

1 Introduced by the Council President at the request of the Mayor:
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4 **ORDINANCE 2019-759-E**

5 AN ORDINANCE APPROVING AND ADOPTING REVISED
6 UNDERWRITING GUIDELINES FOR THE JSEB ACCESS TO
7 CAPITAL PROGRAM TO CLARIFY PRE-QUALIFICATION
8 CRITERIA AND REQUIRED DOCUMENTATION; PROVIDING
9 AN EFFECTIVE DATE.
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11 **BE IT ORDAINED** by the Council of the City of Jacksonville:

12 **Section 1. Background.** Ordinance 2018-576-E authorized
13 the Office of Economic Development to serve as the Program
14 Administrator for the JSEB Access to Capital Program (the
15 "Program"). The Program included the adoption of general
16 Underwriting Guidelines for the Program. The purpose of this
17 legislation is to revise the Access to Capital Underwriting
18 Guidelines to provide clarification with regard to pre-
19 qualification criteria and required documentation. Specifically,
20 requirements have been added to the pre-qualification criteria of
21 the Underwriting Guidelines to reflect that 1) an applicant must
22 have a contract as the prime contractor or as a subcontractor
23 retained by a prime contractor with the City of Jacksonville or one
24 of its Independent Authorities, or must be under contract as the
25 prime contractor or as a subcontractor retained by a prime
26 contractor with a company that is subject to an Economic
27 Development Agreement ("EDA") with the City to complete work
28 associated with the project as defined in the EDA, and 2) a copy of
29 the applicable contract must be provided with the application
30 package.

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2 **Section 2. Approval and Adoption of Revised Access to**
3 **Capital Underwriting Guidelines.** There are hereby approved and
4 adopted the revised Access to Capital Underwriting Guidelines for
5 the Program, a copy of which is attached hereto as **Exhibit 1** and
6 incorporated herein by this reference.

7 **Section 3. Effective Date.** This ordinance shall become
8 effective upon signature by the Mayor or upon becoming effective
9 without the Mayor's signature.

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11 Form Approved:

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13 /s/ James R. McCain, Jr.

14 Office of General Counsel

15 Legislation prepared by: James R. McCain, Jr.

16 GC-#1310822-v1-10_07_19_OED_JSEB_UnderwritingGuidelines.docx

ACCESS TO CAPITAL UNDERWRITING GUIDELINES

July 25 Updated September 25, 2018 2019

**Office of Economic Development
Access to Capital
Underwriting Guidelines**

The Office of Economic Development (OED) is established as a Program Administrator for the Access to Capital Program, which supports the lending needs to Jacksonville Small and Emerging Businesses (JSEBs). The purpose of this document is to establish the general underwriting guidelines for the loan program. Allowable uses for loans include materials and operational costs.

Pre-qualification criteria:

- 1. Applicant must meet all JSEB qualifications and be a current certified JSEB business
- 2. Must be an eligible business¹
- 3. Must have a contract as the prime contractor or as a subcontractor retained by a prime contractor with the City of Jacksonville (City) or one of its Independent Authorities; or must be under contract as the prime contractor or as a subcontractor retained by a prime contractor with a Company that is subject to an Economic Development Agreement (EDA) with the City to complete work associated with the project as defined in the EDA.
- 4. Minimum 550 FICO Score
- 5. No bankruptcies in the past 3 years
- 6. No foreclosures
- 7. Taxes, rent, mortgage must be current
- 8. No recent judgments

Required Documents:

- Completed loan application
- Proof of identity and all business documentation, including license, certificates, business establishment documents, etc.
- Copy of required contract, as noted in item 3 of the pre-qualification criteria.
- Two years of financial statements and tax returns for the business
- If business established for less than two years, the principal² owners financial statements and tax returns must be provided
- Current interim financial statement (within 90 days)
- Resume and background of the owner(s)
- Signed disclosure for obtaining personal credit history of all principal owners

****Additional documentation may be requested by OED.**

¹ May not be Nightclubs, Adult Entertainment, Adult Gaming Rooms, Pawn Shops, Check Cashing Establishments, Pay Day Loans, Bikini Bars, or Used Car Lots.

² "Principal" is defined as any one individual who owns or controls 20% or more of the entity

Pricing & Fees

- Loan Interest Rate = Current Prime Rate + 3%
- Closing costs must be paid by the borrower and may be included in the loan amount or paid at the time of closing

Minimum and Maximum Loan Amounts

- Minimum Loan Amount - \$5,000
- Maximum Loan Amount - \$100,000

Credit Analysis Summary & Recommendation

The underwriter should ensure that all credit factors have been considered. Credit decisions will be based on the following criteria:

- Business financial statements
- Management ability and character
- Financial ability to repay the loan
- Payment history with other creditors
- Payment history with landlord(s)
- Credit history and financial stability of company principals and/or sufficient and collectable collateral
- FICO Score

In some cases, the loan request, as initially presented by the applicant, may be incomplete; or it may require additional financial information, and/or guarantor support. If additional documentation is needed to further consider the loan request, both a verbal and written notification to the applicant should be given.

It is the underwriter's charge to carefully evaluate each request in order to approve eligible and credit worthy requests for financing. Key to this analysis is an assessment by the underwriter of the business' and management's ability to perform and their capacity to repay the debt; and, then to determine if the weaknesses of the credit can be sufficiently mitigated by proper structure, monitoring, technical assistance, or covenants.

A recommendation will be issued by the underwriter within five (5) business days of receipt of all required documentation.

Policy Statement

OED loan decisions will not discriminate in any way based upon age, race, color, ethnicity, religion, gender, or disability. OED will use standard eligibility and credit factors in the loan decision process; and credit decisions will be based upon an analysis of program eligibility under management experience and ability, character and credit histories, repayment capacity, financial strength. The loan program will be administered with prudent and sound lending practices during application, underwriting, decision process, closing, documentation, and monitoring.

LEGISLATIVE FACT SHEET

DATE: 09/30/19

BT or RC No: N/A
(Administration & City Council Bills)

SPONSOR: Office of Economic Development
(Department/Division/Agency/Council Member)

Contact for all inquiries and presentations: Office of Economic Development

Provide Name: Kirk Wendland, Executive Director, Office of Economic Development (OED)

Contact Number: 255-5455

Email Address: kwendland@coj.net

PURPOSE: White Paper (Explain Why this legislation is necessary? Provide; Who, What, When, Where, How and the Impact.) Council Research will complete this form for Council Introduced legislation and the Administration is responsible for all other legislation.

(Minimum of 350 words - Maximum of 1 page.)

Ordinance 2018-578-E authorized the Office of Economic Development (OED) to serve as the Program Administrator for the JSEB Access to Capital Program (Program). This included the adoption of general Underwriting Guidelines for the loan Program. The purpose of this legislation is to revise the Underwriting Guidelines to provide clarification with regard to pre-qualification criteria and required documentation. Specifically, a bullet has been added to the pre-qualification criteria of Underwriting Guidelines to reflect that the applicant must have a contract as the prime contractor or as a subcontractor retained by a prime contractor with the City of Jacksonville (City) or one of its Independent Authorities; or must have a contract as the prime contractor or as a subcontractor retained by a prime contractor with a Company that is subject to an Economic Development Agreement (EDA) with the City to complete work associated with the project as defined in the EDA. A copy of the applicable contract must be provided with the application package.

APPROPRIATION: Total Amount Appropriated: _____ **as follows:**
List the source name and provide Object and Subobject Numbers for each category listed below:

(Name of Fund as it will appear in title of legislation)

Name of Federal Funding Source(s)	From: _____	Amount: _____
	To: _____	Amount: _____
Name of State Funding Source(s):	From: _____	Amount: _____
	To: _____	Amount: _____
Name of City of Jacksonville Funding Source(s):	From: _____	Amount: _____
	To: _____	Amount: _____
Name of In-Kind Contribution(s):	From: _____	Amount: _____
	To: _____	Amount: _____
Name & Number of Bond Account(s):	From: _____	Amount: _____
	To: _____	Amount: _____

PLAIN LANGUAGE OF APPROPRIATION / FINANCIAL IMPACT / OTHER:

Explain: Where are the funds coming from, going to, how will the funds be used? Does the funding require a match? Is the funding for a specific time frame? Will there be an ongoing maintenance? ... and staffing obligation? Per Chapters 122 & 106 regarding funding of anticipated post-construction operation costs.

(Minimum of 350 words - Maximum of 1 page.)

Ordinance 2018-576-E authorized the Office of Economic Development (OED) to serve as the Program Administrator for the JSEB Access to Capital Program (Program). This included the adoption of general Underwriting Guidelines for the loan Program. The purpose of this legislation is to revise the Underwriting Guidelines to provide clarification with regard to pre-qualification criteria and required documentation. Specifically, a bullet has been added to the pre-qualification criteria of Underwriting Guidelines to reflect that the applicant must have a contract as the prime contractor or as a subcontractor retained by a prime contractor with the City of Jacksonville (City) or one of its Independent Authorities; or must have a contract as the prime contractor or as a subcontractor retained by a prime contractor with a Company that is subject to an Economic Development Agreement (EDA) with the City to complete work associated with the project as defined in the EDA. A copy of the applicable contract must be provided with the application package.

The OED oversees the JSEB Access to Capital Program.

ACTION ITEMS: Purpose / Check List. If "Yes" please provide detail by attaching justification, and code provisions for each.

ACTION ITEMS:	Yes	No	
Emergency?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Justification of Emergency: If yes, explanation must include detailed nature of emergency. <div style="border: 1px solid black; height: 60px; margin-top: 5px;"></div>
Federal or State Mandate?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Explanation: If yes, explanation must include detailed nature of mandate including Statute or Provision. <div style="border: 1px solid black; height: 60px; margin-top: 5px;"></div>
Fiscal Year Carryover?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Note: If yes, note must include explanation of all-year subfund carryover language. <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">1HM is an all years subfund.</div>
CIP Amendment?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Attachment: If yes, attach appropriate CIP form(s). Include justification for mid-year amendment.
Contract / Agreement Approval?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Attachment & Explanation: If yes, attach the Contract / Agreement and name of Department (and contact name) that will provide oversight. Indicate if negotiations are on-going and with whom. Has OGC reviewed / drafted? <div style="border: 1px solid black; height: 100px; margin-top: 5px;"></div>
Related RC/BT?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Attachment: If yes, attach appropriate RC/BT form(s).
Waiver of Code?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Code Reference: If yes, identify code section(s) in box below and provide detailed explanation (including impacts) within white paper. <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>
Code Exception?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Code Reference: If yes, identify code in box below and provide detailed explanation (including impacts) within white paper. <div style="border: 1px solid black; height: 30px; margin-top: 5px;"></div>
Related Enacted Ordinances?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Code Reference: If yes, identify related code section(s) and ordinance reference number in the box below and provide detailed explanation and any changes necessary within white paper. <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">2018-576-E</div>

ACTION ITEMS CONTINUED: Purpose / Check List. If "Yes" please provide detail by attaching justification, and code provisions for each.

ACTION ITEMS:

	Yes	No
Continuation of Grant?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Explanation: How will the funds be used? Does the funding require a match? Is the funding for a specific time frame and/or multi-year? If multi-year, note year of grant? Are there long-term implications for the General Fund?

Surplus Property Certification?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reporting Requirements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Attachment. If yes, attach appropriate form(s)

Explanation: List agencies (including City Council / Auditor) to receive reports and frequency of reports, including when reports are due. Provide Department (include contact name and telephone number) responsible for generating reports.

OED provides quarterly activity reports to the JSEB Administrator and JSEB Monitoring Committee for the preceding three-month period. Reports are due within 30 days of the end of each calendar quarter.

Division Chief *Phyllis Woodard*
(signature)

Date 9/30/2019

Prepared By: *Wendy K*
(signature)

Date 9/30/2019

ADMINISTRATIVE TRANSMITTAL

To: MBRC, c/o Roselyn Chall, Budget Office, St. James Suite 325

Thru:

(Name, Job Title, Department)
Phone: _____ E-mail: _____

From: Kirk Wendland, Executive Director, Office of Economic Development
Initiating Department Representative (Name, Job Title, Department)
Phone: 904-255-5455 E-mail: kwendland@coj.net

Primary Contact: Kirk Wendland, Executive Director, Office of Economic Development
Initiating Department Representative (Name, Job Title, Department)
Phone: 904-255-5455 E-mail: kwendland@coj.net

CC: Jordan Elsbury, Director of Intergovernmental Affairs, Office of the Mayor
Phone: 904-255-5013 E-mail: jelsbury@coj.net

COUNCIL MEMBER / INDEPENDENT AGENCY / CONSTITUTIONAL OFFICER TRANSMITTAL

To: Peggy Sidman, Office of General Counsel, St. James Suite 480
Phone: 904-255-5055 E-mail: psidman@coj.net

From: _____
Initiating Council Member / Independent Agency / Constitutional Officer
Phone: _____ E-mail: _____

Primary Contact: _____
(Name, Job Title, Department)
Phone: _____ E-mail: _____

CC: Jordan Elsbury, Director of Intergovernmental Affairs, Office of the Mayor
Phone: 904-255-5013 E-mail: jelsbury@coj.net

Legislation from Independent Agencies requires a resolution from the Independent Agency Board approving the legislation.

Independent Agency Action Item: Yes No
Boards Action / Resolution?

Attachment: If yes, attach appropriate documentation. If no, when is board action scheduled?

FACT SHEET IS REQUIRED BEFORE LEGISLATION IS INTRODUCED