



# Board of Commissioners of Cook County

118 North Clark Street  
Chicago, IL

## Legislation Details (With Text)

<b>File #:</b>	14-0099	<b>Version:</b>	2	<b>Name:</b>	BUILT in Cook Loan Program Fees
<b>Type:</b>	Ordinance	<b>Status:</b>		<b>Status:</b>	Approved
<b>File created:</b>	11/20/2013	<b>In control:</b>		<b>In control:</b>	Finance Subcommittee on Real Estate and Business and Economic Development (Inactive. There is now a Business and Economic Development Committee and real estate items in the Asset Management Committee)
<b>On agenda:</b>	1/15/2014	<b>Final action:</b>		<b>Final action:</b>	2/19/2014
<b>Title:</b>	PROPOSED ORDINANCE				

An Ordinance authorizing Cook County through its Bureau of Economic Development to establish Program Fees for various BUILT in Cook Loan Programs.

WHEREAS, the Cook County Board of Commissioners on April 17, 2013 approved a Resolution authorizing the Bureau of Economic Development to accept the U.S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee financing which will launch the BUILT (Broadening Urban Investment to Leverage Transportation) in Cook Loan Fund in an amount not to exceed \$30 million dollars; and

WHEREAS, this financing will provide Cook County (County) through the Bureau of Economic Development with the lending authority to support sustainable economic development for the benefit of low- and moderate-income individuals; and

WHEREAS, the Section 108 program is administered as part of HUD's Community Development and Block Grant (CDBG) program and is subject to the requirements governing the CDBG program; and

WHEREAS, it is permissible for Section 108 recipients to impose fees on third party borrowers who receive loans made with the proceeds of Section 108 loans; and

WHEREAS, if the purpose of the fees is to defray costs related to administering aspects of a Section 108 project, the fee should be treated as an applicable credit against administrative costs; and

WHEREAS, it is permissible by HUD that the County collect an application processing fee of \$500.00 or \$1,000.00 to defray the administrative costs of processing a Section 108 application and such fee will be treated as an applicable credit against administrative costs; and

WHEREAS, it is permissible by HUD for Cook County to charge third party borrowers an interest rate that is higher than the rate payable on the Section 108 loan (interest rate spread) and HUD encourages Section 108 recipients to use the interest rate spread as a reserve for interest rate fluctuations; and

WHEREAS, it is permissible by HUD that the County charge a 2 - 3% loan commitment, a portion of which will be used to defray administrative costs associated with the Section 108 loan program(s) and the remaining portion of which may be used as program income to serve as a reserve for the loan program.

NOW, THEREFORE, BE IT ORDAINED, by the Board of Commissioners of the County of Cook, Illinois:

SECTION 1. The above recitals are expressly incorporated in and made a part of this Ordinance as though fully set forth herein.

SECTION 2. The Cook County Bureau of Economic Development (Bureau of Economic Development) is authorized to establish various programs for qualified entities to obtain federally financed economic development Broadening Urban Investment to Leverage Transportation (BUILT) in Cook Loans pursuant to Section 108 of the Housing and Community Development Act, 43 USCS § 5301 and Title V of the Small Business Investment Act, 15 USCS § 695 et seq.; 24 CFR Part 570, Subpart M (Community Development Block Grants, Loan Guarantees); and 13 CFR Part 120 (Business Loans). Such programs may include but are not limited to:

(a) The BUILT in Cook HUD 108 Loan Program, to finance transit-oriented development, cargo-oriented development, and mixed-use/service sector projects. The HUD 108 loan minimum under the HUD 108 program is \$500,000. The maximum loan amount is \$5 million or \$35,000 per job created, whichever is less.

(b) The BUILT 50-40 Loan Program, to support job creation and retention projects that are typically associated with small business, specifically industrial or commercial companies that are located or planning to locate in Suburban Cook County. The program may only be used to finance up to 40% of total project costs, provided that the grantee has additionally attained 50% lender financing and 10% equity. The loan amount per transaction is \$70,000 to \$500,000. One full time equivalent job must be created or retained for every \$35,000 provided.

(c) The Emerging Business Development Loan (EBDL) Program, to provide interim financing for minority and/or woman owned businesses that are certified by Cook County, or eligible for reciprocal treatment under the Cook County Code, and have direct or indirect contracts with Cook County government. Loans under this program shall not exceed \$500,000 or 25% of the value of the work awarded by Cook County government, whichever is less.

SECTION 3. The programs established under the BUILT in Cook Loan Program shall be administered by the Cook County Bureau of Economic Development and the Bureau of Economic Development is hereby authorized to issue any required BUILT in Cook Loan Program rules and regulations.

SECTION 4. The Bureau of Economic Development is authorized to establish a Broadening Urban Investment to Leverage Transportation (BUILT) in Cook Loan Fund to support sustainable economic development for the benefit of low and moderate income individuals, in accordance with Section 108 of the Housing and Community Development Act, 42 U.S.C. § 5301, et seq. The BUILT in Cook Loan Fund will be funded pursuant to a Grant Agreement with U.S. Department of Housing and Urban Development (HUD) and secured by pledging current and future Community Development Block Grants and other collateral in the event of nonpayment, as required. Such Grant Agreements are subject to the authorization of the County Board of Commissioners.

SECTION 5. In order to defray various administrative costs for processing the various BUILT in Cook Loan applications for loan programs authorized per Section 2 of this Ordinance, a loan application processing fee shall be determined by the Bureau of Economic Development and implemented in an amount of \$500.00 or \$1,000.00 depending on the size and complexity of the loan and loan program. The loan application processing fee shall not exceed \$1,000.00. Said fee shall be in addition to any costs of financing, including and not limited to legal and other third party costs related to program participation which is the sole responsibility of the program participant. The loan processing application shall be a non-refundable fee and is permissible by HUD.

SECTION 6. Cook County through the Bureau of Economic Development shall charge a loan commitment fee in an amount up to three percent on each approved loan authorized under Section 2 of this Ordinance. A portion of this loan commitment fee as permitted by HUD shall be used to defray administrative costs and the remaining portion shall be used as program income to serve as a loss reserve. The loan commitment fees shall be treated in accordance with the regulations governing Community Development Block Grants.

SECTION 7. The Bureau of Economic Development shall make a copy of this Ordinance available with its BUILT in Cook Loan program materials or post a copy of this Ordinance on its website.

SECTION 8. The County Clerk shall maintain a copy of this Ordinance and publish said Ordinance in the Journal of Proceedings.

Effective date: This ordinance shall be in effect as of the date of its passage and approval.

**Sponsors:** TONI PRECKWINKLE (President)

**Indexes:** (Inactive) HERMAN BREWER, Chief, Bureau of Economic Development

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
2/19/2014	1	Board of Commissioners	approve	
2/18/2014	1	Finance Subcommittee on Real Estate and Business and Economic Development (Inactive. There is now a Business and Economic Development Committee and real estate items in the Asset Management Committee)	recommend for approval	Pass
1/15/2014	1	Board of Commissioners	refer	Pass

## PROPOSED ORDINANCE

### AN ORDINANCE AUTHORIZING COOK COUNTY THROUGH ITS BUREAU OF ECONOMIC DEVELOPMENT TO ESTABLISH PROGRAM FEES FOR VARIOUS BUILT IN COOK LOAN PROGRAMS.

**WHEREAS**, the Cook County Board of Commissioners on April 17, 2013 approved a Resolution authorizing the Bureau of Economic Development to accept the U.S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee financing which will launch the BUILT (Broadening Urban Investment to Leverage Transportation) in Cook Loan Fund in an amount not to exceed \$30 million dollars; and

**WHEREAS**, this financing will provide Cook County (County) through the Bureau of Economic Development with the lending authority to support sustainable economic development for the benefit of low- and moderate-income individuals; and

**WHEREAS**, the Section 108 program is administered as part of HUD's Community Development and Block Grant (CDBG) program and is subject to the requirements governing the CDBG program; and

**WHEREAS**, it is permissible for Section 108 recipients to impose fees on third party borrowers who receive loans made with the proceeds of Section 108 loans; and

**WHEREAS**, if the purpose of the fees is to defray costs related to administering aspects of a Section 108 project, the fee should be treated as an applicable credit against administrative costs; and

**WHEREAS**, it is permissible by HUD that the County collect an application processing fee of \$500.00 or \$1,000.00 to

defray the administrative costs of processing a Section 108 application and such fee will be treated as an applicable credit against administrative costs; and

**WHEREAS**, it is permissible by HUD for Cook County to charge third party borrowers an interest rate that is higher than the rate payable on the Section 108 loan (interest rate spread) and HUD encourages Section 108 recipients to use the interest rate spread as a reserve for interest rate fluctuations; and

**WHEREAS**, it is permissible by HUD that the County charge a 2 - 3% loan commitment, a portion of which will be used to defray administrative costs associated with the Section 108 loan program(s) and the remaining portion of which may be used as program income to serve as a reserve for the loan program.

**NOW, THEREFORE, BE IT ORDAINED, by the Board of Commissioners of the County of Cook, Illinois:**

**SECTION 1.** The above recitals are expressly incorporated in and made a part of this Ordinance as though fully set forth herein.

**SECTION 2.** The Cook County Bureau of Economic Development (Bureau of Economic Development) is authorized to establish various programs for qualified entities to obtain federally financed economic development Broadening Urban Investment to Leverage Transportation (BUILT) in Cook Loans pursuant to Section 108 of the Housing and Community Development Act, 43 USCS § 5301 and Title V of the Small Business Investment Act, 15 USCS § 695 *et seq.*; 24 CFR Part 570, Subpart M (Community Development Block Grants, Loan Guarantees); and 13 CFR Part 120 (Business Loans). Such programs may include but are not limited to:

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- (b) *The BUILT 50-40 Loan Program*, to support job creation and retention projects that are typically associated with small business, specifically industrial or commercial companies that are located or planning to locate in Suburban Cook County. The program may only be used to finance up to 40% of total project costs, provided that the grantee has additionally attained 50% lender financing and 10% equity. The loan amount per transaction is \$70,000 to \$500,000. One full time equivalent job must be created or retained for every \$35,000 provided.
- (c) *The Emerging Business Development Loan (EBDL) Program*, to provide interim financing for minority and/or woman owned businesses that are certified by Cook County, or eligible for reciprocal treatment under the Cook County Code, and have direct or indirect contracts with Cook County government. Loans under this program shall not exceed \$500,000 or 25% of the value of the work awarded by Cook County government, whichever is less.

**SECTION 3.** The programs established under the BUILT in Cook Loan Program shall be administered by the Cook County Bureau of Economic Development and the Bureau of Economic Development is hereby authorized to issue any required BUILT in Cook Loan Program rules and regulations.

**SECTION 4.** The Bureau of Economic Development is authorized to establish a Broadening Urban Investment to Leverage Transportation (BUILT) in Cook Loan Fund to support sustainable economic development for the benefit of low and moderate income individuals, in accordance with Section 108 of the Housing and Community Development Act, 42 U.S.C. § 5301, *et seq.* The BUILT in Cook Loan Fund will be funded pursuant to a Grant Agreement with U.S. Department of Housing and Urban Development (HUD) and secured by pledging current and future Community Development Block Grants and other collateral in the event of nonpayment, as required. Such Grant Agreements are subject to the authorization of the County Board of Commissioners.

**SECTION 5.** In order to defray various administrative costs for processing the various BUILT in Cook Loan applications for loan programs authorized per Section 2 of this Ordinance, a loan application processing fee shall be determined by the Bureau of Economic Development and implemented in an amount of \$500.00 or \$1,000.00 depending on the size and complexity of the loan and loan program. The loan application processing fee shall not exceed \$1,000.00. Said fee shall be in addition to any costs of financing, including and not limited to legal and other third party costs related to program participation which is the sole responsibility of the program participant. The loan processing application shall be a non-refundable fee and is permissible by HUD.

**SECTION 6.** Cook County through the Bureau of Economic Development shall charge a loan commitment fee in an amount up to three percent on each approved loan authorized under Section 2 of this Ordinance. A portion of this loan commitment fee as permitted by HUD shall be used to defray administrative costs and the remaining portion shall be used as program income to serve as a loss reserve. The loan commitment fees shall be treated in accordance with the regulations governing Community Development Block Grants.

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