

**NOTICE OF PUBLIC HEARING AND AVAILABILITY OF
SUBSTANTIAL AMENDMENT TO
2015 ANNUAL ACTION PLAN OF THE
2015-2019 CONSOLIDATED STRATEGY AND PLAN
FOR HOUSING & COMMUNITY DEVELOPMENT PROGRAMS
CITY OF ROCKFORD, ILLINOIS 61104**

To All Interested Agencies, Groups and Persons

Notice is hereby given as required by the Housing and Community Development Act of 1974, as amended (P.L. 93-383), that the City of Rockford is proposing a substantial amendment to the 2015 Annual Action Plan of its 2015 – 2019 Consolidated Strategy and Plan for Housing and Community Development Programs.

The City of Rockford is seeking comments on this substantial amendment to create a Section 108 Loan Pool. The purpose of this Section 108 Loan Pool is to assist with economic and community development activities in the City of Rockford. The guaranteed loan funds will be used to create a loan pool targeted to projects that will have positive economic and community development benefits within Rockford's eligible census tracts. Individual projects will be evaluated by City of Rockford staff, as well as by consultants' expert in financial underwriting.

Section 108 funds will be used to provide direct assistance to private for-profit entities developing large scale projects that will create jobs and revitalize blighted and underutilized properties. As the City identifies projects that are ready to proceed and funding can be assured, a project intake form will be completed and underwriting procedures and guidelines followed to start the application process.

The proposed loan pool amount is \$6,500,000. Section 570.200(a)(2) of the Community Development Block Grant program lists the National Objectives that must be met by all Community Development Block Grant and therefore Section 108 projects. This section requires that all funded activities meet one of three national objectives. These objectives are: 1) benefit to low and moderate income families; 2) aid in the prevention or elimination of slums or blight; and 3) meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available. Section 570.208 defines the criteria under which an activity may meet the eligibility requirements. The City of Rockford's Section 108 loan fund will create jobs for low and moderate income persons, provide services to a low income area and/or eliminate conditions of blight.

The proposed Substantial Amendment will be made available for public comment and review beginning July 23, 2015 and ending August 22, 2015. The amendment will be made available at the following locations: the City of Rockford website

www.rockfordil.gov; the City of Rockford Department of Community Development, 425 E. State St.; Rockford Public Library, 215 N. Wyman St.; and La Voz Latina, 730 N. Church St.

There will also be a public hearing on August 6, 2015 at 5:30 pm at the City of Rockford Council Chambers, located on the 2nd floor of 425 E. State Street. The meeting will be accessible to persons with disabilities in compliance with federal laws upon notification of anticipated attendance. Individuals with disabilities planning to attend and needing special accommodations should contact by telephone or letter, the Neighborhood Development Division, Department of Community Development, 425 East State Street, Rockford, Illinois, 61104, 779-348-7162, by August 3, 2015 to inform of their anticipated attendance.

All interested agencies, groups and persons wishing to have their comments considered by the City of Rockford are invited to send their comments to the following address by 5:00 PM on August 22, 2015:

Todd Cagnoni, Director
Department of Community & Economic Development
425 East State Street
Rockford, Illinois 61104
Fax: (815) 967-6933

CITY OF ROCKFORD

APPLICATION FOR LOAN GUARANTEE

FROM

**U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT**

FOR AN

ECONOMIC AND COMMUNITY DEVELOPMENT LOAN FUND

IN THE AMOUNT OF \$6,500,000

July 17, 2015

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

Project Description

The purpose of this Section 108 application is to assist with economic and community development activities in the City of Rockford. The guaranteed loan funds will be used to create a loan pool targeted to projects that will have positive economic and community development benefits within Rockford's eligible census tracts. Individual projects will be evaluated by City of Rockford staff, as well as by consultants' expert in financial underwriting. Loans will be structured using a combination of loan loss reserves and early year interest subsidies.

Section 108 funds will be used to provide direct assistance to private for-profit entities developing large scale projects; that will create jobs and revitalize blighted and underutilized properties. As the City identifies projects that are ready to proceed and funding can be assured; a project intake form will be completed and underwriting procedures and guidelines followed to start the application process.

Section 108 Submission Requirements

A. Community Development Objectives

The Section 108 loan fund will result in lending for economic and community development in Rockford. In doing so the loan fund will further the City of Rockford's Economic Development Goals as listed in the City's 2015 – 2019 Consolidated Plan. The Strategic Plan section of the Consolidated Plan states that:

The Strategic Plan lays out the direction the City intends to take is the distribution of the Community Development Block Grant, HOME, and Emergency Solutions Grant funding for the next five years. The priorities listed were determined through consultation with service providers and consideration of a community survey that was conducted in the development of the Consolidated Plan. Some of the activities included will be targeted to individual households who qualify for the programs according to their income status (individual benefit). Other programs are directed toward particular areas within Rockford where the median incomes of the census tracts involved are below 80 percent of the area median income (area benefit). The City's goals and objectives are listed below:

Five Year Strategic Plan – 2015 - 2019 Consolidated Plan

Homelessness

Goal: Facilitate an expansion of housing and supportive services offered to homeless families and individuals in Rockford over a five year period.

Objective 1: Continue to collaborate with homeless providers to supply a continuum of services.

Strategy 1.1: Support and encourage non-profit participation in a Homeless Management Information System (HMIS).

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

Performance Goal: Provide support to agencies / service providers for collection of client data and development of the continuum of care. Assist annually in the Point in Time Homeless Count and development of the Continuum of Care Report. Provide assistance to one COC organization each annual plan year.

Objective 2: Support services aimed at the homeless prevention and elimination of homelessness and Rapid Re-housing.

Strategy 2.1: Provide ESG funds to avert eviction and/or utility disconnection, as well as pay deposits and rent and to provide for rapid rehousing of those persons becoming homeless.

Performance Goal: Assist 1 Agency each annual plan year.

Strategy 2.2: Provide ESG funds for Essential Services and Street Outreach to persons currently homeless or at risk of becoming homeless.

Performance Goal: Assist 1 Agency each annual plan year.

Strategy 2.3: Provide ESG funds for operations and rehabilitation of emergency shelters that provide shelter for homeless persons and families and persons and families at risk of becoming homeless.

Performance Goal: Assist 1 Agency each annual plan year.

Other Special Needs

Goal: Evaluate upcoming needs related to the non-homeless special needs populations.

Strategies:

1. Provide funding for public services including childcare, afterschool care and programming, youth and children services, senior services, special needs services, workforce training, housing counseling, and health services.
2. Expand access to healthcare to include dental and vision care; substance abuse treatment and other services.

Affordable Housing:

The following goals, objectives, and strategies were designed to address issues of housing availability and affordability.

Goal: Improve the condition and availability of affordable housing over a five-year period.

Objective 1: Improve the condition of housing for low-income homeowners.

Strategy 1.1: Provide major and minor rehabilitation and reconstruction funding to homeowners with repair needs in designated Focus Areas. Provide Infrastructure Improvements/ Homeowner Rehabilitation Funding to provide utility reconnections and infrastructure upgrades to existing homeowners in the Haskell Street Focus Area.

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

Performance Goal: Assist 13 units with major rehabilitation/reconstruction and utility reconnections annually for each annual plan year.

Strategy 1.2: Provide Housing Rehabilitation Assistance funding to homeowners with urgent repair needs in conjunction with the Illinois Housing Development Trust Fund Grant. Provide Homeowner Rehabilitation Funding to provide homebuyer and rehabilitation assistance.

Performance Goal: Assist 10 units with acquisition and major rehabilitation/reconstruction for FY2015 and annually for each annual plan year if future funding is available.

Objective 2: Increase the viability for potential homeownership and rental housing opportunities.

Strategy 2.1: Provide funding to CHDO organization for operating funds and development fees to develop affordable housing for low-moderate income homeownership and rental housing.

Performance Goal: Support 1 CHDO organization annually for each annual plan years.

Strategy 2.2: Provide funding to development and rehabilitation of affordable housing for low-moderate income homeownership and rental housing.

Performance Goal: Develop or rehabilitate 12 units each annual plan year (Affordable Housing Projects).

Objective 3: Increase accessibility for persons physically challenged and persons with disabilities to owner occupied and rental housing.

Strategy 3.1: Provide funding to provide ramps for persons physically challenged and persons with disabilities to access housing for low-moderate income homeowners and renters.

Performance Goal: Support 6 units to be assisted annually for each annual plan year.

Non-Housing Community Development:

Goal: Improve living conditions in Rockford by addressing non-housing community development needs over a five year period.

Objective 1: Removal of slum and blighted conditions to create marketable sites for new housing development and improve the physical condition and comply code violations for existing housing.

Strategy 1.1: Demolition and Property clearance of slum and blighted conditions of select sites for new housing development.

Performance Goal: 30 units to be demolished each annual plan year.

Strategy 1.2: Code Enforcement salaries and overhead associated with the enforcement of state and local codes within CDBG eligible areas.

Performance Goal: Address 3,455 code violations/units inspected each annual plan year.

Objective 2: Address community needs through community-based public service programs.

Strategy 2.1: Provide funding to non-profit and government organizations to deliver after school care and programming and childcare services to youth and children.

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

Performance Goal: Serve 240 persons each annual plan year to support a program for after school and childcare.

Strategy 2.2: Provide funding to non-profit organizations to deliver services to seniors.

Performance Goal: No funding in first annual plan year. Additional funding to be allocated annually if funds are available for the remaining annual plan years.

Objective 3: Expand business opportunities by supporting economic development services and providing economic development assistance.

Strategy 3.1: Economic Development Services - Provide direct financial assistance, technical assistance and financing for land acquisition and development to micro enterprises, Community Based Development Organizations, developers, businesses and individuals.

Performance Goal: Support 1 business/project and 24 individuals annually for each annual plan years.

Strategy 3.2: Self-Employment Training - CDBG funds allocated to provide economic development self-employment training to assisting owners, businesses, contractors and entities participating in or seeking funding to participate in eligible projects.

Performance Goal: Support 1 project annually for each annual plan year.

Strategy 3.3: Section 108 Loan Debt Service - CDBG funds allocated to provide funds for stand-by cash infusion to support debt service payments for a South Main Street grocery store (year 8 of 16 years).

Performance Goal: Support 1 project annually for the each annual plan year.

Strategy 3.4: Rehabilitation and Development Assistance - CDBG funds allocated to provide assistance to Commercial and Industrial businesses or developers making investment within CDBG eligible areas and or creating or retaining permanent jobs for low/moderate income persons (80% or below the median income), and low/moderate income microenterprise business owners.

Performance Goal: Support 2 businesses or projects annually for each annual plan year.

Strategy 3.5: Façade Improvement Assistance Program - CDBG funds allocated to provide assistance to Commercial and Industrial businesses or developers making façade improvement investment within CDBG eligible areas and or creating or retaining permanent jobs for low/moderate income persons (80% or below the median income), and low/moderate income microenterprise business owners.

Performance Goal: Support 3 businesses or projects annually for each annual plan year.

Objective 4: Create marketable sites for new business development.

Strategy 4.1: Property clearance of slum and blighted conditions and site improvements and amenities such as signage, parking, lighting, security and other infrastructures for select sites for commercial development and expansion.

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

Performance Goal: Funding not available for the 1st Annual Plan Year. Provide commercial technical assistance program funding to businesses as funds become available.

Objective 5: Expand Small Business Technical Assistance Programs and access to financing.

Strategy 5.1: Provide funding for Business Assistance Centers and Business Incubators to provide technical assistance to small businesses with business planning, branding, marketing, and expansion.

Performance Goal: Funding not available for the 1st Annual Plan Year. Provide commercial technical assistance program funding to businesses as funds become available.

Strategy 5.2: Partner with local lending institutions to create credit enhancement tools such as a loan loss reserve fund, interest rate buy downs, and loan guaranties to promote business opportunities in inner-city neighborhoods.

Performance Goal: Funding not available for the 1st Annual Plan Year. Provide commercial technical assistance program funding to businesses as funds become available.

Stated in the Strategic Plan is the expectation that the City of Rockford will directly assist businesses and development projects gain access to financing with Section 108 loans.

B. Description of how the Proposal meets one of the Criteria in 24 CFR 570.200(a)(2) - National Objectives.

Section 570.200(a)(2) lists the National Objectives that must be met by all Community Development Block Grant and therefore Section 108 projects. This section requires that all funded activities meet one of three national objectives. These objectives are: 1) benefit to low and moderate income families; 2) aid in the prevention or elimination of slums or blight; and 3) meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available. Section 570.208 defines the criteria under which an activity may meet the requirements of Section 570.200(a)(2). Each project funded through the Section 108 loan fund will meet one of the National Objectives listed in Section 570.200(a)(2) as detailed in Section 570.208.

The City of Rockford's Section 108 / EDI loan fund will create jobs for low and moderate income persons, provide services to a low income area and/or eliminate conditions of blight as defined in Section 570.208.

Section 570.208(a)(4) defines activities that meet the requirements of 570.200(a)(2) through the creation or retention of jobs. The subsection states that to qualify as a job creation or retention activity the project must "create or retain permanent jobs where at least 51 percent of the jobs, computed on a full time equivalent basis, involve the employment of low-and moderate-income persons." Sections 570.208(a)(4)(i) & (ii) specify that to qualify under Section 570.208(a)(4) the jobs created or retained must be either held by or be available to low- and

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

moderate-income persons. Section 570.208(a)(4)(iv) lists minimum standards for the presumption that jobs will be "held by or made available to low- and moderate-income persons." Finally Section 570.208(a)(4)(v) states that a census tract will qualify for the presumption permitted under paragraph (a)(4)(iv) if it meets the following criteria: A: It has a poverty rate of at least 20 percent as determined by the most recently available decennial census information; B: It does not include any portion of a central business district, as this term is used in the most recent Census of Retail Trade, unless the tract has a poverty rate of at least 30 percent as determined by the most recently available decennial census information; and, C: It evidences pervasive poverty and general distress by meeting at least one of the following standards. (1) All block groups in the census tract have poverty rates of at least 20 percent; (2) The specific activity being undertaken is located in a block group that has a poverty rate of at least 20 percent; or (3) Upon written request of the recipient, HUD determines that the census tract exhibits other object determinable signs of general distress such as high incidence of crime, narcotics use, homelessness, abandoned housing, and deteriorated infrastructure.

C. Community Development Block Grant Eligibility

In addition to furthering a National Objectives, all Section 108 loans must also meet the eligibility requirements of the Community Development Block Grant program. All activities funded through the City of Rockford's Section 108 loan fund will meet the program eligibility requirements as set forth in Sections 570.201,202,203 or 204.

Section 570.207(a) excludes: buildings or portions thereof, used for the general conduct of government, general governmental expenses and political activities. None of the projects to be assisted with Section 108 proceeds will include buildings used for the general conduct of government, general governmental expenses, nor for political activity.

Section 570.209 Guidelines

Guidelines and Objectives for Evaluating Project Costs and Financial Requirements.

All activities eligible under Section 570.203 must meet the requirements of Section 570.209. This section outlines guidelines for ensuring that a proposed project carries out an economic development objective in an appropriate manner. These guidelines under 570.209(a) are not mandatory but serve as a framework for financially underwriting economic development projects.

In evaluating proposed projects benefiting from the Section 108 Economic Development Loan Fund the City of Rockford will use the following criteria.

Project Management

The City of Rockford, Community and Economic Development Department (CEDD) will administer the fund. The City's CEDD will underwrite all loans and will use the National

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

Development Council (NDC) through the HUD TA system to provide guidance on project feasibility. NDC has a more than 40-year track record of assisting local governments in structuring and implementing economic development and housing projects.

Underwriting Standards for City of Rockford EDI / Section 108 Loan Fund

1. **National Objective**

All loans shall meet a national objective as specified in 24 CFR 570.208. No loan shall be approved without verification of compliance with the national objective requirements, specified in 24 CFR 570.208, by the Illinois Office of the United States Department of Housing and Urban Development.

2. **Eligibility**

In addition to meeting one of the program's National Objectives all projects assisted through the loan fund must fall within one of the eligible activities listed in 570.703.

3. **Guidelines for evaluating and selecting economic development projects**

For all activities eligible under 570.703(i), economic development activities, the project will be required to meet the guidelines listed under 570.209: Guidelines for evaluating and selecting economic development projects. No loan shall be approved without verification of compliance with the public benefit standards as specified in 24 CFR 570.209(b) by the Illinois Office of the United States Department of Housing and Urban Development.

4. **Financial Underwriting**

In loan underwriting the City shall adhere to the follow criteria and will request due diligence documents as indicated in Exhibit # Due Diligence Checklist

A. **Real Estate Loans**

Real Estate Loan shall be evaluated based on:

- Ability to Repay
- Collateral
- Development Team Capacity and Experience
- Developer Commitment
- Character of the Developer

Ability to Repay

Projects to be funded will have at least a 1.1 projected debt coverage ratio. If the project includes more than a small percentage of its rental income from start-up or financially weak tenants then a higher debt coverage ratio shall be required.

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

Collateral

Projects to be funded should have a loan to value ratio of not greater than 80 percent. This value must be supported by an appraisal prior to funding. If greater than an 80 percent loan to value ratio is proposed, outside collateral sufficient to provide an 80 percent loan to value shall be required. In certain cases outside guarantees may suffice for additional collateral.

Development Team Capacity and Experience

Projects funded shall have a development team that has both the capacity and experience to complete the project as demonstrated by past projects and financial strength.

Developer Commitment

Developer commitment can take many forms. While each project is likely to be different the forms of developer commitment that can be expected include: adequate equity, guarantees of completion, guarantees to fund shortfalls or guarantees of minimum cash flow.

Character

Projects to be funded should have developers with good credit histories, demonstrated integrity, and quality references.

B. Business Loans

Business Loans shall be evaluated based on:

- Ability to Repay
- Collateral
- Guarantees
- Financial Strength
- Management Experience
- Character of the Principals

Ability to Repay

All businesses funded with the program shall have existing cash flow (profits after tax, plus depreciation, plus excess officers income, plus rent savings if applicable) sufficient to repay the loan. Projections must be supported by strong evidence that they will materialize.

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

Collateral

All business loans must be supported by collateral. Real Estate must be supported by an appraisal and will be generally accepted up to 80 percent of its value. Machinery and equipment depending on its nature will be accepted from 40 percent to 60 percent of its fair market value. Accounts receivable and inventory will normally be used to secure operating debt and will generally not be taken as collateral. Outside collateral such as personal residences shall be valued up to 90 percent of their fair market value.

Guarantees

All principals with 20 percent or more or a controlling interest, if less than 20 percent, shall provide personal guarantees.

Financial Strength

Three years of financial statements on the business plus a personal financial statement on all principals of the business shall be analyzed to determine if the company is well run and has the ability to manage its accounts and pay its obligations.

Management Experience

The management must have experience in the business or in a similar business, be able to demonstrate an ability to manage and have the depth in management to withstand unforeseen transitions.

Character of the Principals

The personal financial statements and credit history of the principals must demonstrate honesty and trustworthiness.

D. Eligibility under 24 CFR 570.703

Each of the projects to be assisted with Section 108 guaranteed loan funds and Economic Development Incentive grant funds must meet one of the eligibility requirements listed in 24 CFR 570.703. The initial two projects detailed in this application are eligible under 570.703(i), - economic development activities eligible under Section 570.203. Other projects to be funded under the program may also qualify under 570.703(a)(b)(c)(d)(e)(f)(h)&(l).

Project Evaluations

1. Section 570.209 Guidelines for evaluating project costs and financial feasibility

A. Reasonableness of the Proposed Project Costs

Each use of loan funds shall be evaluated to ensure the reasonableness of proposed project costs. The scope of this evaluation shall depend on the size and nature of each project. Care will be taken to use third party evaluations of costs wherever appropriate,

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

and particular attention will be exercised when an activity involves a non-arms-length transaction.

Staff and consultants to the City will review the proposed project costs for all submitted project applications. All costs associated with the loans will be reasonable.

B. Commitment of all Sources of Funds.

The City and its consultants shall review every project to verify that all sources of funding are committed and available prior to approval of an activity to be funded by the Section 108.

With both loans the City and its consultant is satisfied that all other funding necessary for the two projects are available to the borrowers.

C. Substitution of CDBG funds for Private Sources.

City staff assisted by consultants will review all projects to insure that each loan minimizes the use of CDBG funds. It is in the City of Rockford's self-interest to insure that there be no substitution of CDBG funding for non-federal funding. Given the limited availability of federal funds, the city staff will work diligently to maximize the use of private, non-federal funding in all projects.

All projects will be reviewed to insure that private sources of financing have been maximized and that the rate of return on equity is reasonable and within general standards.

For all loans the nature of the projects require loan terms that are only available through a program such as the Section 108 loan fund.

D. Feasibility of the Project.

All projects seeking assistance under the Section 108 loan fund shall be evaluated as to project feasibility. The scope of each evaluation will depend on the nature of prospective projects. For existing businesses, three years of financial statements will be reviewed and analyzed, projections evaluated and project costs verified. For business start-ups, projections will be compared to industry averages and evaluated by others experienced in the line of business. In addition, at risk capital will be required on the part of the borrower. For real estate projects, appraisals will be required and reviewed, appropriate pre-leasing levels will be set and prospective tenants' credit worthiness will be evaluated. In most cases formal market feasibility studies will be required. In other cases less formal evaluations will be sufficient. In all cases the prospective borrowers' experience and capacity to perform will be reviewed.

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

Please refer to the due diligence documents checklist.

E. Return on owner's equity.

Staff will evaluate all projects to determine the owner's return on equity and compare this projected return to industry norms. The loan fund will seek to participate in projects where its participation will help secure the owner a return commensurate with the risk. Projects where the return on equity is high will need to demonstrate why the fund's involvement is necessary, or why its participation should not be lessened. Projects where the return on equity is low will need to further justify feasibility and accuracy of costs. It shall be the goal of the fund to maintain a viable portfolio of loans with the minimum fund involvement.

F. To the extent practicable the Section 108 funds should be disbursed on a pro rata basis

It shall be a goal of the fund to disburse funds on a pro rata basis with other funds being used in specific projects. In those situations where pro rata disbursement is not followed, staff will justify the procedure and seek alternative means to mitigate risk.

The City will fund based on invoices and cost reimbursement.

2. Standards for evaluating public benefit

All projects eligible under Section 203 and Section 204 will be required to comply with Section 570.209. Section 570.209(b)(1) establishes the standards for evaluating public benefit in the aggregate, Section 570.209(b)(2) applies those standards and 570.209(b)(3) establishes the standards for individual activities. All projects funded through the Section 108 / EDI loan fund will comply with the standards of subsections 570.209(b)(1), (2) & (3).

All projects funded through the loan program will be required to meet the individual standard of Section 570.209(b)(3). The City of Rockford anticipates qualifying projects under both 570.209(b)(3)(i)(A) & (B) - the creation or retention of at least one full-time equivalent permanent job for every \$50,000 of CDBG assistance and the provision of goods and services to low- and moderate-income persons where the CDBG assistance does not exceed \$1,000 per low- and moderate-income person to which goods or services are provided by the activity.

Projects assisted with the loan fund will be located within CDBG eligible areas. Section 570.209(b)(2)(v)(F) exempts activities from meeting the aggregate standard for public benefit if the activity provides assistance to businesses that operate within a census tract that has at least 20 percent of its residents who are in poverty. If a project should fall outside of this area, it will be required to meet the aggregate standard as well as the individual standard.

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

3. A Description of the Pledge of CDBG Guarantee

The City of Rockford understands that if the participants in this Section 108 loan fund fail to make timely payments and the City of Rockford therefore fails to make a required payment on its notes, HUD will deduct that payment from the City of Rockford's CDBG Letter of Credit and in accepting this loan guarantee, the City of Rockford has pledged its CDBG funds and all other applicable grants as security for the guarantee. (Please refer to Attachment A - Certifications.)

4. A Schedule for Repayment of the Loan

In requesting approval of this loan guarantee fund the City of Rockford is requesting a commitment for a 20-year term. Please use the following principal repayment

Year	Principal Repayment
August 2016	\$ -
August 2017	\$ 145,000
August 2018	\$ 150,000
August 2019	\$ 180,000
August 2020	\$ 200,000
August 2021	\$ 250,000
August 2022	\$ 290,000
August 2023	\$ 350,000
August 2024	\$ 360,000
August 2025	\$ 380,500
August 2026	\$ 380,500
August 2027	\$ 380,500
August 2028	\$ 380,500
August 2029	\$ 380,500
August 2030	\$ 390,000
August 2031	\$ 400,000
August 2032	\$ 400,000
August 2033	\$ 400,000
August 2034	\$ 562,000
August 2035	\$ 520,500
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	\$ 6,500,000

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

5. **Certifications**

Certification A

Entitlement Public Entity Certifications

In accordance with the Housing and Community Development Act of 1974, as amended, (the "Act") and with **24 CFR §570.704 (b)(8)**, public entity certifies that:

- (i) It possesses the legal authority to submit the application for assistance under 24 CFR Part 570, Subpart M ("Subpart M") and to use the guaranteed loan funds in accordance with the requirements of Subpart M.
- (ii) Its governing body has duly adopted or passed as an official act a resolution, motion or similar official action authorizing the person identified as the official representative of the public entity to submit the application and amendments thereto and all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the public entity to act in connection with the application to provide such additional information as may be required.
- (iii) Before submission of its application to HUD, the public entity has:
 - a) Furnished citizens with information required by **24 CFR §570.704(a)(2)(i)**;
 - b) Held at least one public hearing to obtain the views of citizens on community development and housing needs; and
 - c) Prepared its application in accordance with **24 CFR §570.704(a)(1)(iv)** and made the application available to the public.
- (iv) It is following a detailed citizen participation plan which meets the requirements described in **24 CFR § 570.704(a)(2)**.
- (v) The public entity will affirmatively further fair housing, and the guaranteed loan funds will be administered in compliance with:
 - a) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.*); and
 - b) The Fair Housing Act (42 U.S.C. 3601-20).
- (vi) In the aggregate, at least 70 percent of all CDBG funds, as defined at **24 CFR §570.3(e)**, to be expended during the one, two, or three consecutive years specified by the public entity for its CDBG program will be for activities which benefit low and moderate income persons, as described in criteria at **24 CFR §570.208(a)**.
- (vii) It will comply with the requirements governing displacement, relocation, real property acquisition, and the replacement of low and moderate income housing described in **24 CFR §570.606**.

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

(viii) It will comply with the requirements of **24 CFR §570.200(c)(2)** with regard to the use of special assessments to recover the capital costs of activities assisted with guaranteed loan funds.

(ix) (Where applicable, the public entity may also include the following additional certification.) It lacks sufficient resources from funds provided under Subpart M or program income to allow it to comply with the provisions of §570.200(c)(2), and it must therefore assess properties owned and occupied by moderate income persons, to recover the guaranteed loan funded portion of the capital cost without paying such assessments in their behalf from guaranteed loan funds.

Signed:

**Lawrence J. Morrissey, Mayor
City of Rockford**

Date:

Patrick Hayes, Legal Director

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

Certification B

Certification of Efforts to Obtain Other Financing

The City of Rockford hereby assures and certifies with respect to its application for a loan guarantee pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended, that it has made efforts to obtain financing for the activities described herein without the use of such guarantee, it will maintain the documentation of such efforts for the term of the loan guarantee, and it cannot complete such financing consistent with timely execution of the project without such guarantee.

Signed:

**Lawrence J. Morrissey, Mayor
City of Rockford**

Date:

Patrick Hayes, Legal Director

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

Certification C

Certification of Legal Authority to Pledge Grants

The public entity hereby certifies and assures with respect to its application for a loan guarantee pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended, that it possesses the legal authority to make the pledge of grants required under **24 CFR §570.705(b)(2)**.

Signed:

**Lawrence J. Morrissey, Mayor
City of Rockford**

Date:

Patrick Hayes, Legal Director

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ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

Certification D

Certification Regarding Drug-free Workplace Requirements

The certification set out below is a material representation upon which reliance is placed by the U.S. Department of Housing and Urban Development in awarding the loan guarantee assistance. If it is later determined that the public entity knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the U.S. Department of Housing and Urban Development, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.

Certification

- A.** The public entity certifies that it will provide a drug-free workplace by:
- (i)** Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the public entity's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
 - (ii)** Establishing a drug-free awareness program to inform employees about -
 - (a)** The dangers of drug abuse in the workplace;
 - (b)** The public entity's policy of maintaining a drug-free workplace;
 - (c)** Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (d)** The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
 - (iii)** Making it a requirement that each employee to be engaged in the performance of the activities undertaken with the loan guarantee assistance be given a copy of the statement required by paragraph (a);
 - (iv)** Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the loan guarantee, the employee will -
 - (a)** Abide by the terms of the statement; and
 - (b)** Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction.
 - (v)** Notifying the agency in writing, within ten calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

designated a central point for the receipt of such notices. Notice shall include the identification number (s) of each affected grant;

- (vi) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted--
 - (a) Taking appropriate personnel action against such employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (vii) Making a good faith effort to continue a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

B. The public entity shall insert in the space provided below the site(s) expected to be used for the performance of work under the assistance covered by the certification:

Place of Performance (include street address, city, county, state, zip code of each site):

Name of Public entity: City of Rockford,
425 East State Street
Rockford, Illinois, Winnebago Co,
61104

Program Name: Community Development Block Grant

Project Number: _____

Check ____ if there are workplaces on file that are not identified here.

Signed: _____
Lawrence J. Morrissey, Mayor
City of Rockford

Date: _____

Patrick Hayes, Legal Director

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

Certification E

**Regarding Debarment, Suspension, and
Other Responsibility Matters - Primary Covered Transactions**

- A.** The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
- (i)** Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (ii)** Have not with a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (iii)** Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (iv)** Have not within a three year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause of default.
- (B)** Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Signed:

**Lawrence J. Morrissey, Mayor
City of Rockford**

Date:

Patrick Hayes, Legal Director

ECONOMIC DEVELOPMENT LOAN FUND
ROCKFORD, ILLINOIS

Certification F

**SECTION 108 LOAN GUARANTEES
STATEMENT REGARDING LOBBYING**

THE UNDERSIGNED CERTIFIES, TO THE BEST OF HIS OR HER KNOWLEDGE AND BELIEF, THAT:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit standards Form – LLL, “Disclosure Form to Report Lobbying” in accordance with its instruction.

Submission of this statement is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U. S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Signed:

**Lawrence J. Morrissey, Mayor
City of Rockford**

Date:

Patrick Hayes, Legal Director