Agenda Item #:

PALM BEACH COUNTY AGENDA ITEM BOARD OF COUNTY COMMISSIONERS CONTAINS MORE THAN 50 PAGE AGENDA ITEM SUMMARY

IT MAY BE VIEWED IN

==COUNTY-ADMINISTRATION_____

Meeting Date: December 2, 2008 [] Consent [X] Regular [] Workshop [] Public Hearing

Department: Administration Submitted By: Administration

Submitted For: Economic Development Office

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve Amendment No. 3 to the Palm Beach County Section 108 Loan Program Criteria funded by the U.S. Department of Housing and Urban Development's (HUD) Section 108 Loan Guarantee Program.

Summary: The Palm Beach County Section 108 Loan Program was created as a federal source of loan funding to be used by businesses, investors, communities and non-profit and economic development organizations to implement business ventures that will create new jobs and help revitalize local communities. HUD approved Palm Beach County's request for Section 108 funding on September 26, 2002 for a \$15,000,000 loan pool that was available through September 30, 2008. HUD renewed the loan pool for \$12,000,000 through September 30, 2011. The proposed Amendment will make the program more accessible to the businesses community by streamlining and aligning the County policies with HUD and Small Business Administration (SBA) guidelines and requirements. The proposed Amendment modifies the following key elements of the criteria:

- (I.) & (II.) Program Objectives and Fundamental Loan Requirement: Eliminates the category of job retention as per HUD guidelines, modifies the job creation to begin at the issuance of a certificate of occupancy, completion of the construction/renovation project or when the loan is disbursed, whichever is first, and modifies the job creation time frame from one (1) to five (5) years.
- (III.) Eligible Activities: Amends the maximum amount of working capital from \$50,000 or ten percent (10%) of the total project cost to a maximum of 40% of the total project cost as per HUD guidelines.
- (IV.) Eligible Applicants: Reduces the minimum number of years in business from three (3) to two (2) years.
- (V.) Types of Assistance Available: No changes were made.
- (VI.) Interest Rates, Loan Fees and Terms: Eliminates the requirement to increase the interest rate by 1% for projects located in non-distressed areas, reduces the application fee from 1% of the total loan amount to a non-refundable application fee of \$100, increases the loan closing fee from 0.75% to 1.5% of the total loan amount, and amends the minimum loan amount from \$250,000 to 40% of the total project cost.
- (VII.) Lending Criteria/Underwriting: Increases the maximum amount of assistance per job created from \$15,000 to \$35,000 as per HUD guidelines.
- **(VIII.) Public Benefit Requirements:** Aligns the salary requirement with HUD guidelines. Additional procedural changes are also being proposed to streamline the program.

These modifications are recommended to assist businesses, allow business development and investment in distressed areas, such as the Glades communities and Development Regions, and promote more participation of commercial lenders in economic development projects, which will leverage more private investment. These proposed Amendments are consistent with HUD guidelines. Because this amendment will not impact Palm Beach County's HUD-approved underwriting guidelines, HUD review and approval is not required. **Countywide (DW)**

Background and Policy Issues: Continue on Page 3.

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Revised Palm Beach County 108 Loan Criteria

Revised Loan Application Forms

Recommended By:

Economic Development Director

Approved By:

Assistant County Administrator

Date

II. FISCAL IMPACT ANALYSIS

A. **Five Year Summary of Fiscal Impact: Fiscal Years** 2009 2010 2011 2012 2013 Capital Expenditures **Operating Costs Operating Revenues** Program Income (PBC) In-Kind Match (PBC) **NET FISCAL IMPACT** xsec below # ADDITIONAL FTE **POSITIONS** (Cumulative) Is Item Included In Current Budget? Yes ____ No **Budget Account Number:** Department Unit Object B. Recommended Sources of Funds/Summary of Fiscal Impact: III. REVIEW COMMENTS OFMB Fiscal and/or Contract Dev. and Control Comments: * No fiscal impact. Requirement for CPA audited financial statements and/or corporate tax returns changed to historical financial statements and tax returns. strellhite 11-21-08 (リントのntract Dev. and Control B. Legal Sufficiency: C. Other Department Review:

This summary is not to be used as a basis for payment.

Department Director

(Continue from Page 1)

Background and Policy Issues: On March 12, 2002 (Agenda Item # 6D-1), the Board of County Commissioners (BCC) approved policies for the development and administration of a revolving loan program funded by HUD under the CDBG Section 108 Loan Guarantee Program. On June 18, 2002 (Documents R-2002-0989 and R-2002-0990), the BCC approved the first amendment to the Palm Beach County Five-year Consolidated Plan to incorporate the Section 108 Loan Guarantee Program and the application for 108 funds for \$15,000,000. HUD approved the County's application for funding on September 26, 2002. On January 28, 2003 (Agenda Item # 5C-1), the BCC approved the first amendment to the Section 108 Loan Guarantee Program to institute a minimum loan amount of \$250,000 and to clarify the approval process for loan requests above \$1,000,000. On May 15, 2007(Agenda Item # 5A-2), the BCC approved the second amendment to the Section 108 Guaranteed Loan Program policies for the Economic Development Office to solely administer the Program and modify the Program Criteria and Application Form.

Previous Version



CRITERIA FOR FUNDING ASSISTANCE

PALM BEACH COUNTY COMMUNITY DEVELOPMENT BUSINESS LOAN PROGRAM

(Based on guidelines approved by PBC BCC on January 28, 2003 and amended on May 15, 2007)

- A Program Financed Under the HUD Section 108 Loan Program-

Administered by:
OFFICE OF ECONOMIC DEVELOPMENT

IN ACCORDANCE WITH THE PROVISIONS OF THE ADA, THIS DOCUMENT MAY BE REQUESTED IN AN ALTERNATE FORMAT. PLEASE CONTACT THE ECONOMIC DEVELOPMENT OFFICE AT (561) 355-3624.

PALM BEACH COUNTY (PBC) ECONOMIC DEVELOPMENT OFFICE COMMUNITY DEVELOPMENT BUSINESS LOAN PROGRAM (As approved by PBC BCC on Insert New Date, subject to amendments)

I. MISSION STATEMENT AND PROGRAM OBJECTIVES

The Palm Beach County Board of Commissioners believes that it is appropriate to utilize all available resources to facilitate economic growth in Palm Beach County. To that end, the Board of County Commissioners, through the Economic Development Office (EDO) shall work to create a source of community financing that will enable entrepreneurs, businesses and appropriate community-based agencies to conceive and implement business ventures that will create jobs, revitalize communities and enhance the overall quality of life for all Palm Beach County residents.

Through its Economic Development Office, Palm Beach County will utilize federally guaranteed loan funding through the U.S. Department of Housing and Urban Development's (HUD), Community Development Block Grant (CDBG) Section 108 Loan Guarantee Program. All loans financed through this program, must be in accordance with HUD policies / regulations and subsequently approved by the Palm Beach County Board of County Commissioners.

These funds will be used to provide subordinate financing to borrowers committed to establishing or expanding business interests in Palm Beach County. Loan funding will be provided to eligible borrowers, either through a local revolving loan fund or through a HUD submission application process. To qualify for this financial assistance, borrowers must agree to create an appropriate number of jobs with salaries equal to or greater than the national, industry average salary for those positions or the County's average salary; and/or benefit geographical areas of low—to—moderate income residents. This local initiative shall be entitled the Community Development Business Loan Program (also referred to as the HUD Section 108 Loan Program).

It is of paramount importance that Palm Beach County step forward and initiate the creation of a dedicated source of funding by which entrepreneurs, businesses and economic development agencies can utilize in strengthening our local economy.

The major goals and focus of this initiative are as follows:

- 1. to attract appropriate businesses and industries to Palm Beach County;
- 2. to assist existing businesses and industries to expand and create additional job opportunities;
- 3. to assist priority county- and state-designated distressed areas and local communities in their economic revitalization efforts;
- 4. to create opportunities for small businesses, women-owned businesses and minority-owned businesses; and
- 5. to help develop a local qualified workforce with the skills to excel in the 21st Century.

Working immediately to address these economic development issues will enable Palm Beach County to develop a solid and diverse local economy which will be resistant to negative national and international economic forces.

The activities to be funded through Palm Beach County's Community Development Business Loan Program shall be undertaken only by: businesses; non-profit economic development agencies; Palm Beach County Board of County Commissioners; local municipalities with existing interlocal agreements with PBC; and local entitlement communities who execute appropriate interlocal agreements with Palm Beach County. The proposed activities must be economically and financially viable, containing conditions which ensure their ability to directly repay (at a minimum) all principal and applicable interest. The funds to be utilized by Palm Beach County to repay the HUD guaranteed loan shall come from the principal and interest payments recouped from the projects financed with these program funds. Also, to the greatest extent possible, the program's loan funds shall be used to leverage the maximum in private sector financing for a project's completion. The Economic Development Office shall take all necessary precautions to assure that activities recommended to receive Community Development Business Loan funding shall be feasible and viable to the greatest extent possible. This primary underwriting standard is federally mandated to prevent the necessity of utilizing county general funds and/or future CDBG entitlement funds to repay HUD the Section 108 Guaranteed Loan.

A. Information Required by the Department of Housing and Urban Development

Each Fiscal Year the Community Development Business Loan Program will be advertised to the general public informing them of the funds available for lending. Methods of advertising will include, but will not be limited to the following:

A Notice of Funding Availability (NOFA) shall be published in one or more of the following major newspapers: The Palm Beach Post, The Sun Sentinel and The Miami Herald. The NOFA will also be published in local county minority newspapers and distributed through the Palm Beach County Business Development Board (BDB) and other partnering agencies. The Community Development Business Loan Program will be marketed by the Economic Development Office through out-reach efforts with lending institutions, businesses, and distressed areas.

II. FUNDAMENTAL LOAN REQUIREMENT

Each activity for which loan funding is requested must meet one of the three HUD Section 108 program National Objectives as described below. Only those applicants proposing to create new jobs will be considered for funding under the County's Section 108 Revolving Loan Fund Program (in extreme situations job retention may be considered in accordance with HUD policies and regulations). The timeframe for the creation of each full time equivalent (FTE) position will be

determined by Palm Beach County Board of County Commissioners (BCC). The job creation timeframe will begin the day the project is completed (for instance, once the construction of the facility has been completed and the business is authorized to move in, then the creation timeframe begins. If a business is using the loan funds to either purchase equipment or an existing facility, Palm Beach County in its sole discretion, will determine when the creation timeframe begins). Please note that the BCC can allow a business up to three years from the date of occupancy to complete the hiring of all positions.

A. National Objectives

PROVISION OF LOW AND MODERATE INCOME JOBS: Each recipient of a Section 108 Loan shall be required to execute a <u>First Source Agreement</u> with an agency approved and selected by Palm Beach County, stating that at least 51% of the jobs created shall be made available to persons of low and moderate income; or

AREA WIDE BENEFIT: This criterion consists of a loan provided to a business to make available goods and/or services to a residential area that is predominately low to moderate income. In such cases, the Section 108 loan cannot exceed \$250 per low to moderate income person residing in the identified residential area to be assisted; or

ELIMINATION OF SLUMS AND BLIGHT: Community Development Business loans can be provided to a business to combat slum and blighting conditions. Such businesses must be located in a designated slum or blighted area, and the County reserves the right to withdraw this condition at any time should the County feel that it will be in violation of the HUD 20% rule, which states that no more than twenty percent of the total Community Development Block Grant allocation / funding (*including the Community Development Business Loan Program*) can be used for projects that are designed to combat the Elimination of Slum and Blight.

III. ELIGIBLE ACTIVITIES

The activities determined to be eligible to receive financial assistance through Palm Beach County's Community Development Business Loan Program are as follows:

- Land acquisition;
- Real property acquisition;
- Utility and road infrastructure improvements;
- New construction of commercial and industrial buildings;
- Rehabilitation of commercial and industrial buildings;
- Purchase and installation of equipment and fixtures (for the purpose of this loan program, equipment and fixtures are defined as fixed assets or fixed items that have a useful life of not less than 10 years);

- Refinancing of existing debt (as part of a new project creating new job opportunities);
- Working capital (working capital expenses will only be considered in conjunction with the total project and it will not be financed independently. The maximum amount of working capital that will be considered is 10% of the total loan request with Palm Beach County, not to exceed \$50,000. For the purposes of this loan program, the following items are considered as Working Capital: labor costs and moving costs associated with the expansion or relocation of the project and other qualified start-up operational costs); and
- Any other CDBG-eligible activity approved by the Board of County Commissioners.

Please refer to Section X, for information on projects that require submission and approval by HUD, before any recommendation can be made by the Palm Beach County Board of County Commissioners.

Please note that although HUD may approve certain projects as eligible under this loan program, the approval of all eligible costs and expenses are at the discretion of the Palm Beach County Board of County Commissioners.

IV. **ELIGIBLE APPLICANTS**

To participate in Palm Beach County's Community Development Business Loan Program, an applicant must be either: a sole proprietorship; an incorporated business; a municipality; a Community Redevelopment Agency; a Downtown Development Authority; other community-based economic development organization; and any other legally-organized business registered with the Florida Department of State. However, local Entitlement Communities (i.e. Boca Raton, Boynton Beach, Delray Beach and West Palm Beach) must provide a 100% match for loan funding sought to develop projects within their municipal boundaries.

When proposals for funding are received and reviewed by Palm Beach County, preference shall be given to those "for-profit" and "not-for-profit" applicants who have sustained current business ventures for a minimum of three (3) years; wherein those business ventures are profitable and have adequate cash flow and debt service coverage.

Not-for-profit applicants must demonstrate the capacity to develop and operate sustained business ventures. The applicant agencies must also employ appropriate staff and have their economic development missions clearly defined in their Articles of Incorporation. The projects proposed by not-for-profit agencies must coincide with those activities of which the agencies have experience and a history of completed endeavors. These projects must also be developed within the geographical boundaries detailed within the agency's By-Laws and Articles of

Incorporation. Please note that not-for-profit agencies may be required to provide personal guarantees (from key individuals / personnel), as a condition for approval.

V. TYPES OF ASSISTANCE AVAILABLE

The primary type of financial assistance to be made available through Palm Beach County's Community Development Business Loan Program will be loans. The loan term(s) shall be negotiable, depending upon the loan amount(s) and the overall risk associated with the proposed project.

VI. <u>INTEREST RATES, LOAN FEES AND TERMS</u>

A. Interest Rates

The interest rates may be fixed or variable. The rates of interest that are charged to borrowers of the Community Development Business Loan Program funds will also be based upon the interest rate charged to Palm Beach County by HUD. The interest rates charged to a borrower will be determined in part by the location of the proposed project. If the proposed project is to be located within a county- or state-designated distressed area (i.e. either the "Core" or "Acute" Area within the Development Region), the interest rate charged shall be 100 basis points (1%) above the rate charged to Palm Beach County by HUD. If the proposed project is not to be located in a county- or state-designated distressed area (i.e. either the "Core" or "Acute" Area within the Development Region), the borrower shall be charged an interest rate at 200 basis points (2%) above the rate charged to Palm Beach County by HUD.

B. Loan Fees and Costs

Palm Beach County will charge an application fee of 100 basis points (1.0%), charged on the face amount of any Section 108 loan applied for, and 75 basis points (.75%), charged as a loan closing fee. The applicant is responsible for all lender/bank fees, appraisal fees, environmental fees, legal fees (which include expenses from the County's legal department), etc. Please note that additional fees may apply if the business is interested in a fixed rate loan. Those fees will be determined by HUD. Palm Beach County will not be responsible for any fees incurred as a result of the applicant making changes to the loan package. Applicants will be given a Good Faith Estimate, which will serve only as a preliminary estimate of the projected County fees. The fees listed on the Good Faith Estimate may not be exact. Once the final costs are calculated (at or near closing time), those fees may be higher or lower depending on actual costs and expenses associated with each application.

C. Loan Terms

Under the Community Development Business Loan Program, applicants may apply for loans at a minimum of \$250,000 or up to a maximum of \$1,000,000. However, the actual loan amount shall be determined by the benefits received by the public (e.g., number of full time jobs created). All loans will have loan terms based on the borrower's ability to re-pay, the purpose of the loan, and the useful life of the assets financed. However, maximum loan terms have been established: twenty (20) years for real estate; and seven (7) years for working capital, except where a longer maturity (up to ten years) may be needed to ensure repayment.

The maximum loan terms used to finance equipment and fixtures will be limited to the economic life of those assets (*not to exceed fifteen years*). The 20 year maximum will apply to the acquisition of land and buildings or the refinancing of debt incurred in their acquisition. Where business premises are to be constructed or significantly renovated, the 20 year maximum loan term shall **not** be in addition to the time needed to complete the construction or renovation.

VII. <u>LENDING CRITERIA/UNDERWRITING</u>

A. Loan to Value Target

At no time shall loan financing exceed eighty percent (80%) of the value pledged (which includes property and/or equipment), as part of a proposed economic development activity. Also, at no time shall a loan provided through this program, exceed forty percent (40%) of the total project costs associated with a proposed economic development project (unless specifically approved by the Board of County Commissioners as a waiver to this requirement).

B. Cash Flow Ratios

When analyzing the financial pro forma of a Community Development Business Loan applicant, it is imperative that the debt service coverage ratio equals no less than 1.20 to 1. What this means is that for every \$1 of debt service, there is \$1.20 to cover it. Debt service coverage is defined as net operating income divided by principal and interest payments for all existing debt. Net operating income is defined as gross income minus operating expenses.

C. Required Owner Equity

In order to qualify as an eligible applicant under Palm Beach County's Community Development Business Loan Program, the applicant must commit in personal funds or real property, a minimum of ten percent (10%) of the project's total cost. Please

note that if real property is being committed as the owner's equity within a project, only up to fifty percent (50%) of the appraised value of real property will be considered. The appraised value used must be approved by Palm Beach County and / or its property appraisal department. All "personal funds" must be contributed to the project up-front and may not be borrowed funds causing a lien to be attached to any project collateral or earnings.

The loans provided through this program will always be made contingent upon all other necessary financing being legally committed to the proposed project.

D. Applicant Capacity

Each applicant seeking a loan under this program must provide information detailing all relevant business experience and experience in HUD related/funded projects. Applicants must also provide information relative to credit history as well as information on each member of the development team (i.e., attorney, contractor, project manager, marketing representative, architect, etc.).

E. Project Feasibility

Each applicant seeking a loan under this program must submit proof of the project's overall feasibility. Feasibility can be shown by way of a business plan, market or feasibility study and a commercial appraisal.

Financial pro formas must also be provided by the borrower which adequately describes all operating income and expenses.

F. Maximum Available Assistance

Where low-to-moderate income job creation is the focus of the proposed economic development project receiving financing through this loan program, each applicant is eligible for \$15,000 per full time equivalent (*FTE*) position created. The maximum amount of assistance that can be provided through the Community Development Business Loan Program cannot exceed \$35,000 per job created. If a business is seeking consideration in receiving more than \$15,000 per job created, the Board of County Commissioners has at its discretion the ability to approve such a request; however the project would have to meet the following:

- a) the project is of critical importance to Palm Beach County's local economy; or
- the salaries to be paid to the low-to-moderate income workers are significantly above the national average and/or the County's average salary.

VIII. PUBLIC BENEFIT REQUIREMENTS

HUD Regulations at 24 CFR 570.209(b) require Palm Beach County (as CDBG grantee) to be responsible for assuring that at least a minimum level of public benefit is obtained from the expenditure of CDBG funding through the Community Development Business Loan Program. The standards set forth below, identify the types of public benefits that must be recognized before the approval of any loan under HUD's Section 108 Loan Guarantee Program. Palm Beach County's Community Development Business Loan Program is a revolving loan fund that will only provide financial assistance to borrowers who are seeking to create jobs, of which 51% must be provided to low—to—moderate income individuals. Therefore, requests for loan assistance will be reviewed and scored according to the amount of funds requested per full time equivalent (FTE) job created.

A. Job Creation

The full time equivalent (FTE) jobs created for low-to-moderate income persons must be filled by Palm Beach County residents. The proposed salaries for all the jobs created, must either equal the national, industry average salary for those positions or the average salary for Palm Beach County.

For a job to be classified as "created" it must be a permanent position created directly by the applicant.

IX. MONITORING POLICY AND PROCEDURES FOR TRACKING OF PUBLIC BENEFITS

It shall be the responsibility of the Economic Development Office to monitor and verify the public benefits that are to be derived from the provision of loan proceeds through Palm Beach County's Community Development Business Loan Program. Borrowers shall be required to enter into a "First Source Agreement" with Workforce Alliance for the hiring of employees working at the completed project. Palm Beach County shall also require that the recipients of loan proceeds submit at least semi-annual reports to EDO which detail how the beneficiaries are employed and paid or are served. EDO shall also make at least annual monitoring visits to the project sites to review records and interview beneficiaries. Each borrower who receives loan proceeds through this program must submit an independently—audited financial statement to Palm Beach County on an annual basis.

X. LOAN APPLICATION REVIEW AND LOAN PACKAGING

All loan applications submitted for consideration under Palm Beach County's Community Development Business Loan Program shall be reviewed by the Economic Development Office for HUD/CDBG Section 108 compliance. Those applications seeking funding through the revolving loan fund and complying with

local underwriting criteria and HUD/CDBG Section 108 regulations shall then be reviewed for project feasibility and approved by the EDO Section 108 Review Committee.

This review committee shall be comprised of County staff and/or affiliates, and/or private lending institutions. This review committee shall also make final funding recommendations to the Board of County Commissioners. Once approved by the Board of county Commissioners, these loan requests shall be submitted to the local HUD Area Office for a confirmation of compliance with the National CDBG Objectives.

Board of County Commission supported loan applications which exceed \$1,000,000 shall be submitted directly to HUD for its review of the project's underwriting and analysis of the project's collateral as well as for compliance with National CDBG Objectives. This HUD review process will also be employed for BCC supported loan applications which do not meet the Community Development Business Loan Program's underwriting requirements.

Loan requests seeking: funds for public facilities or "area wide benefits"; or funds to assist a "limited clientele" will be submitted to HUD for review <u>prior</u> to the EDO Section 108 Loan Review Committee making funding recommendations to the Board of County Commissioners. The Economic Development Office will prepare, package and submit all HUD Section 108 application documentation to HUD for appropriate review and approval.

The Economic Development Office anticipates the loan process to be completed in a timely manner. However, each applicant should realize that the level of complexity and the type of project each business presents to Palm Beach County, can add additional steps to the decision process, which could in turn result in more time needed in finalizing the application.

XI. APPLICATION FORM AND OTHER REQUIRED INFORMATION

A. Basic Application Form

At a minimum, the Palm Beach County Community Development Business Loan Program's application shall require the following:

- 1. Full description of applicant (individual or corporate);
- 2. Applicant's ownership interest in finished project;
- 3. IRS identification number;
- 4. "Truth under penalty of law" clause;
- 5. Authorization to search credit;
- 6. Description of other completed CDBG or federally funded projects;
- 7. Description and identification of development team (i.e., attorney, engineer, architect, general contractor, etc.);
- 8. HUD and/or Palm Beach County Compliance Forms; and
- 9. Project Summary and Analysis.

B. Other Required Information

Each applicant shall also be required to submit the following documentation and information (further documentation may be requested as necessary):

- 1. CPA audited corporate financial statements for the last three (3) years and/or corporate income tax returns for the last three (3) years;
- 2. A business plan which describes market and applicant capacity;
- 3. Interim financial statement not less than sixty (60) days old;
- 4. Three year financial pro formas which include operating statements, balance sheets, and funding source and use details;
- 5. Description and salaries of the jobs to be created;
- 6. Site control evidence (i.e. deed, lease, option, etc.);
- 7. Description of pending personal and/or corporate lawsuits; and
- 8. Company history, including major customers, suppliers, and market share.

C. Additional Program Information/Requirements

- 1. Proposed projects must comply with the County's Section 108 application requirements.
- 2. Applicants who are awarded funding will be required to enter into an agreement with Palm Beach County.
- 3. Section 108 funds cannot be used to reimburse for costs incurred prior to the execution of an agreement with the County.
- 4. All proposed projects are subject to an environmental review. Funds cannot be expended prior to addressing all environmental concerns. After completion of the conceptual approval by the Loan Review Committee and County Administration, an Environmental Audit Phase I must be undertaken by a qualified licensed consultant at the applicant's expense.
- 5. All Section108-funded projects are required to comply with federal, state, and local statutes, regulations, and other applicable requirements, including but not limited to: Section 3 of the Housing and Community Development Act, concerning employment and contracting opportunities; the Davis-Bacon Act, concerning payment of prevailing wage rates in construction projects; Asbestos and Lead-Based Paint requirements; Liability/Multi-Vehicle/Worker's Compensation Insurance requirements.
- 6. Section 108–funded equipment and services must be obtained in accordance with Federal procurement requirements.
- 7. Section 108–funded activities that result in the displacement of persons or businesses will trigger the Uniform Relocation Act (URA). An activity will cause displacement if the property is occupied by owners or tenants at the time of application submittal. URA requirements are complex, and can be costly to implement, so contact EDO for technical assistance if a proposed Section 108 project might cause displacement.

8. Projects involving real property acquisition or construction related projects must provide an appraisal report performed by a qualified/certified appraiser, at the applicant's cost, after completion of the Preliminary Phase and conceptual approval of project.

Note:

ANY ACTIVITY WHICH MAY CAUSE DISPLACEMENT OF RESIDENTS AND/OR BUSINESSES SHALL PROVIDE THE FOLLOWING PRIOR TO THE AWARD OF ANY CONTRACT: A) A RELOCATION PLAN MEETING ALL REQUIREMENTS OF 24 CFR CH. V SECTION 570.606, AS AMENDED. THIS PLAN SHALL BE CERTIFIED BY A CONSULTANT CERTIFIED BY HUD, OR AN AGENCY OF HUD AS MEETING ALL LEGAL REQUIREMENTS; B) A DOCUMENT LEGALLY BINDING THE GRANT AWARDEE TO PLACE IN THE PROJECT BUDGET SUFFICIENT FUNDS TO FULLY IMPLEMENT THE RELOCATION PLAN; AND C) AN EXECUTED INDEMNIFICATION AND HOLD HARMLESS AGREEMENT TO PROTECT THE COUNTY AGAINST ANY AND ALL COSTS INCURRED FOR THE DISPLACEMENT AND RELOCATION OF PERSONS OR BUSINESSES AFFECTED BY THE ACTIVITY.

Note:

NOT-FOR-PROFIT APPLICANTS MUST DEMONSTRATE THE CAPACITY TO DEVELOP AND OPERATE SUSTAINED BUSINESS VENTURES. THE APPLICANT AGENCIES MUST ALSO EMPLOY APPROPRIATE STAFF AND HAVE THEIR ECONOMIC DEVELOPMENT MISSIONS CLEARLY DEFINED IN THEIR ARTICLES OF INCORPORATION

XII. MAXIMUM PROGRAM RISK

A. Maximum Amount of Outstanding Section 108 Principal

The maximum amount of outstanding HUD Section 108 Guaranteed Principal notes shall not exceed 75% of Palm Beach County's HUD Section 108 Loan Authority at any given time.

B. Maximum Pledge of Annual Entitlement for Loan Loss Reserve

The maximum percentage of Palm Beach County's annual CDBG entitlement that can be pledged as collateral against total outstanding HUD Section 108 Principal notes is 10% or \$700,000. All other risks associated with any and all projects must be collaterized by the project's assets and earnings, or additional collateral provided by the applicant.

A Loan Loss Reserve shall be established for the primary purpose of protecting Palm Beach County's annual CDBG entitlement against defaults by borrowers of local Section 108 loan funds. This reserve shall make direct payments to HUD, preventing a default by Palm Beach County. This Loan Loss Reserve may also include matching funds from local lenders. With HUD approval, the Loan Loss Reserve may then become an additional source of funding for business development.

XIII. APPLICATION FORMAT, SUBMISSION AND TECHNICAL ASSISTANCE

This Application Packet is available in paper hard copy and in electronic word processing format. To obtain the electronic version of the application via e-mail, please call (561) 355-3624, or submit your request via email to clopez@pbcgov.com.

Applicants must submit one original application with required documentation and three copies. Applications may not be submitted in electronic format (*neither FAX nor e-mail*). Please complete all questions in the application. If not applicable, indicate N/A. Applications should be typewritten and all required attachments should be provided and clearly labeled.

Applications must be signed by the appropriate person (e.g. Corporations by CEO or Partnership by Managing Partner, etc.). Unsigned applications will not be considered.

You must familiarize yourself with the overall policies and criteria which govern the operation of this loan program, as you will be required to follow and comply with them.

EDO staff is available to provide technical assistance in the preparation of this Section 108 application for funding. Please contact EDO at (561) 355-3624 to request technical assistance.

Technical assistance on the application will focus on clarification of the information requested and interpretation of regulations. Please submit a complete application packet; staff will not review application drafts.



PALM BEACH COUNTY SECTION 108 LOAN PROGRAM

CRITERIA

(As approved by the PBC BCC on 01/28/2003 and as amended on _____)
(Subject to future changes)

A Program Financed Under the U.S. Department of Housing & Urban Development Section 108 Loan Program

Administered by the:
OFFICE OF ECONOMIC DEVELOPMENT

IN ACCORDANCE WITH THE PROVISIONS OF THE ADA, THIS DOCUMENT MAY BE REQUESTED IN AN ALTERNATE FORMAT. PLEASE CONTACT THE ECONOMIC DEVELOPMENT OFFICE AT (561) 355-3624.

PALM BEACH COUNTY ECONOMIC DEVELOPMENT OFFICE SECTION 108 LOAN PROGRAM

The Community Development Block Grant (CDBG) Section 108 Loan Guarantee Program is an economic and community development financing tool authorized under Section 108 of Title I of the Housing and Community Development Act of 1974, as amended.

The 108 loans are intended to support and stimulate business development and investment by the private sector. The Program Criteria applies to all sources of 108 loan funding from the U.S. Department of Housing and Urban Development (HUD).

I. MISSION STATEMENT AND PROGRAM OBJECTIVES

The Mission of the Palm Beach County Section 108 Loan Program is to enable existing businesses and appropriate community-based agencies to conceive and implement business ventures that will create jobs, revitalize communities and enhance the overall quality of life for all Palm Beach County residents.

The objectives of the Program are to:

- Provide subordinated financing to eligible borrowers to fill a financing gap beyond the amount of private participation and equity investment that can be raised.
- Provide long term, fixed or variable rate financing at interest rates lower than conventional financing.
- o Provide a means for revitalizing disadvantaged areas.
- Create sources of new jobs.

II. PROGRAM REQUIREMENTS

A) Guidelines

The Palm Beach County Section 108 Loan Program will follow the HUD and the Small Business Administration (SBA) guidelines for eligibility and underwriting criteria.

B) National Objectives

Each activity assisted with a Section 108 Loan must meet one of three State CDBG Program National Objectives:

- Benefiting low and moderate income persons. Fifty one percent (51%) of new jobs created under this program must be offered to Palm Beach County residents that have a low and moderate income;
- o Preventing or eliminating slums or blight; or
- o Meeting a critical community need.

C) Notice of Funding Availability

Each Fiscal Year, the Economic Development Office (EDO) will advertise the Palm Beach County Section 108 Loan Program through a Notice of Funding Availability (NOFA) published in a local newspaper and the County's website, and distributed to local economic development organizations.

D) Loan Review Committee

A Loan Review Committee (LRC) comprised of representatives from the County's Economic Development Office, Housing and Community Development, and Office of Financial Management & Budget will review all of the Section 108 loan applications presented by the Loan Administrator and make the recommendation to approve or disapprove the loan application. The following criteria are in full alignment with federal guidelines and will be the benchmark for approval or denial of loans. A quorum of the LRC shall be fifty-one percent (51%) or two (2) of the appointed members. A quorum must be present to review and act upon any application.

The LRC will review each application with the required financial information to determine:

- Number of jobs to be created
- o Amount of Section 108 loan fund participation necessary
- o Amount of commercial or SBA loan match
- o Ability of loan applicant(s) to repay the loan
- o Collateral or security available
- o Trends from business history or market

No loan shall be made without the favorable recommendation of the LRC.

E) Board of County Commissioners Approval

The Board of County Commissioners (BCC) is the only authority that can waive or approve an exception to any of the Palm Beach County Section 108 Loan Program Criteria.

- When a project requires a special consideration because of the potential benefit it might bring to the area or local economy, EDO will request that the BCC make an exception to the Section 108 Loan Program Criteria.
- When the project requires exception to any criterion, the BCC is the only authority that can provide the ultimate approval. EDO will request approval from the LRC and the BCC before submitting a formal request to HUD.
- When the project requires over \$1 million of Section 108 loan match, the BCC is the only authority that can provide the ultimate approval. EDO will request the approval of the LRC and the approval of the BCC before submitting a formal request to HUD.
- When the project requires under \$1 million of Section 108 match, meets all of the Program criteria and does not require an exception to any of the criterion of the

Page 3 of 12

Section 108 Loan Program, EDO will request approval from the LRC and submit a formal request directly to HUD.

III. PROGRAM DETAILS

A) Eligibility

Area
 Palm Beach County boundaries

2. Eligible Applicants

- Private, for-profit businesses that have been engaged in industrial, retail or distribution activities for at least two (2) years and are able to demonstrate sufficient profitability. An applicant must be a sole proprietorship, an incorporated business, a partnership or any other legally organized business registered with the State of Florida.
- Non-profit economic development organizations with projects involving the renovation/construction of commercial/industrial buildings (Note: working capital is not available to non-profits.)
- Municipalities, Community Redevelopment Agencies, and Downtown Development Authorities. However, the local Entitlement Communities of the cities of Boca Raton, Boynton Beach, Delray Beach and West Palm Beach must provide 100% loan fund match for projects located within their municipal boundaries.

B) Loan Amount and Required Owner's Equity

- The maximum loan amount for any given project is forty percent (40%) of the total project cost or up to \$1,000,000. The maximum job-cost ratio for the project is \$35,000 per full-time equivalent job to be created.
- Projects that require under \$1,000,000 of financing will require the LRC approval and HUD approval.
- Projects that require over \$1,000,000 of financing will require the pre-approval of the underwriting by HUD, the approval of the LRC, the approval of the BCC, and the formal approval by HUD.
- The maximum loan amount for working capital will be evaluated on an individual basis. Factors to be considered may include but not limited to the project size, nature of the project, and public benefits.
- The applicant must commit a minimum of ten percent (10%) of the total project cost.
 The applicant will be required to provide proof of equity availability.

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- Applicants that are eligible to receive a Business Economic Development Incentive (BEDI) Grant are not required to commit owner's equity. However, the applicant may choose to commit equity to the project.
- The recommended levels of participation for the project funding are: 50% from a senior lender (bank, SBA, or independent institutional lender), 40% from the PBC Section 108 Loan Program and 10% from owner's equity.

C) Rate

The rate will be 100 basis points (1%) above the rate that HUD uses, which is the three-month London Inter Bank Offered Rate (LIBOR), during the interim period and Treasure Strip bonds fixed or LIBOR floating at the election of the borrower during the permanent financing periods.

D) Terms

- Working Capital Up to a maximum of ten (10) years.
- Machinery and Equipment Up to a maximum economic life of the machinery and equipment or up to a maximum of twenty (20) years, whichever is less.
- Renovation Up to a maximum of twenty (20) years.
- Acquisition of land, buildings or new construction Up to twenty (20) years.

E) Eligible Uses

- Working capital for labor and moving costs associated with the expansion or relocation of a project, inventory financing, receivable financing, training and marketing financing. Working capital will not be available to non-profits. Working capital expenses will only be considered in conjunction with the total project and it will not be financed independently.
- Renovation and new construction of commercial/industrial buildings.
- Acquisition of commercial/industrial land and buildings.
- o Acquisition and installation of machinery and equipment.
- Refinancing of existing debt to an independent institutional lender (as part of a new project creating new job opportunities)
- Utility and road infrastructure improvements.

Funds cannot be used to reimburse for costs incurred prior to Palm Beach County completing a HUD environmental assessment, except for planning costs of the project.

F) Job Creation

- Only those applicants proposing to create new jobs will be considered for funding under the Section 108 Loan Program.
- The job creation period begins with the issuance of a certificate of occupancy, the end of a renovation project, or when all funds are disbursed, whichever is first.
- The time frame to create the new jobs will be from one (1) to five (5) years. If EDO considers that additional time is necessary, it will request the approval from the BCC.

 Where required, borrowers shall enter into a "First Source Agreement" with the local workforce organization for the hiring of employees, for the purpose of assuring that a best faith effort will be made that 51% of the hires will be persons of low and moderate income.

G) Underwriting

In considering an application for a Section 108 loan, the following procedure is used for all applicants:

1. Financial Analysis

<u>Site Visitation</u> – A site meeting with the applicant at its location will occur early in the process to gain insight into the business, answer the applicant's questions and request any needed information. The meeting should take place prior to submission of an application for the purpose of helping the applicant meet Section 108 guidelines or to discourage applicants who cannot meet such guidelines.

<u>History and Business</u> – An evaluation will be made on how long the applicant has been in business and the type of goods or services provided by the applicant. It is critical to analyze the request in respect to the specific type of industry. Not all industries have the same financing needs and payment terms to suppliers, and from customers. The balance sheet and operating ratios vary considerably from industry to industry.

<u>Project Description</u> - The applicant is required to provide a detailed description of the proposed project including:

 \circ Benefits to be derived by the applicant.

o The impact the project will have in creating new jobs within HUD guidelines.

o A detailed breakdown of the use of the requested loan proceeds.

Management and control.

Resume – Resumes will be analyzed. The resume(s) will provide insight into the background and qualifications of the principals and key management personnel. For example, someone who has been successful in running a delicatessen may not have the abilities to operate a totally unrelated business such as a manufacturing concern.

<u>Financial Statements</u> – Historical financial statements and tax returns are required. If the most recent annual statement is more than two months old, an interim statement of less than 30 days is also required. Statement analysis should include:

- o Trend analysis
- o Ability to repay debt both short and long term.

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- o Comparison to peer group companies as provided by the Robert Morris Association (RMA) studies or other similar companies within the County's existing loan portfolio. Any significant variation from the industry comparison is discussed with the applicant to ascertain the reasons for the variance(s).
- o Adequacy of working capital.

<u>Projected Financial Statements</u> – Business financial statements are required, which include balance sheets, operating statements, projections and a reconciliation of the net worth/capital section of the balance sheet. The projections must include the impact of the proposed financing and the underlying assumptions used to create the projections:

- o Compare to the RMA industry statement studies.
- o Examine the probability of achievement given the underlying assumptions.
- o Determine if projected cash flow will service proposed debt.

<u>Personal Financial Statements</u> - These are required from everyone having ten percent (10%) or more ownership of the business along with personal tax returns. Personal guarantees are generally required from principals of the applicant.

2. Financial Ratios

Loan to Value Target:

Land and building: 80%

Used machinery and equipment: 80% New machinery and equipment: 90%

Receivables: 70% Inventory: 50%

Debt service coverage ratio: 1.20:1.00

3. Appraisal

Appraisal reports will be required for projects involving acquisition and construction. EDO will request from the applicant a copy of the appraisal ordered by the participating lender (bank, SBA, or independent institutional lender). If there is not participation of another lender, EDO will provide the applicant a list of County-approved appraisers. The applicant will order the appraisal and provide a copy to EDO.

4. Credit History

Independent credit investigations are conducted on the applicant and the principals. This includes real estate searches, Uniform Commercial Code (UCC) searches with the Secretary of State and personal credit reports on the principals. This credit investigation is used, in part, to verify the accuracy of the information provided by the applicant and the principals and to find out if there are any undisclosed judgments, liens, etc.

 The credit investigation will be run by the primary lender when participating in the project and by EDO when the Section 108 loan is the only source of funding.

H) Collateral Evaluation

Collateral Type	Advance Rates	Value Determined By
Real Estate		
Commercial Owner Occupied	Up to 100%	Appraisal
Income Producing Non- Owner Occupied	Up to 100%	Appraisal
3. Raw Land	Up to 100%	Appraisal
Equipment (includes vehicles)	Up to 80% of Liquidation Appraisal on used and up to 80% of invoice on new equipment. If liquidation appraisal is not available, use 80% of book value.	Appraiser, Balance Sheet, Machinery/Equipment quotes
Stock Securities		
Highly Marketable	Up to 80% of good grade listed in the NYSE, American or NASDAQ Exchanges.	NY Times or Wall Street Journal
2. Less Marketable	Up to 50% of thinly traded under \$10.00 value listed on an exchange.	NY Times or Wall Street Journal
U. S. Government or Municipal Securities	Up to 80% of listed and traded bonds.	NY Times or Wall Street Journal
All Other Bonds	Up to 50% of listed and traded bonds.	NY Times or Wall Street Journal
Accounts Receivable	Up to 80% of eligible accounts receivable. Advance rates on accounts are a function of dilution rate, turnover, quality of customer sold, industry characteristics, warranty liabilities, and any unusual contractual obligations.	Accounting methods

I) Fees and Costs

1. Processing fee

A non-refundable fee of \$100 is payable at the time an application is submitted. If the 108 Loan is approved, the fee will be credited to closing costs.

2. Section 108 Loan Fee

The applicant will pay 1.5% of the total Section 108 loan amount due at the time of closing.

3. Other Fees

The applicant will be responsible for all other fees, including bank/SBA/independent institutional lender fees, appraisal and environmental fees, legal fees from outside firms and the Palm Beach County Attorney's Office, and any other fee. Applicants will receive a Good Faith Estimate of the projected Palm Beach County fees.

J) Environmental Assessment

All proposed projects are subject to an environmental review. The environmental submission will be the same as required by the first lender or in compliance with the SBA criteria. For projects that do not require the participation of another lender, EDO will request an Environmental I assessment and if needed, an Environmental II Assessment. The cost of the environmental assessments ordered by EDO will be charged to the borrower at closing.

- Projects that require funding for land and building pursuant to HUD guidelines will be required to have a Phase I environmental assessment and if applicable, a Phase II environmental assessment.
- Projects that require funding for machinery/equipment and working capital pursuant to HUD guidelines are exempt from the Phase I and Phase II environmental assessments.

K) Procurement

In accordance with HUD regulations, Section 108 funded projects for non-profit and governmental organizations must be obtained in accordance with Federal and/or County procurement requirements.

In accordance with HUD regulations, Section 108 financed projects for private, for-profit businesses are exempt from HUD procurement policies.

L) Other Program Information

All Section 108 funded projects are required to comply with federal, state and local statutes, regulations and requirements, including but not limited to the Davis-Bacon Act,

Page 9 of 12

Workers Compensation, Section 3 of the Housing and Community Development Act, and insurance requirements.

Section 108 funded activities that result in the displacement of persons or businesses will trigger the Uniform Relocation Act compliance requirements.

IV. PROGRAM ADMINISTRATION

A) Choosing a Project

Initial Meeting and Site Visitation

EDO staff will meet with the applicant(s) to discuss the project and make a visit to the business and/or site location as necessary. Staff will explain the program and provide the applicants with a checklist of required information. The visit should provide an opportunity for staff to explain to the applicant if assistance might be available or to discourage applicants who cannot meet Section 108 guidelines.

Preliminary Review of Information

EDO staff and the County's Consultant, if applicable, will perform a preliminary analysis of the interim financial statements, tax reports, payroll information, debt schedule, business plan, copies of agreements, and any other required documentation. This preliminary review will reveal if (a) the project meets the HUD guidelines and at least one of the national objectives, (b) the applicant has the capacity of paying the debts to a first lender [if applicable] and the Section 108 loan, and (c) the applicant has the capacity of fulfilling all of the requirements of the Section 108 Loan Program. If the preliminary review is positive, the applicant will be allowed to fill out a Loan Application Package.

B) Seeking Lenders' Participation

After determining that the project and the applicant qualify for the Section 108 Loan Program, EDO staff and the County's Consultant will prepare a Section 108 Loan Package that will include all supportive documentation for underwriting and collateral, and a Project Summary and Analysis. EDO and the County's Consultant will seek the participation of commercial lenders in the project, as first lenders. EDO will send the loan package to the bank(s) of preference of the applicant as well as some of the local, regional, or national commercial banks, and authorized Small Business Administration (SBA) lenders throughout the United States.

The commercial/SBA/independent institutional lender who decides to participate in the project will be required to issue a Letter of Commitment to the applicant. The applicant will be responsible for submitting all of the required documentation requested by the lender to assure private participation.

C) Obtaining Loan Review Committee Approval

After determining that the project and the applicant qualify for the Section 108 Loan Page 10 of 12

Program and have a participating commercial/SBA/independent institutional lender in the project, EDO and the County's Consultant will prepare a Section 108 Loan Package for the LRC. The loan package shall include the loan application package, all forms and information as required by HUD, all supportive documentation for underwriting and collateral, a Project Summary and Analysis, and letters of commitment from both the commercial/SBA/independent institutional lender and the applicant. The LRC shall either approve or disapprove the loan application. If approved, the loan package shall be filed for HUD review and the Palm Beach County auditor's review, if applicable.

D) Obtaining BCC and HUD Approval

After the LRC approves a loan application, EDO will seek approval from the BCC and HUD as follows:

- When the project requires over \$1 million of Section 108 loan funds, the BCC is the only authority that can provide the ultimate approval. EDO will request the approval of the LRC and the approval of the BCC before submitting a formal request to HUD.
- When the project requires less than \$1 million of Section 108 funds, meets all of the Program criteria and does not require an exception to any of the criteria of the Section 108 Loan Program, EDO will request approval from the LRC and submit a formal request directly to HUD.

EDO will submit the applications to HUD as follows:

- To HUD Miami Field Office: A Cover Letter describing the project eligibility, the HUD Certification forms signed by the County Administrator, the Repayment Schedule, and the Project Summary and Analysis.
- To HUD Washington Central Office: Copies of documents submitted to the Miami Field Office.

E) Closing

Outside Counsel, selected by and under the supervision of the County Attorney's Office, shall close all loans in coordination with HUD's Counsel.

F) Servicing

Loan servicing regarding payments and submission of reports and financial statements will be carried out by a Trustee selected by the County or the Palm Beach County Clerk & Comptroller's Office.

EDO staff and the County Attorney's Office will be responsible for supervising compliance with the loan closing documents.

G) Supervision and Reporting

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EDO staff shall review on a yearly basis all financial statements of the borrower, compliance reports and make a field visit to the borrower's location at least once a year.

Borrowers who are problematic or cannot be brought into compliance shall be referred to the County Attorney's Office for corrective action.

V. BUSINESS REQUIREMENTS

Applicants who are awarded funding will be required to enter into an agreement with Palm Beach County.

Applicants are required to submit the following documents:

- a. PBC Section 108 Loan Application Package with a \$100 non-refundable fee.
- b. Supportive documents, as required.

Contact Information

Palm Beach County Economic Development Office 301 North Olive Avenue, 10th Floor West Palm Beach, FL 33401 Phone: (561) 355-3624

Website: www.pbcgov.com/edo



PALM BEACH COUNTY 108 LOAN PROGRAM

APPLICATION PACKAGE

IN ACCORDANCE WITH THE PROVISIONS OF THE ADA, THIS DOCUMENT MAY BE REQUESTED IN AN ALTERNATE FORMAT. PLEASE CONTACT ECONOMIC DEVELOPMENT AT (561) 355-3624.



APPLICATION FORM

DATE:						
I. Contact Information						
Applicant Name and Title		· · · · · · · · · · · · · · · · · · ·	E-mail Address			
			2 man riod on			
Company Name			Telephone Number			
			Fax Number	·		
Mailing Address						
						
II. Project Information and	Loan Request		· · · · · · · · · · · · · · · · · · ·			
Amount of Loan Requested		Estimat	ted Total Project Cost	•		
Project Description		 1				
				•		
Current Job Positions		Projected N	New Job Positions as a Resu	ılt of this Project		
Full Time Part Time	· ·	Full Time_	Part Time	· ·		
		!				
Project Type:	New Construction	□ Renovati	on Expansion	☐ Relocation		
Existing sq. ft.	Projected sq. ft.		Difference so	e e		
			Difference sq. ft			
Proposed Sources of Funding Owner's Equity	Amount		Uses of Funding	Amount		
		Land Acqu	isition			
Other Sources of Cash (specify)		Real Proper	rty Acquisition			
Bank Loan			Road Infrastructure			
Bank Loan		Improveme New Const				
SBA Loan		Rehabilitati	on			
Non-banking Lending		Purchase ar	nd Installation of Equipmen	t		
and Fig.			and Fixtures Refinancing of existing debt			
108 Loan		Working C	apital			
Other (specify)		Other				
Other (specify)						
TOTAL		TOTAL				

- NOTE 1: Construction jobs are not eligible. The jobs must be permanent and directly created by the applicant.
- NOTE 2: If activity receives funds via another County or HUD program which also require job creation, the jobs created for those programs must be in addition to the jobs required under this program.
- NOTE 3: Prior to a closing date being set and County loan funds being issued, applicants must provide firm evidence that all funds are available.

III. Business Infor	mati	on								
Business Applicant's Name (Exact Legal Name)			Doing Business As (if applicable)							
Business Location				Busine	ss Ma	ailing A	Address			
							٠			
Owner(s)' Name(s)				Owner	's Ma	iling A	Address			
										1.0
Taxpayer Identification	Num	ber	Busine	ss Website		Busin	ess Ph	one	E	Business Fax
NAICS Code / Industry	Туре				State a	nd Da	ate of I	ncorporation	1	
Year Business Establish	Year Business Established Years Business Ov			Business Ow	nership	Ship Annual Sales \$				
Business Type								1		
INDIVIDUAL		CORPO	RATIO	V	PARTNERSHIP OTHER			TER .		
☐ Individual		□ Sub-S			•					on-Profit Organization
☐ Sole Proprietorship		пС			☐ Limited ☐ CRA					
		LILL			☐ LLC ☐ Municipality ☐ Franchise					
				I I				oranchise Other		
Description of Products	and/c	r Services	· .							
	4.									
Has the Applicant or an										
Is the Business Applica										
Are there any state or fe	ederal	tax liens f	iled agai	nst the Busin	iess App	lican	t or any	Guarantor o	r C	o-applicant?
☐ Yes ☐ No										
Ownership - Managem									-	
Name	Title		% Ownersh		ship # Yea		# Year	Years of Ownership		# Years in the line of business
							-			
			1745							
					-					

IV. Applicant(s)'s Personal Information

APPLICANT		CO-APPLICANT						
Full Name (First, Middle, Las	st)		Full Name (First,	Middle, Last)				
Social Security Number DOB			Social Security Nu	ımber	DOB			
Home Phone Cell Phon	e Work Phone		Home Phone	Cell Phone	Work Phone			
	ried Pay Alimony	1	☐ Married	☐ Unmarried	Pay Alimony			
☐ Widowed ☐ Divorce	yes □ No		□ Widowed	□ Divorce	□ Yes □ No			
Are you a U.S. Citizen?	Yes. 🗆 No		Are you a U.S. Cit	izen? □ Yes	□ No			
If not, are you a lawful permanent Resident Alien?	Alien Registration #		If not, are you a lawful Alien Registra permanent Resident Alien?					
□ Yes □ No	Place of Birth (Country)		□ Yes □ No		Place of Birth (Country)			
Present Address (Street, City,	State, Zip Code)		Present Address (S	Street, City, State	e, Zip Code)			
□ Own □ Rent			□ Own □ Re	nt				
11 # Years at this address			# Years at this a	ddress	<u>·</u>			
Mailing Address if different fi	om Present Address		Mailing Address if different from Present Address					
Previous Address (Street, City	, State, Zip Code)		Previous Address (Street, City, Sta	te, Zip Code)			
Current Employer	□ Self-employed		Current Employer		Self-employed			
From To)		From	То				
Job Title and # Years in This I	Line of Work		Job Title and # Yes	ars in This Line	of Work			
It is important that the next thr necessarily disqualify you, how to any of the questions below whether misdemeanor or felon any other pertinent information criminal records.	wever, an untruthful answer, please furnish details of y, dates of parole/probation	er will on a se on, uni	cause your application parate sheet. Include paid fines or penalties	on to be denied. It e dates, location, s, name(s) under	If you answer "yes" fines, sentences, which charged, and			
Are you presently under indict probation?	ment, on parole or		Are you presently a probation?	ınder indictment	, on parole or			
⊔ Yes □ No			□ Yes □ No					
Have you ever been charged w any criminal offense other than violation? Include offenses wh dismissed, discharged, or not p	a minor motor vehicle nich have been		Have you ever been charged with and/or arrested for any criminal offense other than a minor motor vehicle violation? Include offenses which have been dismissed, discharged, or not prosecuted.					
El Yes El No			□ Yes □ No					
Have you ever been convicted, diversion, or placed on any for including adjudication withhele any criminal offense other than violation?	m of probation, d pending probation, for		Have you ever been convicted, placed on pretrial diversion, or placed on any form of probation, includi adjudication withheld pending probation, for any criminal offense other than a minor vehicle violation?					
U Yes U No			□ Yes □ No					

						.,	÷.
1 Lot only		Lot and bui	lding	Current Square	e Footage:		sq ft
i) Own		Lease			ien on the proper	ty?	
Property Owner's Nam	ne and Telepl	none Numb	er:	☐ Yes ☐ If yes, who	No holds the lien?		
VI. Business Inde						-	
reditor Name	Original Date	Maturity Date	Interest Rate	Original Amount	Current Balance	Monthly Payment	Status Current of Late
						····	
						·	
				· ·			
·							
		·					
					<u> </u>		
ERTIFICATIO	<u>N</u>		,				
my signature, I certify gram requirements. I pany/organization (no business securing fin the County and the De	further certife gardless of a cancing for the	y that all the ownership pairs project.	e information percentage) a My (our) s	n I (we) supplied in the are aware of this land signature(s) repres	s correct and accion application applicati	urate. All of the and are in full reement to con	ie owners o
h Danamirka Cart	Dartner Limi	ited Dartner	and Busines	s Owner, owning	10% or more mu	et cion halow	For all No.



Signature:

AUTHORIZATION TO SEARCH FOR CRIMINAL RECORDS (Original Signatures Required)

I hereby authorize Palm Beach County to request criminal record information about me from the criminal justice agencies for the purpose of determining my eligibility.

Full Name (First, Middle, Last):		
Social Security Number:		
Date of Birth:		
Driver's License Number		



AUTHORIZATION TO CHECK CREDIT HISTORY

(Original Signatures Required)

I authorize Palm Beach County to obtain credit history information as it may be required concerning statements made in the application for the Palm Beach County 108 Loan Program, including but not limited to, obtaining a copy of my credit report, current loan status reports and financial information from the Participating Bank/Lender.

Full Name (First, Middle, Last):						
Social Security Number:						
Date of Birth:						
Driver's License Number:						
Signature:						



LIST OF EXISTING JOBS

Job Title	#	Job Description	Annual Salary	Experience Required
		·		
			701007-0-2	



LIST OF FUTURE JOBS

Job Title	#	Job Description	Annual Salary	Experience Required
				ZAPONONO ROGENOU
				·
	-			
		•		
		·		
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			·	
	-			
	_			
		,		
•				
				·



PALM BEACH COUNTY SECTION 108 PROGRAM <u>DOCUMENTS CHECKLIST</u>

Business Plan
Company History
Name of Affiliates and/or Subsidiary Companies
Three-Year Projections (of income and expenses, assuming you get the loan and you expand your business)
Resume of Principals
Last 3 Years of Business Tax Reports
Last 3 Years of Personal Income Tax Report
Personal Financial Statement (SBA Form)
CPA Audited Business Financial Statements (Balance Sheet and Profit & Loss Statements) Years
Interim Financial Statements (not older than 60 days)
Appraisal Report
Purchase Agreement
Brochures
Developer's Commitment Letter
Bank's Commitment Letter
Environmental Review Record
First Source Agreement
Quotes on Machinery & Equipment, on provider's letterhead
Quotes on Construction/Renovation, on contractor's letterhead
Copy of IRS determination letter as a non-profit organization
Signed copy of resolution/minutes authorizing submission of the application
By-Laws and Articles of Incorporation

OLD VERSION



APPLICATION FOR FUNDING ASSISTANCE

PALM BEACH COUNTY COMMUNITY DEVELOPMENT BUSINESS LOAN PROGRAM (Based on guidelines approved by PBC BCC on January 28, 2003 and amended on May 15, 2007)

A Program Financed Under the HUD Section 108 Loan Program

Administered by:
PALM BEACH COUNTY
ECONOMIC DEVELOPMENT OFFICE

IN ACCORDANCE WITH THE PROVISIONS OF THE ADA, THIS DOCUMENT MAY BE REQUESTED IN AN ALTERNATE FORMAT. PLEASE CONTACT ECONOMIC DEVELOPMENT AT (561) 355-3624.



Name of Principal Owner in Charg	e	Tel. No.	E-Mail Address	
Name of Business		Tax I.D. No.	Company Website	
Business Address	THE RESERVE OF THE PARTY OF THE	Tel. No.	Fax No.	
City		State FL	Zip Code	
Commencement Date to Begin Fill	ing New Jobs		JOB INFORMATION	
Completion Date for Filling the Ne	w Jobs		Full Time Equivalent (FTE) Jobs to be created	
Check Appropriate Description	Project Type	Facility Description	1	
☐ Existing Business	□ Expansion	Existing Space sq. ft.	Existing Jobs	
□ New Business	☐ Relocation	New Space sq. ft.	Total FTE Jobs	
NAICS Code / Industry Type	Date of	State where the business	TYPE OF BUSINESS	
The state of the s	Incorporation	was incorporated	THE OF BUSINESS	
•		,	Sole Proprietor	
	•		Partnership	
Proposed Project Location/City	Proposed A	ddress	Joint Venture	
	l l		Corporation	
Property Control Number(s)	P	roperty Owner	Cooperative	
er jaksteder in bestemt is i natural e sustanden in mediane sie spesjessen			Non-Profit Org.	
Owner Tel. No. (include Area Code	e) Is there a lien	on the property?	CRA	
	□ Yes □ N	lo	Municipality	
Bank(s) Where Business Accounts	Are Held	The second secon		
L		2.		
Name of Participating Bank/Lende	·	in the second se		
• ,•				
Amount	Contact Person	Tel. No. (include Are	a Code) Fax No. (include Area Code)	
\$				
Name of Other Financial Source	e			
Amount	Contact Person	Tel. No. (include Are	a Code) Fax No. (include Area Code)	
Name of Other Financial Source				
Maine of Outer Financial Source	5			
Amount	Contact Person	Tel. No. (include Are	a Code) Fax No. (include Area Code)	
Amount	Contact i GISUII	rei. No. (include Are	a Coue; rax 190. (Ilicitude Alea Code)	
Name of Other Financial Source	a			
round of Outer Financial Source	•			
Amount	Contact Person	Tel. No. (include Are	a Code) Fax No. (include Area Code)	
\$				
Project Purpose and Economic	Impact			

NOTE 1: Construction jobs are not eligible, the jobs must be permanent and directly created by the applicant.

NOTE 2: If activity receives funds via another County or HUD program which also require job creation/retention, the jobs created/retained for those programs must be in addition to the jobs required under this program.



Management: Owners, partners, officers, all holders of outstanding stock — 100% of ownership must be shown (use separate sheet if necessary).

Name	Complete Address	% Owned	From	To
Name	Complete Address	% Owned	From	To
Name	Complete Address	% Owned	From	To
Name	Complete Address	% Owned	From	To
Name	Complete Address	% Owned	From	To

	PROJECT/ACTIVITY COST SUMMARY
1.	Please state the overall project cost: \$
2.	Please indicate the amount being requested from the Community Development Business Loan Program:
3.] Bu	Please indicate the sources and uses of funds for the project on the following table. The sources, other than the Community Development siness Loan Program, are your matching contribution and/or leveraging contribution.

Project Source(s) of Funding	Amount	Rate	Term
Community Development Business Loan (HUD Section 108)			
Owner equity (specify)			
Company's current cash assets			
Fixed Assets (specify)			
Bank Loan (specify)			
City/CRA funds			
Other (specify)			
Other (specify) -			
Total Sources			
Select the Use(s) of Funds and the Amount Need for Each	Sources of Funds (Yes or No)	Amount	
Land Acquisition			
Real Property Acquisition			
Utility and road infrastructure improvements			
New construction of commercial and industrial buildings			
Rehabilitation of commercial and industrial buildings			
Purchase and installation of equipment and fixtures			
Refinancing of existing debt (only considered when the project will create new FTE jobs)			
Working Capital (PBC will consider up to \$20,000 in working capital, however it cannot be financed independently and will only be considered in conjunction with the total project)			
Any other CDBG eligible activity approved by the Board of County Commissioners (specify)			· · · · · · · · · · · · · · · · · · ·
Total Uses			

Note: Prior to a closing date being set and County loan funds being issued, applicants must provide firm evidence that all funds are in-place to fully fund/complete the project.



BUSINESS INDEBTEDNESS: Furnish the following information on all outstanding installment debts, notes and mortgages payable. The present balances should agree with the latest balance sheet submitted (use a separate sheet if necessary).

To Whom Payable	Original Amount	Original Date	Present Balance	Rate of Interest	Maturity Date	Monthly Payment
	Amount	Date	Balance	nuciest	Dait	rayment
Name:	S		\$	%		\$
Name:	\$		\$	%		\$
Name:	s		\$	%		\$
Name:	\$		\$	%		s
Name:	\$		\$	%		\$
Name:	\$		\$	%		s
Name:	\$		s	%		\$
Name:	\$		\$	%		s
Name:	\$		S	%		\$
Name:	\$		\$	%		s

THE FOLLOWING ITEMS MUST BE COMPLETED AND SUBMITTED WITH YOUR APPLICATION

- A business plan which describes the market, applicant capacity, a brief history and description of the company (including the founding of the company), overview of operations, product information, customer base, method and area's of distribution, primary competitors and suppliers.

 A list of general and limited partners, officers, directors and shareholders of the company. Please provide a resume for all the principals and key management.
- CPA audited corporate financial statements for the last three years (Profit and Loss Statement and a Balance Sheet)
- Corporate income tax returns for the last three years (personal returns may also be requested).

 If the most recent business return and/or financial statement is more sixty (60) days old, please submit a current Interim Financial Statement.
- Three year financial pro formas which include operating statements, balance sheets, funding sources, and use details.

- 7. Copy of fictitious name registration (if applicable).

 8. Copy of IRS determination letter as a non-profit organization (required for all non-profit organizations).

 9. Signed copy of resolution or minutes from the meeting of the governing body authorizing submission of the application.

 10. Please provide two separate lists detailing the existing jobs on your payroll and the new jobs to be created (within the list please provide the job title of each position, a brief description of each position, annual salary for existing and new positions and the industry average salary for those positions). SEE EXHIBIT 3

 If machinery and equipment are bing purchased with loan proceeds, provide a list of all the items to be purchased, with quotes on vendor's letterhead. Include a statement from the manufacturer, attesting to the economic life of the equipment.
- 12 If business is a franchise, include a copy of the franchise agreement.

- 13. Copy of sales/purchase agreement when purchasing land or a building (or an executed lease if applicable).

 14. If project involves construction, please provide cost estimates, preliminary plans and specifications.

 15. Provide details regarding any credit issues, bankruptcies and lawsuits by any principal, owning 20% or more of the business
- 16 Please sign and submit Exhibit 1 (Statement of Personal History) and Exhibit 2 (Credit Check Release)
- 17. By-Laws and Articles of Incorporation
 18. The names of all affiliates and/or subsidiary companies, and their previous three (3) years financial statements and Interim Financial Statements if the financial statements are more than sixty (60) days old.
- 19. Attach a street map showing the location of the proposed project.



THE FOLLOWING ITEMS WILL BE NEEDED PRIOR TO SUBMITTING THE LOAN REQUEST FOR A FINAL DECISION

Letter from the Planning & Zoning Department of the municipality or county, documenting compliance and approving the

proposed project with zoning and land use designations.

Copy of documents providing firm evidence that all funds are in-place to fully fund the project.

Identification and qualifications of project development team (i.e., attorney, engineer, architect, general contractor, etc.).

A letter from the local entitlement community committing to its provision of a 100% match for loan funding sought to the project of the project develop projects within its municipal boundaries (for proposed projects located within the cities of Boca Raton, Boynton Beach, Delray Beach and West Palm Beach).

Copy of Environmental Audit Phase 1 (if applicable).

- Copy of Appraisal Report.

 Bank Commitment Letter detailing the conditions of the loan application.

 Developers Commitment Letter (if applicable).

Copy of all licenses needed to legally operate the business.

APPLICANTS CERTIFICATION

By my signature, I certify that I have read and understand the application, criteria, loan fee's and program requirements. I further certify that all the information I (we) supplied is correct and accurate. All of the owners of the company/organization (regardless of ownership percentage) are aware of this loan and are in full agreement with the business securing financing for this project. My (our) signature(s) capages that (our) agreement to comply with Palm Baseh County and the Department of this project. My (our) signature(s) represent my (our) agreement to comply with Palm Beach County and the Department of Housing and Urban Development, as it relates to this loan request.

Each Proprietor, General Partner, Limited Partner and Business Owner, owning 20% or more must sign below. For all Non-

ness Name:	
1	
Signature and Title	
Signature and Thie	Date
arantors:	
Signature and Title	Date
-	
Signature and Title	
orginature and Title	Date
,	
Signature and Title	Date
Signature and Title	Date
Signature and Title	Date
<u> </u>	Duit
Signature and Title	
Signature and Title	Date
Signature and Title	Date
	•
Signature and Title	Date
Signature and Title	Date
D	Date
D. J. Drivi	
Signature and Title	Date

PERSONAL HISTORY STATEMENT



PALM BEACH COUNTY COMMUNITY DEVELOPMENT BUSINESS LOAN PROGRAM

*A Program Financed Under the HUD SECTION 108 Loan Program and Adminstered by the Economic Development Office

EXHIBIT #1

PLEASE READ CAREFULLY - PRINT OR TYPE Each Proprietor (if a Sole Proprietorship), General Partner (if Partner (owning 20% or more of the business), must complete a Personal complete this form and be approved as guarantors by Palm Beach Cou	ership), Limited Partner (if Partnership), Officer, Director and Business Owner al History Statement. For all Non-Profit Organizations, all guarantors must unty.
Business Name:	Participating Bank/Lender:
City: State: Zip:	
Personal Statement of (if you do not have a middle name, put	nt NMN):
First Name: Middle:	Last:
Social Security No.: Date of Birth:	
Present Address:	Previous Address: (needed if in present address less than 5 years)
City: State: Zip:	City: State: Zip:
From: To:	From: To:
Loan Requested from PBC: \$	
Loan Request from Bank(s): \$	If NO, are you a Lawful
Percentage of Company Ownership: %	
IT IS IMPORTANT THAT THE NEXT THREE (3) QUESTIONS BE ANS NECESSARILY DISQUALIFY YOU. HOWEVER, AN UNTRUTHFUL ANSWER	SWERED COMPLETELY. AN ARREST OR CONVICTION RECORD WILL NOT R WILL CAUSE YOUR APPLICATION TO BE DENIED.
IF YOU ANSWER "YES" TO ANY OF THE QUESTIONS BELOW, PLEASE FU	URNISH DETAILS ON A SEPARATE SHEET. INCLUDE DATES, LOCATION, FINES, /PROBATION, UNPAID FINES OR PENALTIES, NAME(S) UNDER WHICH CHARGED,
1. Are you presently under indictment, on parole or probation?	YES NO
(If YES, indicate the date parole or probation is to expire)	
2. Have you ever been charged with and/or arrested for any crim	minal offense other than a minor motor
vehicle violation? Include offenses which have been dismiss	sed, discharged, or not prosecuted.
3. Have you ever been convicted, placed on pretrial diversion, or adjudication withheld pending probation for any priminal of	or placed on any form of probation, including
adjudication withheld pending probation, for any criminal of	ffense other than a minor vehicle violation? YES NO record information about me from the criminal justice agencies for
the purpose of determining my eligibility.	record information about me from the criminal justice agencies for
Signature Title	Date

CREDIT CHECK RELEASE FORM



PALM BEACH COUNTY COMMUNITY DEVELOPMENT BUSINESS LOAN PROGRAM

*A Program Financed Under the HUD SECTION 108 Loan Program and Adminstered by the Economic Development Office

EXHIBIT #2

I authorize Palm Beach County to obtain such information (from any source necessary), as the County may require concerning statements made in the application for the Community Development Business Loan Program (including but not limited to, obtaining a copy of my credit report, current loan status reports and financial information from the Participating Bank/Lender).

PLEASE NOTE: Each Proprietor (if a Sole Proprietorship), General Partner (if Partnership), Limited Partner (if Partnership), Officer, Director and Business Owner (owning 20% or more of the business), must complete this Credit Check Release Form. For all Non-Profit Organizations, all guarantors must complete this form and be approved as guarantors by Palm Beach County.

First Name:	Middle:		Last:	
Social Security No.:		Date of B	irth:	
Driver's License (State and Number):_				
Home Phone No.:				
Current Home Address (PO Boxes not	accepted):			-
City:	State:		Zip Code:	
Employer:				
Employer Address:				
City:	State:		Zip Code:	
Work Phone No.:		_ Other No.:		
				-
Signature:				
Date:				
e e e				

*ORIGINAL SIGNATURES REQUIRED

List of all Jobs to be Created

EXHIBIT #3

Job Title	#	Brief Job Description	Annual Average Salary	Industry Average Salary	Experience/Education/Skills Required
					<u> </u>
					· · · · · · · · · · · · · · · · · · ·

*USE ADDITIONAL SHEETS IF NECESSARY



CRITERIA FOR FUNDING ASSISTANCE

PALM BEACH COUNTY COMMUNITY DEVELOPMENT BUSINESS LOAN PROGRAM 108 Loan Program

CRITERIA

(Based on guidelines approved by PBC BCC on January 28, 2003, as amended on May 15, 2007 and as amended on Subject to future changes)

A Program Financed Under the HUD U.S. Department of Housing & Urban Development Section 108 Loan Program

Administered by: OFFICE OF ECONOMIC DEVELOPMENT

IN ACCORDANCE WITH THE PROVISIONS OF THE ADA, THIS DOCUMENT MAY BE REQUESTED IN AN ALTERNATE FORMAT. PLEASE CONTACT THE ECONOMIC DEVELOPMENT OFFICE AT (561) 355-3624.

PALM BEACH COUNTY (PBC) ECONOMIC DEVELOPMENT OFFICE COMMUNITY DEVELOPMENT BUSINESS LOAN PROGRAM

108 Loan Program
(As approved by PBC BCC on 05/15/2007)

The Community Development Block Grant (CDBG) Section 108 Loan Guarantee Program is an economic and community development financing tool authorized under Section 108 of Title I of the Housing and Community Development Act of 1974, as amended.

The 108 loans are intended to support and stimulate business development and investment by the private sector. The Program Criteria applies to all sources of 108 loan funding from the U.S. Department of Housing and Urban Development (HUD).

I. MISSION STATEMENT AND PROGRAM OBJECTIVE

The Mission of the Palm Beach County 108 Loan Program is to enable existing businesses and appropriate community-based agencies to conceive and implement business ventures that will create jobs, revitalize communities and enhance the overall quality of life for all Palm Beach County residents.

The objectives of the Program are to:

- Provide subordinated financing to eligible borrowers to fill a financing gap beyond the amount of private participation and equity investment that can be raised.
- Provide long term; fixed or variable rate financing at interest rates lower than conventional financing.
- Provide a mean for revitalizing disadvantaged areas.
- Create sources of new jobs.

The Palm Beach County Board of Commissioners believes that it is appropriate to utilize all available resources to facilitate economic growth in Palm Beach County. To that end, the Board of County Commissioners, through the Economic Development Office (EDO) shall work to create a source of community financing that will enable entrepreneurs, businesses and appropriate community-based agencies to conceive and implement business ventures that will create jobs, revitalize communities and enhance the overall quality of life for all Palm Beach County residents.

Through its Economic Development Office, Palm Beach County will utilize federally guaranteed loan funding through the U.S. Department of Housing and Urban Development's (HUD), Community Development Block Grant (CDBG) Section 108 Loan Guarantee Program. All loans financed through this program, must be in accordance with HUD policies / regulations and subsequently approved by the Palm Beach County Board of County Commissioners.

These funds will be used to provide subordinate financing to borrowers committed to establishing or expanding business interests in Palm Beach County. Loan funding will be provided to eligible borrowers, either through a local revolving loan fund or through a HUD submission application process. To qualify for this financial assistance, borrowers must agree to create an appropriate number of jobs with salaries equal to or greater than the national, industry average salary for those positions or the County's average salary; and/or benefit geographical areas of low to moderate income residents. This local initiative shall be entitled the Community Development Business Loan Program (also referred to as the HUD Section 108 Loan Program).

Loan funding will be provided to eligible borrowers, either through a local revolving loan fund or through a HUD submission application process. To qualify for this financial assistance, borrowers must agree to create an appropriate number of jobs with salaries equal to or greater than the national average, industry average salary for those positions, or the County's average salary; and/or benefit geographical areas of low to moderate income residents. This local initiative shall be entitled the Community Development Business Loan Program (also referred to as the HUD Section 108 Loan Program).

It is of paramount importance that Palm Beach County step forward and initiates the creation of a dedicated source of funding by which entrepreneurs, businesses and economic development agencies can utilize in strengthening our local economy.

The major goals and focus of this initiative are as follows:

- 1. to attract appropriate businesses and industries to Palm Beach County;
- 2. to assist existing businesses and industries to expand and create additional job opportunities;
- 3. to assist priority county and state-designated distressed areas and local communities in their economic revitalization efforts;
- 4. to create opportunities for small businesses, women-owned businesses and minority-owned businesses; and
- to help develop a local qualified workforce with the skills to excel in the 21st Century.

Working immediately to address these economic development issues will enable Palm Beach County to develop a solid and diverse local economy which will be resistant to negative national and international economic forces.

The activities to be funded through Palm Beach County's Community Development Business Loan Program shall be undertaken only by: for-profit businesses; non-profit economic development agencies; Palm Beach County Board of County Commissioners; local municipalities with existing interlocal agreements with PBC; and local entitlement communities who execute appropriate interlocal agreements with Palm Beach County. The proposed activities must be economically and financially viable, containing conditions which ensure their ability to directly repay (at a minimum) all principal and applicable interest. The funds to be utilized by Palm Beach County to repay the HUD guaranteed loan shall come from the principal and interest payments recouped from the projects financed with these program funds. Also, to the greatest extent possible, the program's loan funds shall be used to leverage the maximum in private sector financing for a project's completion. The Economic Development Office shall take all necessary precautions to assure that activities recommended to receive Community Development Business Loan funding shall be feasible and viable to the greatest extent possible. This primary underwriting standard is federally mandated to prevent the necessity of utilizing county general funds and/or future CDBG entitlement funds to repay HUD the Section 108 Guaranteed Loan.

A. Information Required by the Department of Housing and Urban Development

Each Fiscal Year the Community Development Business Loan Program will be advertised to the general public informing them of the funds available for lending. Methods of advertising will include, but will not be limited to the following:

A Notice of Funding Availability (NOFA) shall be published in one or more of the following major newspapers: The Palm Beach Post, The Sun Sentinel and The Miami Herald. The NOFA will also be published in local county minority newspapers and distributed through the Palm Beach County Business Development Board (BDB) and other partnering agencies. The Community Development Business Loan Program will be marketed by the Economic Development Office through out-reach efforts with lending institutions, businesses, and distressed areas.

IV. TYPES OF ASSISTANCE AVAILABLE

The primary type of financial assistance to be made available through Palm Beach County's Community Development Business Loan Program will be loans. The loan term(s) shall be negotiable, depending upon the loan amount(s) and the overall risk associated with the proposed project.

II. PROGRAM REQUIREMENTS

FUNDAMENTAL LOAN REQUIREMENT

Each activity for which loan funding is requested must meet one of the three HUD Section 108 program National Objectives as described below. Only those applicants proposing to create new jobs will be considered for funding under the County's Section 108 Revolving Loan Fund Program (in extreme situations job retention may be considered in accordance with HUD policies and regulations). The timeframe for the creation of each full time equivalent (FTE) position will be determined by Palm Beach County Board of County Commissioners (BCC). The job creation timeframe will begin the day the project is completed (for instance, once the construction of the facility has been completed and the business is authorized to move in, then the creation timeframe begins. If a business is using the loan funds to either purchase equipment or an existing facility, Palm Beach County in its sole discretion, will determine when the creation timeframe begins). Please note that the BCC can allow a business up to three years from the date of occupancy to complete the hiring of all positions.

a) <u>Guidelines</u>

The Palm Beach County Section 108 Loan Program will follow the HUD and the Small Business Administration (SBA) guidelines for eligibility and underwriting criteria.

PUBLIC BENEFIT REQUIREMENTS

HUD Regulations at 24 CFR 570.209(b) require Palm Beach County (as CDBG grantee) to be responsible for assuring that at least a minimum level of public benefit is obtained from the expenditure of CDBG funding through the Community Development Business Loan Program. The standards set forth below, identify the types of public benefits that must be recognized before the approval of any loan under HUD's Section 108 Loan Guarantee Program. Palm Beach County's Community Development Business Loan Program is a revolving loan fund that will only provide financial assistance to borrowers who are seeking to create jobs, of which 51% must be provided to low-to-moderate income individuals. Therefore, requests for loan assistance will be reviewed and scored according to the amount of funds requested per full time equivalent (FTE) job created.

b) <u>National Objectives</u>

Each activity assisted with a Section 108 loan fund must meet one of three State CDBG Program National Objectives:

- Benefiting low and moderate income persons Fifty one percent (51%) of new jobs created under this program must be offered to Palm Beach County residents that have a low and moderate income.
- Preventing or eliminating slums or blight, or
- o Meeting a critical community need.

A. National Objectives

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PROVISION OF LOW AND MODERATE INCOME JOBS: Each recipient of a Section 108 Loan shall be required to execute a First Source Agreement with an agency approved and selected by Palm Beach County, stating that at least 51% of the jobs created shall be made available to persons of low and moderate income; or

AREA WIDE BENEFIT: This criterion consists of a loan provided to a business to make available goods and/or services to a residential area that is predominately low to moderate income. In such cases, the Section 108 loan cannot exceed \$250 per low to moderate income person residing in the identified residential area to be assisted; or

ELIMINATION OF SLUMS AND BLIGHT: Community Development Business loans can be provided to a business to combat slum and blighting conditions. Such businesses must be located in a designated slum or blighted area, and the County reserves the right to withdraw this condition at any time should the County feel that it will be in violation of the HUD 20% rule, which states that no more than twenty percent of the total Community Development Block Grant allocation / funding (including the Community Development Business Loan Program) can be used for projects that are designed to combat the Elimination of Slum and Blight.

c) Notice of Funding Availability

Each Fiscal Year, the Economic Development Office (EDO) will advertise the Palm Beach County Section 108 Loan Program through a Notice of Funding Availability (NOFA) published in a local newspaper and the County's website, and distributed to local economic development organizations.

d) Loan Review Committee

A Loan Review Committee (LRC) comprised of representatives from the County's Economic Development Office, Housing and Community Development, and Office of Financial Management & Budget will review all of the 108 loan applications presented by the Loan Administrator and make the recommendation to approve or disapprove the loan application. The following criteria are in full alignment with federal guidelines and will be the benchmark for approval or denial of loans. A quorum of the LRC shall be fifty-one percent (51%) or two (2) of the appointed members. A quorum must be present to review and act upon any application.

The Loan Review Committee will review each application with the required financial information to determine:

- Number of jobs to be created
- Amount of 108 loan fund participation necessary
- Amount of commercial or SBA loan match
- Ability of loan applicant(s) to repay the loan
- Collateral or security available
- Trends from business history or market

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No loan shall be made without the favorable recommendation of the LRC.

e) Board of County Commissioners Approval

The Board of County Commissioners (BCC) is the only authority that can waive or approve an exception to the any of the Palm Beach County 108 Loan Program Criteria. When a project requires a special consideration because of the potential benefit it might bring to the area or local economy, EDO will request approval from the BCC.

III. PROGRAM DETAILS

III. <u>ELIGIBLE ACTIVITIES</u>

The activities determined to be eligible to receive financial assistance through Palm Beach County's Community Development Business Loan Program are as follows:

- Land acquisition;
- Real property acquisition;
- Utility and road infrastructure improvements;
- New construction of commercial and industrial buildings;
- Rehabilitation of commercial and industrial buildings;
- Purchase and installation of equipment and fixtures (for the purpose of this loan program, equipment and fixtures are defined as fixed assets or fixed items that have a useful life of not less than 10 years);
- Refinancing of existing debt (as part of a new project creating new job opportunities);
- Working capital (working capital expenses will only be considered in conjunction with the total project and it will not be financed independently. The maximum amount of working capital that will be considered is 10% of the total loan request with Palm Beach County, not to exceed \$50,000. For the purposes of this loan program, the following items are considered as Working Capital: labor costs and moving costs associated with the expansion or relocation of the project and other qualified start-up operational costs); and
- Any other CDBG-eligible activity approved by the Board of County Commissioners.

Please refer to Section X, for information on projects that require submission and approval by HUD, before any recommendation can be made by the Palm Beach County Board of County Commissioners.

Please note that although HUD may approve certain projects as eligible under this loan program, the approval of all eligible costs and expenses are at the discretion of the Palm Beach County Board of County Commissioners.

A) Eligibility

Area
 Palm Beach County boundaries

V. <u>ELIGIBLE APPLICANTS</u>

To participate in Palm Beach County's Community Development Business Loan Program, an applicant must be either: a sole proprietorship; an incorporated business; a municipality; a Community Redevelopment Agency; a Downtown Development Authority; other community-based economic development organization; and any other legally-organized business registered with the Florida Department of State. However, local Entitlement Communities (i.e. Boca Raton, Boynton Beach, Delray Beach and West Palm Beach) must provide a 100% match for loan funding sought to develop projects within their municipal boundaries.

When proposals for funding are received and reviewed by Palm Beach County, preference shall be given to those "for-profit" and "not-for-profit" applicants who have sustained current business ventures for a minimum of three (3) years; wherein those business ventures are profitable and have adequate cash flow and debt service coverage.

Not-for-profit applicants must demonstrate the capacity to develop and operate sustained business ventures. The applicant agencies must also employ appropriate staff and have their economic development missions clearly defined in their Articles of Incorporation. The projects proposed by not-for-profit agencies must coincide with those activities of which the agencies have experience and a history of completed endeavors. These projects must also be developed within the geographical boundaries detailed within the agency's By-Laws and Articles of Incorporation. Please note that not-for-profit agencies may be required to provide personal guarantees (from key individuals / personnel), as a condition for approval.

2. Eligible Applicants

 Private, for-profit businesses that have been engaged in industrial, retail or distribution activities for at least two (2) years and able to demonstrate sufficient profitability. An applicant must be a sole proprietorship, an

Page 8 of 24

- incorporated business or any other legally organized business registered with the State of Florida.
- Non-profit economic development organizations with projects involving the renovation/construction of commercial/industrial buildings. However, working capital is not available to non-profits.
- Municipalities, Community Redevelopment Agencies, and Downtown Development Authorities. However, the local Entitlement Communities of the cities of Boca Raton, Boynton Beach, Delray Beach and West Palm Beach must provide 100% loan fund match for projects located within their municipal boundaries.

C. Required Owner Equity

In order to qualify as an eligible applicant under Palm Beach County's Community Development Business Loan Program, the applicant must commit in personal funds or real property, a minimum of ten percent (10%) of the project's total cost. Please

note that if real property is being committed as the owner's equity within a project, only up to fifty percent (50%) of the appraised value of real property will be considered. The appraised value used must be approved by Palm Beach County and / or its property appraisal department. All "personal funds" must be contributed to the project up-front and may not be borrowed funds causing a lien to be attached to any project collateral or earnings.

The loans provided through this program will always be made contingent upon all other necessary financing being legally committed to the proposed project.

Maximum Available Assistance

Where low to moderate income job creation is the focus of the proposed economic development project receiving financing through this loan program, each applicant is eligible for \$15,000 per full time equivalent (*FTE*) position created. The maximum amount of assistance that can be provided through the Community Development Business Loan Program cannot exceed \$35,000 per job created. If a business is seeking consideration in receiving more than \$15,000 per job created, the Board of County Commissioners has at its discretion the ability to approve such a request; however the project would have to meet the following:

- a) the project is of critical importance to Palm Beach County's local economy; or
- b) the salaries to be paid to the low-to-moderate income workers are significantly above the national average and/or the County's average salary.

B) Loan Amount and Required Owner's Equity

The maximum loan amount for any given project is 40% of the total project cost or up to \$1,000,000. The maximum job-cost ratio for the project is \$35,000 per full-time equivalent job to be created. Projects that require over \$1,000,000 of financing will require the pre-approval of HUD and the approval of the BCC.

- The maximum loan amount for working capital will be evaluated on individual basis. Factors to be considered may include but not limited to the project size, nature of the project, and public benefits.
- The applicant must commit a minimum of ten percent (10%) of the total project cost.

 The applicant will be required to provide proof of equity availability.
- Applicants that are eligible to receive a Business Economic Development Incentive (BEDI) Grant are not required to commit owner's equity. However, the applicant may choose to commit equity to the project.
- The recommended levels of participation for the project funding are: 50% from a senior lender (bank, SBA, other), 40% from the PBC 108 Loan Program and 10% from owner's equity.

VI. INTEREST RATES, LOAN FEES AND TERMS

A. Interest Rates

The interest rates may be fixed or variable. The rates of interest that are charged to borrowers of the Community Development Business Lean Program funds will also be based upon the interest rate charged to Palm Beach County by HUD. The interest rates charged to a borrower will be determined in part by the location of the proposed project. If the proposed project is to be located within a county or state-designated distressed area (i.e. either the "Core" or "Acute" Area within the Development Region), the interest rate charged shall be 100 basis points (1%) above the rate charged to Palm Beach County by HUD. If the proposed project is not to be located in a county- or state-designated distressed area (i.e. either the "Core" or "Acute" Area within the Development Region), the borrower shall be charged an interest rate at 200 basis points (2%) above the rate charged to Palm Beach County by HUD.

C) Rate

The rate will be 100 basis points above the rate that HUD uses, which is the three-month London Inter Bank Offered Rate (LIBOR), during the interim period and Treasure Strip bonds fixed or LIBOR floating at the election of the borrower during the permanent financing periods.

A. Loan Terms

Under the Community Development Business Loan Program, applicants may apply for loans at a minimum of \$250,000 or up to a maximum of \$1,000,000. However, the actual loan amount shall be determined by the benefits received by the public (e.g., number of full time jobs created). All loans will have loan terms based on the borrower's ability to re-pay, the purpose of the loan, and the useful life of the assets financed. However, maximum loan terms have been established: twenty (20) years for real estate; and seven (7) years for working capital, except where a longer maturity (up to ten years) may be needed to ensure repayment.

The maximum loan terms used to finance equipment and fixtures will be limited to the economic life of those assets (not to exceed fifteen years). The 20 year maximum will apply to the acquisition of land and buildings or the refinancing of debt incurred in their acquisition. Where business premises are to be constructed or significantly renovated, the 20 year maximum loan term shall not be in addition to the time needed to complete the construction or renovation.

D) Terms

- Working Capital Up to a maximum of ten (10) years.
- Machinery and Equipment Up to a maximum economic life of the machinery and equipment or up to a maximum of twenty (20) years, whichever is less.
- Renovation Up to a maximum of twenty (20) years.
- Acquisition of land, buildings or new construction Up to twenty (20) years.

E) Eligible Uses

- Working capital for labor and moving cost associated with the expansion or relocation of a project, inventory financing, receivable financing, training and marketing financing. Working capital will not be available to non-profits. Working capital expenses will only be considered in conjunction with the total project and it will not be financed independently.
- Renovation and new construction of commercial/industrial buildings.
- Acquisition of commercial/industrial land and buildings.
- Acquisition and installation of machinery and equipment.
- Refinancing of existing debt (as part of a new project creating new job opportunities)
- Utility and road infrastructure improvements.

Funds cannot be used to reimburse for costs incurred prior to Palm Beach County completing a HUD environmental assessment, except for planning costs of the project.

F) Job Creation

The job creation period begins with the issuance of a certificate of occupancy, the end of a renovation project, or when all funds are disbursed, whichever is first.

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- The time frame to create the new jobs will be determined by Palm Beach County, within HUD guidelines.
- Where required, borrowers shall enter into a "First Source Agreement" with the local workforce organization for the hiring of employees, for the purpose of assuring that a best faith effort will be made that 51% of the hires be for persons of low and moderate income.

G) Underwriting

In considering an application for a Section 108 loan, the following procedure is used for all applicants:

1. Financial Analysis

Site Visitation – A site meeting with the applicant at its location will occur early in the process to gain insight into the business, answer the applicant's questions and request any needed information. The meeting should take place prior to submission of an application for the purpose of helping the applicant meet Section 108 guidelines or to discourage applicants who cannot meet such guidelines.

History and Business – An evaluation will be made on how long the applicant has been in business and the type of goods or services provided by the applicant. It is critical to analyze the request in respect to the specific type of industry. Not all industries have the same financing needs and payment terms to suppliers, and from customers. The balance sheet and operating ratios vary considerably from industry to industry.

<u>Project Description - The applicant is required to provide a detailed description of the proposed project including:</u>

- Benefits to be derived by the applicant.
- The impact the project will have in creating new jobs within HUD guidelines.
- A detailed breakdown of the use of the requested loan proceeds.
- Management and control.

Applicant Capacity

Each applicant seeking a loan under this program must provide information detailing all relevant business experience and experience in HUD related/funded projects. Applicants must also provide information relative to credit history as well as information on each member of the development team (i.e., attorney, contractor, project manager, marketing representative, architect, etc.).

Resume – Resumes will be analyzed. The resume(s) will provide insight into the background and qualifications of the principals and key personnel. For example, someone who has been successful in running a delicatessen may

not have the abilities to operate a totally unrelated business such as a manufacturing concern.

<u>Financial Statements – Historical financial statements and tax returns are required. If the most recent annual statement is more than two months old, an interim statement of less than 30 days is also required. Statement analysis should include.</u>

- Trend analysis
- Ability to repay debt both short and long term.
- Comparison to peer group companies as provided by the Robert Morris
 Association (RMA) studies or other similar companies within the County's
 existing loan portfolio. Any significant variation from the industry
 comparison is discussed with the applicant to ascertain the reasons for the
 variance(s).
- Adequacy of working capital.

Project Feasibility

Each applicant seeking a loan under this program must submit proof of the project's overall feasibility. Feasibility can be shown by way of a business plan, market or feasibility study and a commercial appraisal.

Financial pro formas must also be provided by the borrower which adequately describes all operating income and expenses.

Projected Financial Statements – Business financial statements are required, which include balance sheets, operating statements, projections and a reconciliation of the net worth/capital section of the balance sheet. The projections must include the impact of the proposed financing and the underlying assumptions used to create the projections:

- Compare to the RMA industry statement studies.
- Examine as the probability of achievement given the underlying assumptions.
- Determine if projected cash flow will service proposed debt.

Personal Financial Statements - These are required from everyone having 10% or more ownership of the business along with personal tax returns. Personal guarantees are generally required from principals of the applicant.

B. Cash Flow Ratios

When analyzing the financial pro forma of a Community Development Business Loan applicant, it is imperative that the debt service coverage ratio equals no less than 1.20 to 1. What this means is that for every \$1 of debt service, there is \$1.20 to cover it. Debt service coverage is defined as net operating income divided by principal and interest payments for all existing debt. Net operating income is defined as gross income minus operating expenses.

Financial Ratios
 As determined by HUD guidelines.

3. Credit History

Independent credit investigations are conducted on the applicant and the principals. This includes real estate searches, Uniform Commercial Code (UCC) searches with the Secretary of State and personal credit reports on the principals. This credit investigation is used, in part, to verify the accuracy of the information provided by the applicant and the principals and to find out if there are any undisclosed judgments, liens, etc.

The credit investigation will be run by the primary lender when participating in the project and by EDO when the 108 loan is the only source of funding.

Loan to Value Target

At no time shall loan financing exceed eighty percent (80%) of the value pledged (which includes property and/or equipment), as part of a proposed economic development activity. Also, at no time shall a loan provided through this program, exceed forty percent (40%) of the total project costs associated with a proposed economic development project (unless specifically approved by the Board of County Commissioners as a waiver to this requirement).

H) Collateral Evaluation

Collateral Type	Advance Rates	Value Determined By
Real Estate		
Commercial Owner Occupied	Up to 100%	Appraisal
Income Producing Non- Owner Occupied	Up to 100%	Appraisal

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Collateral Type	Advance Rates	Value Determined By
3. Raw Land	Up to 100%	Appraisal
Equipment (includes vehicles)	Up to 80% of Liquidation Appraisal on used and up to 80% of invoice on new equipment. If liquidation appraisal is not available, use 80% of book value.	Appraiser, Balance Sheet, M/E quotes
Stock Securities		
1. Highly Marketable	Up to 80% of good grade listed in the NYSE, American or NASDAQ Exchanges.	NY Times or Wall Street Journal
2. Less Marketable	Up to 50% of thinly traded under \$10.00 value listed on an exchange.	NY Times or Wall Street Journal
U. S. Government or Municipal Securities	Up to 80% of listed and traded bonds.	NY Times or Wall Street Journal
All Other Bonds	Up to 50% of listed and traded bonds.	NY Times or Wall Street Journal
Accounts Receivable	Up to 80% of eligible accounts receivable. Advance rates on accounts are a function of dilution rate, turnover, quality of customer sold, industry characteristics, warranty	Accounting methods

liabilities and any unusual contractual

B. Loan Fees and Costs

obligations.

Palm Beach County will charge an application fee of 100 basis points (1.0%), charged on the face amount of any Section 108 loan applied for, and 75 basis points (.75%), charged as a loan closing fee. The applicant is responsible for all lender/bank fees, appraisal fees, environmental fees, legal fees (which include expenses from the County's legal department), etc. Please note that additional fees may apply if the business is interested in a fixed rate loan. Those fees will be determined by HUD. Palm Beach County will not be responsible for any fees incurred as a result of the applicant making changes to the loan package. Applicants will be given a Good Faith Estimate, which will serve only as a preliminary estimate of the projected County fees. The fees listed on the Good Faith Estimate may not be exact. Once the final costs are calculated (at or near closing time), those fees may be higher or lower depending on actual costs and expenses associated with each application.

I) Fees and Costs

1. Processing fee

A refundable fee of \$100 is payable at the time an application is submitted. If the 108 Loan is not approved, EDO will refund the fee to the applicant. If the 108 Loan is approved, it will not, but credited to closing costs.

2. 108 Loan Fee

The applicant will pay 1.5% of the total 108 loan amount due at the time of closing.

3. Other Fees

The applicant will be responsible for all other fees, including bank/SBA/lender fees, appraisal and environmental fees, legal fees from outside firms and Palm Beach County Attorney's Office, and any other fee. Applicants will receive a Good Faith Estimate of the projected PBC fees, which may not be exact.

J) Environmental Assessment

The environmental submission will be the same as required by the first lender or in compliance with the SBA criteria.

K) Other Program Information

All Section 108 funded projects are required to comply with federal, state and local statutes, regulations and requirements, including but not limited to the Davis-Bacon Act, Workers Compensation, Section 3, and insurance requirements.

Section 108 funded activities that result in the displacement of persons or businesses will trigger the Uniform Relocation Act compliance requirements.

IV. PROGRAM ADMINISTRATION

A) Choosing a Project

Initial Meeting and Site Visitation

EDO staff will meet with the applicant(s) to discuss the project and make a visit to the business and/or site location as necessary. Staff will explain the program and provide the applicants with a checklist of required information. The visit should provide an opportunity for staff to explain to the applicant if assistance might be available or to discourage applicants who cannot meet 108 guidelines.

Preliminary Review of Information

EDO staff and the Community Initiatives Development Corporation (CIDC) will perform a preliminary analysis of the interim financial statements, tax reports, payroll information, debt schedule, business plan, copies of agreements, and any other required documentation. This preliminary review will reveal if (a) the project meets the HUD guidelines and at least one of the national objectives, (b) the applicant has the capacity of paying the debts from a fist lender (if applicable) and the 108 loan, and (c) the applicant

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has the capacity of fulfilling all of the requirements of the 108 Loan Program. If the preliminary review is positive, the applicant will be allowed to fill out a Loan Application Package.

Note: Projects that require over \$1,000,000 of 108 loan funds will be sent first to HUD for review and approval before continuing the application process.

B) Seeking Lenders' Participation

After determining that the project and the applicant qualify for the 108 Loan Program, EDO staff and CIDC will prepare a Section 108 Loan Package that will include all supportive documentation for underwriting and collateral, and a Project Summary and Analysis. EDO and CIDC will seek the participation of commercial lenders in the project, as first lenders. EDO will send the loan package to the bank(s) of preference of the applicant as well as some of the local, regional, or national commercial banks, and authorized Small Business Administration (SBA) lenders throughout the United States.

The commercial or SBA lender who decides to participate in the project will be required to issue a Letter of Commitment to the applicant. The applicant will be responsible for submitting all of the required documentation requested by the lender to assure private participation.

C) Obtaining Loan Review Committee Approval

After determining that the project and the applicant qualify for the 108 Loan Program and having a participating commercial or SBA lender in the project, EDO and CIDC will prepare a Section 108 Loan Package for the Loan Review Committee (LRC). The loan package shall include the loan application package, all forms and information as required by HUD, all supportive documentation for underwriting and collateral, a Project Summary and Analysis, and letters of commitment from both the commercial/SBA lender and the applicant. The Committee shall either approve or disapprove the loan application. If approved, the loan package shall be filed for HUD inspection and by inspection by Palm Beach County auditors, if applicable.

- 1. Projects that require up to \$1,000,000 of 108 loan funds will be reviewed directly by the LRC.
- 2. Projects that require over \$1,000,000 of 108 loan funds will be submitted first to HUD for review and pre-approval before continuing the application process and then submitted to the LRC for review and approval.

D) Obtaining BCC and HUD Approval

After the LRC approves a loan application, EDO will seek approval from BCC and HUD as follows:

- For projects that require over \$1,000,000 of financing: EDO will seek first the BCC approval and then HUD's official approval.
- For projects that require up to \$1,000,000 of financing: EDO will seek directly

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HUD's official approval and submit the following:

- To HUD Miami Field Office: A Cover Letter describing the project eligibility, the HUD Certification forms signed by the County Administrator, the Repayment Schedule, and the Project Summary and Analysis.
- To HUD Washington Central Office: Copies of documents submitted to the Miami Field Office.

E) Closing

Outside Counsel, selected by and under the supervision of the County Attorney's Office, shall close all loans in coordination with HUD's Counsel.

F) Servicing

Loan servicing regarding payments and submission of reports and financial statements will be carried out by a Trustee selected by the County.

EDO staff and the County Attorney's Office will be responsible for supervising compliance with the loan closing documents.

G) Supervision and Reporting

EDO staff shall review on a yearly basis all financial statements of the borrower, compliance reports and make a field visit to the borrower's location at least once a year.

Borrowers who are problematic or cannot be brought into compliance shall be referred to the County Attorney's Office for corrective action.

V. BUSINESS REQUIREMENTS

Submittal of the following documents:

- a. PBC 108 Loan Application Package with a \$100 refundable fee.
- b. Supportive documents, as required

Contact Information

Palm Beach County Economic Development Office 301 North Olive Avenue, 10th Floor West Palm Beach, FL 33401 Phone: (561) 355-3624 Website: www.pbcgov.com/edo

VII. LENDING CRITERIA/UNDERWRITING

A.

D.

E. .

F.

VIII.

A. Job Creation

The full time equivalent (FTE) jobs created for low to moderate income persons must be filled by Palm Beach County residents. The proposed salaries for all the jobs created, must either equal the national, industry average salary for those positions or the average salary for Palm Beach County.

For a job to be classified as "created" it must be a permanent position created directly by the applicant.

IX. MONITORING POLICY AND PROCEDURES FOR TRACKING OF PUBLIC BENEFITS

It shall be the responsibility of the Economic Development Office to monitor and verify the public benefits that are to be derived from the provision of lean proceeds through Palm Beach County's Community Development Business Loan Program. Borrowers shall be required to enter into a "First Source Agreement" with Workforce Alliance for the hiring of employees working at the completed project. Palm Beach County shall also require that the recipients of loan proceeds submit at least semi-annual reports to EDO which detail how the beneficiaries are employed and paid or are served. EDO shall also make at least annual monitoring visits to the project sites to review records and interview beneficiaries. Each borrower who receives loan proceeds through this program must submit an independently audited financial statement to Palm Beach County on an annual basis.

X. LOAN APPLICATION REVIEW AND LOAN PACKAGING

All loan applications submitted for consideration under Palm Beach County's Community Development Business Loan Program shall be reviewed by the Economic Development Office for HUD/CDBG Section 108 compliance. Those applications seeking funding through the revolving loan fund and complying with local underwriting criteria and HUD/CDBG Section 108 regulations shall then be reviewed for project feasibility and approved by the EDO Section 108 Review Committee.

This review committee shall be comprised of County staff and/or affiliates, and/or private lending institutions. This review committee shall also make final funding recommendations to the Board of County Commissioners. Once approved by the Board of county Commissioners, these loan requests shall be submitted to the local HUD Area Office for a confirmation of compliance with the National CDBG Objectives.

Board of County Commission supported loan applications which exceed \$1,000,000 shall be submitted directly to HUD for its review of the project's underwriting and analysis of the project's collateral as well as for compliance with National CDBG Objectives. This HUD review process will also be employed for BCC supported loan applications which do not meet the Community Development Business Loan Program's underwriting requirements.

Loan requests seeking: funds for public facilities or "area wide benefits"; or funds to assist a "limited clientele" will be submitted to HUD for review prior to the EDO Section 108 Loan Review Committee making funding recommendations to the Board of County Commissioners. The Economic Development Office will prepare, package and submit all HUD Section 108 application documentation to HUD for appropriate review and approval.

The Economic Development Office anticipates the loan process to be completed in a timely manner. However, each applicant should realize that the level of complexity and the type of project each business presents to Palm Beach County, can add additional steps to the decision process, which could in turn result in more time needed in finalizing the application.

XI. APPLICATION FORM AND OTHER REQUIRED INFORMATION

A. Basic Application Form

At a minimum, the Palm Beach County Community Development Business Loan Program's application shall require the following:

- 1. Full description of applicant (individual or corporate);
- 2. Applicant's ownership interest in finished project;
- 3. IRS identification number;
- 4. "Truth under penalty of law" clause;
- 5. Authorization to search credit;
- 6. Description of other completed CDBG or federally funded projects;
- 7. Description and identification of development team (i.e., attorney, engineer, architect, general contractor, etc.);
- 8. HUD and/or Palm Beach County Compliance Forms; and
- 9. Project Summary and Analysis.

B. Other Required Information

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Each applicant shall also be required to submit the following documentation and information (further documentation may be requested as necessary):

- 1. CPA audited corporate financial statements for the last three (3) years and/or corporate income tax returns for the last three (3) years;
- 2. A business plan which describes market and applicant capacity;
- 3. Interim financial statement not less than sixty (60) days old;
- 4. Three year financial pro formas which include operating statements, balance sheets, and funding source and use details;
- Description and salaries of the jobs to be created;
- 6. Site control evidence (i.e. deed, lease, option, etc.);
- 7. Description of pending personal and/or corporate lawsuits; and
- 8. Company history, including major customers, suppliers, and market share.

C. Additional Program Information/Requirements

- 1. Proposed projects must comply with the County's Section 108 application requirements.
- 2. Applicants who are awarded funding will be required to enter into an agreement with Palm Beach County.
- 3. Section 108 funds cannot be used to reimburse for costs incurred prior to the execution of an agreement with the County.
- 4. All proposed projects are subject to an environmental review. Funds cannot be expended prior to addressing all environmental concerns. After completion of the conceptual approval by the Loan Review Committee and County Administration, an Environmental Audit Phase I must be undertaken by a qualified licensed consultant at the applicant's expense.
- 5. All Section108 funded projects are required to comply with federal, state, and local statutes, regulations, and other applicable requirements, including but not limited to: Section 3 of the Housing and Community Development Act, concerning employment and contracting opportunities; the Davis Bacon Act, concerning payment of prevailing wage rates in construction projects; Asbestos and Lead-Based Paint requirements; Liability/Multi Vehicle/Worker's Compensation Insurance requirements.
- 6. Section 108 funded equipment and services must be obtained in accordance with Federal procurement requirements.
- 7. Section 108 funded activities that result in the displacement of persons or businesses will trigger the Uniform Relocation Act (URA). An activity will cause displacement if the property is occupied by owners or tenants at the time of application submittal. URA requirements are complex, and can be costly to implement, so contact EDO for technical assistance if a proposed Section 108 project might cause displacement.

- 8. Projects involving real property acquisition or construction related projects must provide an appraisal report performed by a qualified/certified appraiser, at the applicant's cost, after completion of the Preliminary Phase and conceptual approval of project.
- Note:

 Any activity which may cause displacement of residents and/or businesses shall provide the following prior to the award of any contract: A) a relocation plan meeting all requirements of 24 CFR Ch. V. Section 570.606, as amended. This plan shall be certified by a consultant certified by HUD, or an agency of HUD as meeting all legal requirements; B) a document legally binding the grant awardee to place in the project budget sufficient funds to fully implement the relocation plan; and c) an executed indemnification and hold harmless agreement to protect the County against any and all costs incurred for the displacement and relocation of persons or businesses affected by the activity.
- NOT-FOR-PROFIT APPLICANTS MUST DEMONSTRATE THE CAPACITY TO DEVELOP AND OPERATE SUSTAINED BUSINESS VENTURES. THE APPLICANT AGENCIES MUST ALSO EMPLOY APPROPRIATE STAFF AND HAVE THEIR ECONOMIC DEVELOPMENT MISSIONS CLEARLY DEFINED IN THEIR ARTICLES OF INCORPORATION

XII. MAXIMUM PROGRAM RISK

A. Maximum Amount of Outstanding Section 108 Principal

The maximum amount of outstanding HUD Section 108 Guaranteed Principal notes shall not exceed 75% of Palm Beach County's HUD Section 108 Loan Authority at any given time.

B. Maximum Pledge of Annual Entitlement for Loan Loss Reserve

The maximum percentage of Palm Beach County's annual CDBG entitlement that can be pledged as collateral against total outstanding HUD Section 108 Principal notes is 10% or \$700,000. All other risks associated with any and all projects must be collaterized by the project's assets and earnings, or additional collateral provided by the applicant.

A Loan Loss Reserve shall be established for the primary purpose of protecting Palm Beach County's annual CDBG entitlement against defaults by borrowers of local Section 108 loan funds. This reserve shall make direct payments to HUD, preventing a default by Palm Beach County. This Loan Loss Reserve may also include matching funds from local lenders. With HUD approval, the Loan Loss Reserve may then become an additional source of funding for business development.

XIII. APPLICATION FORMAT, SUBMISSION AND TECHNICAL ASSISTANCE

This Application Packet is available in paper hard copy and in electronic word processing format. To obtain the electronic version of the application via e-mail, please call (561) 355-3624, or submit your request via email to clopez@pbcgov.com.

Applicants must submit one original application with required documentation and three copies. Applications may not be submitted in electronic format (neither FAX nor e-mail). Please complete all questions in the application. If not applicable, indicate N/A. Applications should be typewritten and all required attachments should be provided and clearly labeled.

Applications must be signed by the appropriate person (e.g. Corporations by CEO or Partnership by Managing Partner, etc.). Unsigned applications will not be considered.

You must familiarize yourself with the overall policies and criteria which govern the operation of this loan program, as you will be required to follow and comply with them.

EDO staff is available to provide technical assistance in the preparation of this Section 108 application for funding. Please contact EDO at (561) 355-3624 to request technical assistance.

Technical assistance on the application will focus on clarification of the information requested and interpretation of regulations. Please submit a complete application packet; staff will not review application drafts.