

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: June 21, 2011 [] Consent [X] Regular
[] Workshop [] Public Hearing

Department: County Administration
Submitted By: Office of Economic Development

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to adopt: a Resolution by the Board of County Commissioners of Palm Beach County, Florida authorizing the Economic Development Office to submit an Intermediary Relending Program (IRP) Application for \$750,000 to the United States Department of Agriculture (USDA) Rural Development; authorizing acceptance of the funds awarded in order to assist established businesses in Palm Beach County's Western Communities; authorizing the Economic Development Office to establish and manage the Palm Beach County Intermediary Relending Program to finance business projects; and authorizing the County Administrator or his designee to execute the Loan Application documents in order to implement the Palm Beach County Intermediary Relending Program and issue debt obligations pursuant hereto.

Summary: This application will provide an allocation of Federal funds totaling \$750,000 which will enable Palm Beach County to provide loan financing to businesses in the County's Western Communities to alleviate poverty and increase economic activity and employment. The USDA Rural Development will make loans to Intermediaries, such as Palm Beach County, to establish revolving loan programs for the purpose of providing loans to recipients to finance projects in rural areas. Loan recipients may include individuals, a corporation, partnership, limited liability company, non-profit corporation, or entity with economic development projects located in the rural area. Palm Beach County will be responsible for determining eligibility, credit quality, preparing the loan documentation, and servicing for all loans. The loan recipient will be responsible for paying the debt of the loan. These loan funds will be leveraged with SBA and private loans and the borrower will pledge security as collateral. **No County funds will be pledged to complete any project funded by the Intermediary Relending Program. These are Federal funds that do not require a match.** District 6 (DW)

Background and Policy Issues: The USDA Rural Development IRP targets disadvantaged and remote communities through financing, primarily towards small and emerging businesses, in partnership with other public and private resources, and in accordance with State and regional strategy based on identified community needs. Under the USDA Regulations, Palm Beach County is an eligible intermediary. Intermediaries may request an initial loan application up to \$2 Million subject to availability. All subsequent loans may be considered but cannot exceed \$1 Million. The total IRP loan debt cannot exceed \$15 Million. The IRP applications are submitted to the USDA Rural Development State Office. Applications received will be reviewed and ranked quarterly by the USDA Washington, D.C. office and funded in the order of priority ranking. Ultimate recipient loans may include but are not limited to business/industrial acquisitions; business construction and/or renovations; land acquisition; purchase of machinery & equipment; pollution control and abatement; transportation services; start-up operating costs and working capital; leasehold improvements; debt refinancing; hotels, motels, bed & breakfast establishments, convention center, etc. The IRP loans to ultimate recipient must not exceed the lesser of \$250,000 or 75% of the total cost of the project. No more than 25% of the total IRP loan may be used for loans greater than \$150,000. The Economic Development Office will manage the Program, which will leverage the County's existing loan resources under the HUD Section 108 Loan Program and the Revolving Energy Loan Fund.

Attachments:

- 1. Resolution
- 2. Catalog of Federal Domestic Assistance (CFDA) No. 10.767, USDA Intermediary Relending Program

Recommended by: [Signature] 6-14-2011
Economic Development Director Date

Approved by: [Signature] 6/17/11
Assistant County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

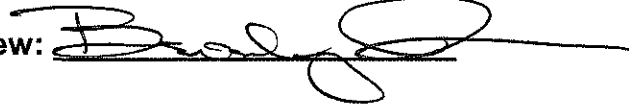
Fiscal Years	2011	2012	2013	2014	2015
Capital Expenditures	_____	_____	_____	_____	_____
Expenditure	_____	_____	_____	_____	_____
Operating Cost	\$ _____	\$ _____	\$ _____	_____	_____
External Revenue	(\$ _____)	(\$ _____)	(\$ _____)	_____	_____
Program Income (PBC)	_____	_____	_____	_____	_____
In-Kind Match (PBC)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	*See Below	_____	_____	_____	_____
# ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included In Current Budget? Yes ___ No ___

Fund Dept. Unit Object

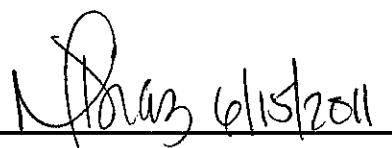
B. Recommended Sources of Funds/Summary of Fiscal Impact:

*Source of funding will be USDA Intermediary Relending Program funds. The budget will be amended to recognize the \$750,000 in Federal funds should the grant be awarded.

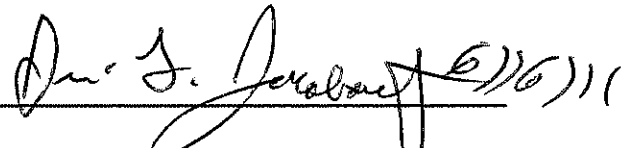
C. Departmental Fiscal Review: 

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Administration Comments:



 WS 6-14-11 OFMB SD 6/14/11 7/14/11
 JA



 Contract Development and Control

B. Legal Sufficiency:



 Sr. Assistant County Attorney

C. Other Department Review:

 Department Director

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

RESOLUTION NO. R-2011-

Resolution by the Board of County Commissioners of Palm Beach County, Florida, authorizing the Economic Development Office to submit an Intermediary Relending Program (IRP) Application for \$750,000 to the United States Department of Agriculture (USDA) Rural Development; authorizing acceptance of the funds awarded in order to assist established businesses in Palm Beach County's Western Communities; authorizing the Economic Development Office to establish and manage the Palm Beach County Intermediary Relending Program to finance business projects; and authorizing the County Administrator or his designee to execute the Loan Application documents in order to implement the Palm Beach County Intermediary Relending Program and issue debt obligations pursuant thereto.

WHEREAS, the United States Department of Agriculture (USDA) Rural Development accepts applications under its Intermediary Relending Program from Intermediaries such as Palm Beach County to establish revolving loan funds for borrowers for business facilities and community development in rural areas; and

WHEREAS, the purpose of the Intermediary Relending Program as per Rural Development Instruction 4247-D is to alleviate poverty and increase economic activity and employment in rural communities, especially disadvantaged and remote communities, through financing targeted primarily towards smaller and emerging businesses, in partnership with other public and private resources, and in accordance with State and regional strategy based on identified community needs; and

WHEREAS, Palm Beach County receiving loan funds under this program must follow USDA Rural Development regulations, the loan agreement, the approved work plan, security interests and any other condition required by the USDA, including protecting the financial interest of the USDA and maintaining the revolving loan fund, and

WHEREAS, the USDA Rural Development allows Intermediaries an initial loan application up to \$2 Million subject to funding availability; all subsequent loans may be considered but cannot exceed \$1 Million; the total IRP loan debt cannot exceed \$15 Million; and

WHEREAS, the IRP loans to recipients (individuals, a corporation, partnership, limited liability company, non-profit corporation, or entity with economic development projects located in the rural area) must not exceed the lesser of \$250,000 or 75% of the total cost of the project and no more than 25% of the total IRP loan may be used for loans greater than \$150,000; and

WHEREAS, the IRP loans to recipients may be used for but is not limited to business/industrial acquisitions; business construction and/or renovations; land acquisition; purchase of machinery & equipment; pollution control and abatement; transportation services; start-up operating costs and working capital; leasehold improvements; debt refinancing; hotels, motels, bed & breakfast establishments, convention center, etc.; and

WHEREAS, in Section 290.045, Florida Statutes, the Florida Legislature declared that the use of public funds towards the achievement of enhancing and expanding economic activity in the counties of the State by attracting and retaining business enterprises conducive to economic promotion, enhancing and preserving purchasing power and employment opportunities for State residents, and improving the welfare and competitive position of the State constitutes a public purpose; and

WHEREAS, the Board of County Commissioners of Palm Beach County, Florida believes that it is appropriate to utilize the USDA Rural Development IRP to provide gap financing to established businesses, and has determined that the use of public funds to

assist in implementing the Palm Beach County Intermediary Relending Program constitutes a public purpose as described in Section 290.0411 and Section 125.045 of the Florida Statutes.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, THAT:

Section I. The foregoing recitals are true and correct and are expressly incorporated herein by reference and made a part hereof.

Section II. The Economic Development Office is authorized to submit to the United States Department of Agriculture Rural Development an Intermediary Relending Program application for \$750,000 to administer and lend to businesses located in Palm Beach County's Western Communities and to establish and manage an Intermediary Relending Program.

Section III. The County Administrator or his designee is authorized to execute all loan documents related to this Intermediary Relending Program application in order to implement the Palm Beach County Intermediary Relending Program and issue debt obligations pursuant hereto and to provide additional information as may be required.

The foregoing Resolution was offered by Commissioner _____ who moved its adoption. The motion was seconded by Commissioner _____ and, being put to a vote, the vote was as follows:

COMMISSIONER KAREN T. MARCUS, CHAIR	_____
COMMISSIONER SHELLEY VANA, VICE CHAIR	_____
COMMISSIONER PAULETTE BURDICK	_____
COMMISSIONER STEVEN L. ABRAMS	_____
COMMISSIONER BURT AARONSON	_____
COMMISSIONER JESS R. SANTAMARIA	_____
COMMISSIONER PRISCILLA A. TAYLOR	_____

The Chair thereupon declared the Resolution duly passed and adopted this _____ day of _____, 2011.

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

PALM BEACH COUNTY, FLORIDA, BY ITS BOARD OF COUNTY COMMISSIONERS

SHARON R. BOCK, CLERK & COMPTROLLER

By: _____
County Attorney

By: _____
Deputy Clerk

**Intermediary Relending Program**

IRP

Number: 10.767

Agency: Department of Agriculture

Office: Rural Development

PROGRAM INFORMATION**Authorization (040):**

Health and Human Services Act of 1986, Section 407, 7 U.S.C 1932.

Objectives (050):

To finance business facilities and community development.

Types of Assistance (060):

DIRECT LOANS

Uses and Use Restrictions (070):

An entity that receives an Intermediary Relending Program (IRP) loan from the Rural Business-Cooperative Service (RBS) is referred to as an intermediary. Intermediaries must relend all of the loan funds received from the IRP loan for business facilities or community development in rural areas. An entity that receives a loan from an intermediary is referred to as an ultimate recipient. The maximum loan to any one intermediary is \$2 million. The maximum term is 30 years and the interest rate is one percent per annum. Intermediaries may not use IRP funds to finance more than 75 percent of the cost of an ultimate recipient's project or for a loan of more than \$250,000 to one ultimate recipient. (No more than 25 percent of an IRP loan approved may be used for loans to ultimate recipients that exceed \$150,000.).

Eligibility Requirements (080)**Applicant Eligibility (081):**

Eligible intermediaries may include: Private nonprofit organizations, State or local governments, and Federally recognized Indian tribes and cooperatives.

Beneficiary Eligibility (082):

Ultimate recipients may include: For profit organizations, individuals, public and private nonprofit organizations.

Credentials/Documentation (083):

Intermediaries must have adequate legal authority and a proven record of successfully assisting rural businesses and industries. Ultimate recipients must not be located within a city with a population of 25,000 or more. Both intermediaries and ultimate recipients must be unable to obtain the loan at reasonable rates and terms through commercial credit or other Federal, State, or local programs. This program is excluded from coverage under OMB Circular No. A-87.

Application and Award Process (090)**Preapplication Coordination (091):**

Preapplication coordination is required. An environmental impact assessment is required for this program. This program is eligible for coverage under E.O. 12372, "Intergovernmental Review of Federal Programs." An applicant should consult the office or official designated as the single point of contact in his or her State for more information on the process the State requires to be followed in applying for assistance, if the State has selected the program for review.

Application Procedures (092):

This program is excluded from coverage under OMB Circular No. A-102. This program is excluded from coverage under OMB Circular No. A-110. Potential intermediaries should file applications with the State office for the State in which the intermediary's headquarters is located. The application package includes Form 4274-1 and a written work plan. More details are available in 7 CFR 4274.343, or from the appropriate Rural Development State Office. The Rural Development administers the program on the local level. Intermediaries develop their own application procedures for ultimate recipients.

Award Procedure (093):

The application of each intermediary will be evaluated by the RD State Office. Applications received by RBS will be reviewed and ranked quarterly and funded in the order of priority ranking.

Deadlines (094):

Contact the headquarters or regional office, as appropriate, for application deadlines.

Range of Approval/Disapproval Time (095):

From 30 to 60 days.

Appeals (096):

Adverse actions by RBS in connection with this program may be appealed by contacting the Area Supervisor of the USDA National Appeals Division. Appeals will be handled in accordance with 7 CFR 1900-B.

Renewals (097):

Not Applicable.

Assistance Consideration (100)**Formula and Matching Requirements (101):**

This program has no statutory formula.

Matching requirements are not applicable to this program.

MOE requirements are not applicable to this program.

Length and Time Phasing of Assistance (102):

Applicant intermediaries must show a need for the funds and limit the request to an amount they can expect to use within one year. After a loan is approved, the funds are released to the intermediary in multiple advances as required to fund loans to ultimate recipients. Method of awarding/releasing assistance: quarterly.

Post Assistance Requirements (110)

Reports (111):

Intermediaries must submit quarterly reports on lending activity, income and expenses, financial condition and progress, and an annual budget. No cash reports are required. Intermediaries must submit quarterly reports on lending activity, income and expenses, financial condition and progress, and an annual budget. Intermediaries must submit quarterly reports on lending activity, income and expenses, financial condition and progress, and an annual budget. Intermediaries must submit quarterly reports on lending activity, income and expenses, financial condition and progress, and an annual budget.

Audits (112):

In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133. In accordance with the provisions of OMB Circular No. A-133 (Revised, June 27, 2003), "Audits of States, Local Governments, and Non-Profit Organizations," nonfederal entities that expend financial assistance of \$500,000 or more in Federal awards will have a single or a program-specific audit conducted for that year. Nonfederal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in Circular No. A-133.

Records (113):

Records and accounts must be maintained to reflect the operations of each project.

Financial Information (120)**Account Identification (121):**

12-4233-0-3-452; 12-2069-0-1-452.

Obligations (122):

(Direct Loans) FY 09 \$34,000,000; FY 10 \$34,000,000; FY 11 \$37,000,000

Range and Average of Financial Assistance (123):

No Data Available.

Program Accomplishments (130):

Not Applicable.

Regulations, Guidelines, and Literature (140):

7 CFR 4274, Subpart D; 7 CFR 1951, Subpart R.

Information Contacts (150)**Regional or Local Office (151) :**

See Regional Agency Offices. RBS State Office listed in Appendix IV of the Catalog.

Headquarters Office (152):

Rural Business-Cooperative Service, 1400 Independence Ave SW, Room 6867, Stop 3225, South Agriculture Building, Washington, District of Columbia 20250-3225 Phone: (202) 720-1400.

Website Address (153):

<https://www.cfda.gov/index?s=program&mode=form&id=30e074014d477f0e7a0ae45e95...> 6/10/2011

<http://www.rurdev.usda.gov>

Related Programs (160):

10.769 Rural Business Enterprise Grants

Examples of Funded Projects (170):

Not Applicable.

Criteria for Selecting Proposals (180):

Factors considered in judging applications include: Financial condition, assurance of repayment ability, equity, collateral, experience and record of managing a loan program or providing other assistance to rural businesses, ability to leverage with funds from other sources, extent assistance would flow to low income persons.