



CLIMBER DLC Loan Memo

Borrower:	Energize Colorado Inc	Requested Date:	1.30.2023
Address:	4845 Pearl East Circle, Suite 118 PMB 76039	Officer:	T. Grady
Entity Type:	Non-profit	Funding Source:	State Funds (20%) Private Funds (80%)
Staff Size:	6 FTE	Loan Amount:	\$ 8,000,000
		Loan Term:	Five Years
Service Area:	Statewide	Interest Rate:	2%
Written Procedures:	Yes	Borrower Fee:	\$0

Description of Transaction:

Purpose:

Energize Colorado, Inc. is requesting an \$8,000,000 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.

Business Background

Lender Overview:

Energize Colorado Inc is a nonprofit created in March of 2020 in response to the COVID-19 pandemic. It originated as a group of volunteers who wanted to help their community and has since grown into an organization that continues to support small businesses well beyond the pandemic. Energize Colorado began by operating a loan fund that utilized a network of existing non-profit lenders to disburse funds to small business. The loan fund in its original form was sunset in 2022, brought in house, and rebranded as the Energize Community Program Gap Fund where Energize issues funds directly. The fund serves businesses located in East Colfax, Southwest Denver, Pueblo, and the child care industry. Loans have three-year terms up to \$20,000 and can be used for debt consolidation, capital improvements, equipment, working capital, and rents. In addition to small business financing, Energize provides technical assistance, opportunities for community engagement, and a variety of online tools and resources for small businesses. Overall Energize Colorado's mission is to advance resilience and promote equity across Colorado's small business ecosystem with a focus on four priority groups: BIPOC, women, veteran, and rural.

Energize Colorado Inc would only use CLIMBER funds to support loans to eligible borrowers for improvements to and within the space they occupy.

Management:

Energize Colorado is led by a competent team of professionals and overseen by a twelve-member Board of Directors. Wendy Lea is the CEO and is responsible for developing and overseeing the organization’s strategic plan and day-to-day tactical operations. Wendy has an extensive background in the public and private sector related to entrepreneurship, business consulting, leadership, and strategy that spans more than 20 years. Other leadership includes Scott Romano, Ryan Cobbins, and Heather Waits who together bring a wide range of expertise and knowledge to the organization. Board Members include co-founder Brad Feld, CEO and co-founder Wendy Lea, Marc Nager, Eric Drummond, Erik Mitisek, Meg Porfido, Abram Sloss, Joe Garcia, Jesus Salazar, Patti Schwayder, Shelly Marquez, and Jerry Quinn.

Energize Colorado began by relying on a network of mission-based lenders and looks to some as advisors – CEDS Finance and CEF being among those. As their legal counsel, they utilize Lee Schwalb who works across Colorado’s nonprofit industry, and A7 Advisors serves as their compliance team. Their internal loan committee is composed of eight members from external bank and community organization partners.

Financial Analysis

The organization historically operated as two separate entities, Energize Colorado Inc and The Gap Fund. Consolidated tax returns were provided for 2020 and 2021 along with internally prepared 2020 – 2022 financial statements. Historically, Energize Colorado Inc has relied on philanthropic support, but as it grows the ability to lend directly, it will realize revenue from its loan portfolio, diminishing the reliance on philanthropic support. Energize Colorado’s goal is to be self-sustainable from loan operations by 2025. Expenses have increased substantially from 2020 resulting primarily from increases in costs associated with payroll and programming related to the new Energize Community Program.

Revenues & Expenses/Profitability:

	2020	2021	2022
Revenue			
Contributions and Grants	2,623,436	2,500,004	361,489
Investment Income	39	0	
Earned Income			34,049
Total Revenue	2,623,475	2,500,004	395,538
Expenses			
Contracted Services	26,573	236,067	20,412
Program Services	115,572	87,257	419,855
General Administrative	120,974	152,997	90,149
Salaries and Benefits		128,200	552,839
Total Expenses	263,119	604,521	1,083,254
Change in Net Assets	\$ 2,360,356.00	\$ 1,895,483.00	\$ (687,716.56)
CLIMBER IO Debt Service	160,000	160,000	160,000
DSCR	14.75	11.85	(4.30)

Balance Sheet:

As of year-end 2022, Energize Colorado reports \$3.6 million in total assets, of which \$5,000 are restricted. The business had about \$9,000 in accounts payable and \$26,000 in business credit cards that are paid off monthly.

Portfolio Review:

Energize Colorado began its Energize Community Program in July of 2022 and to date has made 94 loans totaling \$1.7 million. Borrowers include small businesses in East Colfax, Southwest Denver, Pueblo, and the childcare industry. Prior to it’s Energize Community Program is managed a gap fund funded with private and public capital geared at helping businesses affected by the pandemic – close to \$2.3 million was deployed through that program.

Year	End of Year Portfolio Size	Number of New Loans	Dollar Amount of New Loans	Number of Charge-offs	Dollar Amount of Charge-offs
2022	\$ 1,738,997.00	94	\$ 1,738,997.00	0	\$ -

Primary and Secondary Source of Repayment:

The primary source of repayment will be from repayments Energize Colorado, Inc. receives from its borrowers. The secondary source of repayment would be from Energize Colorado’s other revenue sources if the organization is unable to recover 80% of its portfolio from its borrowers. The loan is unsecured therefore the recoverable value of business assets is not a source of repayment.

Loan Officer Recommendation:

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

Staff recommends approval.

Signature

DocuSigned by:
Terrance Grady
107EE5783768464

2/23/2023

Terrance Grady, Commercial Loan Officer

Date

Oversight Board Approval

The CLIMBER Oversight Board will review Energize Colorado’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.