

AD HOC ON COMPREHENSIVE JOB CREATION PLAN COMMITTEE REPORT and COMMUNICATION FROM CHAIR, ECONOMIC DEVELOPMENT COMMITTEE relative to proposed guidelines and financing terms regarding Section 108 funding for small business loans, major projects and special projects.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. FIND that the Section 108 program, as outlined in the Economic and Workforce Development Department (EWDD) report dated January 25, 2016, attached to Council file No. 13-1090, meets the National Objective and Public Benefit requirements of the Housing and Community Development Act and are necessary and appropriate to accomplish the City's economic development objectives.
2. APPROVE the proposed structure and guidelines for the City's Section 108 program in the January 25, 2016 EWDD report.
3. AUTHORIZE the General Manager, EWDD, or designee, to negotiate and execute Section 108 contracts with the US Department of Housing and Urban Development (HUD), subject to the approval of the City Attorney as to form and legality, as follows:
 - a. Apply for a reservation to increase funds for the existing Small Business Loan Program by \$10.4 Million.
 - b. Establish a reservation in the amount of \$41.4 million for the Section 108 Major Projects Fund to be carried out according to the terms and guidelines described in the January 25, 2016 EWDD report.
4. AUTHORIZE the General Manager, EWDD, or designee, to implement the Section 108 program as outlined in the January 25, 2016 EWDD report, subject to HUD approval, including but not limited to the following actions:
 - a. Accept loan applications for Small Business, Major Projects and Special Projects.
 - b. Negotiate and execute loan agreements and related contract documents with qualified borrowers and grantees based on the criteria in the guidelines established through the January 25, 2016 EWDD report with borrowers, subject to the approval of the City Attorney as to form and legality.
5. AUTHORIZE the General Manager of EWDD to procure, negotiate and execute contracts for third-party services needed to implement the Section 108 program and manage the loan portfolio including, but not limited to credit reports, market data, title reports, appraisals and loan servicing utilizing Miscellaneous and Program Income from Fund No. 43F of the EWDD Section 108 program, subject to the approval of City Attorney as to form and legality.
6. AUTHORIZE the General Manager, EWDD, or designee, to prepare Controller instructions and/or make technical adjustments that may be required and are consistent with

this action, subject to the approval of the City Administrative Officer; and, AUTHORIZE the Controller to implement the instructions.

7. REFER the EWDD report dated November 12, 2015 to the Ad Hoc on Comprehensive Job Creation Plan and Economic Development Committees for further consideration.
8. DIRECT the City Clerk to establish Council file No. 13-1090-S1 for the November 12, 2015 EWDD report.
9. INSTRUCT the General Manager, EWDD, to report annually at the time the Consolidated Plan is under consideration by the City Council on the status of the Section 108 portfolio including, but not limited to:
 - a. Description and status of loans funded
 - b. Applications received and the status
 - c. Repayment and default rates for the Section 108 portfolio
 - d. Average application processing and review time
 - e. Section 108 authority remaining for each fund (Small Business Loan Fund, Major Projects Fund, Special Projects Fund)
 - f. Geographic distribution of Section 108 activities
 - g. Program performance according to the metrics described in the January 25, 2016 EWDD report (estimated revenue generation, jobs created and WorkSource hiring)

Fiscal Impact Statement: The EWDD reports that the recommendations contained in the January 25, 2016 report have no impact to the General Fund.

Community Impact Statement: None submitted.

Summary

At a special meeting held on January 26, 2016, the Ad Hoc on Comprehensive Job Creation Plan Committee considered EWDD reports relative to proposed guidelines and financing terms regarding Section 108 funding for small business loans, major projects and special projects and efforts to create a Citywide economic development plan. The EWDD General Manager and staff gave the Committee background information on the matter.

After an opportunity for public comment, the Committee approved the recommendations pertaining to the Section 108 authority for small business loans, major project, and small project contained in the January 25, 2016 EWDD report; referred the EWDD report dated November 12, 2015 to Committee for further consideration; and directed the City Clerk to establish a new Council file for the November 12, 2015 EWDD report. This matter was transmitted to the Economic Development Committee for further consideration.

At a regular meeting held on February 9, 2016, the Economic Development Committee considered EWDD reports relative to proposed guidelines and financing terms regarding Section 108 funding for small business loans, major projects and special projects and efforts to create a Citywide economic development plan. The EWDD General Manager and staff gave the Committee background information on the Section 108 program. After an opportunity for public comment, the Committee concurred with the Ad Hoc on Comprehensive Job Creation Plan Committee. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

AD HOC ON COMPREHENSIVE JOB CREATION PLAN COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
WESSON:	ABSENT
ENGLANDER:	ABSENT
BLUMENFIELD:	YES
PRICE:	YES

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COUNCILMEMBER CURREN D. PRICE, JR., CHAIR ECONOMIC DEVELOPMENT COMMITTEE

PRICE:	YES
CEDILLO:	ABSENT
HARRIS-DAWSON:	ABSENT
KREKORIAN:	ABSENT
MARTINEZ:	ABSENT

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-NOT OFFICIAL UNTIL COUNCIL ACTS-