficiency.

Portfolio Review:

Through their joint and respective efforts, the owners of Good Capital have made 26 loans totaling \$2,018,600 million. Borrowers include small businesses and nonprofits.

year	end of year portfolio size	number of new loans	dollar amount of new loans	number of charge-offs	dollar amount of charge-offs
2021	\$1,050,000	2	\$1,050,000	0	\$0
2022	\$1,315,000	9	\$265,000	0	\$0
2023	\$450,000	15	\$703,600	0	\$0

Primary and Secondary Source of Repayment:

The primary source of repayment will be from repayments Good Capital receives from its borrowers. The secondary source of repayment would be from Good Capital's other revenue sources should the organization fail to recover 80% of its portfolio from its lenders. There is no collateral securing the note to provide an additional source of repayment.

Loan Officer Recommendation

This loan request complies with CLIMBER DLC eligibility requirements and program guideline requirements. The lender has successfully demonstrated it is managed by an experienced lending team and that there is a reasonable expectation that it will repay at least 80% of the loan amount.

Staff recommends approval.

III. Signatures

DocuSigned by:

Terrance Grady

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Terrance Grady, Commercial Loan Officer

8/30/2023

Date

Oversight Board Approval

The CLIMBER Oversight Board will review SCCL's CLIMBER DLC request during an Oversight Board meeting. Minutes from that meeting will be stored on file to document the Oversight Board's approval of this request.