

## **AGENDA ITEM SUMMARY**

☒ Regular  
☐ Public Hearing

**Department:** Administration  
**Submitted By:** Administration  
**Submitted For:** Economic Development Office

**Motion and Title: Staff recommends motion to:**

- Summary:** On March 1, 2011, the Palm Beach County Board of County Commissioners (BCC) adopted a Resolution (R2011-0330) authorizing the submittal of a Section 108 Loan Program application to increase the fund allocation of the Palm Beach County Section 108 Loan Program by \$10 Million. In April 2011, the Economic Development Office (EDO) submitted a request for \$10 Million Section 108 funds to HUD. EDO has received an Offer of Commitment from HUD. The Palm Beach County Section 108 Loan Program was developed to create a source of loan funding for use by businesses, investors, community and non-profit organizations, and economic development organizations to implement business ventures that will create new jobs and help revitalize communities. Over the last two (2) years the County's Section 108 Loan Program has created 716 new jobs in Palm Beach County. **No County funds will be pledged to complete any project funded by a Section 108 loan. These are Federal funds that do not require a local match.** Countywide (DW)

**Background and Policy Issues:** Section 108 Loan Program: On March 12, 2002 (Agenda Item # 6D-1), the 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 R2002-0989 and R2002-0990), 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 Million. HUD approved the County's application for \$15 Million funding allocation on September 26, 2002, which expired on September 30, 2008. On January 30, 2009, HUD approved an extension of \$13,340,000 of the loan fund allocation, for a period of five (5) years, which is to expire on September 30, 2014. This allocation is expected to be exhausted by 2012.

**Attachments:**

- 1) HUD's Offer of Commitment Letter
- 2) Executed HUD Form 7082
- 3) Budget Amendment

Recommended By:   
Economic Development Director

11-4-2011  
Date

Approved By:   
Assistant County Administrator

11/14/11  
Date

## II. FISCAL IMPACT ANALYSIS

### A. Five Year Summary of Fiscal Impact:

Fiscal Years	2012	2013	2014	2015	2016
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenue	(\$10,000,000)	_____	_____	_____	_____
Program Income (PBC)	_____	_____	_____	_____	_____
In-Kind Match (PBC)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	(\$10,000,000)	_____	_____	_____	_____
# ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included In Current Budget? Yes \_\_\_\_\_ No X

### Budget Account Number:

Fund 1540 Department 764 Unit 2002 Object 8201

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

Source of funding is US Department of Housing and Urban Development Section 108 Loan Program funds.

C. Departmental Fiscal Review: Amanda Hughes

## III. REVIEW COMMENTS

### A. OFMB Fiscal and/or Contract Dev. and Control Comments:

[Signature] 11/10/11  
 OFMB  
 11-9-11  
 WS  
[Signature] 11/10/11  
 Contract Dev. and Control  
 11/9/11  
 CSC

### B. Legal Sufficiency:

[Signature] 11/14/11  
 Assistant County Attorney

### C. Other Department Review:

\_\_\_\_\_  
Department Director

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



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-7000

SEP 19 2011

OFFICE OF THE ASSISTANT SECRETARY FOR  
COMMUNITY PLANNING AND DEVELOPMENT

The Honorable Robert Weisman  
County Administrator  
Board of County Commissioners  
County of Palm Beach  
301 North Olive Avenue, 11<sup>th</sup> Floor  
West Palm Beach, FL 33401

Dear Mr. Weisman:

Please be informed that the County of Palm Beach's (hereafter, the "County") request for loan guarantee assistance under Section 108 of the Housing and Community Development Act of 1974, as amended, has been approved. Such assistance is to consist of the guarantee of notes or other obligations in the principal amount of \$10,000,000, plus interest thereon, which shall be issued to finance activities described in application B-10-UC-12-0004 for the Economic Development Loan Fund Project.

This offer of commitment ("Commitment") is subject, however, to the conditions specified in Item 8 of the Funding Approval (Form HUD-7082).

The first condition provides that in the event the County fails to submit notes or other obligations for inspection and guarantee by the Secretary of Housing and Urban Development (HUD) before October 31, 2012, the Commitment will expire as of such date.

The second condition provides that the repayment schedule for the indebtedness evidenced by the notes or other obligations (the "Guaranteed Loan") must be acceptable to HUD.

The third condition provides that the County shall provide additional security for the Guaranteed Loan and such additional security must be acceptable to HUD. The additional security shall be identified in the Contract for Loan Guarantee Assistance ("Contract"), specified by 24 CFR 570.705(b)(1), which will be executed at the time the guaranteed obligations are issued. The County's application and other supporting material identify the following additional security for the guaranteed loan: the County's interest in third-party loans secured by liens on real property, personal guarantees, equipment, accounts receivable, or inventory. Note that any real property or other assets offered as security shall be subject to loan-to-value ratios to be identified in the Contract and their value shall be supported by an appraisal acceptable to HUD.

In addition, the Contract shall provide that HUD may use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future Community Development Block Grant funds is insufficient to assure payment of amounts due thereunder. HUD reserves the right to require further security upon evaluation of the foregoing security arrangements and the County may substitute other collateral security for such arrangements, subject to HUD's approval of such substitution.

The fourth condition provides that the public entity shall not incur any obligations to be paid with guaranteed loan funds prior to the receipt of a written determination from the HUD Miami Field Office that either (i) each individual activity to be undertaken or supported with loan guarantee funds meets applicable eligibility, national objectives, and public benefit standards requirements of the Community Development Block Grant program and Section 108 loan guarantee programs, or (ii) the HUD Miami Field Office determines that the public entity's procedures for assuring compliance with the requirements are acceptable, including the public entity's compliance with its citizen participation plan and HUD's environmental review requirements for each assisted activity.

The fifth condition provides that prior to submitting notes or other obligations for inspection and guarantee by HUD, the County shall submit information required under Section 102(b) of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3531). This information shall be submitted on form HUD-2880 to HUD's Miami Field Office. A copy of Form HUD-2880 is enclosed for this purpose.

Please be aware that any amount of this commitment that is not received by the County as an Advance under the Guaranteed Loan by September 30, 2017, will be canceled in compliance with 31 USC 1552(a).

Please furnish us, at the address specified below, your timetable for execution of the activities described in your application. These activities will be financed through a public offering of Section 108 obligations. If you need funds prior to the next public offering, please notify HUD at the address below and instructions for obtaining interim financing will be provided.

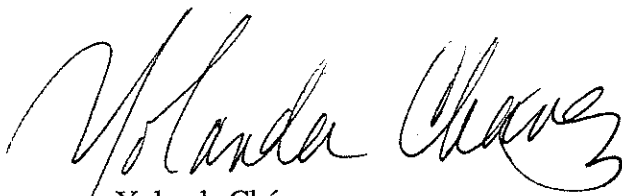
In addition to the special conditions cited above, the release of funds for the project to be carried out with loan guarantee assistance is conditioned upon compliance by the County with all applicable provisions of the HUD Environmental Review Procedures (24 CFR Part 58). The County is reminded that these Procedures include limitations on the commitment of HUD and non-HUD funds on an activity or project prior to HUD's approval of the request for release of funds and related certification of compliance with environmental requirements. Please refer to §58.22 for a description of the limitations and the entities to whom they apply.

Please execute the three enclosed copies of the Funding Approval (Form HUD-7082) and return two copies to the Department of Housing and Urban Development, Financial Management Division, Room 7180, 451 Seventh Street, S.W., Washington, D.C. 20410. One copy should be retained for your files. The Funding Approval amends the Grant Agreement authorized by HUD on October 7, 2010, under the Funding Approval for grant number B-10-UC-12-0004 to include loan guarantee assistance. The Grant Agreement thereby incorporates this Funding Approval, the loan

guarantee application, and Subpart M of the block grant regulations governing loan guarantees, as well as such agreements, schedules, and other documentation required for submission or execution in connection therewith.

If you have any questions with respect to this letter, please contact Paul D. Webster, Director, Financial Management Division at (202) 708-1871.

Sincerely,



Yolanda Chávez  
Deputy Assistant Secretary  
for Grant Programs

Enclosures

# Funding Approval/Agreement

Title I of the Housing and Community Development Act (Public Law 930383)

U.S. Department of Housing and Urban Development  
Office of Community Planning and Development  
Community Development Block Grant Program

HI-00515R of 20515R

1. Name of Grantee (as shown in item 5 of Standard Form 424) County of Palm Beach, FL	3. Grantee's 9-digit Tax ID Number	4. Date use of funds may begin (mm/dd/yyyy)
2. Grantee's Complete Address (as shown in item 5 of Standard Form 424) 301 North Olive Avenue, 10 <sup>th</sup> floor West Palm Beach, FL 33401	5a. Project/Grant No. 1 B-10-UC-12-0004	6a. Amount Approved
	5b. Project/Grant No. 2	6b. Amount Approved
	5c. Project/Grant No. 3	6c. Amount Approved

**Grant Agreement:** This Grant Agreement between the Department of Housing and Urban Development (HUD) and the above named Grantee is made pursuant to the authority of Title I of the Housing and Community Development Act of 1974, as amended, (42 USC 5301 et seq.). The Grantee's submissions for Title I assistance, the HUD regulations at 24 CFR Part 570 (as now in effect and as may be amended from time to time), and this Funding Approval, including any special conditions, constitute part of the Agreement. Subject to the provisions of this Grant Agreement, HUD will make the funding assistance specified here available to the Grantee upon execution of the Agreement by the parties. The funding assistance specified in the Funding Approval may be used to pay costs incurred after the date specified in item 4 above provided the activities to which such costs are related are carried out in compliance with all applicable requirements. Pre-agreement costs may not be paid with funding assistance specified here unless they are authorized in HUD regulations or approved by waiver and listed in the special conditions to the Funding Approval. The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and actions, as specified and required in regulations issued by the Secretary pursuant to Section 104(g) of Title I and published in 24 CFR Part 58. The Grantee further acknowledges its responsibility for adherence to the Agreement by sub-recipient entities to which it makes funding assistance hereunder available.

U.S. Department of Housing and Urban Development (By Name) Yolanda Chávez	Grantee Name County of Palm Beach, FL
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Title Deputy Assistant Secretary for Grant Programs	Title Assistant County Administrator
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Signature 	Date (mm/dd/yyyy) SEP 19 2011	Signature 	Date (mm/dd/yyyy) 10-24-11
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7. Category of Title I Assistance for this Funding Action (check only one) <input type="checkbox"/> a. Entitlement, Sec 106(b) <input type="checkbox"/> b. State-Administered, Sec 106(d)(1) <input type="checkbox"/> c. HUD-Administered Small Cities, Sec 106(d)(2)(B) <input type="checkbox"/> d. Indian CDBG Programs, Sec 106(a)(1) <input type="checkbox"/> e. Surplus Urban Renewal Funds, Sec 112(b) <input type="checkbox"/> f. Special Purpose Grants, Sec 107 <input checked="" type="checkbox"/> g. Loan Guarantee, Sec 108	8. Special Conditions (check one) <input type="checkbox"/> None <input checked="" type="checkbox"/> Attached	9a. Date HUD Received Submission (mm/dd/yyyy) 9b. Date Grantee Notified (mm/dd/yyyy) 9c. Date of Start of Program Year (mm/dd/yyyy)	10. check one <input type="checkbox"/> a. Orig. Funding Approval <input checked="" type="checkbox"/> b. Amendment Amendment Number
	11. Amount of Community Development Block Grant a. Funds Reserved for this Grantee b. Funds now being Approved c. Reservation to be Cancelled (11a minus 11b)		

12a. Amount of Loan Guarantee Commitment now being Approved \$10,000,000	12b. Name and complete Address of Public Agency N/A
<b>Loan Guarantee Acceptance Provisions for Designated Agencies:</b> The public agency hereby accepts the Grant Agreement executed by the Department of Housing and Urban Development on the above date with respect to the above grant number(s) as Grantee designated to receive loan guarantee assistance, and agrees to comply with the terms and conditions of the Agreement, applicable regulations, and other requirements of HUD now or hereafter in effect, pertaining to the assistance provided it.	12c. Name of Authorized Official for Designated Public Agency N/A
	Title
	Signature

HUD Accounting use Only												
Batch	TAC	Program	Y	A	Reg	Area	Document No.	Project Number	Category	Amount	Effective Date (mm/dd/yyyy)	F
	153											
	176											
			Y									
			Y									
Date Entered PAS (mm/dd/yyyy)												
Date Entered LOCCS (mm/dd/yyyy)												
Batch Number												
Transaction Code												
Entered By												
Verified By												

24 CFR 570

form HUD-7082 (4/93)

Attachment #

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8. Special Conditions.

- (a) In the event the public entity fails to submit notes or other obligations for inspection and guarantee by the Secretary of Housing and Urban Development (the "Secretary") before October 31, 2012, the commitment will terminate and expire as of such date.
- (b) The repayment schedule for the Guaranteed Loan must be acceptable to the Secretary.
- (c) Pursuant to 24 CFR 570.705(b)(3), the public entity shall provide additional security for the Guaranteed Loan and such additional security must be acceptable to the Secretary. The additional security shall be identified in the Contract for Loan Guarantee Assistance specified by §570.705(b)(1), which will be executed at the time the guaranteed obligations are issued.
- (d) The public entity shall not incur any obligations to be paid with guaranteed loan funds prior to the receipt of a written determination from the HUD Miami Field Office that either (i) each individual activity to be undertaken or supported with loan guarantee funds meets applicable eligibility, national objectives, and public benefit standards requirements of the Community Development Block Grant program and Section 108 loan guarantee programs, or (ii) the Miami Field Office determines that the public entity's procedures for assuring compliance with the requirements are acceptable, including the public entity's compliance with its citizen participation plan and HUD's environmental review requirements for each assisted activity.
- (e) Prior to submitting notes or other obligations for inspection and guarantee by the Secretary, the public entity shall submit information required under Section 102(b) of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3531). This information shall be submitted on Form HUD-2880 to the HUD Miami Field Office.
- (f) Any amount of this commitment that is not received by the public entity as an advance under the Guaranteed Loan by September 30, 2017, will be canceled in compliance with 31 USC 1552(a).

2012 -

BOARD OF COUNTY COMMISSIONERS  
PALM BEACH COUNTY, FLORIDA  
BUDGET AMENDMENT

BGRV: 764 102511\*040  
BGEX: 764 102511\*161

8  
Attachment #

FUND 1540 HUD Loan Repayment Account

ACCT.NUMBER	ACCOUNT NAME	ORIGINAL BUDGET	CURRENT BUDGET	INCREASE	DECREASE	ADJUSTED BUDGET	EXPENDED/ ENCUMBERED AS OF 10/25/2011	REMAINING BALANCE
<b><u>REVENUES</u></b>								
764-2002-8402	Section 108 Loan Program	5,365,000	5,365,000	10,000,000	0	15,365,000		
<b>Total Receipts and Balances</b>		<b>5,365,000</b>	<b>5,365,000</b>	<b>10,000,000</b>	<b>0</b>	<b>15,365,000</b>		
<b><u>EXPENDITURES</u></b>								
764-2002-8201	Contributions-Non Gov't Agency	5,365,000	5,365,000	10,000,000	0	15,365,000	0	15,365,000
<b>Total Appropriations &amp; Expenditures</b>		<b>5,365,000</b>	<b>5,365,000</b>	<b>10,000,000</b>	<b>0</b>	<b>15,365,000</b>		

ECONOMIC DEVELOPMENT OFFICE

INITIATING DEPARTMENT/DIVISION  
Administration/Budget Department Approval  
OFMB Department - Posted

Signatures & Dates

*[Signature]*  
\_\_\_\_\_  
\_\_\_\_\_

By Board of County Commissioners  
At Meeting of:

November 15, 2011

Deputy Clerk to the  
Board of County Commissioners

*Dr*  
*10/25/11*