

MEMORANDUM

Supplement
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: Supplemental information
relating to resolution approving
terms of and directing County
Mayor to negotiate and execute a
grant agreement with the Dade
County Federal Credit Union
("DCFCU") to provide a grant to
DCFCU in an amount not to
exceed \$25,000,000.00 in funds
from the 2020 coronavirus aid,
relief, and economic security act
("CARES ACT")

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



Abigail Price-Williams
County Attorney


APW/cp

Memorandum



Date: June 2, 2020

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

From: Carlos A. Gimenez 
Mayor

Subject: Resolution approving terms of and authorizing County Mayor or County Mayor's designee to negotiate and execute a grant agreement with the Dade County Federal Credit Union to provide CARES ACT funds in the amount of \$25,000,000 to develop a revolving loan program, in collaboration with eligible Community Development Financial Institutions, to assist small businesses that meet certain criteria

Recommendation

It is recommended that the Board of County Commissioners authorize the County Mayor or the County Mayor's designee to negotiate and execute a \$25 million grant agreement with the Dade County Federal Credit Union to develop and implement a revolving loan program to provide small businesses throughout Miami-Dade County low interest rate loans. Small businesses, those with 25 and under employees, have suffered greatly due to the adverse economic impact of COVID-19. A properly structured and professionally managed revolving loan program can provide needed immediate relief to small businesses, and the repayments on loans made can be used to benefit small businesses in the future, both in good times and bad.

Scope

The revolving loan program is Countywide in scope. The first tranche of loans, to be issued through December 30, 2020, would help approximately 800 small businesses if each firm borrowed up to the maximum \$30,000 loan amount. The program is expected to attract additional outside funds thereby increasing the amount of loans to be provided over time.

Fiscal Impact/Funding Source

The \$25 million grant establishing the Revolving Loan Program will be federally-funded through Section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), signed into law on March 27, 2020, which established the Coronavirus Relief Fund (CRF) as part of Section 601(d) of the Social Security Act.

Track Record/Monitor

The Grant and Revolving Loan Program will be monitored by Deputy Mayor Edward Marquez and Gary Hartfield, Director of the Small Business Division of the Internal Services Department.

Background

As County Mayor, I continually hear ideas on how to help our economy, even more so recently because of the economic devastation that the Coronavirus has caused. In early April, I was separately approached by Commissioner Eileen Higgins and then by Michael Finney, President of the Beacon Council, about the idea of developing a revolving loan program that could get money into the hands of small businesses quickly by utilizing Community Development Financial Institutions (CDFIs). CDFIs are lending institutions certified and regulated by the U.S. Treasury that specialize in assisting small and women-and-minority-owned businesses access commercial lending they otherwise may not be able to obtain. They provide low cost loans with favorable terms and technical financial assistance to help strengthen the businesses ability to pay back the loans.

I directed Deputy Mayor Edward Marquez to determine if a viable program could be funded by the CARES Act and be established in an expedited timeframe that could help small businesses survive the coming months as our economy slowly returns to a 'new normal'. Ideally, the program would also be structured to attract outside funding from other entities, such as banks seeking Community Reinvestment Act Credits or private foundations that seek to help small or disadvantaged firms.

The CARES Act's Coronavirus Relief Fund (CRF) may be used to cover expenses if they (1) are necessary expenditures incurred due to the public health emergency with respect to COVID-19; (2) were not accounted for in the budget most recently approved as of March 27, 2020; and (3) were incurred during the period that began on March 1, 2020, and ends on December 30, 2020. All expenditures under the CRF will be subject to review by the Inspector General of the U.S. Treasury and subject to the federal Single Audit requirement.

The funding of a revolving loan program Grant would be an acceptable use of CRF funds so long as the small business loans are made prior to December 30, 2020 (if not, funds may be recaptured from the grant and reimbursed to the U.S. Treasury). Repayments of loans issued would be re-loaned to small businesses thereby improving their economic environment and allowing them to better weather future disasters.

Given the time constraints to develop a workable program, two local non-profit entities with community lending experience, the South Florida Regional Planning Council (SFRPC) and the Dade County Federal Credit Union (DCFCU) were approached to determine if they could serve the role of Grantee in accordance with terms as specified in *Exhibit I – Term Sheet Revolving Loan Program* of the attached Resolution. DCFCU is being recommended as the Grantee due to their long history of serving Miami-Dade County since 1939, their extensive reach throughout the County by having ten offices and over 110,000 members, and their financial stability and technical resources that can service loans in volume. Also, DCFCU is experienced in loan underwriting and can independently ensure that loan packages submitted by CDFIs meet all grant underwriting requirements. The Grantee will serve as the Administrator for the program and will also service and monitor the loans. DFCU will be the umbrella organization to the CDFIs that will be originating and packaging the loans.

Conclusion

A well-structured and professional managed revolving loan program can serve the immediate needs of small businesses in the County due to the adverse impacts of Coronavirus and for many years to come and may also attract funding from outside sources. The structure of the grant and the accelerated timeline being recommended would allow the program to begin lending funds by June and it is expected that all these funds would be totally lent out by December 30, 2020.

Should you have any questions, please contact Deputy Mayor Edward Marquez at (305) 375-1451.



Edward Marquez, Deputy Mayor