

January 22, 2020

**WHEREAS**, on May 12, 2010, City Council authorized a Chapter 380 economic development grant agreement with Southern Dallas Development Corporation for the Southern Dallas Small Business Loan Program for the benefit of small businesses located in southern Dallas as recommended by the Small Business Working Team of the Mayor's Southern Dallas Task Force, in the amount of \$1,000,000.00 by Resolution No. 10-1238; and

**WHEREAS**, on September 14, 2016, City Council authorized (1) a one-year service contract beginning October 1, 2016, with four one-year renewal options, with PeopleFund, for the purpose of making and servicing loans to eligible businesses and creating and/or retaining jobs for low-to-moderate income persons, in accordance with U.S. Department of Housing and Urban Development (HUD); (2) that any unexpended balances from the contract with the previous administrator, Southern Dallas Development Corporation, be rolled over to fund the City of Dallas Community Development Block Grant (CDBG) Business Revolving Loan Program; and (3) that all program income be rolled back into the Business Revolving Loan Program by Resolution No. 16-1476; and

**WHEREAS**, on August 9, 2017, City Council adopted the FY 2017-18 HUD Consolidated Plan Budget which included program income estimated at \$165,000.00 to be retained by PeopleFund to carry out the Community Development Block Grant Business Revolving Loan Program by Resolution No. 17-1171; and

**WHEREAS**, on September 27, 2017, City Council authorized the first of four twelve-month renewal options to the contract with PeopleFund to administer the City of Dallas CDBG Business Revolving Loan Program, for a term of October 1, 2017 to September 30, 2018 and that any unexpended balances of program income to be rolled over to continue the Business Revolving Loan Program by Resolution No. 17-1538; and

**WHEREAS**, on June 27, 2018, City Council adopted the FY 2018-19 Consolidated Plan Budget which included program income estimated at \$225,000.00 to be retained by PeopleFund to carry out the City of Dallas Community Development Block Grant Business Revolving Loan Program by Resolution No. 18-0987; and

**WHEREAS**, on September 26, 2018, City Council authorized the second of four twelve-month renewal options to the contract with PeopleFund to administer the City of Dallas CDBG Business Revolving Loan Program, for a term of October 1, 2018 to September 30, 2019 and that any unexpended balances of program income to be rolled over to continue the Business Revolving Loan Program, by Resolution No. 18-1374; and

January 22, 2020

**WHEREAS**, on June 12, 2019, City Council adopted the FY 2019-20 Consolidated Plan Budget which included program income estimated at \$156,000.00 to be retained by PeopleFund to carry out the City of Dallas CDBG Business Revolving Loan Program by Resolution No. 19-0886; and

**WHEREAS**, on August 8, 2019, the City notified PeopleFund that the City would not be exercising the renewal options on either contract, that all loans must be assigned back to the City, and that all account balances must be returned to the City; and

**WHEREAS**, on December 11, 2019, City Council authorized the preliminary adoption of Substantial Amendment No. 1 to the FY 2019-20 Action Plan for the City of Dallas CDBG Business Revolving Loan Program, to terminate the CDBG revolving loan fund program from the FY 2019-20 Action Plan and a public hearing to be held on January 22, 2020, to receive comments on Substantial Amendment No. 1 to the FY 2019-20 Action Plan for the CDBG Business Revolving Loan Program by Resolution No. 19-0919.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**SECTION 1.** That the City Council hereby authorizes final adoption of Substantial Amendment No. 1. to the FY 2019-20 Action Plan for the CDBG Business Revolving Loan Program to terminate the CDBG Revolving Loan Fund Program from the FY 2019-20 Action Plan.

**SECTION 2.** That the City Manager is hereby authorized to establish appropriations in the Revolving Loan Fund-Phase Out Fund, Fund 0758, Department ECO, Unit W511, Various Object Codes, in an estimated amount of \$2,971,174.00 that includes a cash balance of \$2,243,549.30 transfer from PeopleFund plus the estimated amount of \$727,624.70 of the loan portfolio receivable from PeopleFund (total actual amount to be determined at time of transition).

**SECTION 3.** That the Chief Financial Officer is hereby authorized to receive and deposit contribution income of \$2,243,549.30 as a cash transfer from PeopleFund related to the revolving loan funds reverting back to the City, as well as, the future estimated additional loan principal and interest payments of \$727,624.64 from PeopleFund into the Revolving Loan Fund-Phase Out, Fund 0758, Department ECO, Unit W511, Various Revenue Sources, including estimated principal of \$624,692.00 and interest of \$102,932.70. All collection fees charged by PeopleFund shall be recorded in the various object codes (loan collection funds transferred to the City by PeopleFund are to be net of collection fees for an estimated amount not to exceed \$23,000.00 for the duration of the loan payments collection period).

January 22, 2020

**SECTION 4.** That the Chief Financial Officer is authorized to set-up a Business Loan Receivable for an estimated principal amount of \$624,692.00 to record the outstanding loan portfolio transferred from PeopleFund to the City into the Revolving Loan Fund-Phase Out Fund, Fund 0758, Department ECO, Balance Sheet Accounts 016B (Business Loan Receivable) and 0898 (Unavailable/Deferred Revenue).

**SECTION 5.** That upon receiving loan payments related to the loan portfolio, the Chief Financial Officer is authorized to reverse Business Loan Receivable in the principal amount of funds actually received in the Revolving Loan Fund-Phase Out Fund, Fund 0758, Department ECO, Balance Sheet Account 016B (Business Loan Receivable) and 0898 (Unavailable/Deferred Revenue).

**SECTION 6.** That the Chief Financial Officer is hereby authorized to transfer funds in an estimated amount of \$453,402.33 of the outstanding loan portfolio as repayment to HUD for the value of the CDBG funded loans, and possibly an additional \$401,632.58 from a previous City program (Neighborhood Business Loan Program – NBLP) if eligible into the CDBG Program Income Fund, Fund 0602, Department BMS, Unit 6391, Revenue Code 9201; if not eligible to be repaid to HUD, to transfer the \$401,632.58 to PPP Fund, Fund 0352, Department ECO, Unit P151, Revenue Code 9201 from the Revolving Loan Fund-Phase Out Fund, Fund 0758, Department ECO, Unit W511, Object Code 3690.

**SECTION 7.** That the Chief Financial Officer is authorized to transfer funds in an estimated amount of \$914,518.82 as program income from the Revolving Loan Fund-Phase Out Fund, Fund 0758, Department ECO, Unit W511, Object 3690 into the CDBG Program Income Fund, Fund 0602, Department BMS, Unit 6391, Revenue Code 9201.

**SECTION 8.** That the Chief Financial Officer is hereby authorized to transfer funds in an estimated amount of \$473,995.57 from the Revolving Loan Fund-Phase Out Fund, Fund 0758, Department ECO, Unit W511, Object 3690 to the PPP Fund, Fund 0352, Department ECO, Unit P151, Revenue Code 9201.

**SECTION 9.** That Funds received related to the loans receivable in an estimated amount of \$704,624.70 (including estimated principal of \$624,692.00, interest of \$102,932.70, less collection fees estimated not to exceed \$23,000.00) shall be transferred from the Revolving Loan Fund-Phase Out Fund, Fund 0758, Department ECO, Unit W511, Object 3690 into the PPP Fund, Fund 0352, Department ECO, Unit P151, Revenue Code 9201.

January 22, 2020

**SECTION 10.** That the City Manager is authorized to execute an amendment to the CDBG Business Revolving Loan Program Management Agreement with PeopleFund and an amendment to the Chapter 380 Grant Agreement with the Southern Dallas Development Corporation, subsequently assumed and/or assigned to PeopleFund, approved as to form by the City Attorney, to require PeopleFund to continue servicing the outstanding 13 loans, under the Business Revolving Loan Program and Small Business Loan Program through the later of (i) the date that all loans have been repaid, or (ii) March 1, 2028, without originating any additional loans.

**SECTION 11.** That the amendment to the agreements shall include the following terms:

- A. The term of the amendment will begin on October 1, 2019 through the later of (i) the date that all loans have been repaid, or (ii) March 1, 2028.
- B. PeopleFund will charge \$35.00 per loan payment collected, per month as a servicing fee. The total service fee amount under the term of the agreements shall not exceed \$23,000.00.
- C. Loan payments paid by the borrowers will be split, pro-rata, between the City and PeopleFund based on each entity's contribution to the total loan funded.
- D. PeopleFund will remit monthly to the City all loan payments, less the servicing fee. Loan payments will be deposited into the PPP Fund.
- E. If there is a default or any legal issue or dispute arises in the enforcement of the outstanding 13 loans, serviced by PeopleFund, PeopleFund will notify and provide all necessary documentation to the Office of Economic Development, so that the City, in its sole discretion may determine a course of action.

**SECTION 12.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.