



NewCorp Inc.

newcorpinc.com

ABOUT THIS PROJECT

The pilot phase of the BuildNOLA Mobilization Fund provided financing and technical assistance to Disadvantaged Business Enterprises (DBEs) that helped them to bid and secure contracts on public infrastructure projects in New Orleans. The initial investment of \$1.6 million provided, in part, by Living Cities, was fully committed in loans to six African American-owned firms working on municipal projects throughout the city. In 2018, NewCorp began to assemble a second round of funding, aiming to build a \$10 million pool for additional New Orleans-based, minority-owned and operated businesses to receive this kind of support. The Fund provides financing for small contractors that have the technical capacity to meet the requirements of public sector contracts but need cash to manage the unpredictable payment schedules of public sector work.

IMPACTED LOCATION



New Orleans, LA

YEAR APPROVED

2018

TYPE OF TRANSACTION

PRI Loan



Vaughn Faria, executive director of New Corp, Inc., moderates a discussion at a round table event held for entrepreneurs involved in the BuildNOLA program.

WHY WAS THIS NEEDED?

Challenge: DBEs are historically considered to be higher risk from a lending perspective and face credit challenges, limiting their access to capital. When city contracts become available, these businesses rarely have the capital needed to compete for them.

Solution: The BuildNOLA Fund will allow more DBEs to access the \$3.3 billion anticipated to be spent on public infrastructure in New Orleans during the next seven years. The Fund will strengthen disadvantaged businesses' ability to bid and execute on a pipeline of public contracts, access roles as prime contractors and, over time, build wealth among these business owners and their employees.

KRESGE PROGRAM

American Cities,
Human Services

AMOUNT OF INVESTMENT

\$2 million

TERM OF INVESTMENT

10 years



Ashleigh Gardner and Quentin L. Messer from New Orleans Business Alliance, a key partner in the initiative, compare notes at a gathering for BuildNOLA participants.

ABOUT THE BORROWER

NewCorp Inc. is a community development financial institution (CDFI) formed in 1995 with a mission to be an economic development catalyst that provides technical and financial assistance to small and emerging businesses. Since its founding, NewCorp has provided more than \$20 million in financing to small businesses and helped generate more than 5,000 jobs. Except for several small loans from the U.S. Small Business Administration and the recent investment from Living Cities, NewCorp has primarily relied on grants and interest and fee income to grow its lending portfolio and balance sheet. Once fully deployed, the proposed Fund will represent significant growth of NewCorp's current portfolio and expansion of its staffing and technical assistance capacity.

IMPACT MEASURE

100 DBEs expected to receive funding and technical assistance

KEY PARTNERS:

City of New Orleans, JP Morgan Chase Foundation, Living Cities, Greater New Orleans Foundation, Greater New Orleans Funding Network

Key Considerations



Kim Dempsey

Deputy Director
Social Investment Practice

- » The successful pilot Fund was launched with a \$250,000 loan loss reserve grant from the City of New Orleans and a \$1.25 million loan from the Living Cities Catalyst Fund.
- » The City of New Orleans has an aspirational goal to place 35% of infrastructure projects with disadvantaged business enterprises.
- » A significant portion of this project pipeline will include green infrastructure, and NewCorp is working closely with various city agencies and nonprofits to train and certify DBEs in green practices through the BuildNOLA Green program.
- » This investment aligns with Kresge's American Cities Program's goals of providing increased economic and social mobility for New Orleanians with low-incomes and the foundation's Human Services team's focus to advance social and economic mobility for people with low-incomes by propelling the momentum of local solutions within an opportunity ecosystem.
- » NewCorp is a long-standing, well-respected provider of capital and capacity building for small businesses in New Orleans.