

MEMORANDUM

Agenda Item No. 11(A)(2)

TO: Honorable Chairwoman Audrey M. Edmonson
and Members, Board of County Commissioners

DATE: June 2, 2020

FROM: Abigail Price-Williams
County Attorney

SUBJECT: Resolution approving term sheet for a grant agreement with the Dade County Federal Credit Union (“DCFCU”) to provide an amount not to exceed \$25,000,000.00 in funds from the 2020 Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) to develop and implement, in collaboration with local community development financial institutions, a revolving loan program to assist local micro-businesses affected by the coronavirus disease 2019 (COVID-19) pandemic; and directing County Mayor to negotiate and execute the grant agreement and to provide reports

The accompanying resolution was prepared and placed on the agenda at the request of Prime Sponsor Commissioner Eileen Higgins.



Abigail Price-Williams
County Attorney

APW/uw



MEMORANDUM
(Revised)

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Please note any items checked.

- "3-Day Rule" for committees applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Statement of social equity required
- Ordinance creating a new board requires detailed County Mayor's report for public hearing
- No committee review
- Applicable legislation requires more than a majority vote (i.e., 2/3's present ____, 2/3 membership ____, 3/5's ____, unanimous ____, CDMP 7 vote requirement per 2-116.1(3)(h) or (4)(c) ____, CDMP 2/3 vote requirement per 2-116.1(3)(h) or (4)(c) ____, or CDMP 9 vote requirement per 2-116.1(4)(c)(2) ____) to approve
- Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 11(A)(2)
6-2-20

RESOLUTION NO. _____

RESOLUTION APPROVING TERM SHEET FOR A GRANT AGREEMENT WITH THE DADE COUNTY FEDERAL CREDIT UNION (“DCFCU”) TO PROVIDE AN AMOUNT NOT TO EXCEED \$25,000,000.00 IN FUNDS FROM THE 2020 CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (“CARES ACT”) TO DEVELOP AND IMPLEMENT, IN COLLABORATION WITH LOCAL COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS, A REVOLVING LOAN PROGRAM TO ASSIST LOCAL MICRO-BUSINESSES AFFECTED BY THE CORONAVIRUS DISEASE 2019 (COVID-19) PANDEMIC; AND DIRECTING COUNTY MAYOR OR COUNTY MAYOR’S DESIGNEE TO NEGOTIATE AND EXECUTE THE GRANT AGREEMENT AND TO PROVIDE REPORTS

WHEREAS, coronavirus disease 2019 (COVID-19) is an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), a novel coronavirus that was first identified in December 2019; and

WHEREAS, as of May 26, 2020, the total number of confirmed cases of COVID-19 worldwide is over 5.5 million, with more than 1.7 million of those in the United States; and

WHEREAS, on March 9, 2020, Governor Ron DeSantis issued Executive Order No. 20-52 declaring a state of emergency for the entire State of Florida as a result of COVID-19; and

WHEREAS, on March 11, 2020, Mayor Carlos A. Gimenez declared a state of emergency for Miami-Dade County as a result of COVID-19; and

WHEREAS, the disease has since spread globally, and on March 11, 2020, the World Health Organization officially declared COVID-19 a pandemic; and

WHEREAS, to help curb the spread of COVID-19, many state and local governments throughout the country ordered non-essential businesses to close and strongly urged residents to be safer at home; and

WHEREAS, consequently, many small businesses, and in particular micro-businesses, are now facing a dire threat to their survival, and an increasingly large number of employees have been laid off or furloughed; and

WHEREAS, indeed, more than 36 million Americans have filed for unemployment since March, 2020; and

WHEREAS, to help blunt the impact of the economic downturn set in motion by the COVID-19 pandemic, the United States Congress passed, and on March 27, 2020 President Donald Trump signed into law, H.R. 748, the “Coronavirus Aid, Relief, and Economic Security Act” (the “CARES Act”); and

WHEREAS, the CARES Act is a \$2 trillion stimulus package which provided, among other things:

- one-time checks of \$1,200 to Americans earning a certain income;
- \$349 billion in loans to small businesses (the “Paycheck Protection Program” or “PPP”);
- \$17 billion of assistance to companies deemed crucial to national security;
- grants of \$25 billion for passenger air carriers, \$4 billion for air-cargo carriers, and \$3 billion for certain contractors; and
- a \$150 billion Coronavirus Relief Fund for local governments; and

WHEREAS, the CARES Act requires that the payments to local governments from the Coronavirus Relief Fund only be used to cover expenses that:

- are necessary expenditures incurred due to the public health emergency with respect to COVID-19;
- were not included in the budget most recently approved as of March 27, 2020 for the state or local government; and
- were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020; and

WHEREAS, on April 16, 2020, the Small Business Administration (SBA) reported that it had exhausted all funding provided by the CARES Act for the PPP; and

WHEREAS, accordingly, the United States Congress passed, and on April 24, 2020 President Donald Trump signed into law, H.R. 266, the “Paycheck Protection Program and Health Care Enhancement Act of 2020” which authorized an additional \$310 billion in funds for the PPP; and

WHEREAS, community development financial institutions (CDFIs) are specialized financial institutions that work in market niches that are often underserved by traditional financial institutions, typically very small, low income, minority-owned micro-businesses; and

WHEREAS, CDFIs supply tools needed by underserved communities to become self-sufficient through access to credit, capital, training, and technical assistance, and provide commercial loans and investments to small businesses in economically distressed markets; and

WHEREAS, these services, coupled with more flexible lending guidelines, can often make the difference between success and failure for many micro-businesses; and

WHEREAS, the public health emergency caused by COVID-19 has had an immediate and serious economic impact in Miami-Dade County, particularly on the many very small, low-income, minority-owned micro-businesses that did not receive assistance from the PPP or similar federal and state programs; and

WHEREAS, according to a 2018 report from Florida International University's Metropolitan Center, there are over 66,000 micro-businesses in Miami-Dade County, defined as those with less than 10 employees, or about 81 percent of all private establishments; and

WHEREAS, micro-businesses are a significant driving force of the local economy in Miami-Dade County; and

WHEREAS, this Board is concerned about the short-term and long-term economic impacts of the COVID-19 pandemic to these micro-businesses in Miami-Dade County; and

WHEREAS, access to capital is a persistent challenge for micro-businesses in Miami-Dade County; and

WHEREAS, the Dade County Federal Credit Union ("DCFCU") is a Florida not-for-profit financial institution based in Miami-Dade County that provides a wide array of banking services with a community focused approach; and

WHEREAS, to assist in the economic recovery of micro-businesses, this Board desires the County Mayor or County Mayor's designee to negotiate and execute a grant agreement with DCFCU to provide \$25 million in CARES Act funds to develop and implement, in collaboration with local CDFIs, a revolving loan program to assist local micro-businesses impacted by the COVID-19 pandemic,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that:

Section 1. The foregoing recitals are adopted as if fully set forth herein.

Section 2. This Board approves the term sheet attached hereto as Exhibit 1 (“Term Sheet”), for a grant agreement (“Agreement”) with the Dade County Federal Credit Union (“DCFCU”) in an amount not to exceed \$25,000,000.00 in CARES Act funds for DCFCU to develop and implement, in collaboration with local CDFIs, a revolving loan program to assist local micro-businesses impacted by the COVID-19 pandemic.

Section 3. This Board directs the County Mayor or County Mayor’s Designee to negotiate and execute the Agreement with DCFCU. The Agreement shall include terms that are consistent with those set forth in the Term Sheet and such other customary grant provisions in County grant agreements, including, but not limited to, provisions related to the Florida Public Records Act and the County’s right to audit, review and monitor the expenditure of the grant funds.

Section 4. This Board directs the County Mayor or County Mayor’s Designee to provide a written report within 30 days, and every 30 days thereafter, detailing the status of the negotiations of the Agreement with DCFCU until an Agreement is executed. If an Agreement cannot be negotiated and executed with DCFCU, then the report shall explain the reasons for such. The completed report(s) shall be placed on an agenda of the Board pursuant to Ordinance No. 14-65.

The Prime Sponsor of the foregoing resolution is Commissioner Eileen Higgins. It was offered by Commissioner _____, who moved its adoption. The motion was seconded by Commissioner _____ and upon being put to a vote, the vote was as follows:

Audrey M. Edmonson, Chairwoman
Rebeca Sosa, Vice Chairwoman

Esteban L. Bovo, Jr.	Daniella Levine Cava
Jose "Pepe" Diaz	Sally A. Heyman
Eileen Higgins	Barbara J. Jordan
Joe A. Martinez	Jean Monestime
Dennis C. Moss	Sen. Javier D. Souto
Xavier L. Suarez	

The Chairperson thereupon declared the resolution duly passed and adopted this 2nd day of June, 2020. This resolution shall become effective upon the earlier of (1) 10 days after the date of its adoption unless vetoed by the County Mayor, and if vetoed, shall become effective only upon an override by this Board, or (2) approval by the County Mayor of this Resolution and the filing of this approval with the Clerk of the Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

MSM

Michael J. Mastrucci

**EXHIBIT 1 TO RESOLUTION
TERM SHEET – REVOLVING LOAN PROGRAM**

This Term Sheet summarizes the principal terms with respect to the proposed grant agreement (“Agreement”) between Miami-Dade County (the “County”) and the Dade County Federal Credit Union (“DCFCU” and/or “Grantee”) to develop and implement, in collaboration with local community development financial institutions, a revolving loan program to assist local micro-businesses impacted by the COVID-19 pandemic.

- Amount of Grant:** Not-to-exceed \$25 million in CARES Act funds
- Grant Purpose:** To fund a revolving loan program with the objective of financially assisting small businesses that were not served by the emergency small business grant and/or loan programs established by the federal and state governments in response to the COVID-19 pandemic by providing micro-business loans to businesses that meet the Loan Eligibility Criteria set forth below, in partnership with Community Development Financial Institutions (“CDFIs”) that meet the criteria set forth below.
- Use of Grant Funds:** Grant funds shall be used exclusively to fund the revolving loan program and the administrative cost of the program incurred by the Grantee in an amount not to exceed two percent of the initial grant, as well as any necessary unfunded expenses of the CDFIs as further discussed below.
- Creation of Policy Board:** Grantee shall create an independent policy board (“Policy Board”) that will monitor the expenditure of the grant funds and provide guidance to the Grantee. Grantee shall reserve one seat on the Policy Board for an appointment of the County Mayor or County Mayor’s designee.
- Loan Eligibility Criteria and Loan Documents:** The CDFIs shall utilize the criteria set forth in Exhibit A to this Term Sheet to determine eligible borrowers (“Loan Eligibility Criteria”) and shall require each borrower to provide, where applicable, the loan documents set forth in Exhibit B to this Term Sheet (“Loan Documents”) which may be used by the CDFI to determine a borrower’s eligibility for the program. Upon determination of a borrower’s eligibility for a loan, the CDFI will present the loan package to the Grantee who will confirm the borrower’s eligibility and fund the loan. The Grantee will be responsible for servicing the loan. The Loan Eligibility Criteria and the requisite Loan Documents may be modified by the Policy Board once established.

**CDFI Participation
Criteria:**

The Grantee shall contract with up to five CDFIs meeting the criteria set forth in Exhibit C to this Term Sheet (the “CDFI Participation Criteria”) whose main functions will be to originate and package loans and provide ongoing technical assistance to borrowers of the revolving loan program. To the extent that other funds are not available to fund the necessary unfunded expenses of the CDFIs, grant funds may be used to allocate up to \$750,000 over a 3-year period for such expenses.

Loan Terms:

Loans approved by the Grantee shall meet the following criteria, which may be modified by the Policy Board once established:

- The maximum amount of money lent to each individual borrower shall not exceed the lesser of \$30,000 or 50 percent of the borrower’s previous year’s revenue;
- The loan size shall be calculated by multiplying the borrower’s monthly mortgage or rent payment by a factor of 6 if renting a commercial space and 3 if residential lease or mortgage
- Rate of loan shall be fixed at the prime rate as published by the Wall Street Journal (the “Prime Rate”) which is currently 3.25 percent;
- The term of each loan shall not exceed 36 months; and
- There shall be a grace period after closing when no interest will accrue on a loan, with the first monthly loan repayment to begin on the later of November 1, 2020 or the first of the month following the 3-month period after closing.

Loan Repayment:

Upon the repayment of a loan by a borrower, the amount repaid by the borrower shall return to the revolving loan fund and shall be subject to borrowing by future borrowers.

Recapture of Grant Funds: Any grant funds which have not been loaned to borrowers prior to December 30, 2020 are subject to recapture by the County.

Bi-Monthly Reporting:

The Grantee shall submit to the County’s Finance Director on a bi-monthly basis a summary report detailing the activity of the revolving loan program until such time as all the grant funds have been loaned out or recaptured by the County.

Effective Date:

The Agreement shall become effective upon its execution by both parties.

EXHIBIT A TO TERM SHEET – LOAN ELIGIBILITY CRITERIA

- For-profit business headquartered in the County and with at least 50 percent of the owners having a primary residence in the County
- Evidence of having a Miami-Dade County Local Business Tax Receipt for the last two years (year to date)
- Annual verifiable revenues under \$2 million and fewer than 25 Employees (including independent contractors who file form 1099s)
- Credit Score greater than 575 with no bankruptcies or foreclosures in the last three years

EXHIBIT B TO TERM SHEET– LOAN DOCUMENTS

- Business information (name, address, EIN, type, employees)
- Personal information (name, address, SSN/ITIN, partners)
- Ownership information (proof of ownership structure)
- Authorization to release information
- Copy of unexpired government issued identification (State Identification, Driver's License, Passport,)
- Copy of executed lease (commercial or residential) or mortgage
- Copy of business federal tax returns for most recent two years, if available; but if not, copy of personal federal tax returns for most recent year
- Year to date business bank statements
- Profit and loss for current year to date (and 2019 if business federal tax returns have not been filed)
- Business tax receipt
- Signed affidavit

EXHIBIT C TO TERM SHEET – CDFI PARTICIPATION CRITERIA

- Certified small-business lending community development finance institution with at least two full years of micro-business lending activity
- Full-time office in Miami-Dade County for at least one full calendar(?) year
- Net assets exceeding \$1.5 million in the most recent tax cycle
- Authorized to do lending throughout Miami-Dade County