



City of Grand Island

Tuesday, February 14, 2017

Council Session

Item G-11

#2017-26 - Approving Changes to Guidelines for CDBG Program Income Reuse Funds

Staff Contact: Charley Falmlen

Council Agenda Memo

From: Charley Falmlen, Community Development

Meeting: February 14, 2017

Subject: Approving Changes to Guidelines for CDBG Program Income Reuse Funds

Presenter(s): Charley Falmlen, Community Development Administrator

Background

The United States Department of Housing and Urban Development (HUD) allows local governments to retain program income from eligible Community Development Block Grant activities. The current City of Grand Island Program Income Reuse Plans were adopted by Council on the following dates:

Economic Development Revolving Loan Fund (ED RLF) – 6/13/94

Housing Program Income Reuse Plan – 9/22/2009

Neighborhood Stabilization Program (NSP) Program Income Reuse Plan – 5/28/2013

Discussion

The Program Income Reuse Plans are representative of the monitoring requirements of the State of Nebraska. However, since the above stated dates of plan approval, the City of Grand Island has become an Entitlement Community under CDBG Guidelines. The City has been in coordination in the State of Nebraska since the transition to Entitlement began and the State has agreed to release all program income from their jurisdiction, thereby placing the City of Grand Island's Program Income Reuse funds under the monitoring responsibilities of HUD alone. The proposed Reuse Plans have been updated and streamlined to reflect compliance with HUD's guidelines, which are less constraining than the State of Nebraska's. Additionally, the Community Development Division has taken the advice of the City Legal Department and added an application process for the Housing Program Income Reuse Plan and the Neighborhood Stabilization Program Reuse Plan. Upon approval by City Council, all applications to these funds will be subject to review by the Entitlement Stakeholders.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve the Changes to Guidelines for CDBG Program Income Reuse Funds
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the Changes to Guidelines for CDBG Program Income Reuse Funds.

Sample Motion

Move to approve the Changes to Guidelines for CDBG Program Income Reuse Funds and authorize the Mayor to sign all appropriate documents.

Revolving Loan Fund Reuse Plan

City of Grand Island

Community Development Division

Version 2017.1

PURPOSE

The purpose of the City of Grand Island's CDBG Revolving Loan Fund (RLF) program is to provide financial assistance for start-up businesses, existing businesses, and to attract new businesses within the City of Grand Island.

The City of Grand Island faces tense competition in the recruitment of businesses to the community and in the retention of businesses currently operating within the community. A RLF program can assist the City of Grand Island contribute to economic development projects, creating and retaining jobs, expanding existing businesses, and recruiting new businesses.

The National Objective is that fifty-one percent (51%) of the jobs created or retained must be held by or available to low to moderate income persons.

SERVICE AREA

The RLF program is available to every eligible business within the corporate limits of the City of Grand Island.

ELIGIBLE BUSINESSES

A. Eligible Business - Definition

An eligible business shall mean any corporation, partnership, limited liability company, or sole proprietorship that derives its principal source of income from any of the following:

1. The manufacture of articles of commerce;
2. The conduct of research and development, including business incubation;
3. The processing, storage, transport, or sale of goods or commodities which are sold or traded in interstate commerce;
4. The sale of services in interstate commerce;
5. A business that derives its principal source of income from retail trade;
6. Headquarters facilities relating to eligible activities as listed in this section;
7. Telecommunications activities including services providing advanced telecommunications capability;
8. Manufacturing assembling, fabrication or processing of tangible personal property;
9. Storing, warehousing, distributing, transporting, or selling of tangible personal property;
10. Conducting research, development, or testing for scientific or industrial purposes;
11. Performing data processing, telecommunications, insurance or financial services;
12. Transportation, retail, service and tourism that are for profit and/or not for profit;
13. The administrative management of any activities, including headquarter facilities relating to such activities; or
14. Food processing or agricultural processing.

B. Eligible to Receive Program Benefits Multiple Times

Eligible businesses may apply more than once and receive program benefits more than once. However, at least five years must have passed from the conclusion of one funding package and the beginning of another.

ELIGIBLE ACTIVITIES

The RLF program may fund the following activities:

1. Direct loans or grants to eligible businesses for fixed assets, working capital, or both;
2. Grants for public works improvements which are essential to the location or expansion of, or the provision of new services by, an eligible business;
3. Grants or agreements for job training;
4. Purchase of real estate, land, or building, options for such purchases, and the renewal or extension of such options;
5. Payments for salaries and support of City staff or the contracting of an outside entity to implement any part of the RLF Program;
6. Provisions of technical assistance to businesses, such as preparation of financial packages, survey, engineering, legal, or related assistance and payment of relocation or initial location expenses;
7. Expenses related to business recruitment, promotional activities, and related administrative expenses, and could include, but not limited to, such costs as salaries, travel, office expenses, advertising, legal, and related costs;
8. Commercial/industrial recruitment and promotional activities;
9. Tourism Related Activities; and
10. Acquisition of machinery, property, or non-design related services.

The RLF program does not fund design or construction activities.

TYPES OF ASSISTANCE

The types of financial assistance available shall include, but not limited to direct loans, deferred loans, performance based loans, loan guarantees, and grants.

AMOUNTS OF ASSISTANCE

RLF assistance shall not exceed \$35,000 for every job created or retained by a project. The City of Grand Island will consider the number of jobs created or retained, the fixed assets of the project, the amount of private leveraging, and the potential benefits to the business and community.

TERMS OF ASSISTANCE

The right is reserved to negotiate the terms and conditions of the financial assistance with each applicant, which terms and conditions may differ substantially from applicant to applicant.

A. Interest Rate, Term, and Security

The interest rate shall be established on a project by project basis. The term shall not exceed the useful life of the assets financed or fifteen (15) years. Examples of useful life include one (1) to three (3) years for working capital, three (3) to seven (7) years for machinery and equipment, and up to fifteen (15) years for land and buildings. Security for loans may include, but will not be limited to, Promissory Notes, a Deed of Trust, UCC filings and personal and/or corporate guarantees as appropriate and may be in a subordinate position to the primary commercial or government lender.

B. Performance Based

If the financial assistance is approved as performance based, then a portion of the financial assistance may be deferred or recaptured as determined by the City Council based upon job creation or retention of the project.

C. Procedure for Determining Necessity and Appropriateness

The criteria and procedure to determine the necessity and appropriateness of permitting an eligible business to participate in the RLF program and for determining the time within which an eligible business must meet the goals set forth under its participation agreement shall include the review and verification of application and financial data set forth herein.

D. Loan Repayment Schedule

A loan repayment schedule providing for monthly, quarterly, semi-annual, or annual payments will be approved in conjunction with project approval. Repayments shall be deposited into the RLF program for future projects as approved.

APPLICATION PROCESS FOR FINANCIAL ASSISTANCE TO BUSINESSES

A. Application Process and Selection of Participants:

Businesses seeking assistance will be required to:

1. Complete an application which may be obtained from the City of Grand Island.
2. Submit the completed application together with all the information as set forth below to the City of Grand Island.
3. The Community Development Administrator shall make a preliminary determination as to whether (a) the Applicant is eligible; (b) the proposed activities are eligible; (c) the Applicant has any legal actions pending; and (d) all required information has been received.
4. The Entitlement Stakeholders shall review the application, provide guidance concerning any financial assistance package negotiations, and make a recommendation that (a) the application is approved, (b) the application is not approved, or (c) the group is unable to make a recommendation due to a lack of information.
5. The Community Development Administrator shall notify any applicant if their application is or is not approved.
6. Following approval by the Entitlement Stakeholders, a recommendation by the Entitlement Stakeholders shall be forwarded to the Mayor and City Council along with the contract and loan/closing documents between the City and the applicant. The recommendation shall contain sufficient information in order for the elected officials to make an informed decision. The recommendation shall also include the terms suggested by the Entitlement Stakeholders including interest rate, repayment terms, repayment schedule and dispersal terms.

B. Information Required:

The applicant shall provide the following information before any application is considered by the Entitlement Stakeholders. Additional information requested by the Entitlement Stakeholders may include, but is not limited to contractor estimates, vendor price quotes, lease or purchase agreement, job creation/retention form, or appraisal.

Sole Proprietorship:

1. Submit a RLF Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Business Plan that includes employment and financial projections, financing requirements for the project and total projected costs;
4. Current Year to Date Profit and Loss Statement;
5. Recent Balance Sheet; and
6. Other information as requested.

“S” Corporation:

1. Submit a RLF Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Business Plan that includes employment and financial projections, financing requirements for the project and total projected costs;
4. Two years complete Corporate Tax Returns (signed);
5. Current Year to Date Profit and Loss Statement;
6. Recent Balance Sheet;
7. Articles of Incorporation, By-Laws, and Minutes of last meeting;
8. Corporate Resolution authorizing loan application and execution of required documents; and
9. Other information as requested.

“C” Corporation:

1. Submit a RLF Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Business Plan that includes employment and financial projections, financing requirements for the project and total projected costs.
4. Two years complete Corporate Tax Returns (signed);
5. Current Year to Date Profit and Loss Statement;
6. Recent Balance Sheet;
7. Articles of Incorporation, By-Laws, and Minutes of last meeting;
8. Corporate Resolution authorizing loan application and execution of required documents; and
9. Other information as requested.

General Partnership:

1. Submit a RLF Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Business Plan that includes employment and financial projections, financing requirements for the project and total projected costs;
4. Two years complete Partnership Tax Returns (signed) and K-1s for all partners;
5. Current Year to Date Profit and Loss Statement;
6. Recent Balance Sheet; and
7. Other information as requested.

Limited Partnerships:

1. Submit a RLF Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Business Plan that includes employment and financial projections, financing requirements for the project and total projected costs;
4. Complete copy of Partnership Agreement;
5. Current Year to Date Profit and Loss Statement;
6. Recent Balance Sheet; and
7. Other information as requested.

Limited Liability Companies:

1. Submit a RLF Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Business Plan that includes employment and financial projections, financing requirements for the project and total projected costs;
4. Two years complete Entity Tax Returns (signed) and K-1s for all partners;
5. Current Year to Date Profit and Loss Statement;
6. Recent Balance Sheet;
7. Articles of Organization, By-Laws, and Minutes of last meeting;
8. Resolution authorizing loan application and execution of required documents; and
9. Other information as requested.

APPLICATION REVIEW PROCESS

Each application shall be presented to the Entitlement Stakeholders.

The Entitlement Stakeholders shall evaluate each application according to the following criteria:

1. Eligibility under the RLF Program;
2. Soundness and creditability of the business proposal;
3. Track record, credibility, and credit worthiness of applicant;
4. Ability to leverage significant private financing;
5. Favorable probability the funds will be repaid by the business; and
6. Other criteria the Entitlement Stakeholders may establish for evaluating applications for direct financial assistance.

LOAN CLOSING PROCESS

A. Closing Process

The Community Development Division shall prepare all necessary documents to complete the approved funding request. Standard loan or grant closing documents may include but are not limited to Promissory Note, Loan Agreement, Security Agreement, Deed of Trust, Financing Statement, Personal Guaranty, Automated Clearing House (ACH) form, Title/Lien Search, and Resolution authorizing Mayor's signature. All necessary documents shall be reviewed and approved by the City's Legal Department prior to closing.

B. Proceeds

Financial Assistance proceeds will be provided to the applicant at the time of closing, or in increments as defined by the Entitlement Stakeholders after all necessary documents have been signed.

LOAN SERVICING PROCESS

A. Loan Funding Administration

The Community Development Administrator shall administer the RLF program. If assistance beyond regular city employees is needed in the administration of the RLF program then the additional assistance shall be paid from the RLF program upon approval by the City Council.

B. Auditing Loan Fund

The RLF and its portfolio of loan funds will be audited annually by a selected firm of certified public accountants as part of the City of Grand Island's annual audit

C. Monitoring

The Community Development Administrator shall monitor each loan by requiring annual financial statements, annual insurance renewals, conducting regular site visits to the borrowers, continuing UCC'S, job creation/retention reports, and other reports that are specific to each loan.

ADMINISTRATION AND REPORT PROCEDURES

A. Late Payments

If a default occurs as specified in the Loan Agreement, the Community Development Administrator shall contact the borrower to remedy the default. The Community Development Administrator shall attempt to work with the borrower to assist the borrower but protect the RLF program as well. All action taken on a financial assistance package shall be documented in regular reports to the Entitlement Stakeholders.

If the default cannot be remedied the Community Development Administrator will work with the City's Legal Department to proceed with foreclosing on the collateral secured by the City.

B. Rescheduling Agreement

Special circumstances regarding business loans may require a different repayment plan and

will be structured accordingly. Some projects require special financing techniques to meet a borrower's needs. Recognizing that, a subordinate position to other lenders of record at time of the project may be taken. If a subordinate position is required, additional considerations will be taken so as to not jeopardize the RLF program. Other special financing techniques may include quarterly or semiannual payments, interest only payments during the first year, or some other method agreed up on by the City of Grand Island and the applicant. All fees associated with any subordination requests, shall be the borrowers responsibility.

CDBG COMPLIANCE PROCESS

The Community Development Administrator shall review each loan and grant to ensure compliance with the CDBG Economic Development Program Income RLF monitoring checklist. The CDBG requirements include but are not limited to: National Objective, Environmental Review, Job-Pirating exclusions, Procurement, Labor Standards, Acquisition, and Relocation. The Community Development Administrator shall document that each project funded meets a National Objective.

The Community Development Administrator shall also be responsible for preparing and reporting all required documentation for the RLF program to the United States Department of Housing and Urban Development.

PROCESS TO ENSURE CONFIDENTIALITY OF BUSINESS INFORMATION RECEIVED

In the process of gathering information about a qualifying business, the City of Grand Island, may receive information about the business that is confidential and, if released, could cause harm to such business or give unfair advantage to competitors. The City of Grand Island shall endeavor to maintain the confidentiality of business records that come into its possession.

To protect businesses applying for assistance and to encourage them to make full and frank disclosure of business information relevant to their application, the City of Grand Island shall restrict the number of people with access to the files and shall take all steps afforded by Nebraska statutes to preserve the confidentiality of said information.

ADMINISTRATIVE PROCEDURES

A separate file will be maintained for each RLF program applicant and borrower. The file will include all application documents, Environmental Review documents, loan documents, insurance forms, general correspondence, financial statements, site visit reports and job creation/retention reports.

Community Development Division shall maintain and keep all applications as well as all other required documents, records and other evidence in conformance with the close out requirements.

AMENDMENT PROCEDURES

In an ongoing effort to improve the quality of the RLF program, the City of Grand Island will accept suggestions from the public and program participants with regard to program guideline amendments. All suggestions received will be taken under consideration by the City of Grand Island. Upon approval and adoption by the City Council, the amendment will be included in the program guidelines.

GRIEVANCE PROCEDURES

In the event that any applicant feels he or she has been unfairly treated or discriminated against during the application process or within any other segment of the RLF program, he or she may make an appeal to the Community Development Administrator, Entitlement Stakeholders, or to City Administration for their consideration. The appeal must be submitted, in writing, within fourteen (14) calendar days of the decision of the Entitlement Stakeholders. City Council shall be formally notified within thirty (30) days of the receipt of the appeal. The City Council shall have final authority in the decision.

CONFLICT OF INTEREST

No officer, employee, or agent of the City of Grand Island who will participate in the selection, the award, or the administration of the RLF program may obtain a personal or financial interest or benefit from the activity or have an interest in any financial assistance with respect thereto, or the proceeds thereunder either for themselves or those with whom they have family or business ties, during their tenure or for two years thereafter. Upon written request, exception may be granted upon a case by case basis when it is determined that such an exception will serve to further the purposes of the RLF program and the effective and efficient administration of the City of Grand Island's RLF program.

Revolving Loan Fund Program Application

City of Grand Island

Community Development Division

Version 2017.1

Business (Borrower) Information

Name of Business to Receive Assistance: _____

Address: _____

City: _____ State: _____ Zip: _____

Contact Person: _____ Telephone No. (____) _____

Email: _____

Business Organization

_____ Sole Proprietorship _____ "S" Corporation _____ "C" Corporation

_____ General Partnership _____ Limited Partnership _____ Limited Liability Company

Ownership Identification

List all officers, directors, partners, owner, co-owners and all stockholders with 20% or more of the stock.

Name	Title	Ownership %
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Personnel

(Full-Time-Equivalent, FTE is based upon 2,090 hours per year.)

Existing Number of Full Time Equivalent Positions: _____

Full-Time Equivalent Positions to be created as a result of Application Approval*: _____

*At least 1 job must be created per \$35,000 in requested assistance.

Neighborhood Stabilization Program Reuse Plan

City of Grand Island

Community Development Division

Version 2017.1

PURPOSE

The purpose of this plan is to establish guidelines on the policies and procedures for the administration and utilization of program income received as a result of activities funded under the Neighborhood Stabilization Program (NSP).

SERVICE AREA

The NSP program is available to every eligible entity within the corporate limits of the City of Grand Island.

ELIGIBLE ENTITIES

A. Eligible Entity - Definition

An eligible entity is any governmental body, non-profit, corporation, partnership, limited liability company, or sole proprietorship.

B. Eligible to Receive Program Benefits Multiple Times

Eligible entities may apply more than once and receive program benefits more than once. However, at least two years must have passed from the conclusion of one funding package and the beginning of another.

ELIGIBLE ACTIVITIES

The NSP program may fund the following activities:

- A. Establish financing mechanisms for purchase and redevelopment of foreclosed-upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.
- B. Purchase and rehabilitate homes and residential properties that have been abandoned* or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.
- C. Establish land banks for homes that have been foreclosed upon.
- D. Demolish blighted structures.
- E. Redevelop demolished or vacant properties*.

*Abandoned or vacant properties must have evidence of being so for 90 or more days.

TYPES OF ASSISTANCE

The types of financial assistance available shall include, but not be limited to direct loans, deferred loans, forgivable loans, performance based loans, and grants.

AMOUNTS OF ASSISTANCE

NSP assistance shall not exceed \$20,000 for every low-to-moderate income (LMI) beneficiary. The City of Grand Island will consider the number of LMI beneficiaries the potential benefit to the entity and community. The LMI Beneficiaries for the NSP Program must fall in the 120% AMI bracket.

TERMS OF ASSISTANCE

The right is reserved to negotiate the terms and conditions of the financial assistance with each applicant, which terms and conditions may differ substantially from applicant to applicant.

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A. Interest Rate, Term, and Security

All loans and grants shall be interest free. The terms for loan forgiveness shall be as follows:

- Under \$15,000 – 5 Year Amortization Schedule
- \$15,000 and over – 10 year Amortization Schedule

Schedule Security for loans may include, but will not be limited to, Promissory Notes, a Deed of Trust, and corporate guarantees as appropriate and may be in a subordinate position to the primary commercial or government lender.

B. Performance Based

If the financial assistance is approved as performance based, then a portion of the financial assistance may be deferred or recaptured as determined by the City Council based LMI beneficiaries of the project.

C. Grant Based

If the financial assistance is approved as grant based, then all of the financial assistance will be forgiven upon completion of the project.

D. Loan Repayment Schedule

A loan repayment schedule providing for monthly, quarterly, semi-annual, or annual payments will be approved in conjunction with project approval. Repayments shall be deposited into the NSP Program Income Reuse Fund for future projects as approved.

APPLICATION PROCESS FOR FINANCIAL ASSISTANCE TO ENTITIES

A. Application Process and Selection of Participants:

Entities seeking assistance will be required to:

1. Complete an application which may be obtained from the City of Grand

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Island.

2. Submit the completed application together with all the information as set forth below to the City of Grand Island.
3. The Community Development Administrator shall make a preliminary determination as to whether (a) the Applicant is eligible; (b) the proposed activities are eligible; (c) the Applicant has any legal actions pending; and (d) all required information has been received.
4. The Entitlement Stakeholders shall review the application, provide guidance concerning any financial assistance package negotiations, and make a recommendation that (a) the application is approved, (b) the application is not approved, or (c) the group is unable to make a recommendation due to a lack of information.
5. The Community Development Administrator shall notify any applicant if their application is or is not approved.
6. Following approval by the Entitlement Stakeholders, a recommendation by the Entitlement Stakeholders shall be forwarded to the Mayor and City Council along with the contract and loan/closing documents between the City and the applicant. The recommendation shall contain sufficient information in order for the elected officials to make an informed decision. The recommendation shall also include the terms suggested by the Entitlement Stakeholders including, repayment terms (if any), repayment schedule and dispersal terms.

B. Information Required:

The applicant shall provide the following information before any application is considered by the Entitlement Stakeholders. Additional information requested by the Entitlement Stakeholders may include, but is not limited to contractor estimates, vendor price quotes, lease or purchase agreement, LMI Income Documentation forms, or appraisal.

Governmental Entities:

1. Submit a NSP Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Entity Plan that includes housing and financial projections, financing requirements for the project and total projected costs;
4. List of Council Members, Board of Supervisors or Board Members;
5. Resolution or proof of Board of Directors (or governing body) authorizing loan application and execution of required documents; and
6. Other information as requested.

Non-Profits:

7. Submit a NSP Program Application;
8. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
9. Entity Plan that includes housing and financial projections, financing requirements for the project and total projected costs;
10. Two years complete Entity Tax Returns (signed);
11. Articles of Incorporation, By-Laws, and list of Board Members;
12. Resolution or proof of Board of Directors authorizing loan application and execution of required documents; and
13. Other information as requested.

Sole Proprietorship:

1. Submit a NSP Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Entity Plan that includes housing and financial projections, financing requirements for the project and total projected costs;
4. Current Year to Date Profit and Loss Statement;
5. Recent Balance Sheet; and
6. Other information as requested.

“S” Corporation:

1. Submit a NSP Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Entity Plan that includes housing and financial projections, financing requirements for the project and total projected costs;
4. Two years complete Corporate Tax Returns (signed);
5. Current Year to Date Profit and Loss Statement;
6. Recent Balance Sheet;
7. Articles of Incorporation, By-Laws, and Minutes of last meeting;
8. Corporate Resolution authorizing loan application and execution of required documents; and
9. Other information as requested.

“C” Corporation:

1. Submit a NSP Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Entity Plan that includes housing and financial projections, financing requirements for the project and total projected costs.
4. Two years complete Corporate Tax Returns (signed);
5. Current Year to Date Profit and Loss Statement;
6. Recent Balance Sheet;
7. Articles of Incorporation, By-Laws, and Minutes of last meeting;
8. Corporate Resolution authorizing loan application and execution of required documents; and
9. Other information as requested.

General Partnership:

1. Submit a NSP Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Entity Plan that includes housing and financial projections, financing requirements for the project and total projected costs;
4. Two years complete Partnership Tax Returns (signed) and K-1s for all partners;
5. Current Year to Date Profit and Loss Statement;
6. Recent Balance Sheet; and
7. Other information as requested.

Limited Partnerships:

1. Submit a NSP Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Entity Plan that includes housing and financial projections, financing requirements for the project and total projected costs;
4. Complete copy of Partnership Agreement;
5. Current Year to Date Profit and Loss Statement;
6. Recent Balance Sheet; and
7. Other information as requested.

Limited Liability Companies:

14. Submit a NSP Program Application;

15. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
16. Entity Plan that includes housing and financial projections, financing requirements for the project and total projected costs;
17. Two years complete Entity Tax Returns (signed) and K-1s for all partners;
18. Current Year to Date Profit and Loss Statement;
19. Recent Balance Sheet;
20. Articles of Organization, By-Laws, and Minutes of last meeting;
21. Resolution authorizing loan application and execution of required documents; and
22. Other information as requested.

APPLICATION REVIEW PROCESS

Each application shall be presented to the Entitlement Stakeholders.

The Entitlement Stakeholders shall evaluate each application according to the following criteria:

1. Eligibility under the NSP Program;
2. Soundness and creditability of the entity proposal;
3. Track record, credibility, and credit worthiness of applicant;
4. Ability to leverage significant private financing;
5. Number of LMI Beneficiaries
6. Other criteria the Entitlement Stakeholders may establish for evaluating applications for direct financial assistance.

GRANT/LOAN CLOSING PROCESS

A. Closing Process

The Community Development Division shall prepare all necessary documents to complete the approved funding request. Standard loan or grant closing documents may include but are not limited to Promissory Note, Loan Agreement, Security Agreement, Deed of Trust, Financing Statement, Personal Guaranty, Automated Clearing House (ACH) form, Title/Lien Search, and Resolution authorizing Mayor's signature. All necessary documents shall be reviewed and approved by the City's Legal Department prior to closing.

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B. Proceeds

Financial Assistance proceeds will be provided to the applicant at the time of closing, or in increments as defined by the Entitlement Stakeholders after all necessary documents have been signed.

LOAN SERVICING PROCESS

A. Loan Funding Administration

The Community Development Administrator shall administer the NSP program. If assistance beyond regular city employees is needed in the administration of the NSP program then the additional assistance shall be paid from the NSP program upon approval by the City Council.

B. Auditing Loan Fund

The NSP and its portfolio of loan funds will be audited annually by a selected firm of certified public accountants as part of the City of Grand Island's annual audit

C. Monitoring

The Community Development Administrator shall monitor each loan by requiring annual financial statements, annual insurance renewals, conducting regular site visits to the borrowers, LMI Income reports, and other reports that are specific to each loan/grant.

ADMINISTRATION AND REPORT PROCEDURES

A. Late Payments

If a default occurs as specified in the Loan Agreement, the Community Development Administrator shall contact the borrower to remedy the default. The Community Development Administrator shall attempt to work with the borrower to assist the borrower but protect the NSP program as well. All action taken on a financial assistance package shall be documented in regular reports to the Entitlement Stakeholders.

If the default cannot be remedied the Community Development Administrator will work with the City's Legal Department to proceed with foreclosing on the collateral secured by the City.

B. Rescheduling Agreement

Special circumstances regarding entity loans may require a different repayment plan and will be structured accordingly. Some projects require special financing techniques to meet a borrower's needs. Recognizing that, a subordinate position to other lenders of record at time of the project may be taken. If a subordinate position is required, additional considerations will be taken so as to not jeopardize the NSP program. Other special financing techniques may include quarterly or semiannual payments, interest only payments during the first year, or some other method agreed up on by the City of Grand Island and the applicant. All fees associated with any subordination requests, shall be the borrowers responsibility.

NSP COMPLIANCE PROCESS

The Community Development Administrator shall review each loan and grant to ensure compliance with the NSP requirements. The NSP requirements include but are not limited to: National Objective, Environmental Review, Job-Pirating exclusions, Procurement, Labor Standards, Acquisition, and Relocation.

The Community Development Administrator shall also be responsible for preparing and reporting all required documentation for the NSP program to the United States Department of Housing and Urban Development.

PROCESS TO ENSURE CONFIDENTIALITY OF ENTITY INFORMATION RECEIVED

In the process of gathering information about a qualifying entity, the City of Grand Island, may receive information about the entity that is confidential and, if released, could cause harm to such entity or give unfair advantage to competitors. The City of Grand Island shall endeavor to maintain the confidentiality of entity records that come into its possession.

To protect entities applying for assistance and to encourage them to make full and frank disclosure of entity information relevant to their application, the City of Grand Island shall restrict the number of people with access to the files and shall take all steps afforded by Nebraska statutes to preserve the confidentiality of said information.

ADMINISTRATIVE PROCEDURES

A separate file will be maintained for each NSP program applicant and borrower. The file will include all application documents, Environmental Review documents, loan documents, insurance forms, general correspondence, financial statements, site visit reports and LMI Income documentation reports.

City Community Development Division shall maintain and keep all applications as well as all other required documents, records and other evidence in conformance with the close out requirements.

AMENDMENT PROCEDURES

In an ongoing effort to improve the quality of the NSP program, the City of Grand Island will accept suggestions from the public and program participants with regard to program guideline amendments. All suggestions received will be taken under consideration by the City of Grand Island. Upon approval and adoption by the City Council, the amendment will be included in the program guidelines.

GRIEVANCE PROCEDURES

In the event that any applicant feels he or she has been unfairly treated or discriminated against during the application process or within any other segment of the NSP program, he or she may make an appeal to the Community Development Administrator, Entitlement Stakeholders, or to City Administration for their consideration. The appeal must be submitted, in writing, within fourteen (14) calendar days of the decision of the Entitlement Stakeholders. City Council shall be formally notified within thirty (30) days of the receipt of the appeal. The City Council shall have final authority in the decision.

CONFLICT OF INTEREST

No officer, employee, or agent of the City of Grand Island who will participate in the selection, the award, or the administration of the NSP program may obtain a personal or financial interest or benefit from the activity or have an interest in any financial assistance with respect thereto, or the proceeds thereunder either for themselves or those with whom they have family or entity ties, during their tenure or for two years thereafter. Upon written request, exception may be granted upon a case by case basis when it is determined that such an exception will serve to further the purposes of the NSP program and the effective and efficient administration of the City of Grand Island's NSP program.

Neighborhood Stabilization Program Income Reuse Fund Application

City of Grand Island

Community Development Division

Version 2017.1

Entity (Borrower) Information

Name of Entity to Receive Assistance: _____

Address: _____

City: _____ State: _____ Zip: _____

Contact Person: _____ Telephone No. (____) _____

Email: _____

Entity Organization

_____ Government _____ Non-Profit

_____ Sole Proprietorship _____ "S" Corporation _____ "C" Corporation

_____ General Partnership _____ Limited Partnership _____ Limited Liability Company

LMI Beneficiaries

Estimated LMI Beneficiaries as a result of Application Approval*: _____

*At least 1 LMI Beneficiary per \$20,000 in requested assistance.

Housing Program Income Reuse Plan

City of Grand Island

Community Development Division

Version 2017.1

PURPOSE

The purpose of this plan is to establish guidelines on the policies and procedures for the administration and utilization of program income received as a result of activities funded under the City of Grand Island's Housing Program, mostly consisting of CDBG funds.

SERVICE AREA

The Housing Program is available to every eligible entity within the corporate limits of the City of Grand Island.

ELIGIBLE ENTITIES

A. Eligible Entity - Definition

An eligible entity is any governmental body, non-profit, corporation, partnership, limited liability company, or sole proprietorship.

B. Eligible to Receive Program Benefits Multiple Times

Eligible entities may apply more than once and receive program benefits more than once. However, at least two years must have passed from the conclusion of one funding package and the beginning of another.

ELIGIBLE ACTIVITIES

The Housing Program may fund the following activities:

- A. Rehabilitation of residential property by the residential homeowner
- B. Down payment assistance for first – time homebuyers
- C. Special housing projects or developments which address the housing needs of low income persons (50% AMI or lower)

TYPES OF ASSISTANCE

The types of financial assistance available shall include, but not be limited to direct loans, deferred loans, forgivable loans, performance based loans, and grants.

AMOUNTS OF ASSISTANCE

Housing assistance shall not exceed \$20,000 for every low-to-moderate income (LMI) beneficiary. The City of Grand Island will consider the number of LMI beneficiaries the potential benefit to the entity and community. The LMI Beneficiaries for the Housing Program Income Reuse must fall in the 80% AMI bracket, unless applying as a special low income project.

TERMS OF ASSISTANCE

The right is reserved to negotiate the terms and conditions of the financial assistance with each applicant, which terms and conditions may differ substantially from applicant to applicant.

A. Interest Rate, Term, and Security

All loans and grants shall be interest free. The terms for loan forgiveness shall be as follows:

- Under \$15,000 – 5 Year Amortization Schedule
- \$15,000 and over – 10 year Amortization Schedule

Schedule Security for loans may include, but will not be limited to, Promissory Notes, a Deed of Trust, and corporate guarantees as appropriate and may be in a subordinate position to the primary commercial or government lender.

B. Performance Based

If the financial assistance is approved as performance based, then a portion of the financial assistance may be deferred or recaptured as determined by the City Council based LMI beneficiaries of the project.

C. Grant Based

If the financial assistance is approved as grant based, then all of the financial assistance will be forgiven upon completion of the project.

D. Loan Repayment Schedule

A loan repayment schedule providing for monthly, quarterly, semi-annual, or annual payments will be approved in conjunction with project approval. Repayments shall be deposited into the Housing Program Income Reuse Fund for future projects as approved.

APPLICATION PROCESS FOR FINANCIAL ASSISTANCE TO ENTITIES

A. Application Process and Selection of Participants:

Entities seeking assistance will be required to:

1. Complete an application which may be obtained from the City of Grand Island.
2. Submit the completed application together with all the information as set forth below to the City of Grand Island.

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3. The Community Development Administrator shall make a preliminary determination as to whether (a) the Applicant is eligible; (b) the proposed activities are eligible; (c) the Applicant has any legal actions pending; and (d) all required information has been received.
4. The Entitlement Stakeholders shall review the application, provide guidance concerning any financial assistance package negotiations, and make a recommendation that (a) the application is approved, (b) the application is not approved, or (c) the group is unable to make a recommendation due to a lack of information.
5. The Community Development Administrator shall notify any applicant if their application is or is not approved.
6. Following approval by the Entitlement Stakeholders, a recommendation by the Entitlement Stakeholders shall be forwarded to the Mayor and City Council along with the contract and loan/closing documents between the City and the applicant. The recommendation shall contain sufficient information in order for the elected officials to make an informed decision. The recommendation shall also include the terms suggested by the Entitlement Stakeholders including, repayment terms (if any), repayment schedule and dispersal terms.

B. Information Required:

The applicant shall provide the following information before any application is considered by the Entitlement Stakeholders. Additional information requested by the Entitlement Stakeholders may include, but is not limited to contractor estimates, vendor price quotes, lease or purchase agreement, LMI Income Documentation forms, or appraisal.

Governmental Entities:

1. Submit a Housing Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Entity Plan that includes Housing and financial projections, financing requirements for the project and total projected costs;
4. List of Council Members, Board of Supervisors or Board Members;
5. Resolution or proof of Board of Directors (or governing body) authorizing loan application and execution of required documents; and
6. Other information as requested.

Non-Profits:

7. Submit a Housing Program Application;

8. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
9. Entity Plan that includes Housing and financial projections, financing requirements for the project and total projected costs;
10. Two years complete Entity Tax Returns (signed);
11. Articles of Incorporation, By-Laws, and list of Board Members;
12. Resolution or proof of Board of Directors authorizing loan application and execution of required documents; and
13. Other information as requested.

Sole Proprietorship:

1. Submit a Housing Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Entity Plan that includes Housing and financial projections, financing requirements for the project and total projected costs;
4. Current Year to Date Profit and Loss Statement;
5. Recent Balance Sheet; and
6. Other information as requested.

“S” Corporation:

1. Submit a Housing Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Entity Plan that includes Housing and financial projections, financing requirements for the project and total projected costs;
4. Two years complete Corporate Tax Returns (signed);
5. Current Year to Date Profit and Loss Statement;
6. Recent Balance Sheet;
7. Articles of Incorporation, By-Laws, and Minutes of last meeting;
8. Corporate Resolution authorizing loan application and execution of required documents; and
9. Other information as requested.

“C” Corporation:

1. Submit a Housing Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Entity Plan that includes Housing and financial projections, financing requirements for the project and

total projected costs.

4. Two years complete Corporate Tax Returns (signed);
5. Current Year to Date Profit and Loss Statement;
6. Recent Balance Sheet;
7. Articles of Incorporation, By-Laws, and Minutes of last meeting;
8. Corporate Resolution authorizing loan application and execution of required documents; and
9. Other information as requested.

General Partnership:

1. Submit a Housing Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Entity Plan that includes Housing and financial projections, financing requirements for the project and total projected costs;
4. Two years complete Partnership Tax Returns (signed) and K-1s for all partners;
5. Current Year to Date Profit and Loss Statement;
6. Recent Balance Sheet; and
7. Other information as requested.

Limited Partnerships:

1. Submit a Housing Program Application;
2. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
3. Entity Plan that includes Housing and financial projections, financing requirements for the project and total projected costs;
4. Complete copy of Partnership Agreement;
5. Current Year to Date Profit and Loss Statement;
6. Recent Balance Sheet; and
7. Other information as requested.

Limited Liability Companies:

14. Submit a Housing Program Application;
15. Provide a narrative, limited to one page, describing the nature of the project. Include information on project partnerships, statement of need, and projected outcomes.
16. Entity Plan that includes Housing and financial projections, financing requirements for the project and total projected costs;
17. Two years complete Entity Tax Returns (signed) and K-1s for all partners;
18. Current Year to Date Profit and Loss Statement;
19. Recent Balance Sheet;

20. Articles of Organization, By-Laws, and Minutes of last meeting;
21. Resolution authorizing loan application and execution of required documents; and
22. Other information as requested.

APPLICATION REVIEW PROCESS

Each application shall be presented to the Entitlement Stakeholders.

The Entitlement Stakeholders shall evaluate each application according to the following criteria:

1. Eligibility under the Housing Program;
2. Soundness and creditability of the entity proposal;
3. Track record, credibility, and credit worthiness of applicant;
4. Ability to leverage significant private financing;
5. Number of LMI Beneficiaries
6. Other criteria the Entitlement Stakeholders may establish for evaluating applications for direct financial assistance.

GRANT/LOAN CLOSING PROCESS

A. Closing Process

The Community Development Division shall prepare all necessary documents to complete the approved funding request. Standard loan or grant closing documents may include but are not limited to Promissory Note, Loan Agreement, Security Agreement, Deed of Trust, Financing Statement, Personal Guaranty, Automated Clearing House (ACH) form, Title/Lien Search, and Resolution authorizing Mayor's signature. All necessary documents shall be reviewed and approved by the City's Legal Department prior to closing.

B. Proceeds

Financial Assistance proceeds will be provided to the applicant at the time of closing, or in increments as defined by the Entitlement Stakeholders after all necessary documents have been signed.

LOAN SERVICING PROCESS

A. Loan Funding Administration

The Community Development Administrator shall administer the Housing Program Income Reuse Fund. If assistance beyond regular city employees is needed in the administration of the HOUSING program then the additional assistance shall be paid from the Housing program upon approval by the City Council.

B. Auditing Loan Fund

The Housing Program Income Reuse Fund and its portfolio of loan funds will be audited annually by a selected firm of certified public accountants as part of the City of Grand Island's annual audit

C. Monitoring

The Community Development Administrator shall monitor each loan by requiring annual financial statements, annual insurance renewals, conducting regular site visits to the borrowers, LMI Income reports, and other reports that are specific to each loan/grant.

ADMINISTRATION AND REPORT PROCEDURES

A. Late Payments

If a default occurs as specified in the Loan Agreement, the Community Development Administrator shall contact the borrower to remedy the default. The Community Development Administrator shall attempt to work with the borrower to assist the borrower but protect the Housing Program as well. All action taken on a financial assistance package shall be documented in regular reports to the Entitlement Stakeholders.

If the default cannot be remedied the Community Development Administrator will work with the City's Legal Department to proceed with foreclosing on the collateral secured by the City.

B. Rescheduling Agreement

Page 9 of 11

Special circumstances regarding entity loans may require a different repayment plan and will be structured accordingly. Some projects require special financing techniques to meet a borrower's needs. Recognizing that, a subordinate position to other lenders of record at time of the project may be taken. If a subordinate position is required, additional considerations will be taken so as to not jeopardize the Housing Program. Other special financing techniques may include quarterly or semiannual payments, interest only payments during the first year, or some other method agreed up on by the City of Grand Island and the applicant. All fees associated with any subordination requests, shall be the borrowers responsibility.

HOUSING COMPLIANCE PROCESS

The Community Development Administrator shall review each loan and grant to ensure compliance with the CDBG requirements. The CDBG requirements include but are not limited to: National Objective, Environmental Review, Job-Pirating exclusions, Procurement, Labor Standards, Acquisition, and Relocation.

The Community Development Administrator shall also be responsible for preparing and reporting all required documentation for the Housing Program to the United States Department of Housing and Urban Development.

PROCESS TO ENSURE CONFIDENTIALITY OF ENTITY INFORMATION RECEIVED

In the process of gathering information about a qualifying entity, the City of Grand Island, may receive information about the entity that is confidential and, if released, could cause harm to such entity or give unfair advantage to competitors. The City of Grand Island shall endeavor to maintain the confidentiality of entity records that come into its possession.

To protect entities applying for assistance and to encourage them to make full and frank disclosure of entity information relevant to their application, the City of Grand Island shall restrict the number of people with access to the files and shall take all steps afforded by Nebraska statutes to preserve the confidentiality of said information.

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A separate file will be maintained for each Housing Program applicant and borrower. The file will include all application documents, Environmental Review documents, loan documents, insurance forms, general correspondence, financial statements, site visit reports and LMI Income documentation reports.

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Housing Program Income Reuse Fund Application

City of Grand Island

Community Development Division

Version 2017.1

Entity (Borrower) Information

Name of Entity to Receive Assistance: _____

Address: _____

City: _____ State: _____ Zip: _____

Contact Person: _____ Telephone No. (____) _____

Email: _____

Entity Organization

_____ Government _____ Non-Profit

_____ Sole Proprietorship _____ "S" Corporation _____ "C" Corporation

_____ General Partnership _____ Limited Partnership _____ Limited Liability Company

LMI Beneficiaries

Estimated LMI Beneficiaries as a result of Application Approval*: _____

*At least 1 LMI Beneficiary per \$20,000 in requested assistance.

RESOLUTION 2017-26

WHEREAS, the Nebraska Department of Economic Development allows local governments to retain program income from eligible Community Development Block Grant activities; and

WHEREAS, the City of Grand Island became an Entitlement Community and responsibility for monitoring Program Income Reuse Funds shifted from the Nebraska Department of Economic Development to the United States Department of Housing and Urban Development; and

WHEREAS, changes were made to all Program Income Reuse Plans to reflect the requirements of the United States Department of Housing and Urban Development.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Changes to the Guidelines for Program Income Reuse Plans are adopted and approved.

- - -

Adopted by the City Council of the City of Grand Island, Nebraska, and February 14, 2017.

Jeremy L. Jensen, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	▣ _____
February 10, 2017	▣ City Attorney