



May 14, 2020

Board of County Commissioners  
 Clackamas County

Members of the Board:

Approval of Local Grant Agreement between Clackamas County and  
 Micro Enterprise Services of Oregon (MESO) for MESO to provide technical assistance  
 to businesses, and a small grants and micro-loan program on behalf of Clackamas County  
 in an effort to support the local business community impacted by the COVID-19 pandemic

<b>Purpose/Outcomes</b>	Approve a Local Grant Agreement between Clackamas County and MESO for MESO to provide assistance to the Clackamas County minority-owned business community in three ways: <ol style="list-style-type: none"> <li>1) Place MESO staff in Clackamas County for 2-3 days a week (24 hours minimum) to provide technical assistance to 35-45 businesses over the coming year. Technical assistance includes access to MESOs large number of programmatic services.</li> <li>2) Provide 65 \$1,500 grants (\$100,000 worth) to minority owned businesses in unincorporated Clackamas County impacted by COVID-19.</li> <li>3) Provide \$100,000 in micro-loans to minority owned businesses in unincorporated Clackamas County impacted by COVID-19.</li> </ol>
<b>Dollar Amount and Fiscal Impact</b>	Clackamas County Business and Community Services (BCS) will provide \$326,500 to MESO to fund the above listed programs. These funds were previously budgeted for another project and have been redirected.
<b>Funding Source</b>	Funding utilized is from Oregon State Lottery dollars, previously designated for the formation of the Clackamas County Land Bank Authority, a project that has been put on hold indefinitely due to the COVID-19 pandemic.
<b>Duration</b>	May 14, 2020 through May 31, 2021
<b>Previous Board Action</b>	BCS Director Laura Zentner briefed the Board of County Commissioners on this plan and forthcoming agreement at Administrator's Issues on April 14, 2020 and April 28, 2020.
<b>Strategic Plan Alignment</b>	<ol style="list-style-type: none"> <li>1) This grant agreement supports the BCS goal of giving businesses access to innovative tools and programs to help them locate or expand in Clackamas County. Providing technical assistance to business impacted by COVID-19 will help them make it through the pandemic so they can reopen under the new normal, and eventually expand when economic times improve.</li> <li>2) This grant agreement supports County strategic priority of Growing a Vibrant Economy by providing much needed assistance to Clackamas County minority-owned businesses so they can remain in business throughout the COVID-19 pandemic.</li> </ol>
<b>County Counsel Review</b>	County Counsel Review Date: May 7, 2020 Counsel Initials: ARN
<b>Procurement Review</b>	Was the item processed through procurement? N/A
<b>Contact Person</b>	Laura Zentner, BCS Director (503) 742-4351 Sarah Eckman, BCS – Deputy Director (503) 742-4303
<b>Contract No.</b>	N/A

**BACKGROUND:**

Business and Community Services has developed a program with MESO to provide economic and social assistance to those affected by COVID-19. This program will help vulnerable businesses impacted by COVID-19 by providing much needed cash, as well as technical support to develop new talents and skills that make them more marketable.

MESO will provide financial support to the business community via:

- Approximately 65, \$1,500 grants (\$100,000 total)
- Micro-loans leveraged with the MESO funds (\$100,000 Clackamas County funds)
- Criteria that will be used to determine an eligible applicant:
  - Located in unincorporated Clackamas County
  - Can demonstrate having experienced significant loss
  - 10 or fewer employees
  - <\$1mil in gross sales
  - <80% average median income
  - In business for one year or more
  - Minority owned, including women and vets
  - Preference given to childcare providers and those needing childcare

In addition to the financial assistance described above, MESO personnel will place trained personnel in Clackamas County 2-3 days per week (24 hours minimum) to provide technical assistance to 35-45 Clackamas County businesses. Assistance will be targeted towards prosperity zones and low-income regions of the County, supporting the areas most impacted by COVID-19. This program will run one full year, and potentially beyond.

**RECOMMENDATION:**

Staff respectfully recommends the BCC approve the grant agreement with MESO.

**ATTACHMENT:**

Local Grant Agreement between Clackamas County and Micro Enterprise Services of Oregon (MESO)

Respectfully submitted,



Laura Zentner, CPA  
Director, Business & Community Services

**CLACKAMAS COUNTY, OREGON  
LOCAL GRANT AGREEMENT BCS-20-001**

Program Name: **COVID-19 Clackamas County Business Support Package**

Program/Project Number:

This Agreement is between **Clackamas County, Oregon**, acting by and through its  
Department of Business and Community Services ("COUNTY") and  
**Micro Enterprise Services of Oregon** ("RECIPIENT"), an Oregon Non-profit Organization.

**COUNTY Data**

Financial Analyst: **Tracy Grambusch**

Program Contact: **Jon Legarza**

Clackamas County Business and Community Services  
Financial Analyst  
150 Beavercreek Rd.  
Oregon City, OR 97045  
503-742-4368  
tgrambusch@clackamas.us

Clackamas County Business and Community Services  
Business and Economic Development Coordinator  
150 Beavercreek Rd.  
Oregon City, OR 97045  
503-742-4366  
jlegarza@clackamas.us

**RECIPIENT Data**

Finance/Fiscal Representative: **David Wilcox**

Program Representative: **Nita Shah**

Micro Enterprise Services of Oregon (MESO)  
4008 NE MLK Jr Blvd  
Portland OR 97212  
503-841-3351  
dwilcox@mesopdx.org

Micro Enterprise Services of Oregon (MESO)  
4008 NE MLK Jr Blvd  
Portland OR 97212  
503-841-3351  
nshah@mesopdx.org

FEIN: 20-4379510

**RECITALS**

1. RECIPIENT'S mission is to improve the economic opportunities of underserved individuals impacted by COVID-19 through empowerment, education, entrepreneurship and childcare assistance for the benefit of the greater community.
2. RECIPIENT's access to capital for small and minority businesses will address the challenges and disparities hindering the small businesses community from achieving economic prosperity.
3. RECIPIENT has over 12 years helping small-scale entrepreneurs succeed. RECIPIENT's staff has technical expertise in all areas of micro-enterprise development and small business growth. RECIPIENT emphasizes development of a core business foundation and implementation of strategies focused on financial management, basic and advanced business planning, marketing, customer service and effective operations. Services are based on proven models that are shaped for the local community and individual entrepreneurs..

4. RECIPIENT will provide business development services to assist 35-45 new clients in Clackamas County. RECIPIENT staff will be on location in Clackamas County for 2-3 days per week (minimum 24 hours per week) and provide RECIPIENT's programs and services for one year.
5. RECIPIENT will facilitate a grants and loan program to distribute approximately \$200,000 in funds, equally divided between grants and loans, to Clackamas County businesses impacted by the COVID-19 pandemic.
6. This Grant Agreement of financial assistance sets forth the terms and conditions pursuant to which RECIPIENT agrees on delivery of the Program.

NOW THEREFORE, according to the terms of this Local Grant Agreement ("Agreement"), COUNTY and RECIPIENT agree as follows:

### **AGREEMENT**

1. **Term and Effective Date.** This Agreement shall become effective on the date it is fully executed and approved as required by applicable law. Funds issued under this Agreement may be used by RECIPIENT for expenses approved in writing by COUNTY relating to the project incurred no earlier than **May 1, 2020** and not later than **May 31, 2021**, unless this Agreement is sooner terminated or extended pursuant to the terms hereof. No grant funds are available for expenditures after the expiration date of this Agreement.
2. **Program.** The Program is described in Attached Exhibit A: RECIPIENT Statement of Program Objectives. RECIPIENT agrees to perform the Program in accordance with the terms and conditions of this Agreement.
3. **Standards of Performance.** RECIPIENT shall perform all activities and programs in accordance with the requirements set forth in this Agreement and all applicable laws and regulations. Furthermore, RECIPIENT shall comply with the requirements of the Oregon State Video Lottery dollars that is the source of the grant funding as stated in Oregon Revised Statute ("ORS") 461.512 which prescribes for the management of lottery moneys received by counties and stipulates the required reporting on the use of those lottery dollars. Per the ORS, Oregon State Video Lottery funds are distributed to the counties into a dedicated fund which is set aside for purposes that further economic development, as defined in ORS 461.540(3)(c). SUBRECIPIENT shall further comply with any requirements required by the State of Oregon, together with any and all terms, conditions, and other obligations as may be required by the applicable local, State or Federal agencies providing funding for performance under this Agreement, whether or not specifically referenced herein. SUBRECIPIENT agrees to take all necessary steps, and execute and deliver any and all necessary written instruments, to perform under this Agreement including, but not limited to, executing all additional documentation necessary to comply with applicable State or Federal funding requirements.
4. **Grant Funds.** COUNTY's funding for this Agreement is the Oregon State Video Lottery dollars distributed to COUNTY by the Oregon State Lottery. The maximum, not to exceed, grant amount that COUNTY will pay is **\$321,500**.
5. **Disbursements.** Disbursements will be made in lump sum according to the following schedule:
  - 5.1. \$226,500 immediately upon execution of this agreement for programmatic expenditures allocated as follows:
    - 5.1.1. \$100,000 for small grants to small businesses
    - 5.1.2. \$100,000 for micro-loans to small business
    - 5.1.3. \$20,000 administrative fee to Recipient
    - 5.1.4. \$1,500 fee for online tool set-up

- 5.1.5. \$25,000 for MESO to provide technical assistance to Clackamas County businesses for initial programmatic activities
- 5.2. \$75,000 to fund Recipient's technical assistance program in Clackamas County, per Exhibit A, disbursed as follows:
  - 5.2.1. August 1<sup>st</sup>, 2020: payment of \$25,000
  - 5.2.2. November 1<sup>st</sup>, 2020: payment of \$25,000
  - 5.2.3. February 1<sup>st</sup>, 2021 payment of \$25,000
6. **Repayment of Loan Dollars.** Upon repayment of loan dollars from loan applicant to Recipient, County has first option to be repaid for grant dollars received by Recipient. County, at its discretion, may choose to allow Recipient to retain funds and use for future loans.
7. **Requests for Disbursement.** Disbursements outlined in section 5, above, shall be invoiced by RECIPIENT to COUNTY on RECIPIENT letterhead and referencing agreement number BCS-20-001. Disbursements made from section 5.2 are contingent on receiving programmatic reports as outline in Exhibit C: Performance Reporting and review of program performance by COUNTY.
8. **Amendments.** The terms of this Agreement shall not be waived, altered, modified, supplemented, or amended, in any manner whatsoever, except by written instrument signed by both parties. **RECIPIENT must submit a written request including a justification for any amendment to the COUNTY in writing at least forty five (45) calendar days before this Agreement expires.** No payment will be made for any services performed before the beginning date or after the expiration date of this Agreement. If the maximum compensation amount is increased by amendment, the amendment must be fully effective before RECIPIENT performs work subject to the amendment.
9. **Termination.** This Agreement may be terminated with the mutual consent of both parties, for convenience by one party upon 30 day's written notice to the other, or upon default by a party. This notice may be transmitted by mail, facsimile, or by email, with confirming record of delivery confirmation through electronic mail return-receipt, or by confirmation that the electronic mail was accessed, downloaded, or printed. B.
10. **Effect of Termination.** The expiration or termination of this Agreement, for any reason, shall not release RECIPIENT from any obligation or liability to COUNTY, or any requirement or obligation that:
  - 10.1. Has already accrued hereunder;
  - 10.2. Comes into effect due to the expiration or termination of the Agreement; or
  - 10.3. Otherwise survives the expiration or termination of this Agreement.

Following the termination of this Agreement, RECIPIENT shall promptly identify all unexpended funds and return all unexpended funds to COUNTY. Unexpended funds are those funds received by RECIPIENT under this Agreement that (i) have not been spent or expended in accordance with the terms of this Agreement; and (ii) are not required to pay allowable costs or expenses that will become due and payable as a result of the termination of this Agreement.
11. **Funds Available and Authorized.** COUNTY certifies that it has been awarded funds sufficient to finance the costs of this Agreement. RECIPIENT understands and agrees that payment of amounts under this Agreement is contingent on COUNTY receiving appropriations or other expenditure authority sufficient to allow COUNTY, in the exercise of its reasonable administrative discretion, to continue to make payments under this Agreement.
12. **Future Support.** COUNTY makes no commitment of future support and assumes no obligation for future support for the activity contracted herein except as set forth in this Agreement.
13. **Administrative Requirements.** RECIPIENT agrees to its status as a RECIPIENT, and accepts among its duties and responsibilities the following:

- a) **Financial Management.** RECIPIENT shall comply with Generally Accepted Accounting Principles (“GAAP”) or another equally accepted basis of accounting, use adequate internal controls, and maintain necessary sources documentation for all costs incurred.
- b) **Revenue Accounting.** Grant revenue and expenses generated under this Agreement should be recorded in compliance with generally accepted accounting principles and/or governmental accounting standards. This requires that the revenues are treated as unearned income or “deferred” until the compliance requirements and objectives of the grant have been met. Revenue may be recognized throughout the life cycle of the grant as the funds are “earned”. All grant revenues not fully earned and expended in compliance with the requirements and objectives at the end of the period of performance must be returned to COUNTY by July 30, 2021, as described in 11.h, below.
- c) **Budget.** RECIPIENT use of funds may not exceed the amounts specified in the Exhibit B: RECIPIENT Program Budget. RECIPIENT may not transfer grant funds between budget lines without the prior written approval of COUNTY. At no time may budget modifications change the scope of the original grant application or agreement.
- d) **Allowable Uses of Funds.** RECIPIENT shall use funds only for those purposes authorized in this Agreement and in accordance with ORS 461.512 and ORS 461.540(3)(c).
- e) **Period of Availability.** RECIPIENT may charge to the award only allowable costs resulting from obligations incurred during the term and effective date. Cost incurred prior or after this date will be disallowed.
- f) **Match.** RECIPIENT match will be provided per Exhibit D: MESO 40/60 Loan Program.
- g) **Payment.** Routine requests for payment should be submitted as outlined in Section 5.
- h) **Performance Reporting.** RECIPIENT must submit Performance Reports according to the schedule specified in Exhibit C: Performance Reporting. On July 15, 2021, unless extended by amendment, RECIPIENT shall provide to COUNTY a summary of expenses against the budget outlined in Exhibit B: Program Budget. Any funds not expended under the program shall be returned to COUNTY by July 30, 2021.
- i) **Audit.** RECIPIENT shall comply with the audit requirements prescribed by State and Federal law.
- j) **Monitoring.** RECIPIENT agrees to allow access to conduct site visits and inspections of financial and programmatic records for the purpose of monitoring. COUNTY, the State of Oregon Lottery Division, and their duly authorized representatives shall have access to such records and other books, documents, papers, plans, records of shipments and payments and writings of RECIPIENT that are pertinent to this Agreement, whether in paper, electronic or other form, to perform examinations and audits and make excerpts, copies and transcripts. Monitoring may be performed onsite or offsite, at COUNTY’s discretion.
- k) **Record Retention.** RECIPIENT will retain and keep accessible all such financial records, books, documents, papers, plans, records of shipments and payments and writings for a minimum of six (6) years following the filing of the final financial report on July 15, 2021 or such longer period as may be required by applicable law, or until the conclusion of any audit, controversy or litigation arising out of or related to this Agreement, whichever date is later.
- l) **Failure to Comply.** RECIPIENT acknowledges and agrees that this Agreement and the terms and conditions therein are essential terms in allowing the relationship between COUNTY and RECIPIENT to continue, and that failure to comply with such terms and conditions represents a material breach of the this Agreement. Such material breach shall give rise to COUNTY’s right,

but not obligation, to withhold RECIPIENT grant funds until compliance is met, reclaim grant funds in the case of omissions or misrepresentations in financial or programmatic reporting, require repayment of any funds used by RECIPIENT in violation of this Agreement, to terminate this Agreement, and to pursue any right or remedy available to COUNTY at law, in equity, or under this Agreement.

**14. Compliance with Applicable Laws**

- a) **Public Policy.** RECIPIENT expressly agrees to comply with all public policy requirements, laws, regulations, and executive orders issued by the Federal government, to the extent they are applicable to the Agreement: (i) Titles VI and VII of the Civil Rights Act of 1964, as amended; (ii) Sections 503 and 504 of the Rehabilitation Act of 1973, as amended; (iii) the Americans with Disabilities Act of 1990, as amended; (iv) Executive Order 11246, as amended; (v) the Health Insurance Portability and Accountability Act of 1996; (vi) the Age Discrimination in Employment Act of 1967, as amended, and the Age Discrimination Act of 1975, as amended; (vii) the Vietnam Era Veterans’ Readjustment Assistance Act of 1974, as amended; (viii) all regulations and administrative rules established pursuant to the foregoing laws; and (ix) all other applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations; and as applicable to RECIPIENT.
- b) **State Statutes.** RECIPIENT expressly agrees to comply with all statutory requirements, laws, rules, and regulations issued by the State of Oregon, to the extent they are applicable to the Agreement.
- c) **Conflict Resolution.** If conflicts are discovered among federal, state and local statutes, regulations, administrative rules, executive orders, ordinances and other laws applicable to the Services under the Agreement, RECIPIENT shall in writing request COUNTY resolve the conflict. RECIPIENT shall specify if the conflict(s) create a problem for the design or other Services required under the Agreement.

**15. State Procurement Standards**

- a) To the extent this Agreement permits RECIPIENT to purchase of goods or services with the funds provided herein, RECIPIENT shall comply with applicable rules governing public contracts, including the Local Contract Review Board (“LCRB”) regulations (Appendix C of Clackamas County Code, located at <http://www.clackamas.us/code/>), which are incorporated by reference herein.
- b) Procurements for goods and services under this award shall use processes as outlined below:

\$0-\$5,000	Direct procurement	One vendor contact
\$5,000-\$50,000	Intermediate procurement	Obtain & document three quotes, award on best value
\$50,000-\$150,000	Intermediate Plus procurement	Issue request for quotes or other appropriate form of solicitation, award on best value
+\$150,000	Formal	Formal solicitation process following written procurement policies

- c) All procurement transactions, whether negotiated or competitively bid and without regard to dollar value, shall be conducted in a manner so as to provide maximum open and free competition. All sole-source procurements in excess of \$5,000 must receive prior written approval from COUNTY in addition to any other approvals required by law applicable to RECIPIENT. Justification for sole-source procurement in excess of \$5,000 should include a description of the project and what is

being contracted for, an explanation of why it is necessary to contract noncompetitively, time constraints and any other pertinent information.

- d) RECIPIENT shall be alert to organizational conflicts of interest or non-competitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. RECIPIENT shall follow chapter 244 of the Oregon Government Ethics Law relating to conflicts of interest. Contractors that develop or draft specifications, requirements, statements of work, and/or solicitations for proposals for a proposed procurement shall be excluded from bidding or submitting a proposal to compete for the award of such procurement. Any request for exemption must be submitted in writing to COUNTY.
- e) RECIPIENT agrees that, to the extent they use contractors or subcontractors, RECIPIENT shall use small, minority-owned, and/or women-owned businesses when possible.

#### 16. General Agreement Provisions.

- a) **Indemnification.** RECIPIENT agrees to indemnify, defend, and hold COUNTY harmless with respect to any claim, cause, damage, action, penalty or other cost (including attorney's and expert fees) arising from or related to RECIPIENT's performance under this Agreement or RECIPIENT's negligent or willful acts or those of its employees, agents or those under RECIPIENT's control. RECIPIENT's obligations hereunder include, but is not limited to, any claim by the State of Oregon regarding misuse of the funds provided by COUNTY under this Agreement. RECIPIENT is solely responsible for the actions of its own agents and employees, and COUNTY assumes no liability or responsibility with respect to RECIPIENT's actions, employees, agents or otherwise with respect to those under its control.
- b) **Insurance.** During the term of this agreement, RECIPIENT shall maintain in force, at its own expense, each insurance noted below:
  - 1) **Commercial General Liability.** RECIPIENT shall obtain, at RECIPIENT's expense, and keep in effect during the term of this Agreement, Commercial General Liability Insurance covering bodily injury, death, and property damage on an "occurrence" form in the amount of not less than \$1,000,000 per occurrence/ \$2,000,000 general aggregate for the protection of COUNTY, its officers, commissioners, and employees. This coverage shall include Contractual Liability insurance for the indemnity provided under this Agreement. This policy(s) shall be primary insurance as respects to COUNTY. Any insurance or self-insurance maintained by COUNTY shall be excess and shall not contribute to it.
  - 2) **Commercial Automobile Liability.** RECIPIENT shall obtain at RECIPIENT expense, and keep in effect during the term of this Agreement, Commercial Automobile Liability coverage including coverage for all owned, hired, and non-owned vehicles. The combined single limit per occurrence shall not be less than \$1,000,000.
  - 3) **Professional Liability.** RECIPIENT shall obtain and furnish COUNTY evidence of Professional Liability Insurance covering any damages caused by an error, omission, or negligent act related to the services to be provided under this Agreement, with limits not less than \$2,000,000 per occurrence for the protection of COUNTY, its officers, commissioners and employees against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and damages because of negligent acts, errors and omissions in any way related to this Agreement. COUNTY, at its option, may require a complete copy of the above policy.
  - 4) **Workers' Compensation.** Insurance in compliance with ORS 656.017, which requires all employers that employ subject workers, as defined in ORS 656.027, to provide workers'



compensation coverage for those workers, unless they meet the requirement for an exemption under ORS 656.126(2). If contractor is a subject employer, as defined in ORS 656.023, contractor shall obtain employers' liability insurance coverage limits of not less than \$1,000,000.

- 5) **Additional Insured Provisions.** All required insurance, other than Professional Liability, Workers' Compensation, and Personal Automobile Liability and Pollution Liability Insurance, shall include "Clackamas County, its agents, officers, and employees" as an additional insured, but only with respect to RECIPIENT's activities under this Agreement.
  - 6) **Notice of Cancellation.** There shall be no cancellation, material change, exhaustion of aggregate limits or intent not to renew insurance coverage without 30 days written notice to COUNTY. Any failure to comply with this provision will not affect the insurance coverage provided to COUNTY. The 30 day notice of cancellation provision shall be physically endorsed on to the policy.
  - 7) **Insurance Carrier Rating.** Coverage provided by RECIPIENT must be underwritten by an insurance company deemed acceptable by COUNTY. Insurance coverage shall be provided by companies admitted to do business in Oregon or, in the alternative, rated A- or better by Best's Insurance Rating. COUNTY reserves the right to reject all or any insurance carrier(s) with an unacceptable financial rating.
  - 8) **Certificates of Insurance.** As evidence of the insurance coverage required by this Agreement, RECIPIENT shall furnish a Certificate of Insurance to COUNTY. No Agreement shall be in effect until the required certificates have been received, approved, and accepted by COUNTY. A renewal certificate will be sent to COUNTY 10 days prior to coverage expiration.
  - 9) **Primary Coverage Clarification.** RECIPIENT coverage will be primary in the event of a loss and will not seek contribution from any insurance or self-insurance maintained by, or provided to, the additional insureds listed above.
  - 10) **Cross-Liability Clause.** A cross-liability clause or separation of insured's condition will be included in all general liability, professional liability, and errors and omissions policies required by the Agreement.
  - 11) **Waiver of Subrogation.** RECIPIENT agrees to waive their rights of subrogation arising from the work performed under this Agreement.
- c) **Assignment.** RECIPIENT shall not enter into any subcontracts or subawards for any of the Program activities required by the Agreement without prior written approval. This Agreement may not be assigned in whole or in part with the express written approval of COUNTY.
  - d) **Independent Status.** RECIPIENT is independent of COUNTY and will be responsible for any federal, state, or local taxes and fees applicable to payments hereunder. RECIPIENT is not an agent of COUNTY and undertakes this work independent from the control and direction of COUNTY excepting as set forth herein. RECIPIENT shall not seek or have the power to bind COUNTY in any transaction or activity.
  - e) **Notices.** Any notice provided for under this Agreement shall be effective if in writing and (1) delivered personally to the addressee or deposited in the United States mail, postage paid, certified mail, return receipt requested, (2) sent by overnight or commercial air courier (such as Federal Express), (3) sent by facsimile transmission, with the original to follow by regular mail; or, (4) sent by electronic mail with confirming record of delivery confirmation through electronic mail return-receipt, or by confirmation that the electronic mail was accessed, downloaded, or printed.

Notice will be deemed to have been adequately given three days following the date of mailing, or immediately if personally served. For service by facsimile or by electronic mail, service will be deemed effective at the beginning of the next working day.

- f) **Governing Law.** This Agreement is made in the State of Oregon, and shall be governed by and construed in accordance with the laws of that state. Any litigation between COUNTY and RECIPIENT arising under this Agreement or out of work performed under this Agreement shall occur, if in the state courts, in the Clackamas County court having jurisdiction thereof, and if in the federal courts, in the United States District Court for the State of Oregon.
- g) **Severability.** If any provision of this Agreement is found to be illegal or unenforceable, this Agreement nevertheless shall remain in full force and effect and the provision shall be stricken.
- h) **Counterparts.** This Agreement may be executed in any number of counterparts, all of which together will constitute one and the same agreement. Facsimile copy or electronic signatures shall be valid as original signatures.
- i) **Third Party Beneficiaries.** Except as expressly provided in this Agreement, there are no third party beneficiaries to this Agreement. The terms and conditions of this Agreement may only be enforced by the parties.
- j) **Binding Effect.** This Agreement shall be binding on all parties hereto, their heirs, administrators, executors, successors and assigns.
- k) **Integration.** This Agreement contains the entire Agreement between COUNTY and RECIPIENT and supersedes all prior written or oral discussions or Agreements.
- l) **No Attorney Fees.** In the event any arbitration, action or proceeding, including any bankruptcy proceeding, is instituted to enforce any term of this Agreement, each party shall be responsible for its own attorneys' fees and expenses.
- m) **Debt Limitation.** This Agreement is expressly subject to the limitations of the Oregon Constitution and Oregon Tort Claims Act, and is contingent upon appropriation of funds. Any provisions herein that conflict with the above referenced laws are deemed inoperative to that extent.

(Signature Page Attached)

SIGNATURE PAGE TO RECIPIENT AGREEMENT

(CLACKAMAS COUNTY)

AGREED as of the Effective Date.

CLACKAMAS COUNTY, OREGON

MICRO ENTERPRISES SERVICES OF OREGON

By: \_\_\_\_\_  
Chair

By: \_\_\_\_\_  
Nita Shah, Executive Director

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Recording Secretary

Dated: \_\_\_\_\_

Approved to Form

By: \_\_\_\_\_  
County Counsel

- Exhibit A: RECIPIENT Statement of Program Objectives
- Exhibit B: RECIPIENT Program Budget
- Exhibit C: Performance Reporting
- Exhibit D: RECIPIENT Match Requirements

## **EXHIBIT A**

### **STATEMENT OF PROGRAM OBJECTIVES**

#### **GOAL**

Micro Enterprise Services of Oregon (“MESO” or “RECIPIENT”) will establish presence in Clackamas County, providing technical assistance to local businesses. RECIPIENT will also administer a small grants and micro-loan program on behalf of Clackamas County in an effort to support the local business community impacted by the COVID-19 pandemic.

#### **Support to the local business community will be structured as follows:**

- MESO personnel will establish a presence in Clackamas County and provide technical assistance to 35-45 Clackamas County businesses. Assistance will be targeted towards prosperity zones and low-income regions of the County, supporting the areas most impacted by COVID-19. This program will run one full year.
- MESO will provide approximately 65 \$1,500 grants (up to \$100,000 in aggregate)
  - Criteria that will be used to determine an eligible applicant:
    - Located in unincorporated Clackamas County
    - Can demonstrate having experienced significant loss
    - 10 or fewer employees
    - <\$1mil in gross sales
    - <80% average median income
    - In business for one year or more
    - Applicant business must be minority owned. Minority owned definition includes women and veterans
    - Preference given to childcare providers and those needing childcare
    - Low-Barrier Minimum Eligibility (as defined below)
    - Business Small Loan Criteria in Exhibit E
- MESO will provide micro-loans leveraged with the MESO funds (\$100,000 in aggregate)
  - Criteria that will be used to determine an eligible applicant:
    - Located in unincorporated Clackamas County
    - Can demonstrate having experienced significant loss
    - 10 or fewer employees
    - <\$1mil in gross sales
    - <80% average median income
    - In business for one year or more
    - Applicant business must be minority owned. Minority owned definition includes women and veterans
    - Preference given to childcare providers and those needing childcare
    - Low-Barrier Minimum Eligibility (as defined below)
    - Business Small Loan Criteria in Exhibit E
  - Loan terms will be defined per Recipient’s proposal outlined in Exhibit F

## **OBJECTIVES / OUTCOME MEASURES**

RECIPIENT expects to provide a 95% success rate in all activities.

Outcome measures seek to quantify the outreach and impact of RECIPIENT's technical assistance programs. Impacts will also include qualitative and quantitative measures such as: numbers paying taxes, generating savings, increased assets, improved credit and bankability and inform interested parties on best practices to work in the business community.

RECIPIENT will provide the following results and will collect data via evaluation, surveys and quarterly assessments:

- # small grants distributed
- # small loans made, and amounts per loan
- % repayment of loans
- 95% of the entrepreneurs will increase incomes by 25%
- 95% will receive access to capital
- 95% will improve their credit
- 95% will open matched savings accounts
- 95% will increase marketing activities through technology, and direct marketing
- 95% will have a business plan for future growth
- 95% will understand financial statements
- 95% will complete survey for best practices

## **ACTIVITIES**

- 1) RECIPIENT to provide staff to be on location in Clackamas County two to three days per week (minimum 24 hours per week) to provide technical assistance to 35-45 new clients for one year.
- 2) Administer a small grants program, distributing \$100,000 in funds via approximately 65, \$1,500 small grants
- 3) Administer a micro-loan program, distributing micro-loans to small businesses meeting pre-agreed upon criteria
  - Up to \$5,000 Clackamas County funds per loan using funding from this Agreement. (RECIPIENT may increase loan size using leveraged money from SBA, USDA and CDFI)
  - Low-Barrier Minimum Eligibility (as defined below)
  - Business Small Loan Criteria in Exhibit E

MESO shall ensure that grantees and loan recipients meet the following criteria:

- Located in unincorporated Clackamas County
- Can demonstrate having experienced significant loss
- 10 or fewer employees
- <\$1mil in gross sales
- <80% average median income
- In business for one year or more
- Applicant business must be minority owned. Minority owned definition includes women and veterans
- Preference given to childcare providers and those needing childcare

RECIPIENT will screen for businesses meeting the Low-Barrier Minimum Eligibility utilizing the questions/criteria outlined below.

*Note: Business may be asked to provide additional documentation upon request to verify answers.*

1. Has business been negatively affected by the current COVID-19 pandemic? (Yes/No) (Yes = Eligible)

2. Is business physically located in unincorporated Clackamas County? (Yes/No) (Yes = Eligible)

3. If business is part of a chain, is location an individually-owned franchise within Clackamas County? (Yes/No/Not Applicable) (Yes = Eligible)

*Note: National chains do not qualify unless individually-owned and location is within Clackamas County.*

4. Did business have no more than \$1M in gross revenue in 2019? (Yes/No) (Yes = Eligible)

5. Did business average less than 80% the average median income in 2019? (Yes/No) (Yes = Eligible)

6. Did business have no more than 10 employees between January 1, 2020 and March 23, 2020 (date “Stay Home, Save Lives” Executive Order issued)? (Yes/No) (Yes = Eligible)

7. Has business received funds from similar programs established within Clackamas County after March 23, 2020 (e.g. US Small Business Administration (SBA) Payroll Protection Program, US SBA Economic Injury Disaster Loan Program, etc.)? (Yes/No) (No = Eligible)

*Note: Businesses that have received funds from other local programs do not qualify. Businesses that have received federal or state aid still qualify.*

7. Is the business a minority and/or woman-owned business enterprise? (Yes/No) (Yes = Eligible)

8. Has business been in operation for at least 1 year? (Yes/No) (Yes = Eligible)

9. Do you as the business owner have an inability to pay for childcare due to the COVID-19 pandemic? (Yes/No) (Yes = Higher priority)

Allowed Expenditures - RECIPIENT will collect information from grantees and loan applicants to verify proper use of funds and report with quarterly progress report. Allowed expenditures are the following:

1. Payroll costs
2. Rent, mortgage, and utilities
3. Childcare costs

**EXHIBIT B**  
**PROGRAM BUDGET**

<b>Category</b>		<b>Amount</b>			
Business Development Services Program		\$ 100,000.00			
Small Grants		\$ 100,000.00			
Small Grants Administration Fee		\$ 10,000.00			
Micro-Loans		\$ 100,000.00			
Micro-Loan Administration Fee		\$ 10,000.00			
Online Tool Setup Fee		\$ 1,500.00			
		\$321,500.00			



## **EXHIBIT C**

### **PERFORMANCE REPORTING**

#### **PERFORMANCE REPORTING SCHEDULE**

RECIPIENT will report progress of program activities on a quarterly basis, except in the case of the grants and small loan programs. For these programs, RECIPIENT will submit weekly progress reports until all funds are distributed.

#### **PERFORMANCE REPORTING REQUIREMENTS**

##### **Grants and Small Loans Program – submitted weekly until all grants/loans are distributed, quarterly thereafter**

Reporting data elements shall be submitted in an excel spreadsheet and include the following information collected from program recipients:

- Business Name
- Date Business Established
- Impact from Covid19
- Number of Employees
- Major Industry (Accommodations, Tourism, Healthcare, Childcare, Manufacturing)
- Use of Grant Funds
- Minority Status
- Gross Sales per month before and after Covid19
- Projected Growth Rate over next 5 years
  
- # small grants distributed and amount per grant
- # small loans made, amounts per loan, and source of loan funds
- % repayment of loans

RECIPIENT shall report aggregate information on technical assistance program activities in a second excel spreadsheet

- % of the entrepreneurs with incomes increased by 25%
- % business with access to capital
- % of business with improved credit
- % businesses with open matched savings accounts
- % businesses with increased marketing activities through technology, and direct marketing
- % business with a business plan for future growth
- % businesses with trained personnel to understand financial statements
- % businesses that completed survey for best practices

## EXHIBIT D MATCH REQUIREMENTS



### 40/ 60 Open for Business - A Flexible- Forgivable Loan

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MESO created the 40/60 Open for Business Loan Program (“40/60”) to reactivate under-resourced businesses from closures due to COVID-19. MESO expects these businesses to need access to flexible and patient capital to navigate the challenging environment that will inevitably follow. 40/60 will provide critical funding that will enable these businesses to resume operations, restore stability and rebuild towards future prosperity. 40/60 loans will be made available to businesses operating in Multnomah, Washington, Clackamas, Yamhill, Columbia, Benton, Marion and Hood River Counties in Oregon and Clark County in Washington. Key features of the 40/60 loan product will include:

- Targeted to small businesses that are owned by individuals who (i) are unable to access credit at reasonable terms; (ii) are income qualified; and (iii) in business for at least six months.
- 40/60 provides loans up to \$50,000 (maximum for forgiveness), leveraged and stacked with other MESO lending capital which is not forgivable.
- 40% of the loan will be forgiven during the first four years. This represents 40% in principal forgiveness and 23.5% in interest subsidy.
- Interest-only loan payments for six months followed by an 18-month interest-only period at a 5% interest rate.
- Amortizing monthly payments at discounted interest rate of 5% from month 25.
- Business support from MESO’s extensive suite of technical assistance offerings.

All 40/60 loans will feature highly-flexible terms that are designed to address the need for capital while also minimizing the future debt burden on the business. The loans will require no debt service payments during the first six months of the loan term, followed by an 18-month interest-only period with a reduced interest rate. In addition to providing debt service flexibility during the first two years of the loan term, up to 40% of the 40/60 loan amount will be forgiven during the first four years, with 10% forgiveness per year if the borrower meets certain conditions, including: consistent loan payment history; business growth demonstrated by 15% annual increases in revenue; self-funding a savings account; hiring; remaining current on tax payments; and other conditions as determined by MESO during underwriting.

Additionally, debt forgiveness will be conditioned upon the borrower's continued participation in MESO's intensive, customized, hands-on technical assistance programs that provide entrepreneurs with as much assistance as they need to help grow and stabilize their businesses. MESO's business assistance offerings include tools to strengthen entrepreneurs and support asset growth, such as financial education, matched savings grants, market research, industry-specific classes and credit building programs. These tools provide pathways to achieve the goals that entrepreneurs set for themselves, their businesses and their families.

#### **ABOUT MESO**

Micro Enterprise Services of Oregon (MESO) formed as a grassroots initiative in 2005 to assist small businesses that were experiencing challenges in the wake of gentrification in North and Northeast Portland. Since then we have expanded to cities and counties to support small and local businesses. MESO is a designated SBA microlender, an IDA fiduciary, a USDA RMAP (Rural Microentrepreneur Assistance Program) lender, and a Certified CDFI. MESO fills a much-needed niche, working with small businesses through every stage – from asset building and credit preparedness to first loans and business launches to dozens of business expansions every year.

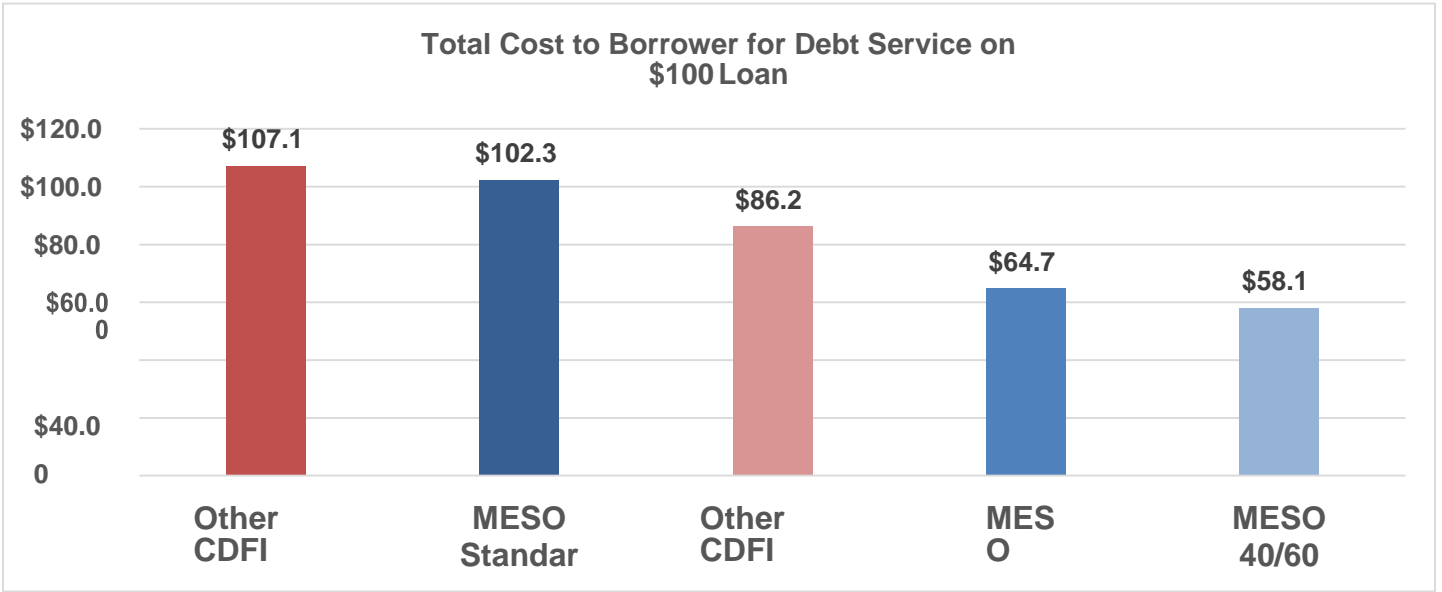
**EXAMPLE TERM SHEET**

<p><b>Investment Purpose</b></p>	<p>_____ (“Grantor/Donor”) will provide \$_(the “Investment”) to help launch MESO’s 40/60 Open for Business Loan Program (“40/60”). 40/60 will provide flexible loans to support businesses in Multnomah, Washington, Clackamas, Columbia, Yamhill, Linn, Benton, Marion and Hood River Counties in Oregon and Clark County in Washington. 40/60 will be targeted to businesses who:</p> <ul style="list-style-type: none"> <li>- Are unable to access credit at reasonable terms</li> <li>- Have been in business for at least six months</li> <li>- Are open to receiving MESO’s hands-on technical assistance</li> </ul> <p>40/60 will provide critical flexible and patient funding that will enable these businesses to reactivate operations, restore stability and rebuild towards future prosperity.</p>
<p><b>Investment Terms</b></p>	<p>The Investment will be provided as a grant to MESO. Grantor/Donor’s sole expectation will be to see under-resourced communities receive financing support with highly flexible terms. Any funds recovered by MESO will be used for new lending to similar businesses in the communities MESO serves.</p>
<p><b>40/60 Loan Terms</b></p>	<ul style="list-style-type: none"> <li>- Loan Amount: Up to \$50,000 from 40/60, which may be combined with additional funds from other MESO sources to provide larger packaged loans</li> <li>- Loan Term: up to 84 months</li> <li>- Interest-Free Period: 6 months</li> <li>- Interest-Only Period: 18 months</li> <li>- Interest-Only Rate: 5.00% fixed</li> <li>- Interest-Rate Thereafter: 8.00% fixed (beginning in month 25)</li> <li>- Loan Forgiveness: During the first 48 months of the loan, 10% of the 40/60 loan amount will be forgiven upon each 12-month anniversary of the loan closing if MESO determines in its sole discretion that the borrower has met certain conditions, which are expected to include:             <ul style="list-style-type: none"> <li>o Consistent loan payment history</li> <li>o Growth demonstrated by 15% annual revenue increases</li> <li>o Employee count increases</li> <li>o Self-funded savings account contributions</li> <li>o Remaining current on tax payments</li> <li>o Ongoing participation in MESO’s technical assistance programs</li> <li>o Other conditions as determined by MESO during underwriting</li> </ul> </li> <li>- Loan Fee: Up to 2%</li> </ul>



**COMPARISON OF LOAN TERMS: \$10,000 - \$50,000**

	MESO Standard	Other Lender Standard	MESO 40/60	Other Lender Emergency	MESO 40/60 Alternate
<b>Loan Terms</b>					
Loan Fee	3%	2%	2%	2%	2%
Term	4 years	4 years	5 years	4 years	5 years
<b>Interest Rate/Amortization</b>					
Zero Interest/ No PMT	N/A	N/A	first 6 months	first 3 months	first 6 months
Interest-Only Period	N/A	N/A	next 18 months	next 3 months	next 18 months
Interest Rate	8%	10-12% (Assume 11%)	8%	5%	5%
Forgiveness	N/A	N/A	10% per year for 4 years	N/A	10% per year for 4 years
<b>Underwriting</b>					
Credit Score	No Minimum	>640	No Minimum	>640	No Minimum
Collateral	1 to 1	1.5 to 1	Blanket UCC	Blanket UCC	Blanket UCC
Character	Emphasis	N/A	Emphasis	N/A	Emphasis
Cash Flow	Low Emphasis	Important	Low Emphasis	Important	Low Emphasis
Start Up	Accepted	N/A	Accepted	N/A	Accepted
Technical Assistance	Integrated	N/A	Integrated	N/A	Integrated
<b>Borrower Cost of \$100 Loan</b>					
PV of Debt Service @ 8% Disc. Rate	\$102.32	\$107.15	\$64.76	\$86.24	\$58.15
Borrower Surplus (\$) vs. MESO STD	N/A	(\$4.84)	\$37.56	\$16.07	\$44.17
Borrower Surplus (%) vs. MESO STD	N/A	-4.7%	36.7%	15.7%	43.2%





**EXHIBIT E**  
**BUSINESS SMALL LOAN EVALUATION CRITERIA**

**Balance Sheet**

1. Does the company collect?
  - a. Are days receivable nearly equal to payment terms?
2. Does the company pay its bills?
  - a. Are days payable about equal to the payment terms?
  - b. Are accounts payable < inventory?
  - c. Are days accrual equal to or less than the payroll cycle?
  - d. Are days accrual equal to or less than the payroll cycle?
  - e. Are taxes current?
3. Does the company control its inventory?
  - a. Are days inventory nearly equal to the inventory cycle?
4. Are the officers of the company committed?
  - a. Are there notes receivable-officers?
  - b. Are there notes payable-officers or subordinated officer debt?
  - c. Is the debt to equity reasonable?
5. Does the company have a profitable operating history?
  - a. Are retained earnings positive?
  - b. Is Net Worth positive?

**Profit & Loss Statement**

1. Is the company growing?
  - a. Are sales rising?
2. Does the company maintain its margins?
  - a. Is the COGS/sales ratio stable or falling?
3. Does the company control its overhead?
  - a. Is the SGA/sales ratio stable or falling?
  - b. Is officers compensation reasonable?
4. Is the company profitable?
  - a. Is operating profit/sales stable or rising?
  - b. Is EBT/sales stable or rising?
5. Is there any hidden cash flow?

**Can the Company Digest its growth?**

As companies grow, they need to invest more cash into their operations. This cash investment is called permanent working capital (PWC). As a company grows and invests into PWC, it gets cash from internally generated funds (profits) or from outside sources (debt and equity). We are asking MESO to understand if the company can digest growth with internal funds. If not, how can the company seek funds from MESO resources through our funding to them.



### **Analyzing Cash Flow**

1. Is the company managing its cash wisely?
2. Does the company have any operating cash flow?





**EXHIBIT F**

4/10/2020

Dear Mr. Legarza

Thank you for the opportunity to submit this proposal. We are requesting \$100,000 to assist 35-45 new clients, with business development services in Clackamas County. MESO staff will be on location for 2-3 days per week and provide MESO’s programs and services.

Micro Enterprise Services of Oregon’s (MESO) mission is “to improve the economic opportunities of underserved and low-income individuals through entrepreneurship, education and empowerment for the benefit of families in the greater community.”

Since 2005, our prime function is to offer business development services to communities that are underserved. We offer a full continuum of small business services and small group trainings to entrepreneurs and have accomplished phenomenal results in business retention, job creation and financial growth.

The following chart is a snapshot of our services and some of our accomplishments.

<i>Services Provided</i>	<i>Delivery Methods</i>	<i>Clients</i>	<i>Accomplishments</i>
1) 1:1 Technical assistance	✓ Meet at business location	• Pre-Businesses	a. 100% success in meeting outcomes
2) Mentoring & Networking	✓ One on One Assistance	• Start-Up’s	b. 85% of our clients have increased their revenues from 30% to as high as 600%
3) Access to Capital/Financing	✓ Small group technical assistance	• Existing Businesses	c. 92% of clients remain in business after graduating from MESO’s 3 yr. program
4) Credit Repair	✓ Classroom training and assistance	• Individuals living below 80% MFI	d. Placed \$10,450,000 in loans
5) Access to Markets	✓ Experts and consultants	• Individuals with Limited English Proficiency	e. Placed \$4,000,000 in IDA savings
6) Financial Literacy & Management	✓ Community linkages	• Individuals of Color	
7) Asset Development		• Individuals Located in Distressed Communities	
8) Business Education & Training			

As point of contact for this proposal, I am happy to verify the accuracy of this proposal and welcome the opportunity to talk with you about MESO's programs and successes.

Sincerely,

Nita Shah, Executive Director

[nshah@mesopdx.org](mailto:nshah@mesopdx.org)

4008 NE Martin Luther King Jr Blvd.

Portland, Oregon 97211

ph (503) 841-3351



### *What MESO is implementing with COVID-19 challenges for Small Businesses*

MESO's COVID work has taken two directions. Firstly, MESO has actively supported Prosper Portland, City of Tigard and Washington County to research, design and distribute a grants and loan programs. In Portland, MESO provided feedback and helped with distributing approximately \$400,000 in grants to small businesses. MESO staff prepared minority and income qualified entrepreneurs to access and navigate links and websites, and successfully apply on time access these resources. MESO is also providing similar service to City of Tigard with a combination of grants and loan program and in Washington County for a grants and loan program. MESO is managing the process from beginning to end and designed forms with criteria from the county.

Secondly, as small businesses are facing tremendous challenges, MESO has pivoted our programming to help small businesses become more adept with the current challenges. The following support is being provided to small businesses. MESO recently launched an online platform, "Open for Business", to help our clients market online or by delivering.

#### Non-Essential Businesses:

- Daily/Weekly interactions with businesses with technical advisor
- Launching workshops to get everyone's digital marketing in place:
- Basic website build program
- Scheduling online workshops
- Building online persona with Instagram, Facebook, Etsy platform set ups
- Set up online cohort groups to keep businesses connected and motivated.
- Recently our Latino cohort group participated in an Empowerment and Motivation workshop and our African American Women business owners participated in how to do a podcast with Steven Christensen
- Since Farmers Markets are still accepting vendors, we are preparing clients to participate with essential items.

#### Essential Businesses:

- Construction opportunities, referring these businesses to construction projects
- Service opportunities in healthcare field (can people get employed/subcontracted at this moment to support the COVID environment?),
- Helping businesses to become essential for example, diffusers (candles/perfumes) turning into 'health perfumery, Drinks are turning into health immunity building drinks
- Encouraging and supporting transportation drivers to doing "chores" for people.

MESO continues to look to the future and provide robust resources and support to clients so that they are ready to reboot when the time is right.



### *Administering a Small Grants/Loan Program*

As noted above MESO can take guidelines from the County to design and implement a grant and loan program. The program can be geared to fit the Counties criteria, such as focusing on businesses in unincorporated Clackamas County and cities, with businesses making below \$1,000,000 and less than 10 employees. 50% of the funds can be designated for minority owned, veteran and low income businesses. MESO can pull database reports to identify businesses that meet these criteria's.

MESO has forms and process in place. Our administration fee is 10% of the funds designated to place and \$1,500 for designing links and forms customized to Clackamas County. Once grantees are picked, MESO can distribute grant funds through ACH, wire or physical checks.

MESO cannot process payments for cannabis based businesses.

MESO will provide reports and proof of funds distributed. We expect 3 weeks' minimum for all activities to be completed. At this time, we find the need is to continue support to operational businesses and support businesses that are willing to pivot to other methods of business operation. This might change in the next week and businesses that are closed, might start to operate again. The market conditions are very fluid and MESO is able to be as flexible as possible.

We recommend a grant/loan program combination. If the County has \$500,000 to distribute, \$350,000 can go towards grants of \$1,500 each and \$150,000 can be designated for a micro loan program. MESO can provide loans up to \$25,000 to businesses that are in need of this support.

The terms are simple, with no payments for 6 months, interest at 0%. After 6 months' interest would be at 5%. If additional time is needed MESO would defer payments as long as we can see the business flourishing. We strongly believe that patient capital is needed for the next 12 months.

If and when loan payments do come back, the County's funds will be used as loan loss reserve for future loans. Though historically MESO's default has been less than 1%, we expect and are forecasting a heavy default rate at this time. MESO will leverage funds that are paid back with our own financing capital such as SBA, USDA and CDFI. The funds from the County will be leveraged 3x, so far a loan of \$5,000, MESO will leverage its own funds of \$15,000 to businesses in Clackamas County with the loan loss reserve.



## ABOUT MESO

### *Qualifications and Experience*

For the past fifteen years, Micro Enterprise Services of Oregon (MESO), with an experienced and dedicated staff of sixteen, has successfully provided customized business services to entrepreneurs from low-income and underserved communities in Oregon. MESO has demonstrated that low-income individuals, operating small businesses, can provide for their families, create jobs, increase their net worth and support their communities. MESO is a CDFI, an SBA micro lender and a USDA lender.

Over 1500 small businesses, (typically operated by 1-5 employees) have received intensive one-on-one services in business planning, financing and marketing, as well as, ongoing management and business education. An additional 600 entrepreneurs in one year alone have received 1 to 10 hours of staff time through consultations, trainings, referrals to business

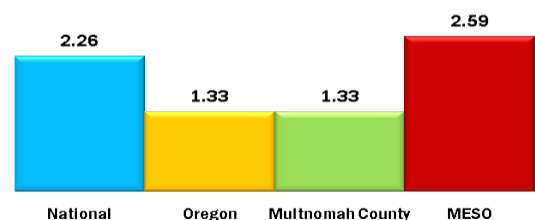
resources, participation in Individual Development Accounts (IDA), and access to marketing and financing resources.

Based on the philosophy that you cannot “mass produce successful small businesses”, we provide intensive support services on an “as needed and as often as needed” basis. This has allowed us to accomplish results that beat national standards in job creation and business retention.

MESO has created a thriving and successful community of diverse small businesses. Some of the highlights of our accomplishments are as follows:

- 85% of clients increased revenues from 30% to as high as 600%
- 92% of clients remain in business after graduating from MESO’s program (surpassing the national standard of 44%)
- \$10,450,000 provided in loans with among what are typically considered high-risk clients with 1% in default (average bank default is 5-8%)
- Clients created new jobs (*see graph at right, 2009*), purchased homes and improved their credit
- 95% success with matched savings grant (IDA)

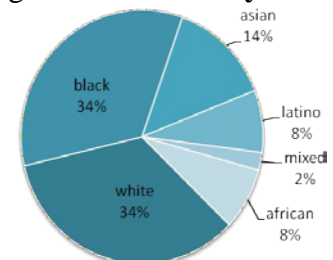
**Number Employed by Micro-Businesses**  
(Employee to Micro-Business Ratio)



### Our Experience with Target Audiences

**100%** of MESO’s existing clients are within the Target Audience for this proposal. We reach these communities through our diverse staff, partnerships, and events. As one funder remarked, “MESO has succeeded in serving a target population that was slipping through the cracks. **Very few organizations** have their in-depth understanding of what it takes to run

a small business or the intensive hands-on approach that is often necessary to help them grow.”





- **People with Limited English/Immigrants/People of Color** While 66% of MESO’s current clients are minority-owned businesses, 28% come from immigrant/refugee communities. With a diverse and well-versed staff in culturally specific services we meet client needs with one-on-one assistance. We listen well to understand each client’s unique situation and to identify his or her specific challenges. From there we build solutions, provide access to resources and increase their capacity to be successful.

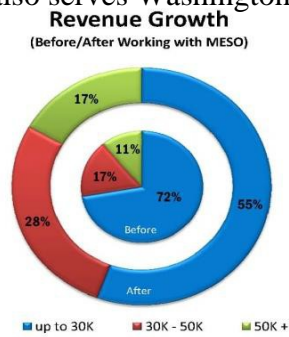
- **Economically Challenged Communities**

MESO has provided direct assistance to businesses operating in N-NE Portland since our inception. We have expanded to include other underserved areas, such as the Lents neighborhood in response to the trend of poverty and disadvantage shifting towards the outer edges of the city, and continue to serve Alberta Main Street, Martin Luther King Jr. Blvd, St. Johns, NE 42nd Avenue, and NE Cully. In these areas we address the devastating economic shifts resulting from gentrification by providing accessible entrepreneurial services. MESO also serves Washington County and City of Gresham

- **People with Modest Incomes**

Approximately 85% of our clients subsisted at or below 50% of the area’s median family income at the time of enrollment, and many had businesses that were struggling to survive. After one year in MESO’s program, the number of clients with incomes above

\$30,000 jumped from 28% to 45% of clients (*right image*). By the third year in MESO’s program, **85%** have increased their revenues from **30% to as high as 600%** of their previous revenues.



**Our Experience in Business Development Services**

We emphasize development of a core business foundation and the implementation of strategies focused on financial management, basic and advanced business planning, marketing, customer service, and streamlined and effective operations. Screening for highly motivated individuals, providing client-centric resources and access to capital, and providing services in a timely manner and at appropriate learning levels has helped clients grow successful businesses.

- **One-on-one Technical Assistance**

Since the beginning MESO has assisted clients one-on-one. We have gained confidence of our clients, understood their challenges and brought in resources that are effective and centric to their needs. Clients readily share financial information when we meet with them individually, share their inability to fill forms, complete business plans and participate fully in social media/marketing. We become consultant/partner to our clients business, set individualized goals, and provide needed assistance. As their abilities and confidence grows, they are able to participate more fully during group meetings and training.

- **Quality and Customer Service**

MESO emphasizes quality in product/service and in the appearance of the client’s business. Our clients and their employees are provided one-on-one training regarding delivering excellent



customer service. For example, Yenetilla, originally from Ethiopia, received extensive one-on-one training to develop his phone skills which now support his business, A-1 Carpet Cleaning.

- *Access to Capital*

MESO provides access to low interest loan funds to clients who traditionally do not have access through the mainstream financial institutions. Our goal is make them bankable and help them develop prudent saving habits. To this end, we provide creative financing, such as guaranteed credit lines, revolving loans and credit enhancement loans and report to credit bureaus, improving their credit scores and their bankability.

Our success is evident by the success of our clients. MESO clients help restore vitality in distressed neighborhoods, support local vendors and create new jobs. Concurrent with their success in business, is improvement in personal development, long-term financial security, and increased community participation.

## *Project Approach and Methods*

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### **Description of Target Population**

- ◆ Individuals living at or below 80% MFI (100% of clients served)
- ◆ Individuals with limited English proficiency
- ◆ Individuals of color (minimum of 50% of clients served)
- ◆ Businesses located in economically challenged priority areas
- ◆ Businesses with 5 or fewer employees

**Barriers and challenges:** Achieving financial independence is a challenging goal for low-income, minority and immigrant/refugee communities. This is due to the multiple barriers they face, such as lack of financial resources, a first language other than English, and difficulty understanding the financial and business service systems. Entrepreneurship is a viable choice for these communities.

**Strengths:** These entrepreneurs are resilient, hardworking, put-in long hours, are willing to take risks and remain optimistic about a better life in the future. Given appropriate support they are able to achieve the “American Dream”. As an example, MESO’s client Tonalli’s Donuts, a family-run enterprise (supporting eight family members), is open from 6 am to 12 am, seven days a week. They work hard to not only support the family, but to provide an education for their children. Over the last five years revenues have increased from \$75,000/yr to \$550,000. When asked if she would return to her Office job, Victoria, says that there she would still be a cashier, without hope of an increase in salary. This example resonates with many of our clients.

**Needs:** Success for our clients is dependent on them receiving assistance in meeting the following needs:

- ◆ **Accessibility and culturally appropriate support:** Timely business development services provided by culturally sensitive, skilled and compassionate professionals.
- ◆ **System navigation:** Focused assistance to understand US business procedures, licensing and policies for self-employment.
- ◆ **Access to business resources:** Support with bookkeeping, marketing, taxes, legal, vendors and planning for growth.





- ◆ **Access to capital:** Establishment of credit through access to affordable loans.

#### **How Target Audience Will Be Identified and Served**

Our mission to assist underserved entrepreneurs guides us to identify clients based on income, geography and demographics. Our intake procedure includes multiple interviews, site visits and reference checks. We review income through previous year taxes, employment history, and collective household income. For geographic identification, we look at the client's home and business address to determine a match to our Target Audience. For demographics, clients complete an intake form which requests this information.

We follow basic criteria in determining whether to take on an individual as a client, including adequate experience with business operation, functioning of an ongoing business, and appropriate business preparedness regarding startups. Clients are assessed for needed services, goals are set and staff monitors progress and provides and support to meet goals. Follow-up appointments are made with each visit, thus encouraging clients to meet their assigned goals. Relationship building begins immediately.

#### **Experience Delivering Services to Target Audience**

MESO has consistently and successfully served this target audience over the past fifteen years. Women, minorities or immigrants own 66% of businesses currently served. 95% of our clients subsisted 50% of the area's median family income at the time of enrollment.

Though determined to succeed, lack of business understanding, the current economic climate and access to capital restricts potential for growth for these groups. As an example, a non-English speaking client shopped daily for her restaurant. By introducing her to a vendor that delivers, providing a credit enhancement loan to establish credit and helping her with a credit application so she could purchase in bulk has led to substantial saving in time and finances, allowing her to focus more on marketing her business.

#### **Outreach Strategies for Target Audience**

We find optimal located to serve the target community. Our strategies are:

- Office located for convenient access
- Solid reputation maintained for effective services and culturally competent staff
- Engagement "at the door" and active recruitment of visiting businesses
- Presentations and trainings at events such as job fairs and main street business events
- Referrals from community-based non-profits, SBDC, and employment offices
- Provision of business Individual Development Accounts to the community

#### **Business Development Services offered**

What distinguishes MESO from conventional small business support services programs is our approach to service delivery. We customize our services to each business, providing a hands-on approach that fosters a professional relationship with each business owner and respects their needs, education, and culture. Staff provides timely services to clients on-site at clients' locations allowing us to troubleshoot businesses from the inside out, providing on-the-spot recommendations and guidance, while enabling businesses to continue operations.



We provide these Business Development Services:

- Technical Assistance (ANCHOR)
- Training (EDUCATE)
- Access to Capital (ACE)
- Mentoring/Networking (CONNECT)

Our technical assistance program, **ANCHOR**, begins with a comprehensive assessment allowing us to identify the immediate and long term needs of the entrepreneur. We provide the following assistance:

Program and Topics	Method	Duration
<b>“ANCHOR”</b> Business Planning <ul style="list-style-type: none"> <li>◆ Growth and Capacity</li> <li>◆ Human Resources</li> <li>◆ Licensing</li> </ul>	One-on-One at the business location, MESO’s office, or out in the field	3-years minimum or as long as the client needs

<ul style="list-style-type: none"> <li>◆ Technology</li> </ul> Marketing <ul style="list-style-type: none"> <li>◆ Communications and Branding</li> <li>◆ Website and Social Media</li> </ul> Accounting <ul style="list-style-type: none"> <li>◆ Cash Flow and Management</li> <li>◆ Taxes and Financial Recordkeeping</li> </ul> Other Business Related <ul style="list-style-type: none"> <li>◆ Customer Service</li> <li>◆ Sales Skills Development</li> <li>◆ Time Management</li> <li>◆ Legal Assistance</li> </ul> Personal Development <ul style="list-style-type: none"> <li>◆ Confidence-Building Activities</li> </ul>		the support to succeed
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Our **Access to Capital for Entrepreneurs (ACE)** program, identifies capital needs, works one on-one with clients to fill forms, provide bookkeeping and tax support and coach on presentation skills for our external loan committee.

Program and Topics	Method	Duration
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<p><u>"ACE"</u></p> <p>Micro-Financing (No-interest-to low-interest)</p> <ul style="list-style-type: none"> <li>◆ Loan Packaging</li> <li>◆ Loan Support</li> <li>◆ Tiered Loans</li> <li>◆ Revolving Loans</li> <li>◆ Emergency Loans</li> <li>◆ Guaranteed Credit-lines</li> <li>◆ Term Loans</li> </ul> <p>Individual Development Accounts Credit Enhancement Loans</p>	<p>One-on-One support and coaching</p>	<p>3 to 7 years, depending on need</p>
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Our **EDUCATE** program, provides **training** and classes to keep up with business trends, strengthen business and financial knowledge, and enrich client abilities to access markets through social media. In the past seven years, 40 training sessions have been offered.

Recently, we have increased our capacity and space to be able to provide more frequent classes and open it to the larger community.

Program and Topics	Method	Duration
<p><u>"EDUCATE"</u></p> <p>Net Worth building (12 hour series) Business Planning (8 hour series) QuickBooks and Abacus Marketing Social-media (Facebook, websites etc.) Taxes and Legal Issues Time Management and Resiliency</p>	<p>Small groups of businesses needing similar skills</p> <p>Learning is secured through one-on-one support</p>	<p>3 years</p>

MESO did not intend to form a **mentoring/networking program (CONNECT)**. However, clients themselves formed groups that meet regularly to support and learn from each other. Staff facilitate these groups and bring speakers and executive coaches to enhance learning. Long term relationships is build not only with the staff but we encourage clients to get to know each other, and mentor and support one another. As one client says, "we are a family".





Program and Topics	Method	Duration
<u>“CONNECT”</u> Women’s Group Tax Group Marketing Group	Small groups of businesses needing similar skills or in similar circumstances	3 years

**Approach and Service Model**

We have incorporated the Tupelo Model (*image right*) in economic development where human and leadership developments are the foundational layers. In order to be successful at building these foundations, we form robust, long-term relationships with clients.

Along with best practices from the Training Microenterprise and the Lending Microenterprise Models, which respectively focus on training in business plans and providing access to capital, we then assist clients to operate, manage and grow their businesses.

MESO selects entrepreneurs who are motivated and have a business or idea with potential. These entrepreneurs are open to scrutiny and willing to implement plan to meet goals. Our services are integrated and seamless. Our approach emphasizes innovation and timely support. We cultivate, nurture and encourage clients through the ups and downs of business. Staff brings broad experience, unique strengths and technical qualifications to benefit clients. Services are provided at the business location as much and as often as needed.

Exit from the program is self-selected by the business owners, generally between 3-5 years. MESO maintains an open door policy. On any given day, between three to five clients drop in to resolve various needs. 80 to 90% of our clients maintain ongoing contact after graduating. We invite clients to networking and training events. Clients are encouraged to “give back” by mentoring new clients. MESO provides continued support and access to capital as graduated clients grow their enterprises. Combining our open door policy with customized support and culturally competent service providers has enabled MESO to build strong, lasting relationships.



**Client Process: Screening and Selection**

Screening includes several interviews, site visits, and references. For pre-businesses, we assess the potential for success of the ideas. We conduct a thorough evaluation of the owner’s business practices, work ethics and passion. Besides quantifiable reviews of finances, we also consider their attitudes towards change and adaptability to learning additional skills.



Our client review includes assessment of business knowledge, business documentation, formation status, permits and licenses, credit report and tax filings, insurance status, financials and recordkeeping systems, and marketing materials. We also assess the client’s business environment to review their customer service skills, computer literacy, and how the business operates. The final assessment step is determining if their basic necessities are met such as transportation, childcare and housing.

**Assistance:** Following assessment and acceptance, we develop a plan for work with each individual client. We begin by identifying resources that may be of benefit to the entrepreneur. Staff and the client work together to accomplish business and personal goals. Clients are connected to consultants on an as-needed basis, and provided trainings and resources along their path to success. Clients receive help with business formation, planning, operations, marketing, financing, and other services. Loan applicants are assessed for barriers, and an action plan is implemented to address those barriers and bridge readiness gaps.

**Evaluation and Adjustments:** Ongoing evaluations based on growth in revenues, skills, assets, jobs and net worth allow staff to help owners make needed adjustments to their marketing and business plan. Annual evaluations include business, marketing, and financial plans; job retention and creation; owner’s draw and credit score; Federal and State tax filings; business and health insurance; and approved, awarded and repaid loans. Owners know that their business plan is a living document that needs to be used and



adjusted as needed.

**Client Profile**

MESO seeks clients who are motivated to improve or launch their businesses. These are micro-enterprises of 5 or fewer employees. We are uniquely qualified and experienced to work with disenfranchised communities. We prioritize work with clients who are below 80% Portland MFI, operate their businesses in economically challenged priority areas of Portland, and are from communities of color and/or have limited English proficiency. Client businesses may be in Pre-Business, Start-up, or Ongoing Operations phases.



**Plan for Long-Term, Core Relationships**

Our model is based on forming long term, genuine relationships that are sustained even after clients graduate from our program. Due to the level of one-on-one and small group support, we have historically had strong success maintaining contact with clients. MESO clients feel they are part of a family and return to MESO for help with difficulties and to report their successes.

Clients mentor new businesses, are invited to trainings and our annual graduation banquet.

To this end, we have developed the following guidelines:

- ◆ Clients formally sign a 3-year commitment form
- ◆ MESO has an open door policy so clients can drop in as fits their schedules and needs
- ◆ Staff provide assistance, support and training in a safe, non-judgmental environment
- ◆ Clients are informed of reporting expectations and understand that MESO will contact them within a given time period to collect data
- ◆ Clients are matched with MESO’s loan products or Individual Development Accounts
- ◆ The duration of loans is generally 3-5 years, which allows us to maintain contact
- ◆ A schedule for monthly visits and other activities is established immediately following the assessment phase

**Measuring Success**

<b>Outcomes (3 years tracked)</b>	<b>Measurements</b>	<b>Timeline</b>
Sustained business operations	➤ Years in business	Quarterly review
Growth of businesses	➤ Gross sales ➤ Gross payroll ➤ Jobs created, retained ➤ Access to capital ➤ Net Income ➤ Profit and Loss, Balance Sheet ➤ Cash flow	Enrollment Review  Quarterly review  Annual Review for three years from enrollment
Asset growth	➤ 10% growth in business assets	Annual review
Increased employment	➤ Number of jobs created and retained	Quarterly review
Improved credit	➤ 25% will have improvement in credit scores	Annual review
Increased access to capital	➤ 75% will have approved and awarded loans or participate in IDAs	Annual review
One-on-one TA, Mentoring, Training	➤ 100% clients will receive staff assistance	Staff timesheets
Client demographics	➤ 100% at or below 80% MFI ➤ 40% minority owned	Annual review
Clients served	➤ 30-45 new clients	Annual review