

# EXHIBIT B

2015 AAP SUBSTANTIAL  
AMENMDMENT #2



**CITY OF AURORA, ILLINOIS**

**APPLICATION FOR LOAN GUARANTEE**

**FROM**

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

**FOR AN**

**ECONOMIC AND COMMUNITY DEVELOPMENT LOAN POOL**

**IN THE AMOUNT OF \$6,000,000**

**September, 2015**

**PUBLIC DISPLAY COPY**



**Executive Summary:**

The City of Aurora, Illinois, through its Neighborhood Redevelopment Division, is applying to the U.S. Department of Housing and Urban Development (HUD) for authorization to utilize the Section 108 Program to create a Six Million Dollar (\$6,000,000) loan pool. This loan pool will establish a funding source for City projects where funding might otherwise be unavailable. The projects are:

<b>Project:</b>	<b>Amount:</b>
1. Economic Development Loan Pool	\$2,000,000
2. Affordable Housing Tax Credit Facilitation	\$2,000,000
3. Public Facilities Loan Pool	\$2,000,000
<b>TOTAL:</b>	<b>\$6,000,000</b>

Each project is in its own stage of implementation and scope. In addition, each project will have a separate HUD repayment structure and City funding commitment. Specifics pertaining to the structure of each loan pool and/or project are outlined below.

The Economic Development Loan Pool will lend \$2 million in Section 108 funds utilizing strict underwriting criteria to assure repayment of its obligations to the City. The loan repayments from the Affordable Housing Tax Credit Bridge will be collateralized by the various projects. Similarly, the Public Facilities Loan Pool will be collateralized by specific projects such that underwriting criteria can be met and the project can, with some, assurity, repay the City.

As part of this application, the City will be seeking a \$2 million loan pool to facilitate tax credit eligible projects. The housing tax credit facilitation is designed for the City to participate in various affordable housing projects that meet Aurora’s high standards for access to amenities, project dispersion, and reuse of existing buildings. The program is designed so that the City can repay all Section 108 funds, and account for repayments as program income into the CDBG program.

The City is also requesting to spend \$2 million to fund community facilities projects. Specifically, the City has formed partnerships to replace lost community center in its Eastside neighborhood; one of the most economically challenged in the City. Loans made under this program pool will be repaid via rents paid for use of community center space.

A thorough description of all three components of this application is outlined throughout this application. The City of Aurora has engaged an intensive preplanning process for each of the activities discussed, and the City is further willing to make any adjustments are deemed necessary by HUD. Should there be alternations, a full review of the project scope will be undertaken and vetted accordingly.

## **1. Project Description**

The City of Aurora's Section 108 Loan Application is broken into three individual components:

### **A. Economic Development Loans**

The City of Aurora seeks to establish a lending pool to make small business loans between \$5,000 and \$100,000 that support entrepreneurs who are unable to access traditional financing. It is contemplated that this lending pool would be outsourced to an area not-for-profit entity that is experienced in micro-lending. The small business population include under-represented groups including women, minority populations, and those with unestablished credit. A specific target of these loans would be the 200+ businesses identified as existing within the City's Neighborhood Revitalization Strategy Area (NRSA). The 2007 Census notes that there are over 11,000 businesses, of which 50% or more are owned by Black, Hispanic, or Women entrepreneurs. Women owned businesses account for over 35% of Aurora businesses. Aurora has a higher percentage of Hispanic-owned businesses than Chicago.

To qualify for a loan, an applicant must: 1. Be a business owner; 2. Demonstrate a strong commitment to repaying the loan; 3. Have invested some savings or personal equity in the business; 4. Exhibit a clean or improving credit history; 5. Generate sufficient income to service new debt; demonstrate a willingness to create new jobs and/or be a low income business owner. Loans would be in the range of \$5,000 to \$100,000.

Unemployment in Aurora, particularly in the NRSA remains high. In the 2009 community needs survey, Aurora residents specifically cited the need for increased job and economic opportunities. The City further determined in its 2009 NRSA analysis that local economic development had been stymied by lack of an access to credit. Further, in a 2013 survey of NRSA businesses conducted by local two-year public institution of higher learning, Waubensee Community College, NRSA businesses cited access to loans and credit as one of their chief concerns. Small businesses are critical to the stabilization and survival of LMI areas such as the NRSA, and the modest assistance offered by micro-lending can be critical to local economic recovery efforts in Aurora.

Section 108 loan funds will be used passed through to loans that can be underwritten for projects that can generate enough cash flow to repay the loan. The City's goals are business retention and expansion in the downtown area as well as job creation within the city's Neighborhood Revitalization Strategy Area (NRSA) and for Aurora's LMI population. Each prospective loan will be subject to an exacting set of underwriting criteria. Each project must follow CDBG program regulations, which include eligibility, national objective, and public benefit requirements.

### **B. Affordable Housing Tax Credit Facilitation**

The City is planning for several potential 9% affordable housing tax credit projects in the next two years, where Section 108 would be used to bridge tax credit funds with actual project costs. The City tracks several abandoned buildings in its Downtown and Near Eastside Neighborhoods which would be large enough, and have ready access to amenities, to support affordable housing development. The City has been in contact with building owners, has verified entitlement status and other tax credit eligible

components of a potential project, and believes that these projects are both viable and competitive for affordable housing tax credits.

In July of 2013, the firm of Novogradac & Company analyzed the Aurora rental housing market for the sake of a project funded and located in a general area around the City center where the bulk of the Section 108 tax credit gap funded projects would be located. Within the target area, the Study found that renters comprise approximately 34% of the housing stock. Generally, units located within the urban core of Aurora are located within easy access to amenities such as shopping, parks, libraries, and medical care. Vacancy rates were variable for 11 downtown rental properties surveyed (2,547 units); ranging from 1.8% to 10.8%, with an overall vacancy rate of 3.5% (affordable and market rate complexes generally had the same vacancy spread). Income ranges for the rental properties surveyed range from \$35,713 to \$72,639. The study found over 7,500 persons that would be eligible to rent income restricted affordable housing units. The area was found to be generally lacking in rent restricted affordable housing opportunities. In all, the rent analysis found that the addition of rent restricted affordable housing would be beneficial to the urban core of Aurora as it would offer housing options in an area that was well-suited in terms of amenities.

### **C. Public Facilities Loan Pool**

The City has indicated support for partnerships that would produce major community centers for Aurora youth, with an emphasis on producing facilities that would be privately owned and operated by not-for-profit providers, but contractually run as a broad based multipurpose facilities. In an effort to encourage and further enhance partnership opportunities among Aurora youth service providers and to further expand and strengthen the capacity and financial resources of area agencies, the City is specifically seeking to coordinate multiple non-profit providers into one facility who can use rental income and other fees from existing operations to pay-off Section 108 loan proceeds.

One example is an adaptive reuse of a former church building into a community center. The building is located within the City's NRSA. The Section 108 loan would provide funding assistance for a multi-agency partnership between the Aurora Housing Authority's non-profit development corporation, Northern Lights and two local non-profit agencies. The development agreement would involve the negotiation of long term leases with information on the sharing of (substantial) tenant improvement costs (\$100,000), calculations of rent payments with escalators and offsets, maintenance calculations, and sublease cash flows. The project will complete the renovation and reconversion of a church building while providing a long-term community asset within the City's NRSA.

## **2. Sources and Uses**

### **A. Economic Development Loan Pool**

A detailed listing of proposed sources and uses will be provided for each project application that requires the identification of each financing source and its related dollar amount. The debt and/or equity that the principal developer or business owner is investing in the project will be included in this calculation. Loan recipients will be required to have equity in the project.

### **B. Affordable Housing Tax Credit Facilitation**

All funds requested for this project will be used to facilitate work force housing for LMI residents as well as permanent supportive housing. More detail on the project will be presented to HUD as it becomes available.

### **C. Public Facilities Loan Pool**

A detailed form will be provided for each project application that requires the identification of specific funding sources and the corresponding dollar amounts. The debt and/or equity being invested by the Principal Developer will be factored into the calculation. The not-for-profit developers will be required to provide a minimum of 5% equity in the project. The goal is to have a debt coverage ratio of 1.1 and loan to value of 80% or more. The City will take into account additional funding sources (New Market Tax Credits, etc.) when structuring deals with the HUD Section 108 funds and the amount of developer equity financing in the deal

## **3. Project Structure and Participants**

### **A. Economic Development Loan Pool**

The Section 108 loan funds will be granted to a not-for-profit Subrecipient who will act as Principal Developer for this program. The Principal Developer will be a private non-profit entity. The City will have a Subrecipient Agreement with the Principal Developer and it will be the responsibility of the Principal Developer to solicit and underwrite loans, manage accounting and reporting, and work with loan clients.

### **B. Affordable Housing Tax Credit Facilitation**

The applicant for the 108 loan funds will be the City of Aurora. The City will borrow and initially re-lend the funds to several non-profit and local for-profit developers for the purposes of property development, construction, and management of workforce housing development. Each project will have a principal developer and equity will be provided thru Low Income Housing Tax Credits. The City of Aurora may provide either interim construction financing or permanent project financing thru the use of 108 funds. Upon completion of construction, the City will expect a general partnership to own, operate, and manage subject properties. All funds requested for this project will be used to facilitate work force housing for LMI residents as well as permanent supportive housing. Additionally, the funds will be used as bridge/gap financing for low income tax credits.

### **C. Public Facilities Loan Pool**

The Section 108 loan funds will be borrowed by the City of Aurora and re-lent to one or more Developers, except in cases where the City serves as the developer. The Developer will be a private or a non-profit entity. The City will have a development agreement with the Developer and it will be the responsibility of the Developer to act as, or in some cases, hire the General Contractor. Similarly, all development agreements will contain all necessary requirements related to the disbursement of Section 108 funds within the context of the specific development budget and project.

## **4. Collateral**

### **A. Economic Development Loan Pool**

For each project to be assisted with 108 loan funds collateral will be secured in the following order: 1) liens on real property or hard business assets associated with the loan, 2) corporate and personal guarantees by the business owner, 3) the City's Community Development Block Grant funding.

**B. Affordable Housing Tax Credit Facilitation**

For each project to be assisted with 108 loan funds, collateral will be secured in the following order: 1) liens on real property or hard business assets associated with the loan, 2) corporate and personal guarantees by the housing developer, and 3) the City's Community Development Block Grant funding. The City may require additional collateral for the life of the loan term (usually 15 years). This collateral has not yet been determined, but when identified, will be presented to HUD for approval and acceptance.

**C. Community Facilities Loan Pool**

For each project to be assisted with 108 loan funds, collateral will be secured in the following order: 1) liens on real property associated with each project; 2) corporate and personal guarantees by the Principal Developer or Owners of the project; 3) the City's Community Development Block Grant funding. For projects structured with loan terms surpassing 10 years, the City will provide HUD with additional collateral as requested.

**5. Project Implementation/Time Table**

**A. Economic Development Loan Pool**

Using CDBG project funds, the City of Aurora issued a Request for Proposal in February of 2015, and chose a non-profit partner to administer the micro-loan program. It is anticipated that Section 108 resources will be used to recapitalize the micro-loan pool with an emphasis on making loan capital available to address downtown infrastructure issues. Under this micro-loan pool expansion, Section 108 financing will typically be structured to fund, site work, rehabilitation and/or new construction proportionate to its share of all project sources.

**B. Affordable Housing Tax Credit Facilitation**

A project schedule will be presented when available. Funding will be needed at the commencement of construction as it will be needed to bridge equity from the tax credits.

**C. Community Facilities Loan Pool**

A project schedule will be included with each application for funds from the City of Aurora's proposed Section 108 loan pool. In fact, the first project is being submitted with this application and will commence upon approval. The 108 financing will typically be structured to fund acquisition, site work, rehabilitation and/or new construction provided that the amount of 108 funding, where it is utilized, remains proportionate to its relative share of all project sources.

**6. Eligibility under 24 CFR 570.203(b); 24 CFR 570.202(a)(1) and 24 CFR 570.201(c)**

**A. Economic Development Loan Pool**

Under 570.203(b), the City can provide assistance to private for-profit business, including, but not limited to, grants, loans, loan guarantees, interest supplements, technical assistance, and other forms of

support, for any activity where the assistance is appropriate to carry out an economic development project, excluding those described as ineligible in Section 570.207(a). In addition, these activities will meet the guidelines provided in Section 570.209 (Guidelines for evaluation and selecting economic development projects).

**B. Affordable Housing Tax Credit Facilitation 570.202(a)(1)**

This project will be eligible under CFR 570.202(a)(1) allowing for privately owned buildings and improvements for residential purposes; improvements to a single-family residential property which is also used as a place of business, which are required in order to operate the business, need not be considered to be rehabilitation of a commercial or industrial building, if the improvements also provide general benefit to the residential occupants of the building.

**C. Community Facilities Loan Pool 24 CFR 570.201(c)**

Each of the community facilities projects to be assisted with Section 108 loan funds will be eligible under 24 CFR 570.201 (c), where the City may acquire, construct, reconstruct, rehabilitate, or install public facilities and/or improvements that are owned by the City, a non-profit, or subrecipient. Specific projects contemplated by the City for the Section 108 Community Facilities Loan Pool include recreational facilities. The City will proportionately net-out all office and other square footage in existing projects that are not directly tied to client services.

**7. Description of how the Proposal meets one of the National Objectives prescribed in 24 CFR 570.200 (a) (2)**

Section 570.208 defines the criteria under which an activity may meet Section 570.200(a)(2), National Objectives. Section 570.200(a)(2) requires that all CDBG 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. 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.

**A. Economic Development Loan Pool**

The creation of the City of Aurora's Section 108 loan fund will facilitate the creation or retention of jobs for low- and moderate-income persons, support projects that provide critically needed goods and services to areas that are predominantly low and moderate income, and/or assist in the elimination of slum and blight. The City envisions that Section 108 funds will be used primarily for the creation and/or retention of jobs falling under the public benefit standards.

Section 570.208 defines activities that meet the requirements of 570.200(a)(2) through the creation or retention of jobs (Section 570.208(a)(4)), area benefit activities (Section 570.208 [a][1]), and elimination of slums or blight (Section 570.208(b)). Subsection 570.208(a)(4) 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 either be held by or be available to low- and 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 570.91.215(g) gives revitalization strategy areas greater leeway in using CDBG funds, such as if the assisted business is located in a revitalization area, if the job is located within that census tract, then the person may be presumed to be a low- or moderate-income person.

Section 570.208(a)(1) explains Area Benefit activities. The City of Aurora has a Neighborhood Revitalization Strategy Area (NRSA) which might have area benefits. Activities to be considered Area Benefit for HUD 108 Loan Guarantee purposes may follow 570.208(a)(1)(i) to include activities, "the benefits of which are available to all the residents in a particular area, where at least 51 percent of the residents are low and moderate income persons."

#### **B. Affordable Housing Tax Credit Facilitation**

The Low Income Tax Credit Bridge Loan meets the benefit to Low/Mod Housing National Objective. These units will be occupied by low/mod income persons.

#### **C. Community Facilities Loan Pool**

The creation of the City of Aurora's Section 108 loan fund will play an important role in supporting several initiatives including facilitation of development in neighborhoods where gap financing is necessary to finance large-scale community projects. The community facilities contemplated for Section 108 loan funding will be located within the NRSA and/or Low to moderate income census block groups, and will have area benefits to lower income Aurora residents.

### **8. Standards for evaluating Public Benefit Standards**

#### **A. Economic Development Loan Pool**

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 loan guarantee will comply with the standards of subsections 570.209(b)(1), (2) & (3).

All projects funded through the loan guarantee will be required to meet either the individual or aggregate job creation standard of Section 570.209(b)(3), as applicable. The City of Aurora anticipates qualifying projects under both 570.209(b)(3)(i)(A) and (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.

In some situations, projects assisted with the loan fund may be located within a HUD-designated Neighborhood Revitalization Strategy Areas, or within a census tract with poverty rates in excess of 20%. 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.

**B. Affordable Housing Tax Credit Facilitation**

Each of the housing development projects to be assisted with Section 108 loan funds will be eligible under CFR 570.202 (a) and is therefore not subject to the public benefit standards.

**C. Community Facilities Loan Pool**

Each of the development projects to be assisted with Section 108 loan funds will be eligible under CFR 570.208 (1) and will meet area benefit standards.

**9. Project Evaluations - 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, and particular attention will be exercised when an activity involves a non-arms-length transaction.

**b. Commitment of all Sources of Funds.**

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

**c. Substitution of CDBG funds for Private Sources.**

City staff assisted by partners will review all projects to ensure that each loan minimizes the use of CDBG funds. It is in the City of Aurora's interest to verify that there is 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 verify that private sources of financing have been maximized and that the rate of return on equity is reasonable and within general standards.

**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 some 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.

**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 local standards and 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 not disburse Section 108 funds in a ratio greater than the ratio of committed Section 108 funding to committed equity for each of the proposed projects.

**10. Underwriting Standards for City of Aurora 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 Chicago Office of the United States Department of Housing and Urban Development.

**2. Eligible Activity**

In addition to meeting one of the programs National Objective 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 Chicago 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.

**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.

### Collateral

Projects to be funded should maximally have an 80 percent loan to value ratio. This value must be supported by an appraisal prior to funding. If more 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.

### 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 good credit histories, demonstrated integrity, and quality references.

### **11. Project Management**

The City of Aurora, Finance Department and the Neighborhood Redevelopment Division (NRD) will administer the community development and the economic development loan pool respectively. Finance and NRD, with direct guidance from the City's existing Financial Review team will underwrite all loans and will utilize municipal partners to advise on project feasibility.

### **12. Citizen Participation Plan 570.704**

The City of Aurora has initiated its Citizen Participation Plan for the purposes of utilizing the Section 108 Loan Guarantee Program. The City has advertised and held a public hearing September 20, 2012. The public hearing announced the plans to apply for a HUS Section 108 Loan Pool and the proposed components of the application. The Section 108 proposal was heard before the City's Block Grant Advisory Committee on **Month XX, 2015**. The public comment period ran thru **Month XX, 2015**. Comments were responded to accordingly. A second Public hearing was held on **Month XX, 2015** before the City Council Budget and Finance Committee on the City's Consolidated Plan/Action Plan Substantial Amendment for the HUD 108 Loan Program for 2016. The Substantial Amendment and HUD 108 application were published on the City's website for review. Comments for this public hearing were responded to accordingly. After consideration of public and administrative feedback, the application will be finalized and submitted to HUD for review by both the Field Office and Headquarters.

### **13. Contact**

**Brian Caputo, Chief Finance Officer**

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**Dan Barreiro, Chief Community Services Officer**

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**Amy Munro, Redevelopment Coordinator**

Neighborhood Redevelopment Division  
51 East Galena Boulevard  
Aurora, Illinois 60505  
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## Exhibit I – Authorizing Resolution

### RESOLUTION NO. 15-

#### **A RESOLUTION AUTHORIZING THE CITY OF AURORA TO SUBMIT A HUD SECTION 108 LOAN GUARANTEE APPLICATION TO BENEFIT SMALL BUSINESS ECONOMIC DEVELOPMENT, AFFORDABLE HOUSING DEVELOPMENT, AND COMMUNITY FACILITIES DEVELOPMENT PROJECTS**

WHEREAS, the Department of Housing and Urban Development (HUD) has established the Section 108 Loan Guarantee Program (“Program”) in order to provide below-market rate loans for qualified projects that serve the needs of low and moderate income persons; and

WHEREAS, the City of Aurora meets the criteria to participate in the Program as a Grantee, receiving funds through the HUD Community Development Block Grant Program (CDBG); and

WHEREAS, the City of Aurora Block Grant Advisory Committee approved participation in the Program at its regular meeting on **Month XX, 2015**, in order to provide funding to be of substantial benefit to low and moderate income persons in Aurora; and

WHEREAS, the contemplated projects under a Section 108 loan are expected to create jobs for low and moderate income persons or benefit the low to moderate income Aurora community; and

WHEREAS, a public hearing was held on **Month XX, 2015**, before the City of Aurora Block Grant Advisory Committee to discuss proposed developments under a Section 108 loan application, portions of which are eligible for funding under the Program in accordance with requirements set forth by the Program.

NOW THEREFORE, BE IT RESOLVED that the Council of the City of Aurora approves participation in the U.S. Department of Housing and Urban Development’s (HUD) Section 108 Loan Guarantee Program and authorizes the submission of a HUD Section 108 Loan Guarantee Program application in the amount of \$6,000,000 and hereby authorizes the Mayor, Chief Financial Officer, and Chief Community Services Officer to sign and execute any contracts and related documents to participation in the Section 108 Program, with the consent of Corporation Counsel.

**Exhibit II – Public Hearing** – to be submitted with application to HUD



**Exhibit IV – Certifications** – to be submitted with application to HUD