



Hispanic Chamber of Commerce Audit Report

Issued by the
Internal Audit Office
June 11, 2009

City of El Paso
Internal Audit Office
Hispanic Chamber of Commerce Audit

EXECUTIVE SUMMARY

The Internal Audit Office has concluded its audit of the El Paso Hispanic Chamber of Commerce Contract with the City of El Paso. Based on the results of the audit, six (6) findings were identified to indicate that improvements are needed to be in compliance with the Agreements dated November 6, 2007 and September 30, 2008 with the City of El Paso. Four (4) of these findings are considered significant in nature, while two (2) findings are not significant.

Listed below is a summary of the four (4) significant findings identified in this report.

1. During Fiscal Year (FY) 2008, there was a lack of contract monitoring by the Economic Development Department. Improvements were made in FY 2009 through the implementation of a contract monitoring process.
2. The El Paso Hispanic Chamber of Commerce did not meet two out of four FY 2008 performance measures (50%) outlined in Exhibit "A" of the agreement dated November 6, 2007:
 - 192 out of 200 targeted new jobs were created.
 - \$259,860.00 out of \$300,000.00 in targeted new Revolving Loan Fund loans were funded.
3. The El Paso Hispanic Chamber of Commerce did not perform adequate outreach and marketing of the RLF program during FY 2008 as required in Exhibit "B" part "b." of the agreement dated November 6, 2007. However, during FY 2009 there has been an increase in marketing efforts through consistent promotion of the RLF program in both the monthly and weekly on-line newsletters and outreach to lenders.
4. The El Paso Hispanic Chamber of Commerce submitted support documentation that does not equal the invoiced amounts.

Listed below are the two (2) findings listed as "Other Findings."

5. The El Paso Hispanic Chamber of Commerce did not submit Contract Performance reports to the Economic Development Department within 15 days after the end of each quarter as required by "Section 5. Performance" of the agreements. The following reports were not submitted timely:
 - FY 2008 1st quarter report was 18 days past due
 - FY 2009 1st quarter report was 53 days past due
6. The agreement between the City of El Paso and the El Paso Hispanic Chamber of Commerce does not require that a specific percentage of funds be allocated to administrative or program expenditures. As a result, during FY 2008 and the first two quarters of FY 2009 78% and 88% of the funding, respectively, has been spent on administrative expenditures rather than on program expenditures for small business assistance.

For a detailed explanation of each of the findings please refer to the appropriate finding contained in the body of this Audit Report.

City of El Paso
Internal Audit Office
Hispanic Chamber of Commerce Audit

BACKGROUND

The El Paso Hispanic Chamber of Commerce is an El Paso based Non Profit Organization. The El Paso Hispanic Chamber of Commerce was established in order to reach out to El Paso's small, minority, and women owned businesses with programs and services to facilitate the "growth" or expansion of their businesses. The mission of the El Paso Hispanic Chamber of Commerce is to promote the interest of businesses they serve, to improve the economic and educational environment, to foster representation on major issues of public policy that impact Hispanics, minorities, and other small and minority owned business entities, and to promote awareness and preservation of the heritage and cultural diversity shared in our region.

The El Paso Hispanic Chamber of Commerce received \$90,000.00 in City of El Paso General Fund funding for Fiscal Years 2008 and 2009. The funds were to be allocated for the following purposes for each fiscal year:

1. Small Business Assistance – Value of \$66,000.00 to be used in assisting and advising small businesses for the purpose of creating and retaining jobs in the City of El Paso in accordance with Performance Goals and Measurements as stated in the contract.
2. City/County Revolving Loan Fund Program Administration – Value of \$24,000.00 to be used to assist the Economic Development Department of the City of El Paso in marketing and administering the City/County Revolving Loan Fund in accordance with the Scope of Services as outlined in the contract. As of March 31, 2009 there were 27 active loans (21 current and 6 delinquent) with an original loan amount total of \$951,110.00.

SCOPE AND METHODOLOGY

The audit objectives were to conduct audit work to determine if The El Paso Hispanic Chamber of Commerce is in compliance with the terms and conditions of the agreement with the City of El Paso. Specifically, whether City funds were used for the specific purposes outlined in the agreement:

- Assisting and advising small businesses for the purpose of creating and retaining jobs in the City of El Paso in accordance with the Performance Goals and Measurements.
- Manage outreach and marketing of the Revolving Loan Fund Program in accordance with the scope of services.

The audit consisted of interviews with management and staff of both the Economic Development Department and El Paso Hispanic Chamber of Commerce as well as a review of the following:

- Economic Development Agreements
- Contract monitoring process at the Economic Development Department
- El Paso Hispanic Chamber of Commerce files, documents, reports, data and website
- Invoices and support documentation

The audit period covered Fiscal Years 2008 and 2009.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

***SIGNIFICANT FINDINGS, RECOMMENDATIONS,
AND MANAGEMENT'S RESPONSES***

The definition of a significant finding is one that has a material effect on the City of El Paso's financial statements, identifies an internal control breakdown, a violation of a City procedure, law and/or regulation, which the City is required to follow. Any finding not meeting these criteria will be classified as an "Other Finding".

Finding 1

Contract Monitoring

During FY 2008 the Economic Development Department (EDD) did not have a contract monitoring process in place to ensure that all El Paso Hispanic Chamber of Commerce (EPHCC) contract requirements were met. The following deficiencies were noted:

- All applicable receipts to support invoices submitted by the EPHCC for reimbursement were not requested.
- Invoices submitted by the EPHCC for reimbursement were approved without reviewing the support documentation to verify accuracy and allowability.
- Periodic reviews of EPHCC files were not being performed to verify the accuracy of the performance data submitted.
- Timeliness of reporting was not monitored.

However during FY 2009, EDD has made considerable improvements to fulfill its responsibility for contract monitoring by developing a Policies and Procedures Manual and implementing a contract monitoring process.

Recommendation

The Economic Development Department should ensure that contract monitoring policies and procedures are followed for all contracts.

City of El Paso
Internal Audit Office
Hispanic Chamber of Commerce Audit

Economic Development Department Management's Response

In December 2008 we designed a contract monitoring process and hired staff to implement it. We were unaware of our deficiencies in this area until a department contract was monitored in 2008. We will continue this monitoring program on all department contracts.

The current contract monitoring procedures for all Economic Development contracts consist of the following:

- All contracts are reviewed and each contract point is identified for continued monitoring of performance measures and compliance
- Reports from the grantee are tracked (time stamped) to ensure that they are received timely per the contract timelines
- Each report from grantee is reviewed for compliance and to ensure that target measurables are being met or are on schedule to be met by the end of the contract period
- All invoices are reviewed for the proper support documentation and that the types of expenses billed to the City comply with those outlined in the contract. In addition, invoices are signed by separate complier, reviewer, and finally approved for reimbursement by the Economic Development Director

Responsible Party

Kathryn Dodson, Director – Economic Development Department

Implementation Date

December 2008

**City of El Paso
Internal Audit Office
Hispanic Chamber of Commerce Audit**

Finding 2

Performance Measures Compliance

The El Paso Hispanic Chamber of Commerce (EPHCC) did not meet two out of four FY 2008 performance measures (50%) outlined in Exhibit "A" of the agreement dated November 6, 2007. The table below outlines areas of non-compliance:

#	FY 2008 Performance Measure	Goal	Actual	Variance	Performance Measure Met
1	To provide direct technical assistance and support to businesses or micro-businesses	100	121	21	Yes
2	To create new jobs as a result of direct technical assistance provided to businesses That new jobs meet or exceed predetermined wage criteria	200 Varies depending on job type	192 Unknown	(8) Unknown	No*
3	To provide direct technical assistance and support to businesses for the purpose of business development through government procurement	25	46	21	Yes
4	To provide financing assistance through new Revolving Loan Fund (RLF) loans	\$300,000.00	\$259,860.00	(\$40,140.00)	No

* The EPHCC does not have a process to verify that businesses actually created the new jobs that they reported or that wage criteria were met.

Recommendation

- The Economic Development Department should monitor the agreement to ensure that performance measures are met and that accurate data is provided.
- The El Paso Hispanic Chamber of Commerce should ensure that they meet all performance measures and provide accurate data outlined in the agreement with the City of El Paso.

Management's Response

We are now monitoring the agreement to ensure that performance measures are met and that accurate data is provided. For the Hispanic Chamber of Commerce the performance measures are reviewed on a quarterly basis. We do not currently have a contract that requires that performance measures be met in order for payment to be made. In all future contracts, we will look at whether organizations should be reimbursed for performance.

Responsible Party

Kathryn Dodson, Director – Economic Development Department

Implementation Date

December 2008

City of El Paso
Internal Audit Office
Hispanic Chamber of Commerce Audit

Finding 3

Revolving Loan Fund (RLF)– Outreach and Marketing

- During FY 2008 the El Paso Hispanic Chamber of Commerce (EPHCC) did not perform adequate outreach and marketing of the RLF program.

The agreement dated November 6, 2007 (Exhibit “B”, part “b.”) required the EPHCC to manage the outreach and marketing of the RLF program through promotion in regular publications in Chamber newsletter, on-line newsletter and Chamber events. While the EPHCC promoted the RLF program to businesses interested in obtaining loans, we found that RLF program outreach and marketing efforts were limited to the following:

	# of Instances	Dates
Weekly On-line Newsletters	0	n/a
Monthly Newsletter	1	April 2008
Outreach Meetings With Lenders	9	1/9/08, 6/11/08, 6/27/08, 7/18/08, 7/22/08, and four meetings on 6/24/08 each with a different lender.

- During FY 2009 the EPHCC has increased the RLF program outreach and marketing efforts by conducting more outreach meetings with lenders. In addition, as of April 2009 there has been consistent promotion of the RLF program in both the monthly and weekly on-line newsletters.

Recommendation

- The Economic Development Department should monitor the contract to ensure that all services outlined in the contract related to the RLF program are being performed.
- The El Paso Hispanic Chamber of Commerce should ensure that they perform all of the services outlined in the contract with the City of El Paso related to the RLF program.

Management’s Response

The Economic Development Department now monitors the contract to ensure that all services outlined in the contract related to the RLF program are being performed. In addition, we receive copies of Hispanic Chamber marketing materials (pamphlets, newsletters, group Power Point presentations, meeting announcements) and periodically review the Chamber website for mention of the RLF program. We meet with the Hispanic Chamber on site to review additional materials and to discuss efforts related to the marketing of the RLF program.

Responsible Party

Kathryn Dodson, Director – Economic Development Department

Implementation Date

December 2008

City of El Paso
Internal Audit Office
Hispanic Chamber of Commerce Audit

Finding 4

Invoices and Support Documentation

A review of invoices and support documentation submitted to the Economic Development Department (EDD) by the El Paso Hispanic Chamber of Commerce (EPHCC) was conducted for FY 2008 (1st – 4th quarters) and FY 2009 (1st – 2nd quarters). The following was noted:

- Support documentation does not equal the invoiced amounts. The EPHCC submits quarterly invoices in the amount of \$22,500.00 regardless of the actual expenditures. See the tables below:

	FY 2008 Expenditures				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	FY 2008
Invoiced Amounts	\$ 22,500.00	\$ 22,500.00	\$ 22,500.00	\$ 22,500.00	\$ 90,000.00
Expenditures	\$ 20,899.00	\$ 26,812.00	\$ 27,999.00	\$ 22,827.00	\$ 98,537.00
Variance	\$ 1,601.00	\$ (4,312.00)	\$ (5,499.00)	\$ (327.00)	\$ (8,537.00)

	FY 2009 Expenditures				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	FY 2009
Invoiced Amounts	\$ 22,500.00	\$ 22,500.00	n/a	n/a	\$ 45,000.00
Expenditures	\$ 22,528.00	\$ 23,735.00	n/a	n/a	\$ 46,263.00
Variance	\$ (28.00)	\$ (1,235.00)	n/a	n/a	\$ (1,263.00)

Recommendation

- The El Paso Hispanic Chamber of Commerce should ensure that quarterly invoiced amounts equal the amounts that have been expended and listed in the support documentation up to, but not to exceed the contract amount of \$90,000.00.
- The Economic Development Department should perform a thorough review of invoices and support documentation to ensure that reimbursements are processed only for monies that have been expended, but not to exceed the contract amount of \$90,000.00.

Management's Response

The Economic Development Department will perform thorough reviews of invoices and support documentation to ensure that reimbursements are processed only for monies that have been expended, but not to exceed the contract amount.

Responsible Party

Kathryn Dodson, Director – Economic Development Department

Implementation Date

July 20, 2009

OTHER FINDINGS AND RECOMMENDATIONS

Finding 5

Untimely Reporting

The El Paso Hispanic Chamber of Commerce did not submit Contract Performance reports to the Economic Development Department within 15 days after the end of each quarter as required by the agreements.

For the period FY 2008 (1st – 4th quarters) and FY 2009 (1st -2nd quarters), two out of six Performance Goals and Measurements Reports (33%) were submitted past the due date. See the table below:

FY	Quarter	Days Past Due
2008	1st Quarter	18
2009	1st Quarter	53

Recommendation

- The Hispanic Chamber of Commerce should submit the Contract Performance reports within 15 days after the end of each quarter.
- The Economic Development Department should ensure that Contract Performance Reports are received within 15 days after the end of each quarter.

Management's Response

The Economic Development Department always asks for reports by 15 days after the end of each quarter. In some instances we have found it difficult to get the reports on time. Perhaps our contracts should have a financial penalty when reports are not received on time. As part of the contract monitoring process, the time is tracked and recorded regarding whether reports are received in a timely manner. This process was added when we implemented our contract monitoring process in December 2008.

Responsible Party

Kathryn Dodson, Director – Economic Development Department

Implementation Date

Ongoing

City of El Paso
Internal Audit Office
Hispanic Chamber of Commerce Audit

Finding 6

Expenditures

The agreement between the City of El Paso and the El Paso Hispanic Chamber of Commerce does not require that a specific percentage of the \$66,000.00 awarded for small business assistance be allocated to administrative or program expenditures. However, there was an expectation by the Economic Development Department that funds would be used towards program costs for small business assistance. As shown in the table below, a majority of the funding has been spent on administrative expenditures:

		Administrative Expenditures	Program Expenditures	Total Invoiced for Small Business Assistance
FY 2008	Amount	\$ 51,572.00	\$ 14,428.00	\$ 66,000.00
1st - 4th Qtrs	Percentage	78%	22%	100%
FY 2009	Amount	\$ 29,153.00	\$ 3,847.00	\$ 33,000.00
1st - 2nd Qtrs	Percentage	88%	12%	100%

A best practice obtained from the Better Business Bureau Standards for Charity Accountability indicates that 65% of expenditures should be spent on program activities.

Recommendation

The Economic Development Department should ensure that future agreements outline the specific percentage of funds that should be allocated to program and administrative expenditures in order to meet their expectations.

Management's Response

The Economic Development Department will ensure that future agreements outline the specific percentage of funds that should be allocated to program and administrative expenditures in order to meet expectations.

Responsible Party

Kathryn Dodson, Director – Economic Development Department

Implementation Date

August 2009

City of El Paso
Internal Audit Office
Hispanic Chamber of Commerce Audit

INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

CONCLUSION

Based on the results of this internal audit, we have concluded that there is a disconnect between the expectations of the Economic Development Department and the El Paso Hispanic Chamber of Commerce program objectives as it relates to the Agreement. As a result, the El Paso Hispanic Chamber of Commerce has partially complied with the terms and conditions of the agreement with the City of El Paso. For Fiscal Year 2008, two out of four performance measures were not met and there were minimal marketing efforts for the Revolving Loan Fund among other deficiencies noted. Moreover, prior to Fiscal Year 2009 the Economic Development Department lacked a contract monitoring process which contributed to the deficiencies noted in the audit.

The implementation of the recommendations provided in this Audit Report should assist the El Paso Hispanic Chamber of Commerce in meeting the performance measures and RLF marketing requirements of the agreement. In addition, the recommendations will also assist the Economic Development Department to strengthen their recently implemented contract monitoring process.

We wish to thank the management and staff of both the El Paso Hispanic Chamber of Commerce and the Economic Development Department for their assistance and courtesies extended throughout this audit.

Signature on File
Edmundo S. Calderon, CIA, CGAP, MBA
Chief Internal Auditor

Signature on File
Christine L. Esqueda, CIA, CGAP
Senior Auditor

Distribution:

Legislative Review Committee, Fiscal Affairs, Management Support and Internal Audit
Joyce A. Wilson, City Manager
William F. Studer Jr., Deputy City Manager
Pat Adatao, Deputy City Manager
Kathy Dodson, Director, Economic Development Department
Cindy Ramos-Davidson, CEO, El Paso Hispanic Chamber of Commerce

**El Paso Hispanic
Chamber of Commerce's
Responses to the
Audit Report**

Received by the
Internal Audit Office
July 21, 2009

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July 17, 2009

Mr. Edmundo S. Calderon, CIA, CGAP, MBA
Chief Internal Auditor
Two Civic Center Plaza
7th Floor of City Hall
El Paso, Texas 79901

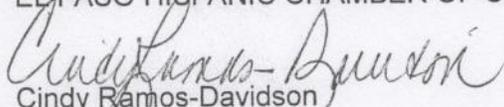
Dear Mr. Calderon:

Following you will find our responses for the El Paso Hispanic Chamber of Commerce Audit Report issued by the Internal Audit Office on June 11th, 2009.

Please review and should we be of further assistance, please do not hesitate to contact our office at (915) 566-4066, or via e-mail at cindyramosdavidson@ephcc.org.

Sincerely,

EL PASO HISPANIC CHAMBER OF COMMERCE


Cindy Ramos-Davidson
Chief Executive Officer

cc:

Legislative Review Committee, Fiscal Affairs, Management Support and Internal Audit
Joyce A. Wilson, City Manager
William F. Struder Jr., Deputy City Manager
Pat Aauto, Deputy City Manager
Kathy Dodson, Director, Economic Development Department

Responses to Finding 2: Performance Measures Compliance

Finding: The El Paso Chamber of Commerce did not meet two out of four FY 2008 performance measures (50%) outlined in Exhibit "A" of the agreement dated November 6, 2007.

Goals not reached:

- 2. **To create 200 new jobs as a result of direct technical assistance provided to businesses. That new jobs meet or exceed pre-determined wage criteria.**

Goal -200	Actual – 192	Variance – (8)
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Response: We will be submitting an addendum to final report, taking the 7 approved RLF loans into consideration. Four RLF recipients out of the 7 have confirmed the number of jobs created. Upon further review of the documentation submitted, we found that we had not included the count of the jobs created for the approved RLF loans, only the loans that the EPHCC successfully packaged. After verification of the jobs created, we will add 8 to the total of jobs created.

Responses to Finding 3: Revolving Loan Fund (RLF) – Outreach and Marketing

- 3. **To provide financing assistance through new Revolving Loan Fund loans.**

Goal - \$300,000	Actual funded – \$259,860	Variance - \$40,140
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Response: This goal has been an area of concern since it first became a goal during the 2006-2007 reporting period (*see attached memos*). Prior to that, we were able to count all of our successful loan packages we processed toward the lending goal.

Our initial concern was that getting \$300,000 in approved loans through the RLF was unrealistic ... history had indicated that there had never been more than \$237,000 in approved loans done in any given calendar year in the history of the RLF loan.

Please note: In the Jobs Created category, we are able to count jobs created through **all loans** packaged because this goal would never be reached if you only counted the RLF loans made, because they are only required to create 1 job per \$25,000 lent through the RLF.

During the majority of the reporting period, the City's Department of Economic Development was working with the Economic Development Administration to revise the EDA Plan, which is the document that serves as a guide for approving and servicing the RLF loans. During this time, we were directed not to conduct extensive outreach on the program, until the parameters were defined, and the newly revised plan approved by the RLF Board of Directors.

At this time only two banks are utilizing the program, although several others have expressed interest. The City's Department of Economic Development is responsible for revising the Participating Bank Agreements and bringing other banks into the RLF program.

Responses to Finding 4: Invoices and Support Documentation

4. The El Paso Hispanic Chamber of Commerce submitted support documentation that does not equal the invoiced amounts.

Management's Response

Since the Economic Development Department did not have a contract monitoring process in place, it was not a requirement that the support documentation had to equal the invoiced amounts. The EPHCC was asked to submit four quarterly invoices in the amount of \$22,500.00 each, not to exceed the contract amount of \$90,000.00.

Implementation Date

EPHCC will immediately implement a policy that would ensure that the quarterly invoiced amounts equal the amounts that have been expended and listed in the support documentation up to, but not to exceed the contract amount of \$90,000.00.

Responses to Finding 5: Other Findings and Recommendations

5. The El Paso Hispanic Chamber of Commerce did not submit Contract Performance reports to the Economic Development Department within 15 days after the end of each quarter as required by "Section 5. Performance" of the agreements. The following reports were not submitted timely:
 - a. a. FY 2008 1st quarter report was 18 days past due
 - b. b. FY 2009 1st quarter report was 53 days past due

Management's Response

FY 2008 1st quarter Contract Performance Report was submitted late because EPHCC was waiting for the contract to be signed.

FY 2009 1st quarter Contract Performance Report was submitted late because EPHCC was waiting to receive the new format to report for this year that was going to be required by the City as per Economic Development Department.

Implementation Date

EPHCC will immediately implement a policy that would ensure that the Contract Performance reports are within 15 days after the end of each quarter.

6. The agreement between the City of El Paso and the El Paso Hispanic Chamber of Commerce does not require that a specific percentage of funds be allocated to administrative or program expenditures. As a result, during FY 2008 and the first two quarters of FY 2009 78% and 88% of the funding, respectively, has been spent on administrative expenditures rather than on program expenditures for small business assistance.

From: Terri Reed, El Paso Hispanic Chamber of Commerce

Management's Response

RE: Proposed P106 Goals and Objectives

Since there was no requirement that a specific percentage of funds had to be reported for program expenditures, the report had more on the administrative expenditures rather than on the program ones. For reporting purposes, it is easier to provide proof such as copies of invoices and receipts on the administrative expenditures, then on the services provided for small business assistance.

Implementation Date

We feel we can meet most of the goals and objectives as outlined, but we had concerns about Item #6, as follows:

The El Paso Hispanic Chamber of Commerce will immediately ensure that all future reports will show at least 65% of the program expenditures we incur to provide our services for small business assistance.

Please correct me if I am mistaken, but this is how I understand this goal...

The EPHCC would need to commit to ensuring that of the current \$378,000 (approximate) available loan balance from EDA funds, we would need to ensure that 95% of this balance, or approximately \$359,000 be lent out during the one year reporting period. That is the equivalent of seven, \$50,000 loans being approved and funded.

Our Concerns:

- a. The EPHCC does not have any authority over loans that are being funded, so we feel that committing to 95% of the available funds would be a very unrealistic goal. At this time, this is the responsibility of 1) Larry Romero, who receives the bank proposals, 2) the banks who actually submit the RLF loans, with their recommendations, and 3) the RLF Board of Directors, who ordinarily finalizes the banks recommendations.
- b. The balance of available funds that the 95% would be based on would need to be clarified. The \$500,000 in CAIP funding has been exhausted as of September 31, 2005, but continues to produce program income. The original \$753,000 in EDA and County funds has approximately \$378,000 available to lend, but also produces program income.
- c. Historically, the percentage of the balance actually lent out per year has been extraordinarily low, considering that the balance keeps increasing due to the program income generated.

And item b. Add three participating lending institutions into the program.

Memorandum

Date: November 14, 2005

To: David Dobson, Executive Director, City's Department of Economic Development

From: Terri Reed, El Paso Hispanic Chamber of Commerce

RE: Proposed FY06 Goals and Objectives

Mr. Dobson,

Cindy, Liz and I met with Leila last week regarding the Proposed FY06 Goals and Objectives.

We feel comfortable that we can meet most of the goals and objectives as outlined, but we had concerns about **Item #6**, as follows:

a. Commit 95% of the outstanding balance of the current available loan balance.

Please correct me if I am mistaken, but this is how I understand this goal...

The **EPHCC** would need to commit to ensuring that of the current **\$378,000 (approximate) available loan balance from EDA funds**, we would need to ensure that **95%** of this balance, or **approximately \$359,000** be lent out during the one year reporting period. That is the equivalent of seven, \$50,000 loans being approved and funded.

Our Concerns:

- a. The EPHCC does not have any authority over loans that are being funded, so we feel that committing to 95% of the available funds would be a very unrealistic goal. At this time, this is the responsibility of **1) Larry Romero**, who receives the bank proposals, **2) the banks** who actually submit the RLF loans, with their recommendations, and **3) the RLF Board of Directors**, who ordinarily finalizes the banks recommendations.
- b. The **balance of available funds** that the 95% would be based on would need to be clarified. The \$500,000 in CAIP funding has been exhausted as of September 31, 2005, but continues to produce program income. The original \$753,000 in EDA and County funds has approximately \$378,000 available to lend, but also produces program income.
- c. Historically, the percentage of the balance actually lent out per year has been extraordinarily low, considering that the balance keeps increasing due to the program income generated.

And item **b. Add three participating lending institutions into the program.**

July 21, 2009

Our concern: This has not been our responsibility to date. Larry Romero has been the direct contact to the banks. We would need to have clarification of this responsibility.

Thank you for reviewing our concerns. We would like to meet with you and Leila once you have reviewed our concerns to discuss and clarify them so that we can proceed and stay on track to meet the goals by year-end.

Please call us at your convenience. Thank you again.

El Paso Hispanic Chamber of Commerce
FY06 Goals and Objectives
September 1, 2005 – August 31, 2006

Objective: Provide technical assistance and support to local small, minority and women-owned businesses for entrepreneurial and business development to enhance market growth and job creation.

Measurements:

GOAL #1: Conduct twelve (12) training workshops during the contract period geared toward the development of micro enterprise businesses. At least 50% of the training must be curriculum based and be approved prior to commencement. Service 400 clients during the contract period directly through training workshops. All workshops must be conducted in a classroom like setting.

Accomplished: 39 training workshops were conducted, including an 8 part series entitled "Small Business 101", which took participants through a curriculum based series on starting their business. In all, 1303 participants attended the workshops.

GOAL #2: Facilitate and document the creation of 25 new businesses during the contract period within the city limits of El Paso.

Accomplished: 53 start up businesses were created, through the direct assistance of the Hispanic Chamber's Entrepreneurial Technical Assistance Centers.

GOAL #3: Achieve \$250,000 in total start-up and expansion loan transactions during the contract period through partnerships with Innovative Bank, Chase Bank, Bank of the West and El Paso Empowerment Zone and City/County RLF Program.

Accomplished: 88 loans in the amount of \$2,368,100 in small business loans were successfully packaged. The Hispanic Chamber was also just named the Minority Small Business Financial Advocate of the Year, by the SBA for its continued success-lending arena.

GOAL #4: Create 100 new jobs as a result of business start-up or expansion business loans during the contract period. All such jobs must be documented and sustained for a period of 24 months from date of creation.

Accomplished: Through Chamber's direct entrepreneurial assistance and guidance, a total of 189 businesses were created or retained.

GOAL #5: Provide technical assistance counseling to 150 micro enterprise or small business clients during the contract period.

Accomplished: During the 2006 fiscal year, the Chamber has provided bilingual technical assistance to 740 clients.

GOAL #6: Manage outreach and federal reporting requirements for the City/County RLF Program during the contract period:

Accomplished: During the reporting period, the Chamber has continued to manage 22 current EDA Loans, and 7 CAIP loans. We have conducted and documented follow-up services to existing loan recipients to maintain tracking of loan disbursement use, start-up success, job creation, etc. The Chamber further continues to promote the RLF program through regular publications in Chamber newsletter and on-line newsletter. The Chamber prepares and submits quarterly, semi-annual and annual reports to the City of El Paso, the NAD Bank, and the EDA on the status of loans both active and pending.

Report To City's Department of Economic Development
 Summary of Activity to Date
 September 1, 2005-August 31, 2006

Goal	Sept.-Nov. 1 st Quarter	Dec.-Feb. 2 nd Quarter	Mar.-May 3 rd Quarter	June-Aug. 4 th Quarter	% of Goal Achieved
Goal #1: Conduct 12 Training Workshops per year specifically geared toward the development of microenterprise businesses.	9 workshops conducted 162 attendees	7 workshops conducted 181 attendees	16 workshops conducted 420 attendees	7 workshops conducted 540 attendees	39 workshops conducted 1303 attendees tracked through trainings
Goal #2: Facilitate and document the creation of 25 new businesses during the contract period within the city limits of El Paso.	13 Start Up Businesses	8 Start Up Businesses	12 Start Up Businesses	20 Start Up Businesses	53 Start Up Businesses Created
Goal #3: Achieve \$250,000 in total start up and expansion loan transactions during the contract period.	17 loans submitted. \$461,600.00 Total disbursed	17 loans submitted \$445,000.00 Total disbursed	27 loans submitted \$590,000 Total disbursed	27 loans submitted \$871,500 Total disbursed	88 loans submitted \$2,368,100.00 Total disbursed
Goal #4: Create 100 new jobs as a direct result of a business start ups or expansions.	Total Jobs created or retained: 28	Total Jobs created or retained: 22	Total Jobs created or retained: 60	Total Jobs created or retained: 79	Total jobs created or retained: 189
Goal #5: Provide bilingual Technical Assistance to 150 microenterprise businesses or small business clients per contract period.	Total assisted: 250	Total assisted: 193	Total assisted: 190	Total assisted: 107	Total assisted: 740
Goal #6: Manage outreach and federal reporting requirements for the City/County Revolving Loan Fund program during the contract period.	Loans continue to be managed and all federal reports have been provided in a timely manner.	Loans continue to be managed and all federal reports have been provided in a timely manner.	Loans continue to be managed and all federal reports have been provided in a timely manner.	Loans continue to be managed and all federal reports have been provided in a timely manner.	Loans continue to be managed and all federal reports have been provided in a timely manner. See attached Report

Memorandum

Date: July 11, 2007
To: Cindy Ramos Davidson
From: Terri Reed
RE: Revolving Loan Fund Issues
cc: *Lizabeth Romero*

Cindy,

I am very concerned that we are only allowed to count *funded Joint City/County Revolving Loans* in the financing assistance category. As I've stated, in the past we have been allowed to count any and all microloans that we successfully packaged.

As you are aware, there have been issues with the Joint City/County RLF since January, that we have no control over, but which could appear on the written report to be a lack of effort on our part.

- The City's 5 board vacancies haven't been named, although the Chamber provided prospective names, and was just requested to provide resumes on those nominees.
- Our contract had been stuck in the legal department pending the revamping of the program, in coordination with the County, which to the best of my knowledge has not been resolved.
- Unclear direction from the City on how to proceed with the EDA's issues with the high balances, and therefore not allowing us to present any loans to the current board. We currently have \$220,000 in loans pending presentation to the RLF board.
- The City Attorney's opinion that there needs to be a quorum of the 10 board members, even though only 3 are currently sitting, and now that since there was a lame duck session, no advances could be done to name a board.

During the 1st quarter reporting period we successfully packaged (and funded) \$398,250.00 in loans to micro-enterprises, including the one Joint RLF loan in the amount of \$8,250.00. During the 2nd quarter reporting period, we successfully packaged \$316,500.00, through a combination of Microloans, traditional loans, and County RLF funds.

Can we meet to discuss at your earliest convenience. We need to discuss it with Luci Ponticelli when we meet with her to discuss our Performance Goals.