

I. Organization Background Information

Name of Organization:

PathStone Enterprise Center, Inc.

Mission Statement:

Please limit to 1000 characters. Please be aware that your content may be truncated if you are pasting from another source.

PathStone Enterprise Center's mission is to enhance the economic self-sufficiency and quality of life of individuals and communities through entrepreneurial training, technical assistance and access to financing for new and expanding businesses and mortgage products for underserved borrowers.

The Enterprise Center carries out its mission by making loans to small and micro businesses, who are unable to get loans from conventional lenders, and by accompanying those loans with a strong program of pre-loan and post-loan technical assistance designed to support our client's growth. The Enterprise Center's loans range in size from \$5,000 to \$250,000, however, most start-ups are limited to \$50,000 maximum loan.

Overview of Organization:

Please limit to 2500 characters. Please be aware that your content may be truncated if you are pasting from another source.

The PathStone Enterprise Center, Inc. (PECI) is a non-profit, 501(c)(3) regional Community Development Corporation organized in 1997 and certified as a Community Development Financial Institution (CDFI) in 1998. It is an affiliate of PathStone Corporation, based in Rochester, NY. PEGI is the economic development and lending arm of PathStone Corporation with a service area that includes upstate New York between Buffalo and Syracuse and the western half of Puerto Rico.

PECI is staffed by a director, a deputy director for Puerto Rico, a deputy director for Buffalo, a business lending director, and five business development officers including one based in our office in Buffalo, one second mortgage lending officer, and two Finance Department employees who work in the main Rochester office and provide servicing and financial record keeping. PEGI's Puerto Rico staff work from an office in Ponce, Puerto Rico and cover the municipalities in the western portion of Puerto Rico.

Since its inception, PEGI has made an aggregate nearly 1,500 loans totaling over \$36 million, while leveraging an additional \$27 million in private funding, and PEGI currently has assets of approximately \$15 million. The small business loan segment of the portfolio has resulted in over 2,800 jobs created or retained in New York and Puerto Rico. We service all of our own loans and for the past ten years the loss rate on our small business loans has averaged 2.5% of the portfolio per year. PEGI's current small business portfolio includes over 200 loans with outstanding balances totaling over \$6.5 million.

PECI is capitalized by a variety of government and private funds. PEGI is a Micro Lender for SBA. PEGI has received loan and grant capital from New York's Empire State Development that it uses for re-lending. In addition PEGI has received Program Related Investments (long term low interest loans or grants) from eight financial institutions and two foundations for the purpose of making loans that they are unable to make in their service areas.

PECI is governed by a nine member board, which is appointed by the PathStone Corporation board but includes seven members who are outside directors. In addition all loans larger than \$30,000 are approved by the PathStone loan committees, who are charged with reviewing and approving the loan packages which are prepared by PEGI staff.

Website:

<https://theenterprisecenterinc.org/>

II. Proposal Contacts - Please enter information for the Primary and Secondary Proposal Contacts

Primary Contact

First Name

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Last Name

Zapata

Title

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Secondary Contact

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Hubert

Last Name

VanTol

Title

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III. Proposal Information**Proposal Title:**

Program Related Investment - Relending to Small Businesses in PR

Support Request (check all that apply):

Loan, Investment/Grant

Requested Dollar Amount:

\$600,000

Please list other Significant Partners in the Proposal:

N/A

Proposal Description:

Please limit to 2500 characters. Please be aware that your content may be truncated if you are pasting from another source.

PathStone Enterprise Center Inc, (PECI) is deeply involved and committed to helping with the recovery and rebuilding of Puerto Rico. In response to Maria's devastation, our work has gradually shifted from relief to rebuilding and has increasingly begun to focus on how we can incorporate resiliency into the efforts we support. For the small businesses that we loaned money to, we provided forbearance's and then \$5,000 grants to ten of the businesses that we determined had a need for additional support in order to become fully operational again. More recently we committed a \$250,000 loan to a startup solar generator factory in Caguas as a way to support efforts on the island to provide people with more independence from the central power grid which is still quite fragile.

As we focus more on rebuilding and supporting efforts to promote resiliency we are working to identify how we can best support the small businesses in Puerto Rico going forward. The two areas where we see the largest gaps related to our small business lending efforts in Puerto Rico are the following:

1. Access to flexible equity-like investments or grant dollars to re-lend in Puerto Rico in the form of a \$500,000 loan investment, at 1%, with a ten (10) year term and interest only payments for the first eight (8) years) - The factor that currently limits us the most as we build up our small business assistance and lending effort in Puerto Rico is our lack of access to flexible, long-term capital for re-lending. We currently manage 8 bank Program Related Investments and Equity-Like Investments for the purpose of providing small business loans, but none of those banks are currently Puerto Rico-based. We have paid interest and repaid principal on all those investments as scheduled.
2. Grant dollars to improve Peci's operating capacity (staff and office capacity) in the form of a \$100,000 grant - PathStone Corporation has seven offices in Puerto Rico, all outside of San Juan, housing over 40 staff members, however Peci's five staff members all work out of one office in Ponce. We would offer services to the majority of municipalities on the island, however this requires robust operational support from partners so that we are able to deploy loan dollars to our small business clients with the kind of intensive technical assistance that is required to support safely lending to those who are unable to otherwise get loans.

Issues Addressed (check all that apply):

Asset Building / Financial Access, Capability and Empowerment, Disaster Relief, Small Business Development / Microlending, Workforce Development / Economic Development

If your project affects multiple states or counties, please use the CTRL key to multi-select.

Geographic Impact

State-wide

U.S. States & Territories:

Puerto Rico

Population Served:

Please limit to 500 characters. Please be aware that your content may be truncated if you are pasting from another source.

Puerto Rico is in the throes of an economic disaster. Puerto Rico's 11% unemployment rate remains the highest in the United States. In the central isolated mountain and southwestern coastal regions where most of PathStone's clients and participants live and work, unemployment is higher. More than 45% of the Island's residents live in poverty – the highest of any state or territory-with unemployment Our current operations mostly focus on the south, western and central rural Puerto Rico.

Population Income by Area Median Income (AMI) and other identifiers (percentage of Free and Reduced Lunch for youth or designated "Disaster Area" or designated "Distressed or Underserved" served by proposal:

Socio -demographics follow.

1. Unemployment % (Source: Bureau of Labor Statistics, 2017)"
2. "Poverty Level % (Source: 2011-2015 American Community Survey 5-Year Estimates)"
3. "Median Household Income (Source: 2011-2015 American Community Survey 5-Year Estimates)"
4. "Population (Source: Census 2010)"

1 2 3 4

Salinas	19.4%	56.2%	\$15,240	31,078.00
Santa Isabel	11.4%	50.1%	\$15,674	23,274.00
Coamo	15.8%	49.4%	\$18,233	40,512.00
Villalba	22.0%	54.0%	\$17,818	26,073.00
Juana Díaz	12.9%	51.2%	\$18,609	50,747.00
Ponce	12.1%	51.8%	\$16,318	166,327.00
Jayuya	14.8%	57.8%	\$16,033	16,642.00
Utua	15.0%	52.3%	\$15,725	33,149.00
Arecibo	12.3%	49.6%	\$16,485	96,440.00
Adjuntas	18.8%	61.7%	\$10,499	19,483.00
Peñuelas	17.8%	60.2%	\$15,497	24,282.00
Guayanilla	18.3%	56.0%	\$15,067	21,581.00
Yauco	19.3%	51.7%	\$14,708	42,043.00
Lares	22.2%	58.3%	\$11,905	30,753.00
Camuy	12.5%	48.6%	\$17,532	35,159.00
Quebradillas	17.2%	55.5%	\$15,806	25,919.00
San Sebastián	20.1%	56.5%	\$14,345	42,430.00
Las Marías	20.6%	58.0%	\$13,944	9,881.00
Maricao	22.9%	64.2%	\$12,606	6,276.00
Sabana Grande	16.3%	47.1%	\$14,795	25,265.00
Guanica	18.7%	61.0%	\$13,682	19,427.00
Lajas	17.9%	59.3%	\$13,215	25,753.00
San Germán	15.5%	51.0%	\$14,797	35,527.00
Cabo Rojo	13.9%	50.7%	\$16,499	50,917.00
Hormigueros	12.5%	37.4%	\$20,598	17,250.00
Mayaguez	14.0%	51.1%	\$14,871	89,080.00
Añasco	13.4%	49.1%	\$17,386	29,261.00
Moca	15.7%	54.3%	\$14,427	40,109.00
Aguada	13.8%	54.2%	\$16,029	41,959.00
Rincón	18.8%	48.8%	\$167,755	15,200.00
Aguadilla	14.8%	49.1%	\$17,267	60,949.00

LIST AVERAGE 16.5% 53.4% \$20,431 38,475.68

Puerto Rico AVERAGE 12.0% 45.5% 19,350.00
United States AVERAGE 4.5% 15.5% 53,889.00

Anticipated Outcomes/Impact:

Please limit to 2000 characters. Please be aware that your content may be truncated if you are pasting from another source.

Anticipated outcomes and impact is as follows:

1. For the 500k loan PRI we expect to:

a. Assist 25 (the math would make this 20 entrepreneurs) entrepreneurs with an average loan of 25k. These loans will help start-ups and current businesses with expansion plans and will increase their chances of success and positive economic impact on the island. These clients will also receive, as part of our core services, technical assistance for the duration of their loan term. These will mostly be microloans, an area where the market and region is deeply undeserved.

b. These loans will have 5-6 year terms and interest rates between 7.5% and 9.5%.

2. For the 100k grant portion we expect the following outcomes/impact:

a. Medium term sustainability of our operations in Puerto Rico. We expect to spend this amount in a 1-2 year period, covering salaries of staff capable of providing high-quality small business technical assistance, and other operational expenses related to deploying the 500k loan dollars in the many municipalities we serve.

Describe evaluation methods used to measure success:

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Evaluation methods will be quantitative:

a. Amount of loans made out to small businesses in our service area.

b. Amount of businesses created as a result of this program and financing activities.

Project time frame - Is your request for an existing or new program?

Existing Program

IV. Submit Supporting Documentation - Please attach your most recent audited or reviewed financials in PDF format to this proposal application. Your proposal application will be considered incomplete until the appropriate financial documentation is provided. By submitting a proposal application you agree to share with the Federal Reserve information regarding connections that were made with funders regarding the proposal or other work your organization conducts that was identified by a funder that used the Investment Connection platform. After you submit a proposal application, we will follow up with you to see if Investment Connection was helpful with your informational and business needs.

Upload your most recent audited or reviewed financials

(for internal uses only)

PECI 2018 Audit.pdf

V. Other Supporting Documentation - You may submit a photo (jpeg) and/or a video (mp3 or mp4) that helps describe your proposal. (information available to funders)

Upload a picture or video that helps describe your proposal or organization

(information available to funders)

Upload additional picture or video

(information available to funders)

Add any additional links to supporting documentation

(information available to funders)

Please find below links testimonial videos of our clients:

<https://www.youtube.com/watch?v=oESn8UGcdrl&t=121s>

<https://www.youtube.com/watch?v=q0EMD1uMO7Q>

<https://www.youtube.com/watch?v=c4vPMhruddk&t=23s>

https://www.youtube.com/watch?v=_QZeBQlChak&t=39s

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