

Section 108 Loan Guarantee Program Project Summaries -Fiscal Year 2013

In fiscal year 2013, the U.S. Department of Housing and Urban Development (HUD) approved **\$230,895,000** in Section 108 Guaranteed Loan commitments for a variety of community and economic development projects throughout the United States. The loan guarantee amounts ranged from \$1 million to assist a private for-profit business develop a community college building in downtown Middletown, Ohio to a \$42.2 million Economic Development Loan Fund for the State of New Mexico.

The [Section 108 Loan Guarantee Program](#) provides states and local governments access to low-interest financing for a variety of projects, including affordable housing developments, public facilities and infrastructure improvements, and commercial/industrial developments. Generally, the costs of these projects exceed available local government resources, including HUD funds available through the [Community Development Block Grant \(CDBG\)](#) program. In all cases, however, these projects are well-suited to the financing available through the Section 108 Loan Guarantee Program.

The Section 108 Loan Guarantee assisted projects approved in FY 2013 are described in the summaries provided below. These assisted projects are grouped into three (3) categories: *Economic Development, Housing, and Public Facility and Improvement Projects.*

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Economic Development Projects

Community Enhancement & Economic Development Loan Fund – State of Indiana

Section 108 Loan Guarantee – \$30,000,000

The State of Indiana’s Office of Community Rural Affairs (OCRA) and the Indiana Housing and Community Development Authority (IHCDA) will use Section 108 loan funds to capitalize a Community Enhancement and Economic Development (CEED) Loan Fund to make loans to non-entitlement units of local government throughout the State.

The non-entitlement units of local government will either re-lend the Section 108 guaranteed loan funds to third party for-profit and nonprofit businesses, including Community-Based Development Organizations (CBDO), use the funds directly, deploy the funds through a subrecipient to carry out a variety of activities. Loans will range between \$1 million and \$7 million.

National Objective: The CDBG national objective to be met by the eligible activities is benefit to low- and moderate-income persons through job creation or retention activities, area benefit activities, housing activities, or limited clientele activities.

Guaranteed Loan Features:

Term: The State is requesting a 20-year repayment term; however individual loan repayment terms will be based on each individual project being carried out and the life of the asset being pledged as additional security on the loan.

Repayment Sources: The source of repayment of the Section 108 debt service will be repayment of the loans by third party borrowers.

Additional Security: The State will assign its interest in third party loans secured by a deed of trust on real property, new or used equipment, accounts receivable, inventory, and guaranties, as applicable. For activities carried out directly by units of local government, real property or other appropriate revenue sources will be pledged.

For Additional Information:

Community Enhancement and Economic Development Loan Program

<http://www.in.gov/ocra/2726.htm>

Small Business and Entrepreneurship Development

<http://www.in.gov/ihcda/2351.htm>

Loan Pool – State of Illinois

Section 108 Loan Guarantee – \$40,000,000

The State of Illinois' Department of Commerce and Economic Opportunity's (DCEO) Office of Community Development will use Section 108 loan funds to capitalize a Section 108 Economic Development Loan Fund to make loans to non-entitlement public entities throughout the State. The non-entitlement public entities will either re-lend the Section 108 loan funds to for-profit and nonprofit businesses or use the funds directly or through a subrecipient to carry out a variety of activities. Projects expected to be funded through the loan fund will range in size between \$5 million and \$20 million. The loan fund will be used in conjunction with other State financing tools to bridge the gaps to economic development and cause the creation of 5,200 full-time equivalent jobs.

The State's Economic Recovery Plan identifies economic development and maximizing job creation and retention as major priorities in the State of Illinois. In addition, the Economic Recovery Plan identifies (i) lack of sufficient capital at reasonable rates to ensure project financial feasibility and (ii) lack of physical infrastructure and public improvements necessary to support new business development or business expansion as gaps that impede economic development.

National Objective: The CDBG national objective to be met by the eligible activities are benefit to low-and moderate-income persons through the creation of jobs and benefit to low-and moderate-income persons on an area basis.

Underwriting: A loan review committee will evaluate and underwrite all applications for Section 108 funding. Underwriting criteria will include the following: an evaluation of the roles, responsibilities, capacity and demonstrated experience of development team/key principals; developer/owner commitment; proposed cost analysis to determine if cost are reasonable compared to projects of similar size and scope; commitment of other funding sources along with terms and conditions (non-entitlement public entities are prohibited from accepting private financing with adjustable interest rates); project feasibility analysis to determine if projects can be developed without public funding; financial analysis, which will include reviews of financial statements (such as balance sheets, cash flow and income statements, operating pro forma statements), debt coverage ratios, and collateral security. To the extent practical, Section 108 funds will be disbursed on a pro rata basis with other funding sources.

Guaranteed Loan Features:

Term: The State is requesting a 20-year repayment term; however, individual loan repayment terms will be based on the project being carried out and the life of the asset being pledged as security

Repayment Source: The primary source of repayment will be revenue generated by each project.

Additional Security: The State will assign its interest in third party loans secured by a deed of trust on real property, new or used equipment, accounts receivable, inventory, and personal or corporate -guaranties, as applicable. For activities carried out directly by non-entitlement public entities, real property or other appropriate revenue sources will be pledged.

Economic and Community Development Loan Pool – Cincinnati, OH

Section 108 Loan Guarantee – \$37,000,000

The City of Cincinnati’s Department of Community Development (DCD) and Economic Development Department (EDD) will jointly establish and administer an Economic and Community Development Loan Pool (“Loan Pool”). The City anticipates the creation of approximately 350 new full time jobs as a result.

The DCD/EDD will provide financing through the Loan Pool to support economic and community development activities in specific geographic areas within Cincinnati. These areas include the City’s Empowerment Zone, four HUD approved Neighborhood Revitalization Strategy Areas (NRSAs) and other areas specified in the *Growth & Opportunities (GO) Cincinnati* study completed in 2009.

National Objective: The CDBG national objective to be met by these various projects is benefit to low- and moderate-income (LMI) persons through job creation or retention and through housing to develop permanent residences for LMI household and homeless beneficiaries.

Underwriting: DCD/EDD Development officers and the National Development Council (NDC) will underwrite the loans ensuring consistency with federal underwriting guidelines. Applications will be reviewed by a loan review committee consisting of representatives of a local bank, the area’s Local Initiatives Support Corporation (LISC) office, a local community development corporation, and the City’s Budget/Finance office.

Guaranteed Loan Features:

Term: The City will repay the loan over a 20-year term. The City will provide up to 20-year loan terms, depending upon the economic life of the assets financed in each project.

Repayment Sources: The primary source of repayment will be revenue generated by each project, as paid by the third party borrower. For non-revenue generating projects, the repayment source will be the City’s CDBG funds.

Additional Security: The City pledged its interest in the third party loans, which will be secured by a first or second lien on real property, personal guarantees, equipment, accounts receivable, and/or inventory. For any non-third party project financing, other appropriate real property or revenues that meet acceptable loan-to-value and debt service coverage underwriting criteria, as applicable.

For Additional Information:

HUD Section 108 Loan Program

<http://city-egov.cincinnati-oh.gov/Webtop/ws/council/public/child/Blob/36296.pdf;jsessionid=6E690F5CA866614EE9AB12C44D561A11?m=35136>

Broadening Urban Investment to Leverage Transportation (BUILT) in Cook Loan Fund – Cook County, IL

Section 108 Loan Guarantee – \$30,000,000

Cook County established the Broadening Urban Investment to Leverage Transportation Loan Fund (BUILT) in Cook with the County's first Section 108 assistance. The County will fund four types of sustainable urban development projects located in entitlement communities.

- Transit-oriented development, within one half-mile of passenger rail service and which is generally mixed-use development;
- Cargo-oriented development, which aggregates logistics providers and related facilities and manufacturers near freight rail lines;
- Mixed-use hospitality and service sector developments, located near transit lines;
- Business development loans for start-ups and/or expansions of existing businesses.

The County anticipates that its BUILT in Cook Loan Fund will create approximately 600 full-time equivalent (FTE) new jobs.

National Objective: The CDBG national objectives to be met are benefit to low- and moderate-income (LMI) persons through job creation or retention as well as assistance on an area basis.

Underwriting: The County will use an underwriting service to develop and administer the program, including the design of the BUILT in Cook Loan Fund program, pre-application, application, and post-application phases of loan requests. Prospective applications will be given weighted scores and then recommend projects to a Community Development Advisory Council and Board of Commissioners for review and approval.

Guaranteed Loan Features:

Term: The County has a 20-year loan repayment terms with principal payment beginning in year one.

Repayment Sources: The primary source of repayments will be made from third party borrowers. The County's CDBG revenues will be used to repay financing for public improvements that support economic development projects.

Additional Security: The County pledged its interest in its third party loans which will be secured by a first or second lien on real property, personal guarantees, equipment, accounts receivable, and/or inventory. For any non-third party project financing, the County pledged other appropriate real property or revenues.

For Additional Information:

BUILT in Cook Loan Fund:

<http://blog.cookcountyil.gov/economicdevelopment/2013/04/17/president-preckwinkle-announces-built-in-cook-loan-fund/>

City-wide Loan Pool – Gresham, OR

Section 108 Loan Guarantee – \$1,462,000

The City of Gresham established a loan pool to assist eligible business or development to carry out projects located in the established designated blighted area in portions of downtown Gresham. The City will lend funds to businesses city-wide for a range of special economic development projects, housing rehabilitation, infrastructure and public facilities projects.

National Objective: The CDBG national objective met by these projects will benefit low- and moderate-income persons and to aid in the prevention or elimination of slums or blight.

Underwriting: The City developed underwriting guidelines and objectives for evaluating project costs and financial requirements that are consistent with federal underwriting guidelines.

Guaranteed Loan Features:

Term: The City will repay the Section 108 loan over a 20-year term.

Repayment Sources: The primary source of repayment will be repayments from third party borrowers. For non third party transactions, the City will use its CDBG funds to repay the Section 108 debt service.

Additional Security: The City will assign its interest in third party loans secured by real property, new or used equipment, accounts receivable, inventory, and personal or corporate guaranties, as applicable. For non-third party loans and financing transactions, real property or other appropriate revenue sources will serve as the additional collateral.

The Development Loan Fund – Newark, NJ

Section 108 Loan Guarantee – \$12,000,000

The City of Newark established a \$12 million economic development and housing rehabilitation loan fund for projects within seven targeted areas of its jurisdiction. The City's Section 108 Loan Pool will be administered by the Newark Community Economic Development Corporation (Newark CEDC), which will provide loans to for profit entities and non-profit entities for acquisition of real property, housing rehabilitation, and community and economic development projects.

The City anticipates lending \$9.6 million for special economic development activities which would result in the creation of approximately 350 new full time jobs.

National Objective: The CDBG national objectives to be met is benefit to low- and moderate-income (LMI) persons through job creation or retention and housing with permanent residences to be occupied by LMI households.

Underwriting: The Newark Community Economic Development Corporation will review and underwrite each individual loan. The City will use its applicable underwriting guidelines e.g. pledging additional loan security for managing its additional financing risk.

Guaranteed Loan Features:

Term: The City will repay the Section 108 loan over a 20-year term. The City will provide up to a 20-year loan term, depending upon the economic life of the assets financed in each project.

Repayment Sources: The primary source of repayment will be revenue generated by each project from a third party. For non-revenue generating projects, the repayment source will be the City's CDBG funds.

Additional Security: The City has pledged its interest in the loan pool's third-party loans which will be secured by (i) a lien on real property; (ii) security interests in machinery and equipment, accounts receivable, and inventory; (iii) personal/corporate guaranties; and (iv) other appropriate revenue sources or any combination thereof.

For Additional Information:

Department of Economic & Housing Development Section 108 loan program

<http://www.ci.newark.nj.us/wp-content/uploads/2015/07/EHD-Housinbg-Section-108-Guidelines.pdf>

Economic and Community Development Loan Fund – Olympia, WA

Section 108 Loan Guarantee – \$1,765,000

The City of Olympia established a \$1,765,000 Economic and Community Development Loan Fund to facilitate gap financing for development and to provide loans to prospective for-profit and nonprofit entities to facilitate key economic and community development projects. The Loan Fund is available city-wide, with emphasis on the Downtown Community Renewal Area and neighborhood centers that have experienced economic distress or blight in their commercial areas.

National Objective: The CDBG national objective to be met are benefit to low- and moderate-income (LMI) persons through job creation or retention or through housing, with permanent residences to be occupied by LMI households. The City anticipates lending for special economic

development activities which would result in the creation of approximately 350 new full time jobs.

Underwriting: An underwriting team consisting of the Division Director, Program Manager, City Housing Specialist and Consultant will underwrite all loans and forward funding recommendations to the City Council for final approval. For public facility/infrastructure projects, the Public Works Department will assist in identifying eligible projects and manage the construction process.

Guaranteed Loan Features:

Term: The City will repay the Section 108 loan over a 20-year term.

Repayment Sources: The primary source of repayment will be revenue generated by each project from a third party. The City will use these revenues and its CDBG funds for non-revenue producing projects to repay the Section 108 guaranteed loan.

Additional Security: The City will pledge its interest in its Fund's third-party loans, which will be secured by a first or second lien on real property, personal guarantees, equipment, accounts receivable, and/or inventory. For non-third party loans, the City will provide sufficient additional collateral, on a case-by-case basis.

For Additional Information:

Downtown Olympia - <http://olympiawa.gov/community/downtown-olympia.aspx>

Olympia CDBG programs: <http://olympiawa.gov/city-services/housing-social-service/cdbg-program.aspx>

Palm Beach County Economic Development Loan Fund – Palm Beach County, FL

Section 108 Loan Guarantee \$1,568,000

The County of Palm Beach established a \$1,568,000 Economic Development Loan Fund (the “Loan Fund”) to support and stimulate business development projects and investment to existing and new private, for-profit business development in designated economically distressed areas beginning in unincorporated areas. The County estimates that it will create 45 full-time jobs through the Loan Fund.

National Objective: The CDBG national objective to be met is benefit low- and moderate-income persons through job creation or retention.

Underwriting: The Loan Fund will be administered through the County’s Office of Economic Sustainability (DES) and loans will follow HUD and SBA underwriting guidelines and criteria. Each loan will be reviewed and approved by a loan committee consisting of representatives of the County’s DES Office, Housing & Community Development Office and the Office of

Financial Management and Budget. Each loan will not exceed 40% of a business borrower's development costs and will be used in conjunction with a business borrower's private financing, which will provide approximately 50% of a Business Borrower's development costs. Each business borrower will be required to provide 10% in equity for development costs.

Guaranteed Loan Features:

Term: The County will repay the Section 108 guaranteed loan over a 20-year term. The terms of the various loans to the business borrowers from the Loan Fund will vary from 7-20 years.

Repayment Source: The County's primary source of repayment will be the loan repayments from its business borrowers.

Additional Security: The County pledged its interest in the Fund's third-party loans which will be secured by a first or second lien on real property, personal guarantees, equipment, accounts receivable, and/or inventory. For any non-third party project financing, other appropriate real property or revenues that meet acceptable loan to value underwriting criteria for real property and debt service coverage will serve as additional collateral.

For Additional Information:

Palm Beach County Section 108 projects:

<http://www.pbcgov.com/des/Projects/>

Maxwell Technologies ("MaxTech") Manufacturing Facility – Peoria, AZ

Section 108 Loan Guarantee – \$1,500,000

MaxTech, a for-profit business, specializes in manufacturing and marketing energy storage and power delivery solutions. MaxTech is expanding its manufacturing operations in the City of Peoria and estimates that it will create 150 full-time jobs. The new \$25.5 million manufacturing facility is located in a vacant 120,000 square foot building within the City of Peoria.

National Objective: The CDBG national objective met by the manufacturing facility is benefit to low- and moderate-income persons through the creation of jobs.

Guaranteed Loan Features:

Term: The City has a 20-year loan repayment term.

Repayment Source: The City will use CDBG funds to repay the Section 108 debt obligation.

Additional Security: The City pledged \$1.5 million from its General Funds Reserves as additional security for the Section 108 loan.

For Additional Information:

Peoria Economic Development:

https://peoriaed.com/ED_homepage.aspx

New Mexico Economic Development Loan Fund

Section 108 Loan Guarantee – \$42,200,000

The State of New Mexico established an Economic Development Loan Fund (the “Loan Fund”) to provide financing assistance to for-profit businesses to support economic development projects throughout the state. The State estimates that the Loan Fund will create 844 jobs.

National Objective: The CDBG national objective to be met is benefit to low- and moderate-income persons through the creation of jobs.

Underwriting: The Department of Finance and Administration- Local Government Division contracted with a non-profit underwriter New Mexico Community Capital (NMCC) to evaluate all applications for financing. NMCC will prepare a comprehensive underwriting report on each project and provide it for review.

Guaranteed Loan Features:

Term: The State will repay the Section 108 guaranteed loan over a 20-year term with repayments from non-entitlement communities, which are receiving loan payments from the third-party business borrowers. The State will provide up to a 20-year loan term, depending upon the economic life of the assets financed in each projects.

Repayment Sources: The primary source of repayment will be revenue generated by each project from a third party. For non-revenue generating projects, the repayment source will be the State’s CDBG funds.

Additional Security: The State pledged its interest in the third-party loans which will be secured by a first or second lien on real property, personal guarantees, equipment, accounts receivable, and/or inventory. For any non-third party project financing, other appropriate real property or revenues that meet acceptable loan to value underwriting criteria for real property and debt service coverage will serve as additional collateral.

For Additional Information:

New Mexico Economic Dev Dept.

<http://www.newmexico.gov/business/Economic.aspx>

Housing Projects

The Atmos Lofts Development – Dallas, TX

Section 108 Loan Guarantee – \$11,750,000

The Atmos Lofts Development is a \$29,872,639 project that provides critically needed 170 housing units for low- and moderate-income families in the downtown area of Dallas, which is an underserved area for such assisted housing. The Section 108 funds were used for the Atmos Lofts Phase II project, which will provide financial assistance in carrying out its goals to foster and maintain housing for low- and moderate-income (LMI) families within a quarter-mile of Dallas Area Rapid Transit (DART) stations and other accessible public transportation. The \$11.75 million Section 108 loan will support the City in leveraging public and private sector investments, expanding the distribution of housing for LMI throughout the city.

National Objective: The CDBG national objective to be met is benefit to LMI persons through the provision of housing for LMI households. The two (2) residential rental buildings in Phase II are considered a single structure because they are on the same property and will be under common ownership and management. As a single structure, at least 51% (63) of the 123 multifamily housing units will be occupied by moderate-income households at affordable rents.

Guaranteed Loan Features:

Term: The City will have a 20-year loan term with interest-only payments for the first seven years with level debt service payments thereafter.

Repayment Sources: The use of Downtown Connection Tax Increment Finance District (TIF) revenues allocated to Atmos Lofts Phase II is pledged for loan repayment. The City has established an interest reserve of \$1.1 million funded from guaranteed loan proceeds for Section 108 interest payments in the first 3.5 years.

Additional Security: The City has pledged 100% of the TIF revenues allocated to Atmos Lofts Phase I and II, assigned by the Developer to the City. The Borrower will also pledge its interest reserve of \$1.1 million funded from guaranteed loan proceeds.

For Additional Information:

North Central Texas Council of Gov't Atmos Lofts:

www.nctcog.org/trans/sustdev/landuse/examples/2009/AtmosLofts.asp

The Cotton Mill Square – Nashua, NH

Section 108 Loan Guarantee – \$2,500,000

As part of the City's larger "Nashua River Redevelopment Corridor," it will provide financing for the rehabilitation of the cotton mill structure located on the west side of downtown Nashua. The City along with a private, for-profit entity, and its affiliates, in a joint venture with Harvey Construction, a private, for-profit entity will rehabilitate the historic Cotton Mill building. The Stabile Companies will serve as the lead developer, while Harvey Construction will provide project management. The developer will rehabilitate the eight-story, 160,000 square foot historic mill building.

The structure will be substantially rehabilitated into a 109-unit residential building, of which 53

will be market-rate and 56 will be affordable low-income housing. The redevelopment of the property also includes site improvements of a 150-car parking lot.

National Objective: The CDBG national objective to be met by the project is benefit to low- and moderate-income persons through housing by the provision or improvement of permanent residential structures which, upon completion, will be occupied by low- and moderate-income households.

Guaranteed Loan Features:

Term: The City requests flexible prepayment option for 36-month term.

Repayment Source: The repayment for the Section 108 guaranteed loan will be the use of permanent financing obtained through the HUD Section 221(d) (4) Multifamily Housing Insured Mortgage Program. The HUD Manchester Housing Program Center has issued a commitment in the amount of \$10,421,600 to provide this financing upon the completion of construction.

Additional Security: The City will pledge its interest in its loan to the Developer, which will be secured by a second mortgage on the Cotton Mill Square building and by a second lien on the building's rental income during the lease-up period. Cotton Mill Square, LLC (the owner of the property and mill building) will also guarantee the loan. The developer will include the City and HUD as beneficiaries on the payment and performance bond for carrying out the rehabilitation of the project and on the guarantee for rehabilitation/construction completion of the Project.

For Additional Information:

Work to begin at Cotton Mill - Nashua Telegraph News

<http://www.nashuatelegraph.com/news/994607-469/hud-loan-construction-okd-for-cotton-mill.html>

Public Facility and Improvement Projects

Inspiration Neighborhood Center – Downey, CA

Section 108 Loan Guarantee – \$3,000,000

The City will use \$3 million in Section 108 guaranteed loan funds to design and construct the Inspiration Neighborhood Center, a multi-purpose community building located on open space in Discovery Park. Formerly used as a production facility by the National Aeronautics and Space Administration, this location supported the aerospace industry from 1947-1999.

National Objective: The CDBG national objective to be met is benefit to low- and moderate-income residents on an area basis.

Guaranteed Loan Features:

Term: The City will repay the Section 108 loan over a 20-year term, with principal payments of approximately \$157,000 beginning in year two.

Repayment Source: The City will use funds from its annual CDBG award as the source of its repayment.

Additional Security: The City will pledge the Columbia Memorial Space Center as additional loan security for repayment. The Space Center, also located in Discovery Park, is a learning center for space exploration.

For Additional Information:

Downey Former NASA Industrial Plant:

http://www.downeyca.org/gov/cd/ed/projects/former_nasa_industrial_plant.asp

Downey Space Shuttle: www.presstelegram.com/government-and-politics/20140312/downey-space-shuttle-mock-ups-fate-rests-with-yet-to-be-hired-executive-director

The Children's Fountain, The Center for the Arts Plaza – Gresham, OR

Section 108 Loan Guarantee - \$1,500,000

The City of Gresham will finance the construction of an interactive *Children's Fountain* located at *The Center for the Arts Plaza*. This municipal project is located within the Downtown Storefront Improvement Program area, which is a declared a blighted area as defined under Oregon state law. The City owns the Center for the Arts Plaza and will maintain the fountain.

National Objective: The CDBG national objective to be met is assistance in the elimination of slum or blight on an area-wide basis.

Guaranteed Loan Features:

Term: The City will repay the Section 108 loan over a 20-year term.

Repayment Source: The City intends to repay the Section 108 loan with its annual CDBG allocation. If CDBG funds are insufficient or unavailable, the City will substitute another source of municipal revenue.

Additional Security: The City will provide its full faith and credit guarantee to secure the Section 108 loan.

For Additional Information:

City's Children's Fountain:

<https://greshamoregon.gov/childrensfountain>

**Downtown Cincinnati State Technical Community College
Campus – Middletown, OH
Section 108 Loan Guarantee - \$1,000,000**

The City of Middletown developed the downtown collaborative revitalization initiative in its central business district to provide support for the development of an educational institution. The \$2.15 million redevelopment initiative would support retail sales, reuse vacant buildings and provide job related training for area residents. The first phase of the revitalization initiative was the City's sale of the two vacant buildings in its downtown to the Higher Education Partnership HEP-CSTCC Ohio, LLC (HEP). HEP is the developer, who is investing \$1,500,000 into the creation of the downtown Middletown campus project.

The City intends to lend \$1 million to the Higher Education Partnership, (HEP) to redevelop the two building into leasable tenant space which will be leased to Cincinnati State Technical and Community College. The Section 108 guaranteed loan funds will be used for acquisition and design costs of the former Cincinnati Gas & Electric Building, which is a 60,000 square feet, six floor structure, and the former Middletown Senior Citizens Center building and a 20,286 square feet, three floor building.

National Objective: The CDBG national objective to be met is benefit the low-and moderate income (LMI) residents through the creation of jobs that will be held by, or made available to, LMI persons.

Guaranteed Loan Features:

Term: The City will repay the Section 108 loan over a 20-year term.

Repayment Source: The City's repayment source for the Section 108 guaranteed loan is repayments from the developer.

Additional Security: The City pledged its interest in its 3rd party loan to the developer, secured by a first lien position on real property.

For Additional Information:

Cincinnati State/HEP Downtown Investments Expand:

<http://www.cityofmiddletown.org/ednews/2014/2/page4.html>

Cincinnati State, partner sign 20-year contract for Middletown operation:

<http://www.bizjournals.com/cincinnati/news/2012/04/05/cincinnati-state-partner-sign-20-year.html>

Mount Vernon Flood Protection and Revitalization – Mount Vernon, WA

Section 108 Loan Guarantee - \$1,000,000

The Mount Vernon Downtown Flood Protection Wall is the City's \$12.9 million public improvement project, which includes the constructing of a FEMA certified 100-year flood protection wall beginning at Lion's Park and ending at its Wastewater Treatment Plant. The flood wall will provide protection of the historic downtown Mount Vernon area, the existing Skagit River levee system and the surrounding low- and moderate-income neighborhood. Phase I of the project was completed in 2010.

Phase II of the project began in 2013 and used \$1,000,000 in Section 108 Loan funds for acquisition costs of the real property on which the floodwall will be constructed, demolition of existing structures and construction of a 1,650 feet concrete flood wall. Other aspects of the construction project are of a 24-foot wide pedestrian trail abutting the flood wall, construction of a 30,000 square foot Public Riverfront Park and 261 parking spaces.

National Objective: The CDBG national objective to be met is benefit to low- and moderate-income persons on an area basis.

Guaranteed Loan Features:

Term: The City will repay the Section 108 loan over a 10-year term.

Repayment Source: The City's repayment source for the Section 108 guaranteed loan will be the use of CDBG funds.

Additional Security: The City will pledge its full faith and credit as additional security for the Section 108 loan. In addition, the City will pledge Real Estate Excise Tax (REET) funds and general property tax revenues.

For Additional Information:

Mount Vernon Flood Protection and Revitalization Project:

www.mountvernonwa.gov/index.aspx?NID=504

Completed Mount Vernon Flood Protection and Revitalization Project:

<http://striderconstruction.com/project/mount-vernon-downtown-flood-protection-phase-2>

Robinson Park Recreation Center Revitalization – Pasadena, CA

Section 108 Loan Guarantee – \$6,000,000

The City of Pasadena Robinson Park revitalization project involves construction of a synthetic multi-purpose turf sports field, rehabilitation of an existing recreation and gymnasium building and construction of a new recreation center. The \$8 million project is being carried out in two (2) phases. The project is located in the northwest part of the City.

Phase I was completed in 2010 and involved the construction of the synthetic multi-purpose turf sports field on the southern portion of Robinson Park. This development also included electronic scoreboards, bleachers, a storage building, restrooms, and a concession stand.

The City will use \$6 million Section 108 guaranteed loan funds in Phase II to assist with the rehabilitation and construction costs of the recreation center including major rehabilitation to the existing recreation and gymnasium building and construction of a new 20,000 square foot state of the art recreation center. The Center will be used for computer classes, academic enrichment, and sports and recreational classes.

National Objective: The CDBG national objective to be met is benefit to low- and moderate-income persons on an area basis.

Guaranteed Loan Features:

Term: The City has a 20-year loan repayment term.

Repayment Source: The City will use CDBG funds to repay the Section 108 debt obligation.

Additional Security: The City pledged its General Funds as additional security for the Section 108 loan.

For Additional Information:

Robinson Park Center Renovation project -

http://cityofpasadena.net/PublicWorks/Robinson_Park_Recreation_Center_Renovation_Project/

Neighborhood Revitalization Infrastructure Improvement Project – Danbury, CT

Section 108 Loan Guarantee – \$1,800,000

The City of Danbury's Neighborhood Revitalization Infrastructure Improvements project will consist of three phases of targeted infrastructure improvements in the primarily residential neighborhoods that border downtown Danbury. Work will include the replacement of sidewalks with ADA compliant curb cuts/improvements, street reconstruction, and drainage upgrades. Additionally, the project will feature neighborhood recreational upgrades comprised of passive improvements such as seating, updated landscaping and new street trees, decorative outdoor lighting, and other upgrades designed to improve pedestrian safety, accessibility, and mobility.

National Objective: The CDBG national objective to be met is benefit to low- and moderate-income (LMI) persons on an area basis, where the activity will provide benefits which are available to all residents in a designated service area, where at least 51% of the residents are LMI persons.

Guaranteed Loan Features:

Term: The City has requested a 20-year loan repayment term.

Repayment Source: The City will use CDBG funds to repay the Section 108 debt obligation.

Additional Security: The additional security for the Section 108 loan guarantee will be the pledge of the full faith and credit of the City.

Multicultural Recreation Center and Aquatic Recreation Park – Rincon, PR

Section 108 Loan Guarantee – \$4,850,000

The Municipality will finance the following two (2) public facilities projects: 1) Acquisition and reconstruction of the former Rincon Theater into a Multicultural Recreational Center and 2) Construction of an Aquatic Recreation Park. These facilities will be available to all residents of Rincon. The project's service area will include the Municipality of Rincon as well as the adjacent Municipalities of Aguada, Moca, and San Sebastian.

National Objective: The CDBG National Objective met by the eligible activities is benefit to low- and moderate-income persons on an area basis.

Guaranteed Loan Features:

Term: The City has requested a 20-year loan repayment term.

Repayment Source: The primary sources of repayment will be \$350,000 in CDBG funds Rincon receives from the Commonwealth of Puerto Rico and program income generated from both facilities. Program income is estimated to be \$235,000 per year. If these funds are insufficient, the Municipality will use municipal taxes for the shortfall.

Additional Security: The Municipality will pledge a first mortgage in the name of HUD on both properties