

Request for City Council Action

Date: January 17, 2012

Agenda Section: General Business No. 5	Originating Department: Office of the City Manager
Item: Resolution Authorizing the City Manager to Enter Into a Memorandum Agreement with the Southern Illinois Coal Belt Champion Community, Inc. (SICBCC) and Participate in the Revolving Loan Fund Program No. 5.1	Approved:

Background:

Southern Illinois Coal Belt Champion Communities, Inc. (SICBCC) , a not-for profit corporation located in DuQuoin, Illinois, has asked the City of Carbondale to partner with them to increase the availability and access to low-interest loans for businesses in Carbondale. SICBCC currently manages a loan portfolio and offers loans in Perry, Franklin, Jackson, Jefferson and Williamson counties. The US Department of Agriculture, division of Rural Development, is offering SICBCC the opportunity to increase their loan fund portfolio. SICBCC will receive a \$1,000,000 loan which will be matched with \$50,000, (\$25,000 from the City of Carbondale and \$25,000 from the City of DuQuoin).

Currently the City of Carbondale provides a low interest loan program to businesses located within the corporate limits of the City of Carbondale. This program was originally funded through a grant from the Illinois Department of Commerce and Community Affairs (now Department of Commerce and Economic Opportunity). Over the years the City has provided numerous loans to small businesses and currently has a loan fund cash balance of \$315,000. The \$25,000 match that is required by Rural Development would be drawn from the City's loan fund.

Through this partnership, businesses located in Carbondale and DuQuoin will have access to an increased loan fund in the amount of \$525,000 per community. SICBCC will be the responsible party for all of the loan activities (application intake and review, loan approval, loan servicing, any default and collection actions).

Recommended Action:

It is recommended that the City Council Approve a Resolution Authorizing the City Manager to Enter into a Memorandum Agreement with the Southern Illinois Coal Belt Champion Community, Inc. (SICBCC) and Participate in the Revolving Loan Fund Program.

Engineering Approval Obtained	Finance Approval Obtained	Legal Approval Obtained	Approval Obtained	Manager's Approval Obtained
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Council Action: Motion by _____ 2nd by _____ to _____

RESOLUTION NO. 2011-R-_____

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A MEMORANDUM OF AGREEMENT WITH THE SOUTHERN ILLINOIS COAL BELT CHAMPION COMMUNITY, INC. (SICBCC) AND PARTICIPATE IN THE REVOLVING LOAN FUND PROGRAM

WHEREAS, the City of Carbondale, Illinois, is a home rule unit of local government under the Illinois Constitution, 1970, Article VII, Section 6; and

WHEREAS, pursuant to Article VII, Section 6(a) of the Illinois Constitution, 1970, the City of Carbondale may exercise any power and perform any function pertaining to its government and affairs including, but not limited to, the power to regulate for the protection of the public, health, safety, morals and welfare; and

WHEREAS, Southern Illinois Coal Belt Champion Community, Inc. (SICBCC) has asked the City of Carbondale to partner with it in a U.S. Department of Agriculture Division of Rural Development Fund portfolio; and

WHEREAS, the City will provide a \$25,000 match and the U.S. Department of Agriculture Division of Rural Development will allow loans through SICBCC Fund portfolio in the total amount of \$525,000 to be utilized by the Carbondale Community; and

WHEREAS, the portfolio would benefit the citizens of Carbondale and businesses in the Carbondale community, to allow new businesses or the expansion of existing businesses; and

WHEREAS, Carbondale currently has a revolving loan fund, with the necessary \$25,000 match; and

WHEREAS, the City Council of the City of Carbondale finds that entering into an agreement with SICBCC and the payment of \$25,000 into a revolving loan fund, to allow for access to a revolving loan fund in the amount of \$525,000 is in the best interest of the City of Carbondale.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CARBONDALE, ILLINOIS, AS FOLLOWS:

SECTION 1. That the City Council of the City of Carbondale hereby authorizes the City Manager to enter into a Memorandum of Agreement with Illinois Coal Belt Champion Community, Inc., a copy of which is attached hereto as Exhibit "A".

SECTION 2. The City Manager and Finance Director are authorized to utilize \$25,000 of the City's revolving loan fund, to fulfill the requirements within the Contract, a copy of which is attached here to as Exhibit "A".

SECTION 3. That the City Manager of the City of Carbondale is hereby authorized to and shall take any and all reasonable, necessary and proper action to carry out the intent and purposes of this Resolution.

SECTION 4. That this Resolution be spread at length upon the minute records of the City Council of the City of Carbondale, Illinois.

This Resolution is adopted at a regular meeting of the City Council of the City of Carbondale, Illinois on the 17th day of January, 2012.

APPROVED: _____
Joel Fritzler, Mayor

FOR: _____
AGAINST: _____
PASSED: _____
APPROVED: _____
RECORDED: _____
PUBLISHED: _____

ATTEST: _____
Rachael E. Moore, City Clerk

APPROVED AS TO LEGALITY AND FORM:

P. Michael Kimmel, City Attorney

MEMORANDUM OF AGREEMENT
BETWEEN
SOUTHERN ILLINOIS COAL BELT CHAMPION COMMUNITY, INC.
AND
THE CITY OF CARBONDALE, ILLINOIS

This Memorandum of Agreement is entered into on this _____ day of January, 2012 by and between the Board of Director of the Southern Illinois Coal Belt Champion Community, Inc., (hereinafter referred to as SICBCC) a not-for-profit corporation registered in the State of Illinois and Tax Exempt under Section 501(c)(3) of the Internal Revenue Code and doing business as Champion Community Investments, and the City of Carbondale, Illinois, (hereinafter referred to as City) a tax-exempt, non-profit Illinois municipal corporation, collectively hereinafter referred to as the Parties.

RECITALS:

WHEREAS, SICBCC has developed substantial successful experience in the extension and management of low-interest commercial loan funds resourced through public sector sources, and

WHEREAS, City is desirous of partnering with SICBCC in the management and administration of a low interest loan program that provides commercial lending in Carbondale, Illinois, and

WHEREAS, Jackson County, Illinois is within the service territories of both SICBCC and the City, and

WHEREAS, the governing boards of both organizations are desirous of establishing a formal working relationship with which to provide Carbondale-based businesses with access to SICBCC loan funds,

NOW, THEREFORE, this Memorandum of Agreement is entered into by and between the Parties and, which Parties do mutually agree as follows:

Article 1 - Scope of Work

Under the terms and conditions set forth in this Agreement and as mutually agreed to hereafter, City will pay to SICBCC a total of \$25,000, upon execution of this Memorandum of Agreement, which will

provide one-half (1/2) of the total match necessary to obtain \$1,000,000 in United States Department of Agriculture Intermediary Relending Program commercial loans funds. The remaining matching funds will be obtained from other sources under the same terms and conditions as are contained in this agreement. Should the anticipated loan not be successfully closed for any reason, SICBCC shall refund in full to the City of Carbondale the matching funds received from it.

Article 2 - Period of Performance

This Agreement shall become effective upon full execution by both Authorized Representatives from SICBCC and the City.

Article 3 – Authorized Representatives

For purposes of this Agreement the Authorized Representative for SICBCC shall be the President of its Board of Directors. For purposes of this Agreement the Authorized Representative for City shall be its City Manager. While one party under this Agreement may at its discretion change its Authorized Representative without the approval of the other party, the changing organization shall be obligated to immediately provide to the other organization the name and full contact information of the new Authorized Representative.

Authorized Representatives Contact Information:

For SICBCC:

Mr. Rex Duncan, Director
Community Development and Outreach
150 East Pleasant Hill Road, MC 6879
Carbondale, Illinois 62901-6879
(618) 453-1268 – Voice
(618) 453-5040 – Fax
rduncan@biz.siu.edu

For City

Mr. Kevin Baity, City Manager
City of Carbondale
Post Office Box 2047
Carbondale, Illinois 62902-2047
(618) 549-5302 – Voice
(618) 457-3283 – Fax
kbaity@ci.carbondale.il.us

Article 4 – Insurance

As a term of this Agreement, SICBCC shall maintain sufficient theft and dishonesty insurance to cover maximum anticipated cash holdings under their respective loan programs and consistent and in full compliance with any insurance requirements in force by its funding agencies. City retains the right to request and receive a certificate of insurance from SICBCC.

Article 5 - Indemnification/Hold Harmless

To the extent permitted by law, SICBCC shall indemnify and hold harmless City, its agents and employees, from any claims, demands, or actions arising out of the negligent acts or omissions of

SICBCC, its agents, officers, or employees, during the term of this Agreement. To the extent permitted by law, City shall indemnify and hold harmless SICBCC, its agents and employees, from any claims, demands, or action arising out of the negligent acts or omissions of City, its agents, officers, or employees, during the term of this Agreement.

Article 6 – Applicable Laws

The terms of this agreement shall be governed by the Laws of the State of Illinois.

Article 7 – Independent Status

Nothing in this agreement shall be construed to establish an employer/employee relationship between SICBCC and City.

Article 8 - Equal Opportunity

SICBCC and City agree that they are Equal Opportunity Lenders, and commit to operations conducted in full compliance with the Civil Rights Act of 1964, as amended, and Executive Orders thereunder.

Article 9 – Working Terms and Conditions

In executing the intent of this agreement, it is recognized that both parties have previously and traditionally employed different means, methods, standards, and documentation in the consideration of, and extension and/or rejection, of loan applications, and post-loan management. It is further recognized that full and satisfactory execution of this agreement will necessitate new, bilaterally-acceptable and recognized means, methods, standards, and documentation for both parties. In furtherance of the shared mission of responsible, predictable low-interest loan program management, the parties agree to the following Working Terms and Conditions:

1. SICBCC agrees to immediately deposit City's payment in the amount of \$25,000 into an appropriate and audited bank account. At the discretion of its Board of Directors and with loan concurrence from USDA, SICBCC shall utilize said funds for the purpose of extending low-interest loans to businesses located and operating in Carbondale, Illinois, except as provided in Article 9, Paragraph 5.
2. City, by its contribution of said funds for purposes under this agreement, asserts that the funds dedicated for this purpose are free, clear, eligible for this purpose, and otherwise unencumbered, obligated, or committed.
3. SICBCC agrees that the City contribution of \$25,000 is to be used solely as matching funds to leverage a USDA Intermediary Relending Program loan to SICBCC in the

amount of \$1 million. Both parties recognize that City funds, combined with matching funds from other sources, shall be used to create a \$1,050,000 total loan fund. SICBCC agrees to use said funds for this purpose only and that City funding is not to be used for any purposes other than direct lending and appurtenant administrative expenses as may be necessary to properly manage and account for the loan program.

4. By its voluntary contribution to the SICBCC Intermediary Relending Program, City recognizes, and SICBCC agrees, that \$525,000, or half of the total fund created, shall be allocated for and dedicated to providing low-interest loans to qualified businesses based in the City of Carbondale, except as provided otherwise in Article 9, Paragraph 5.
5. Businesses located and operating in other municipalities, townships, counties, and development corporation service areas that have not contributed to the referenced Intermediary Relending Program may access said loan funds only under the condition that they pay to each match contributor, including City, an amount equal to 2.5% of the amount borrowed.

Example: A Franklin County business is lent \$100,000 from this IRP fund and Franklin County has not contributed matching funds to this IRP. Some entity, i.e., the borrowing business and/or a unit of local government in Franklin County, will be obligated to pay City \$2,500 to reimburse City its share of the original match.

6. City grants to SICBCC full authority to recruit applicants, process loans, approve or deny loans, close on loans with businesses, collect funds, and otherwise properly and responsibly administer the Intermediary Relending Program as required by the United States Department of Agriculture. However no loan shall be made to a business in Carbondale unless the City agrees to such a loan being approved.
7. SICBCC, upon receipt of City funds, shall provide demonstrative proof to City that City funds have been deposited into an appropriate bank account.
8. City agrees that proceeds from loan payments, including principle, interest, closing cost reimbursement, etc., shall accrue to SICBCC. City agrees to forego any claim of reimbursement, remuneration, compensation, or profit as a result of its matching contribution, except that SICBCC violate the terms and conditions for appropriate use of City funds. In such case, SICBCC shall reimburse to City the amount of match disputed.
9. City at its discretion may request a copy of the annual audit of SICBCC accounts. SICBCC, upon such request, shall be obligated to promptly honor a City request for an annual audit copy at no charge to City.

IN WITNESS WHEREOF, SICBCC and City, by their Authorized Representatives, have executed this agreement this _____ day of _____ December, 2011.

For the Board of Directors of
Southern Illinois Coal Belt Champion
Community, Incorporated.

For the City of Carbondale, Illinois

Rex Duncan, President

Kevin Baity, City Manager

Date: _____

Date: _____

Attest: _____
Cary Minnis, Secretary

Attest: _____
City Clerk

Date: _____

Date: _____