

Using Assets to Unlock Capital

Goal Provide initial funding for communities and municipalities in Alabama to access CARES Act funding for Coronavirus relief.

Partners Alabama Power Foundation, Black Belt Community Foundation (BBCF), HOPE Credit Union (HOPE), Regions Foundation, The Educational Foundation of America, Altec/ Styslinger Foundation, Medical Properties Trust, Protective Life Foundation, Mike and Gillian Goodrich Foundation

Project Summary The BBCF is partnering with HOPE to make \$1.65 million available cities and counties in Alabama's Black Belt region in need of access to capital in order to access state- distributed CARES Act allocations. HOPE will provide BBCF with a \$1.65 million line of credit. BBCF will make recoverable grants to cities and counties in amounts of \$50,000 or less at a time for the purchase of reimbursable COVID-related items. BBCF will require confirmation from the State that the expenditures are reimbursable before the grant is made and will only allow one recoverable grant to be outstanding at a time. Once the city and/or county has made the necessary purchases, applied for and received reimbursement from the State, the city and/or county will payback BBCF. BBCF will then payback HOPE. HOPE will require an administrative fee in a to- be-determined amount.

Community Impact Pursuant to SB 161, cities and counties must seek reimbursement for certain allowable COVID-related expenses in order to realize their allocations under the statute. This presents a challenge for many Black Belt cities and counties who do not have the liquidity to make the needed purchases up front.

As part of the Congressional response to COVID-19, the federal CARES Act allocated money to states based on population size. The largest pot of money is known as the Coronavirus Relief Fund. Alabama was awarded a total of \$1.9 billion through this Fund. When Alabama received this money, the State legislature passed SB 161 which divvied up this money into different allocations.

Community Impact (cont.) This included a \$250 million allocation for cities and counties, with each receiving \$125 million. Even though there is \$250 million available statewide, each county and some cities have their own allocation. Pursuant to SB 161, cities and counties must seek reimbursement for certain allowable COVID-related expenses in order to realize their allocations under the statute. This presents a challenge for many Black Belt cities and counties who do not have the liquidity to make the needed purchases up front.

Backbone Organization BBCF has worked for 16 years in a 12-county service area in the Black Belt, providing more than \$5 million in grants to support more than 450 community-led initiatives. HOPE (Hope Enterprise Corporation, Hope Credit Union and Hope Policy Institute) has generated more than \$2.5 billion in financing that has benefited more than 1.5 million people in Alabama, Arkansas, Louisiana, Mississippi and Tennessee.

Investment Structure	Type	Loan Guaranty (unfunded)
	Funding	\$250,000
	Horizon	6 Months

Additional Note: The line of credit will be secured by a loan loss reserve pool, which will bear first loss. If BBCF does not receive repayment of a recoverable grant made by it to a city or county within a pre-determined time frame BBCF will request payment of outstanding amounts from the pool. Pool members will pay the outstanding amounts to HOPE in equal shares.

