

The JOINT CD and FINANCE Committees held a meeting on **Monday, August 28th, 2023** beginning at 6:15 P.M.

CD MEMBERS PRESENT: Committee Chair Callahan, Mitchell, Oswald, Schneider, Lipian

FINANCE MEMBERS PRESENT: Committee Chair Stewart, Tollett, Cerra, Davis, Schneider

OTHER COUNCIL MEMBERS PRESENT: Corbin

OTHERS PRESENT: Law Director Deery, Mayor Whitfield, Safety Service Dir Lundy, Asst. Dir Williams, Finance Dir Pileski and Farrell, Asst Dir Calvert, Engineer McKillips, CD Director Scott, CD Manger Almobayyed, Parks & Rec Dir Reardon, Asst Law Dir Breunig

1. Approval of the Joint Meeting Minutes from July 24th, 2023.

Motion made by Mr. Schneider, seconded by Mrs. Mitchell to approve the said minutes.

2. The matter of the PY 2024 Community Development Block Grant Action Plan, 5-Year Consolidated Plan.

(PUBLIC HEARING) (*1st of 2 Public Hearings*) Referred By: CD Manager Almobayyed
Chair Callahan read the 'call to Public Hearing'.

Chair Callahan asked for any proponents.

CD Director Scott said this is one of two public hearings for the City's CDBG Program, consolidated Plan and Analysis of Impediments to Fair Housing Choice Update 2024. Eligible activities include, but not limited to: acquisition, rehab, code enforcement, removal of architectural barriers, economic development activities, public services, public facility and infrastructure improvements and administration and planning.

Under the program, there are certain cap requirements that cannot be exceeded. Including a maximum of 20 percent to be expended on admin and planning and a max of 15 percent to be spent of public services. 70 percent of the funds must benefit low- and moderate-income persons and households. All of the funds must meet one of the 3 national objectives, which include low and moderate benefits, elimination of slums and blight and urgent needs.

The final allocation has not been set, for budgeting purposes, they will use the 2023 allocation amount of \$764,378, plus a rough estimate on carryover and program income. The program year doesn't end until February 28th, actual numbers on these items are not available at this time. Considering all the factors involved with the final budget, it's likely that the numbers will need to be adjusted at a later date.

The activities that were budgeted for 2023 are Administration and Planning, Housing Rehab, Code Enforcement, Public Facility and Infrastructure Improvements (storm sewer and South Park Ball Field), fair housing, Public Service thru City Youth Programming and Senior Programming as well as subrecipient grants to non-profit agencies.

The City received its allocation from HUD in July.

Currently, the City has expended and/or encumbered for the 2023 CDBG year the following; 28% in Administration, 0% Public Facilities Storm Sewer, 0% South Park Ball Field, 35% Housing Rehab, 49% Code Enforcement, 17% Public Service Activities.

The City completed its Consolidated Annual Performance and Evaluation Report (CAPER) for 2022 CDBG program year in May. The CAPER indicated the City continues to perform in a timely manner and met the program thresholds for expenditures and obligations and were under the 15 percent service cap and under the 20 percent admin cap. They do have to estimate what the anticipated program is going to be each year. They typically keep that at around \$30,000 however they received \$80,000 in program income this past year so that will surpass the \$20,000 acceptable range with HUD, however there are some unforeseen things with that.

Applications from non-profit organizations must be submitted by noon on September 29th. The applications are posted on the City's website and were mailed out to non-profits and are also available in the CD office to be picked up.

A second public hearing is scheduled for October 10th at 6:00 P.M. The goal is to have the funding requests reviewed as well as the draft budget for that meeting so that they will be able to start the public comment period on October 16th. That will run thru November 20th and will return to committee at the November 27th with any comments that are received and at that time they will request final consideration from the committee. And they hope the plan will go before Full Council on December 4th.

They will be meeting with the consultant regarding the 2025 thru 2029 Consolidated Plan in October and will be holding stakeholder interviews as well as to begin the field work for Slum & Blight recertification and analysis of impediments and recertification.

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Chair Callahan Declared that this Public Hearing has been held.

3. The matter of a Community Development Block Grant (CDBG) Consolidated Annual Action Plan Substantial Amendment.

(PUBLIC HEARING) Referred By: CD Manager Almobayyed

Chair Callahan read the 'call to Public Hearing'.

Chair Callahan asked for any proponents.

CD Manager Almobayyed said they are proposing to make some changes to the CDBG 2023 Grant. They were able to fund two of their sub-recipients through the CDBG Covid program. Those amounts were moved into the CDBG Covid Funding which allowed to free up some money to fund the Lorain County Urban League, in order to provide Fair Housing Services. The Community Housing Impact Preservation Program which is a grant to help residents rehabilitate their properties and part of the requirements is for them to have a Fair Housing Program which includes having a phone number that people can call, providing brochures and information to pass out to residents and to have a certain amount of training which should cover the entire grant period. If we are awarded this grant, it would begin in December 2023.

The training is provided by the Urban League. If we wait until CDBG 2024 there would be a six-month window where there is no Fair Housing Training. They provide information and distribute flyers and training is provided by The Urban League which allows us to enter into an agreement with them sooner.

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Chair Callahan read the committee report and asked for a motion.

COMMUNITY DEVELOPMENT:

Motion was made by Mrs. Mitchell and second by Mr. Schneider to authorize an ordinance to amend the previous CDBG ordinance, emergency clause requested.

MOTION CARRIED COMMITTEE REPORT WRITTEN

FINANCE:

Motion was made by Mr. Schneider and second by Mrs. Davis to authorize an ordinance to amend the previous CDBG ordinance, emergency clause requested.

MOTION CARRIED COMMITTEE REPORT WRITTEN

4. The matter of an amendment to a previously approved Downtown Historic re-development grant for improvements at 246 Second Street.

Referred By: CD Manager Almobayyed

CD Manager Almobayyed said this applicant has already applied for a roofing project and it was approved for a polyurethane foam application at a total cost of \$55,000 with a reimbursement of \$27,000. The applicant came back saying the cost was going to be a little bit more. The grant allows for up to \$50,000 reimbursement, it went back to the EEDC and was approved for an additional cost of \$13,000 and with a \$6,000 reimbursement for a total of \$36,640 reimbursement. Mr. Breno from the Elks is here to speak on this.

Mr. Breno of The Elyria Elks Lodge said when they originally applied for this grant, they were just going to do the roof and then some people said some of the brick work, the chimney and some facings were in bad shape, so they had a mason give an estimate for that. So, they want to amend the grant so that can be added. They will use Canterbury Masonry and they will keep in mind that it's a historical building.

Mr. Stewart said that this is showing that the Elyria Elks are continuing to improve that Historic Building and they are in full support of this and appreciate that they keep investing in our community.

COMMUNITY DEVELOPMENT:

Motion was made by Mr. Oswald and second by Mrs. Mitchell to authorize an ordinance to amend the previous grant ordinance.

MOTION CARRIED COMMITTEE REPORT WRITTEN

FINANCE:

Motion was made by Mr. Cerra and second by Mr. Schneider to authorize an ordinance to amend the previous grant ordinance.

MOTION CARRIED COMMITTEE REPORT WRITTEN

5. The matter of a Revolving Loan Fund in Partnership with ECDI.

Referred By: Asst. Service Director Calvert

Director Calvert said this was referred in May and was discussed at the Committee on May 22nd. This is a revolving loan fund that they are proposing in partnership with ECDI. The current economic development programs are geared toward real estate improvements and largely limited to downtown. There is a need to address access to capital for historically underserved backgrounds and communities. Access to credit is getting difficult as banks are tightening those lending requirements and interest rates are on the rise. To help address this need they are requesting to partner with ECDI to create this revolving loan fund. The request is for a \$250,000 to ECDI. \$170,000 would be used to seed the revolving loan fund, \$30,000 would be set aside for loan loss reserves and \$50,000 for administrative fees; underwriting and technical assistance. This was discussed in detail at the meeting in May. Many loans are small and are used to help people get started with their small businesses. ECDI forwarded information on their Canton program, they provided a Lorain County analysis, small market report and data about their impact on other communities they serve.

Mr. Tollett said the \$80,000 in overhead (which represents just under 30 percent of the total amount we would be funding). Council made a commitment to diversity, equity and inclusion, he supports this program but he doesn't support spending 30% of the funds in administration costs). He suggested that the program be run in house or through Community Partnership or LCCC, maybe a three-way partnership and/or with a local bank.

Mayor Whitfield said \$30,000 is earmarked as a loan loss reserve and \$50,000 is for staffing. A plus is folks will have access to a dedicated staff person here in Elyria to service the community. The other piece is our \$170,000 will be dedicated to Elyria business owners. They've been proposing small business supports to council since May 2020, of those they were able to get money our thru CARES Act and covid dollars and CIC Funds from a grant standpoint. But this revolving loan is an important tool to have here in Elyria. We have to put these incentives in play to entice people to start up business in Elyria. They have proposed an in-house option in the past and they heard feedback around the complexity of that, so they feel like this is the next best option.

Mr. Tollett says he thinks this is an awesome program, but he doesn't think we need to use the outside source. Why do we need a \$30,000 loan loss if we're the bank?

Dir Calvert said it's to secure that larger loan fund and they leverage other funds. Part of the city's fund may go into that loan but it may be matched by other lending sources that require that loan loss reserve, and it's set aside for that. ECDI has 44 different lenders, they leverage with a combined 60-million-dollar pool of funds. As loans get paid back it goes back into that fund.

Mayor Whitfield said if council agrees that the \$50,000 is too much, they can cut that in half and say they don't need staff worth 50K but just 25k. We just want to see this move along.

Mrs. Mitchell asked if the staff will be here in Elyria?

Mayor said yes, and they would possibly share space with Elyria Community Partnership or in City Hall.

Mrs. Davis asked where the money will come from?

Dir Calvert said the funds will come out of Issue 6 Economic Development Fund.

Mayor Whitfield said they allocated one million dollars at the beginning of the year for a small business program which wasn't approved so we could also restructure it so those resources are used toward that program.

Mr. Lipian asked if there is going to be a contingency with the loaning of this money.

Dir Calvert said no, there would not be a contingency with this. The way this was designed and the way they are proposing this is not to not have those stipulations on it, because it's geared to start up and early stage entrepreneurs who have challenges accessing capital. They don't want to hamper and put on more strings for the small businesses. There would be collateral but they wouldn't require job creation on these loans.

Mr. Oswald asked if this is only for Elyria residents or those outside the city that want to invest in our City?

Dir Calvert said this is for those who are operational in the City.

Chair Stewart said the committee members did receive additional information and asked if this is an opportunity that Elyria Community Partnership, Small Business Development at the College, Team Lorain County can be a part of? He spoke to Ms. Roberts of Elyria Community Partnership as well as some of their board members who are familiar with this lending institutions. Is that something we can do? We did have a revolving loan department here in Elyria and block grant programs, we're well versed there. This will encourage small business. He is in support of the initiative and would more so support it if we do it in house and partner with ECP. He said he would think ECDI would work with Elyria Community Partnership and will ask for those business names and information and they will contact them and say, we can help them. He recommends to keep it in house and utilize our local resources.

Mr. Cerra asked if anyone has spoken to ECP to find if they have interest in doing this?

Mayor Whitfield said when he worked at The Urban League, they managed the minority business assistance center. He knows who the players are in this access to capital space. ECDI is a different player and has a different niche than the SBDC, they often will collaborate and do events together. ECDI is a micro lending startup focus, disadvantage business focus as opposed to the SBA which is the SBDC on the ground and is broader and they stay away from startups. Startups are a lot of work and they don't have a good success rate. They have all said this is a need within the community. One concern is how do you access this and will there be a dedicated person. The money is out there, but how do businesses get it. The ECDI provides the coaching as well as hands-on coaching. They did propose doing it in house a few months ago when they proposed the QCT Program. This layer of separation protects the city as well is a little bit more subjective.

Mr. Lipian said this revolving loan program can be looked at as an incubator, it's an injection of wealth into our community for wealth builders. We want to create new companies that will be able to spend another 100 years in Elyria as Ridge Tool has. He's heard stories where people got small loans and turned it into a million dollars.

Mrs. Mitchell asked, if we have small businesses asking for help with loans, is that what this will do?

Ms. Calvert said we work with small businesses looking for grant opportunities and financing opportunities. There are programs that encourage the redevelopment of properties, however we don't currently have capital programs. It is a need. It would be valuable to have this as a tool to encourage entrepreneurship and business growth. ECDI would administer the loan and do the underwriting which is a specific skill set.

Mrs. Mitchell said we'll be using Issue 6 funds and what happens when the funds run out or when it doesn't pass?

Mayor Whitfield said another alternative is using ARPA Funds and there is one caveat, the second thing is that this is a revolving loan fund. The purpose is to keep perpetuating itself. Hopefully those loans will go to successful companies who will pay those back and go back into the pool for the next entrepreneur, so this is a one-time seed investment/grant.

Mr. Cerra wanted to make it clear that when Issue 6 funds are being talked about, it's nothing to do with the streets or any other department, it's money that was set aside specifically for economic development and it's coming out of that pool.

Mayor Whitfield said funds have actually been allocated out of ARPA funds for small business and he recommends to use those funds.

Law Dir Deery asked if Issue 6 money has already been appropriated for this?

Dir Pileski said Council appropriated \$1,515,397.00 in the 2016 .50% income tax fund (Issue 6), economic development. Of that amount, \$517,851 is unspent and unencumbered. He said he would have to discuss the ARPA option with the Mayor. They don't have a million dollars appropriated in ARPA for small business, whether that's part of the 3 million that's unappropriated or not. Of the \$517,851 that is unspent, he doesn't believe \$250,000 was appropriated when the budget was passed in March, but there are line items that have enough, if they want to forgo whatever that money was appropriated for.

Mrs. Mitchell said if ARPA funds are going to be used, we should take that \$517,851 and put it toward the streets.

Asst Law Dir Breunig was asking for clarification on some of these things. Asked toward Dir Calvert... pulling money with other sources is absolutely helpful, but can also have cons. Are there guaranteed minimums that we would get back as a City, based on amount we contribute to this pool? Are we guaranteed a cut of that if we're contributing \$200,000, are we guaranteed at least that much in lending or will that money go somewhere else and we loose control of it from there?

Dir Calvert said the loans would be secured with collateral that ECDI would determine in through their underwriting process. If a loan was to default, they would use loan loss reserve if needed but also that collateral. So, we're not necessarily guaranteed a return but that is the purpose for this program is to help them make the best possible decision for people who are not able to get financing through a traditional way. It is riskier than traditional bank financing. ECDI has had a good track record, returns on investments have exceeded in Canton.

Dir Breunig said if we're pulling our money with other communities through ECDI, does that money stay here or does our \$200,000 go elsewhere and can other city's money come here and are we guaranteed any minimums?

Dir Calvert said we would not be doing a risk pool with other communities; Elyria's funding stays specific to Elyria and they leverage non-profit lending sources and federal sources to match the amount the city would put in there.

Dir Breunig said it was mentioned that ECDI would perform the functions of a loan servicer in this way, and they would perform all of the administrator tasks, who is the actual lender, is it Elyria and if so, are we entitled to the lending documents, do we have the right to foreclose or collect and pursue collateral, pursue debtors individually or as a business? Whose responsibility is that. Does the city's legal counsel initiate those or does ECDI so that on their end and what are anticipated costs associated with that?

Dir Calvert said ECDI would be responsible for that work. Elyria would not initiate a default, ECDI would provide regular reporting to the City so we know how that fund was performing but we involved in any servicing of the loan. The cost would be captured by that loan loss reserve the administrative fee and any collateral.

Dir Breunig said he agrees with the administration as far as it being outside versus in house.

Mr. Oswald said if this helps businesses take off, then it's a benefit for the City.

Dir Deery asked Dir Calvert if any other organizations of this nature been approached or considered?

Dir Calvert said ECDI is unique. Most programs are administered in house. The City could, if it chose, to use CDBG Funding to create a program like this. The county has a revolving loan program that they utilize CDBG Funding for. For instance, the Small Business Development Center does not provide lending, that's how they're different, they provide business counseling. Com-star Credit Union partners with Score. There are organizations that provide pieces and parts. ECDI is unique in that they bring it all together.

Mr. Schneider asked if the \$50,000 administrative fee is a one-time fee or annually?
Dir Calvert said that is a one-time fee.

Dir Deery said there will be a binding agreement between ECDI and the City for any recourse of the company goes under.

Dir Calvert said ECDI would look for alternatives to traditional underwriting criteria and looking for loans that businesses can pay back.

Mr. Tollett said that tonight is the first time they've heard about potentially using ARPA Funds. When these funds go in, there could possibly be matching federal funds, are we allowed to use federal funding to get additional federal funding?

Mayor Whitfield said he brought that up, but, feels there's not need to use those funds. Dir Breunig said the funds would have to be Issue 6 funds because you cannot general tax revenue to lend credit to private enterprises. It's a tax specifically enacted for economic development.

Mr. Tollett said if this \$170,000 is going into a mixed pot to be loaned out to Elyria business, are we allowed to use Issue 6 for that?

Dir Deery said we've used Issue 6 money to other businesses that has flowed for other things before. It's going to a group as a conduit for use by end user that are economic development purposes, for the start up of businesses.

One of the prongs of Issue 6 was Economic Development and that is a constitutional use of that money and this would fall under that as a category.

Mayor Whitfield said our funds will be dedicated to Elyria businesses and only used to lend in Elyria.

Dir Calvert said you cannot match a federal fund to a federal fund. You are only allowed one crack at federal funding. It's most common that we see that at the federal level. You can combine local funds with federal or state funds for most programs. One of ECDI's role would be to match the appropriate funding source. It will be incumbent upon ECDI to know what funds can't be mixed.

Mrs. Mitchell asked if we can require regular reporting from ECDI to council?
Dir Calvert said yes, that would be an expectation of their relationship with the City.

Mrs. Mitchell asked if there would be some kind of an 'escape clause' in the contract, if the agreement is not working, we could walk away... is that possible?

Dir Breunig said there is some subjectivity with that, to give us the ability to monitor this or to remedy breaches. They will examine all aspects of the contract before they enter into it, so that the City's best interests are protected.

Mr. Schneider asked if the administrative fee would be paid all at once?
Dir Calvert said that the City would send them the full \$250,000 in one lump sump which they would draw from for the admin cost. They need to funding for the upfront costs to get the program going, with staff and marketing, etc.

Mr. Chair asked for a motion:

COMMUNITY DEVELOPMENT:

Motion was made by Mr. Oswald and second by Mrs. Mitchell to authorize the Mayor to enter into an agreement with ECDI for the creation of said loan fund with administrative costs to be capped at 20%.

MOTION CARRIED COMMITTEE REPORT WRITTEN

Chair Stewart made a comment, there were good talking points but he thinks we can administratively do it here by partnering with ECP and other local entities.

FINANCE:

Motion was made by Mrs. Davis and second by Mr. Schneider to authorize the Mayor to enter into an agreement with ECDI for the creation of said loan fund with administrative costs to be capped at 20%.

4 = AYES, 1 = NAY (Stewart)

MOTION CARRIED COMMITTEE REPORT WRITTEN

6. The matter of a TIF Agreement for ABC Eaton Point.

[Standing Referral]

Referred By: Asst. Service Director Calvert

Dir Calvert said a development agreement passed in May for construction of a public infrastructure for Sheetz and Aldi projects near Chestnut Commons.

As part of that development agreement the City agreed to enter into a TIF Agreement which is a 75 percent, 10-year TIF. So, they are asking to consider an adoption of an ordinance declaring those parcels for TIF which the city will use to help with the cost of the purchase of the road. Once the road is completed, the City will purchase it for an amount that was agreed to in the development agreement, which was capped at one million dollars.

This TIF is the legislation process to make sure that we can capture that incremental property tax value and redirect it toward the cost of the road. Midview schools and JVS were notified on Aug 21st.

Mayor Whitfield said one of the concerns he heard from residents is the displacement of the south side Aldi store. Part of the development agreement with the developer is to help the City find a new grocer for the south side of Elyria.

Chair Callahan read the committee report and asked for a motion.

COMMUNITY DEVELOPMENT:

Motion was made by Mr. Schneider and second by Mr. Lipian to authorize an ordinance for the 'said' TIF Agreement.

MOTION CARRIED COMMITTEE REPORT WRITTEN

FINANCE:

Motion was made by Mr. Cerra and second by Mr. Schneider to authorize an ordinance for the 'said' TIF Agreement.

MOTION CARRIED COMMITTEE REPORT WRITTEN

Seeing there is no further business for Community Development he asked for a motion to adjourn the Community Development portion of this evening's meetings.

Motion was made by Mr. Schneider and seconded by Mrs. Mitchell to adjourn The Community Development Committee Meeting at 7:30 P.M.

MOTION CARRIED

The evening's meetings continued with The Finance Committee Meeting which began at 7:35 P.M.

Respectfully Submitted by,
Colleen Rosado, Secretary/Administrative Assistant