



Agenda Item Report

Legislative Board: City Council
Date: January 20, 2026
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ITEM TITLE: Deliberation and possible action to authorize the creation of the Buda Economic Development Corporation (EDC) Targeted Help for Retention, Innovation, Ventures, and Expansion (THRIVE) Program in partnership with LiftFund to facilitate small business loans in the City of Buda and related budget amendment for One Hundred Five Thousand and No/100 Dollars (\$105,000.00) in support of the program (Buda EDC CEO Jennifer Storm)

1. EXECUTIVE SUMMARY

The purpose of this item is to request authorization to enter into a Funding Agreement with LiftFund, Inc., a nonprofit Community Development Financial Institution (CDFI), to establish a Buda Interest Buydown Loan Program aimed at reducing the cost of capital for small businesses operating or relocating within the City of Buda.

A zero-interest loan is a game-changer: it's not just financing—it's risk-free fuel for ambition, letting entrepreneurs borrow without the drag of compounding costs. This isn't just a loan; it's Buda's way of saying, "We've got your back—grow here, stay here."

2. BACKGROUND/HISTORY

The EDC has been asked about offering small business loans in the past, in an effort to derisk that process and find an established program, we were introduced to LiftFund. LiftFund is a nationally recognized nonprofit lender providing affordable capital and technical assistance to small business owners. LiftFund partners with cities and economic development organizations across Texas to provide its Interest Buydown Loan Program, which lowers or eliminates interest payments, helping entrepreneurs expand, sustain operations, and create jobs. Overall impact for this program across Texas:

- 2,157 loans made
- \$55 million in total lending
- \$14.5 million in interest saved by borrowers
- \$770 million in community economic impact
- 12,825 jobs created or retained

Under the proposed partnership, Buda EDC would invest local funds to reduce interest rates for eligible Buda businesses, while LiftFund provides loan capital, underwriting, servicing, and business support.

The Buda EDC Board approved this program and budget amendment at their regular meeting on December 8, 2025.

3. ANALYSIS

Program Structure:

- Buda EDC would invest \$100,000 to buy down interest on loans and \$5,000 for set up costs.
- LiftFund would provide up to \$400,000 in loan volume to participating Buda businesses.
- Loan recipients would receive 0% interest loans under the program.

LiftFund Responsibilities:

- Provide outreach, marketing, and program operations.
- Conduct underwriting, establish loan terms, and manage all servicing and compliance.
- Verify business eligibility, including location, registration, creditworthiness, and SBA size standards.
- Provide quarterly activity reports listing loan recipients and related performance metrics.

Eligible Businesses & Loan Uses Businesses must:

- Operate or relocate within Buda established territory.
- Be ineligible for traditional lending.
- Meet credit and registration requirements.
- Demonstrate ability to repay.
- Not operate in prohibited industries (e.g., gambling, adult entertainment, marijuana businesses).

Eligible uses include:

- Working capital
- Equipment, furniture, fixtures, and inventory.
- Commercial real estate (under limited criteria)
- Refinancing predatory or high-cost debt

Payroll Term:

- The Agreement term is 12 months with flexible renewal options.

Termination:

- Either party may terminate with 30 days written notice.
- LiftFund has 30 days to cure any identified performance issues.

Reporting - LiftFund will provide quarterly reports including:

- Number of loans
- Names and addresses of businesses served
- Loan amounts and terms

4. FINANCIAL IMPACT

The Buda EDC approved an amendment of \$105,000 on December 8, 2025. Funding would come from the EDC Reserve Fund.

5. STRATEGIC PLAN/GOALS

OTHER

6. STRATEGIC PLAN OBJECTIVES

Business support and development

7. PROS AND CONS

8. ALTERNATIVES

9. REQUESTED ACTION / SUGGESTED MOTION / RECOMMENDATION

The Buda EDC Board recommended creation of this program.

Attachments: