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ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to reconstitution of the United States Department of Commerce, Economic Development Administration (EDA) Revolving Loan Fund (RLF) Program and transfer of Unappropriated Balance Funds.

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

1. ACCEPT the negotiated terms of the EDA to consolidate two previous EDA RLF Award Nos. 07-19-03106 and 07-39-02236 (.01-.04) provided to the City for a defunct business loan program into a single RLF Award No. 07-57-03106 to re-establish a City RLF Program to be administered by the Economic and Workforce Development Department (EWDD) and to be funded by City funds in the total amount of \$4,635,978.
2. AUTHORIZE the General Manager, EWDD, or designee, to:
 - a. Accept on behalf of the City the EDA Amendment to Financial Assistance Award as detailed in the City Administrative Officer (CAO) report dated March 21, 2018 on Form No. CD-451 (Attachment 1), attached to the Council file, to consolidate prior RLF Award Nos. 07-19-03106 and 07-39-02236 (.01-.04) into a single RLF Award No. 07-57-03106 subject to the Special Award Conditions (Attachment 2), the EDA RLF Financial Assistance Award Standard Terms and Conditions (Attachment 3), and the Department of Commerce Financial Assistance Standard Terms and Conditions (Attachment 4) of the aforementioned CAO report.
 - b. Execute the EDA Amendment to Financial Assistance Award (Form No. CD-451) (Attachment 1) of the aforementioned CAO report which consolidates the prior RLF Award Nos. 07-19-03106 and 07-39-02236 (.01-.04) into a single RLF Award No. 07-57-03106.
 - c. Prepare Controller instructions and/or make any necessary technical adjustments consistent with Council and Mayor action of the aforementioned CAO report, subject to approval of the CAO; and, Request the Controller to implement those instructions.
3. INSTRUCT the General Manager, EWDD, or designee, to report to the Council and Mayor for approval of the EDA RLF Plan (grant administration plan) of the aforementioned CAO report, including but not limited to the program guidelines, term sheet, targeted clientele, as well as a comprehensive implementation plan, prior to the start of implementation.
4. AUTHORIZE the Controller to transfer \$1,200,000 from the Unappropriated Balance Fund No. 100/58, Account No. 580237, U.S. Economic Development Administration Grant Obligation, to EWDD's LA City Industrial-Commercial Revolving Loan Fund No. 58J, Account No. 22PXXX, titled City of Los Angeles Revolving Loan Fund.
5. WITHHOLD EWDD expenditure authority regarding the funds transferred in Recommendation No. 4 of the aforementioned CAO report until all of the following three conditions have been met:
 - a. Execution by EWDD of the EDA Amendment to Financial Assistance Award (Form

No. CD-451) (Attachment 1) as authorized in Recommendation No. 2b of the aforementioned CAO report.

- b. Council and Mayor approval of the forthcoming RLF Plan as instructed in Recommendation No. 3 of the aforementioned CAO report.
- c. A minimum balance of \$2,840,561 in Fund No. 58J available for the capital base for the reconstituted RLF Program.

Fiscal Impact Statement: The CAO reports that there is no additional impact to the General Fund in the current Fiscal Year (FY). The above recommendations comply with City Financial Policies in that funds in the amount of \$1.2 million have been budgeted in the Adopted 2017-18 FY Unappropriated Balance for the outstanding City obligation for the EDSA Revolving Loan Fund grants. The above recommendations have a future budget impact of \$2.5 million as follows: \$1.2 million in FY 2018-19 and \$1,302,978 in FY 2019-20.

Community Impact Statement: None submitted.

SUMMARY

At the meeting held on May 22, 2018, your Economic Development Committee considered EDWW and CAO reports relative to reconstitution of the EDA RLF Program and transfer of Unappropriated Balance Funds. The CAO reports that the EWDD proposes to implement the reconstituted RLF Program with existing Department staff and states that the RLF Program will supplement the array of the Department's finance options available to City businesses, including small business loans and the recently approved Community Development Block Grant Microloan programs. Outreach would include utilizing the BusinessSource Centers to contact potential borrowers, and processing and underwriting of loans are proposed to be conducted by EWDD staff. EWDD states that it plans to establish a Loan Committee to be appointed by the General Manager of EWDD as an advisory group. Its function would be to advise EWDD regarding compliance with the final approved RLF Plan which is currently being drafted as required by the EDA. EWDD states that it will report to the Council and Mayor for final approval of the RLF Plan prior to the start of implementation. After an opportunity for public comment was held, the Committee moved to approve the CAO's recommendations, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



MEMBER VOTE

PRICE: YES

BUSCAINO: YES

HUIZAR: ABSENT

ME
5/22/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-