

ORDINANCE NUMBER 2018 - 17

**AN ORDINANCE REAUTHORIZING THE 2006 KENDALL COUNTY REVOLVING
LOAN FUND RECAPTURE STRATEGY PREVIOUSLY INSTATED BY ORDINANCE
#17-26**

WHEREAS, Kendall County, Illinois (“Kendall County”) maintains a Revolving Loan Fund (“RLF”), which was capitalized by the Illinois Department of Commerce and Economic Opportunity’s (“DCEO”) Community Development Assistance program (“CDAP”), which was, in turn, funded by the U.S. Department of Housing and Urban Development’s (“HUD”) Community Development Block Grant Program, established under the Federal Housing Community Development Act of 1974; and

WHEREAS, Kendall County adopted a RLF Strategy in October of 2006, which complied with DCEO rules and regulations and was approved by DCEO (“2006 RLF Recapture Strategy”); and

WHEREAS, on or about October 11, 2016, the DCEO notified Kendall County (“DCEO Notification”) that HUD recently recommended DCEO review and improve its administration of the RLF program and advised DCEO, per HUD Notice CPD-04-11 issued on October 27, 2004, a RLF capitalized prior to October 1, 1992 no longer holds a federal identity and, thus, may be expended in any manner deemed appropriate by the community; and

WHEREAS, The DCEO Notification further informed Kendall County that Kendall County’s RLF was last capitalized prior to October 1, 1992 and is, therefore, considered dissolved, with no further reporting to DCEO required; and

WHEREAS, the DCEO also notified Kendall County that Kendall County may use the remaining funds in the RLF in whatever manner it deems appropriate; and

WHEREAS, upon further communications, the DCEO has acknowledged that due to oversight by the State of Illinois, the DCEO Notification currently appears to conflict with Illinois Administrative Code 47, Section 110.360 (e), which requires all RLFs “remain subject to the requirements of the approved recapture strategy.” 47 Ill. Admin. Code § 110360(e) (eff. October 30, 2014).; and

WHEREAS, as of the date of adoption of this Ordinance, Kendall County has approximately a \$1,702,173.99 reserve balance in its RLF; and

WHEREAS, on November 21, 2017, the County Board authorized the 2006 RLF Recapture Strategy (**Exhibit 1**) until June 30, 2018 in Ordinance 17-26; and

WHEREAS, the Kendall County Board wishes to continue to loans funds to eligible businesses through its RLF; and

WHEREAS, the Kendall County Board also intends to remain compliant with the existing State regulation, up to and until such regulation is removed or amended by State action.

NOW, THEREFORE, BE IT ORDAINED, by this County Board of Kendall County, Illinois that:


1. This Ordinance and the 2006 RLF Recapture Strategy (**Exhibit1**) shall be in full force and effective immediately upon its adoption, as provided by law.

2. The sections, paragraphs, sentences, clauses and phrases of this Ordinance and the Strategy are severable and, if any phrase, clause, sentence, paragraph, or section of this Ordinance and/or the Strategy are declared unconstitutional, invalid or unenforceable by the valid judgment or decree of a court of competent jurisdiction, such unconstitutionality, invalidity, or unenforceability shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance and the Strategy.

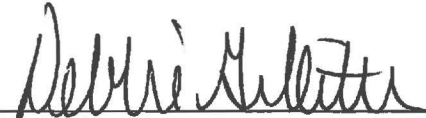
3. This Ordinance and the 2006 Recapture Strategy may be amended or repealed only by a majority vote of the Kendall County Board members present for said vote.

Passed and adopted by the County Board of Kendall County, Illinois this 4 day of September 2018.

AYES - 9
NAYS - 1
ABSTAIN - 0
ATTEST:



Scott R. Gryder, Chairman
Kendall County Board

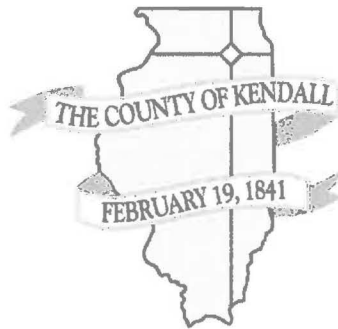


Debbie Gillette, County Clerk
Kendall County, Illinois

KENDALL COUNTY ORDINANCE NO. 18-_____
EXHIBIT 1

COUNTY OF KENDALL

REVOLVING FUND PROGRAM
RECAPTURE STRATEGY



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KENDALL COUNTY RF RECAPTURE STRATEGY

A. Revolving Fund Goals and Objectives

1. Stimulate economic growth in the County of Kendall, Illinois, by assisting with the retention and growth of the existing industrial and commercial base, providing needed equity to new start-up businesses, encouraging the development of minority and female owned businesses and providing an incentive for established businesses to relocate to the County of Kendall.
2. Assist new or existing Kendall County businesses to create and retain jobs.
3. Ensure that jobs are created or retained by business applicants benefit a minimum of 51% low-to-moderate income persons in the area.
4. Increase the County of Kendall property tax and sales base.
5. Provide businesses with the opportunity to expand.
6. Encourage and leverage loans to businesses by area private financial institutions.

B. Revolving Fund Strategy

1. Eligible use of funds
 - a. Site development/infrastructure extension costs.
 - b. Construction of new facility or additions.
 - c. Renovation of existing facilities.
 - d. Leasehold improvements.
 - e. Purchase of new or used machinery or equipment.
 - f. Working Capital
 - g. **For every \$15,000 of revolving funds provided, one full time equivalent (FTE) job should be created or retained, 51% of which must be given to individuals from low-to-moderate income households in the area.** (FTE jobs are positions consisting of a minimum of 1,950 hours worked per year).
 - h. Kendall County participation shall not exceed 30% of available RF funds or \$750,000, whichever is higher, and **shall not exceed 50% of total project financing.**
 - i. Projects of a speculative nature are ineligible for funding.
2. The geographic area served by the fund will be within the boundaries of the County of Kendall.
3. The funds will be targeted to assist existing industrial and commercial base, start up businesses, female and minority owned firms and established businesses that will be relocated to Kendall County, Illinois, on a first come, first serve basis as the County

of Kendall expects to receive more applicants than available funding will cover. Applications that demonstrate the greatest potential for job creation and meeting the goals and objectives of the fund will be given the highest priority.

4. Applications will be generated by:
 - a. Sending RF information to the County's existing businesses.
 - b. Including RF information in the County's marketing package.
 - c. Provide information to municipal economic development commissions and area chamber of commerce associations to be included in their marketing information.
 - d. Staff participation in business related seminars, workshops or meetings held in the County.
 - e. Provide RF information to local chapter of NAACP, Urban League and other organizations representing minority groups and offer to speak at meetings periodically.
 - f. Provide information to area women's associations and service organizations.
 - g. Publicize approved loan projects by sending news releases to area media and holding ribbon cuttings and ground breaking ceremonies to encourage media coverage.
 - h. Area lending institutions will be provided with information about the RF and asked to inform potential borrowers of fund availability.

C. RF Management Plan

1. The County of Kendall shall appoint Kendall County Board members to the Kendall County Economic Development Commission. As needed, the Business Loan Review Committee shall consist of the Kendall County Economic Development Commission, State's Attorney, County Economic Development Director, County Treasurer and an experienced area financial institution lender. The committee shall review all applications to the revolving fund after the County Economic Development Director and a local financial institution lender have packaged the application and it is referred to the Kendall County Economic Development Commission. The Commission will meet with the applicant, meet with the representative of the participating lending institution, visit the site if necessary, negotiate terms, length, and security of loans and ensure compliance with the RF goals and objectives. A recommendation will be prepared for the County Board's review for approval or denial which will include a description of the project, project costs, and source of funds, security required, special conditions, and reasons for approval or denial. All other application information is kept confidential. The County Board will formally approve or deny the application.
2. The RF will be staffed by the County's Economic Development Director, State's Attorney and County Treasurer.
3. The loan documents, including commitment agreements, liens, title policies, security recordings, transfer tax declarations, amortization schedules and security releases, shall be obtained and completed by the State's Attorney. The County Treasurer and

Economic Development Director shall monitor repayments of the loan, job creation and/or retention reports required to be provided semi-annually until commitment is met, monitor other special conditions required by the loan and submit semi-annual reports on the status of the RF to the Department of Commerce and Economic Opportunity.

4. Delinquent Loans: When an RF payment becomes 10 days past due, the fund administrator will place a telephone call to the borrower and request payment. At 30 days past due the County will send a formal letter requesting payment. Should the payment become 45 days past due the matter will be turned over to the State's Attorney to pursue. All legal rights will be exercised by the county to reclaim funds. The County State's Attorney will be consulted during foreclosure and liquidation proceedings if events warrant.

D. Assurances

1. Not more than 10 percent of the annual revenue to the RF will be used for administration of the RF fund. Administrative expenses will be documented via receipts, bills, invoices, etc.
2. Assistance provided from the RF will result in at least 51 percent benefit to low-to-moderate income persons and these benefits will be documented by utilizing Job Training Partnership Act (JTPA) service providers, Illinois Employment and Training Centers, Workforce Investment Boards or the employee certification forms found in the RF handbook.
3. The County of Kendall agrees to report semi-annually on the status of the RF to the Department of Commerce and Economic Opportunity.
4. Any changes to the recapture strategy will be submitted to the Department of Commerce and Economic Opportunity.
5. The grantee shall agree to pursue legal remedy to recover delinquent loans. Legal action shall include that authorized by federal and state law, including, but not limited to, efforts to collect and pursue the interests of the RF through bankruptcy court.
6. A minimum leverage ratio of \$1 non-CDAP funds to \$1 CDAP RF funds must be obtained for each project. RF funds may not comprise more than 50% of the financing for any project.
7. The grantee shall assure that environmental reviews will be completed for each project funded, as well as prevailing wages paid if applicable.