

RESOLUTION NO. 2015-03

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY (THE AGENCY) AUTHORIZING THE PLEDGE OF UP TO TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000)("PLEDGE") TO CREATE THE RIVIERA BEACH COMMUNITY SMALL BUSINESS LOAN FUND; AUTHORIZING THE FUNDING OF THE YEAR 1 CAPITAL COMMITMENT IN THE AMOUNT OF FOUR HUNDRED THOUSAND DOLLARS (\$400,000) OF THE PLEDGE, ONE HUNDRED THOUSAND DOLLARS (\$100,000) TO CAPITALIZE THE BUSINESS LOAN FUNDS LOSS RESERVE, AND SEVENTY FIVE THOUSAND DOLLARS (\$75,000) TO PROVIDE BUSINESS COUNSELING ASSISTANCE TO CRA SMALL BUSINESS; DIRECTING AND AUTHORIZING THE CHAIRMAN AND EXECUTIVE DIRECTOR TO TAKE SUCH ACTIONS AS SHALL BE NECESSARY AND CONSISTENT TO CARRY OUT THE INTENT AND DESIRE OF THE AGENCY; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Agency is responsible for carrying out community redevelopment activities and projects in the community redevelopment area of the City of Riviera Beach ("City"); and

WHEREAS, Chapter 163, Part III, Florida Statutes (the "Community Redevelopment Act") provides for the elimination of slum and blight within Community Redevelopment Areas; and

WHEREAS, economic development of small business eliminates some conditions which lead to slum and blight; and

WHEREAS, the adopted Riviera Beach Community Redevelopment Plan provides for the assistance of small business within the CRA Area; and

WHEREAS, staff recommends the pledge of up to \$2,500,000 to the to create the Riviera Beach Community Redevelopment Small Business Loan Fund (the "Pledge"), the funding of Year 1 capital commitment in the amount of \$400,000 of the Pledge, the funding of \$100,000 to capitalize the Business Loan Fund Reserve, the funding of \$75,000 to provide business counseling assistance to small businesses within the CRA and the approval of the Loan Service Agreement with Neighborhood Lending Partners to service the Business Loan Fund.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE RIVIERA BEACH COMMUNITY REDEVELOPMENT AGENCY THAT:

SECTION 1. The Community Redevelopment Agency hereby approves the pledge of of up to \$2,500,000 to the to create the Riviera Beach Community Redevelopment Small Business Loan Fund (the "Pledge"), the funding of Year 1 capital commitment in the amount of \$400,000 of the Pledge, the funding of \$100,000 to capitalize the Business Loan Fund Reserve, the funding of \$75,000 to provide business counseling assistance to small businesses within the CRA.

SECTION 2. The Agency approves the form of the Loan Service Agreement attached hereto as Exhibit "A" and approves the execution and delivery of the Loan Service Agreement in substantially the form approved subject to such changes as may be approved by the Chairperson subject to advice of counsel, with the execution of the Loan Service Agreement by the Chairperson conclusive evidence of the approval of such changes.

SECTION 3. This resolution shall be effective immediately upon its adoption.

PASSED AND ADOPTED this 14th day of January, 2015.

ATTEST:

Tony T. R.
Executive Director

RIVIERA BEACH COMMUNITY
REDEVELOPMENT AGENCY

By: [Signature]
Name: Judy L. Davis
Title: Chairperson

MOTION BY:

B. Guyton

SECONDED BY:

D. Pardo

B. GUYTON
D. PARDO
C. THOMAS
T. DAVIS
J. DAVIS

AVE
AVE
NAV
AVE
AVE

Approved as to form and legal
sufficiency

[Signature]
J. Michael Haygood
Date 1/16/2015
J. Michael Haygood, PA
General Counsel to CRA

Lender Servicer Provider Agreement
Between
Neighborhood Lending Partners of West Florida, Inc.
And
Riviera Beach Community Redevelopment Agency

This Lender Service Provider Agreement ("Agreement") between Riviera Beach Community Redevelopment Agency, a body corporate and politic created pursuant to Chapter 163, Part III, Florida Statutes ("RBCRA") and Neighborhood Lending Partners of West Florida, Inc., a Florida not-for-profit corporation ("NLPWF"), for the purposes of establishing a small business opportunity fund.

WHEREAS RBCRA desires to utilize the services of NLPWF to facilitate the making of low-interest and deferred loans to owners/developers of small businesses in the Riviera Beach CRA, Riviera Beach Florida to further its redevelopment plan; and

WHEREAS , NLPWF is a certified Community Development Financial Institution (CDFI) by the U.S. Dept of Treasury, CDFI Fund and is also a 501(c)(3) community based non-profit corporation serving the State of Florida which has a mission to serve small and medium sized businesses in low income areas throughout the State of Florida by providing loans from grants/funds received by NLPWF from the RBCRA, the CDFI Fund, banks and other financial institutions ("Project Loans");

WHEREAS the parties intend to collaborate and integrate their resources so that NLPWF may assist RBCRA in its efforts to provide access to capital to small and medium sized businesses in its redevelopment area by in furtherance of its redevelopment plan; and

WHEREAS the repayment of Project Loans to be made by NLPWF will generate revenue for both NLPWF and RBCRA and shall be used to further eligible economic development activities; and

WHEREAS, RBCRA finds that small business lending opportunities utilizing NLPWF is a valid public purpose under Chapter 163, Part III, Florida Statutes; and

NOW, HEREOF, for good and valuable consideration and the covenants and agreements contained herein, the sufficiency of which is hereby acknowledged, the parties agree to the following:

101. Parties and Representatives to the Agreement: The representatives of the respective parties who are to administer this agreement and to whom formal notices, demands and communications shall be given as follows:

- (1.) Riviera Beach CRA
Tony Brown, Executive Director
2001 Broadway, Suite 300
Riviera Beach, FL 33404
Telephone: (561) 844-3408
- (2.) NLPWF:
Debra Reyes, President
Neighborhood Lending Partners of West Florida, Inc.
3615 West Spruce Street
Tampa, FL 33607
Telephone: (813) 879-4525

102. Term: The term of this Agreement shall be for five (5) years beginning January 1, 2015 and shall be subject to renewal annually upon the agreement of each party hereto, subject further to the termination provisions in Paragraph 109 below.

103. General Agreement: Subject to the terms and conditions herein, the parties will provide the respective services in accordance with the provisions of Paragraphs 105 and 106 below. Notwithstanding the foregoing, the obligations of both NLPWF and RBCRA under this Agreement are subject to NLPWF receiving grants or loans from RBCRA, the CDFI Fund, and/or financial institutions in such amounts and on such terms and conditions acceptable to NLPWF which grants shall be used by NLPWF to provide the Project Loans contemplated by this Agreement.

104. Compensation:

- (1.) Subject to receiving Borrower's monthly payments pursuant to applicable Loan documentation, NLPWF will retain the Interest Rate Spread as a servicing fee as follows:
 - Up to \$1 million in outstanding loans, NLPWF will retain a servicing fee of 90% of the interest rate spread,¹ including 100% of the application fees and origination fees to sustain the operation, monitoring, and reporting of the Program and will

¹ The cost of funds net of the interest rate charged

use 10% of the interest rate spread to establish a loan loss reserve in compliance with its loan policies.

- The program income will be reviewed annually by NLPWF and RBCRA to determine the level of expense not being compensated by the Program revenue and at such time as the Program reaches profitability, a greater portion of the revenue will be used to boost the loan loss reserve or reinvested as loan capital at RBCRA's sole discretion.
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- (2) NLPWF will charge and retain a \$250 application fee for each transaction.
- (3) As compensation for underwriting and originating Project Loan(s) NLPWF shall be entitled to charge each borrower and retain for NLPWF's account, an origination fee between one and two percent (1-2%) of each Project Loan.
- (4) RBCRA shall not be liable to NLPWF for any uncollected origination or program administration fees on any Project Loan, the risk of collection being borne solely by NLPWF.

105. Services to be provided by NLPWF:

(1.) NLPWF agrees to review proposals located in RBCRA for small business lending. NLPWF's services will include loan underwriting, loan closing, loan servicing, compliance monitoring and project monitoring. The program guidelines that NLPWF and RBCRA shall follow are contained in the attached guidelines made a part hereof as Exhibit "A" (as the same may be amended or replaced, the "Program Guidelines"). See Exhibit "B" for loan review, screening, and origination guidelines.

- (2.) NLPWF shall administer all Project Loans in the same manner that it administers Member Loans (as defined below).

NLPWF shall conduct a preliminary review of the proposed Business. NLPWF will review the proposal and perform a financial analysis using NLPWF's standard underwriting criteria. A preliminary review will summarize each Project's overall strengths and weakness and will provide a recommendation. If a credit is deemed weak, a recommendation to strengthen the credit through underwriting or collateral will be recommended. If NLPWF believes that the weakness cannot

be overcome through underwriting, NLPWF will recommend rejection of the proposal.

- (3) NLPWF will recommend a course of action and a final loan amount after careful review of the application and supporting documentation. Said recommendation will conform to NLPWF's standard underwriting criteria including projected loan ratios.
- (4) A loan committee will be established for the RBCRA Loan Fund for approval or declination of transactions. RBCRA's Executive Director shall appoint a member with a background in lending and underwriting, preferably a local associate among NLPWF's Lending Partners.
- (5) In the event the Loan Committee declines a transaction, RBCRA will have the authority to approve any transaction that utilizes exclusively RBCRA Funds.
- (6) NLPWF agrees to provide on-going loan quality monitoring for the businesses, which are approved and supported by RBCRA. NLPWF shall provide an impartial evaluation by October 31 of each year regarding the state of each Loan, including an on-site physical inspection. The purpose of said monitoring is to insure that every business financed meets and maintains the projected financial performance, and high quality standards that are expected from RBCRA. NLPWF will provide a credit Review Memo, and a Site Inspection Report highlighting the financial performance and the condition of the business over the preceding year.
- (7) NLPWF will provide a comprehensive review of the entire portfolio of loans in the RBCRA/NLPWF loan program, showing overall performance and statistical and impact data.
- (8) NLPWF will establish, monitor, and report on the adequacy of loan loss reserves to approved loan committee and RBCRA on a quarterly basis.

106. Services to be provided by RBCRA:

- (1) In January, RBCRA shall provide NLPWF with \$500,000 per year for 5 years to be utilized as a revolving loan fund for loans approved in accordance with the Program Guidelines. NLPWF shall utilize the CRA's funds to make Loans meeting the requirements and approval process of Riviera Beach CRA. Each Loan shall be

secured by a promissory note in favor of NLPWF and documentation and collateral as approved by loan committee. Loans shall be made only to businesses in the designated CRA.

- (2.) RBCRA shall provide business referrals and marketing for this small business program.
- (3.) RBCRA will provide at least one member to the loan committee.
- (4.) RBCRA will participate in review and approval of portfolio reviews/analysis and in the establishment of policies related to portfolio and loan loss reserve management.
- (5.) RBCRA will approve referrals for Community Development Service counseling.

107. Technical Assistance:

NLPWF will administer a technical assistance program provided by approved non-profit agencies in the Riviera Beach CRA or Palm Beach County. RBCRA will issue an RFP to establish a pool of potential providers. NLPWF will provide an analysis of each applicant, and select one or more providers to provide technical assistance.

RBCRA has committed \$75,000 in funding for payment to the Technical Assistance Providers and it shall be payable upon invoice.

108. Independent Contractor: RBCRA and NLPWF are each independent contractors. No party shall be able to bind the other without consent of the other parties. No party shall have any authority with respect to the decisions of any other party beyond fulfilling the provisions of this Agreement.

109. Termination: This Agreement may be terminated upon the agreement of all parties represented.

- (1) Misrepresentation. In the event of a misrepresentation of any material fact either party may terminate this Agreement at any time upon thirty (30) days written notice to the other party.
- (2) Portfolio Review. In the event delinquencies and charge-offs impair the safety and soundness of the Fund or depletes the loan-loss reserves, RBCRA may

terminate this Agreement or suspend further advances at any time upon a thirty (30) days written notice to NLPWF.

- (3) It may also be terminated, in whole or in part, by the RBCRA, with or without cause, immediately upon written notice to the NLPWF. Unless NLPWF is in breach of this Contract, NLPWF shall be paid for services rendered to the RBCRA's satisfaction through the date of termination.
110. Assignment: Because of the personal nature of services to be rendered, this Agreement may not be assigned.
111. Modification: This Agreement may only be modified by a writing signed by each of the parties to this Agreement.
112. Dispute Resolution: In the event of any controversy or dispute, arising between the parties hereto under any term or condition of this Agreement, the parties agree to settle such controversy or dispute by mediation under procedural rules for such mediation as adopted or in effect by The Florida Bar and in accordance with the Laws of the State of Florida. The parties agree to select a neutral mediator from a list of certified mediators located in Palm Beach County, Florida within thirty (30) days of written notice from either party for such mediation. All mediation shall take place in Palm Beach County, Florida with the parties sharing equally the cost of such proceeding. All mediation Decisions of the mediator shall be binding for the parties.
113. Disclosure: NLPWF and RBCRA hereby acknowledge that certain information received from prospective loan applicants will be shared between NLPWF and RBCRA and that the practice of sharing such information will be disclosed to Loan applicants pursuant to a privacy and disclosure policy to be developed and implemented by NLPWF and RBCRA within sixty (60) days after the full execution of this Agreement.
114. Indemnification: NLPWF hereby agrees to indemnify and hold RBCRA and its officers, directors, employees, members and agents harmless from any and all liability, claims, suits, losses, costs and legal fees arising out of, or resulting from, any negligent act or omission by NLPWF in the performance, and/or failure to perform, within the Agreement including the negligent acts or omission of any subcontractor or any direct employees of NLPWF. RBCRA hereby agrees to indemnify and hold NLPWF and its officers, directors, members, employees, and agents harmless from any and all liability, claims, suits, losses, costs and legal fees arising out of, or resulting from, any negligent act or omission by RBCRA in the performance, and/or failure to perform, within the

Agreement including the negligent acts or omission of any subcontractor or any direct employees of RBCRA. Nothing contained in this Article shall be construed or interpreted as consent by the RBCRA to be sued, nor as a waiver of sovereign immunity beyond the waiver provided in Section 768.28, Florida Statutes.

115. Further Assurances: Each party to this Agreement shall execute and deliver all instruments and documents and take all actions as may be reasonably required or appropriate to carry out the purposes of this Agreement.

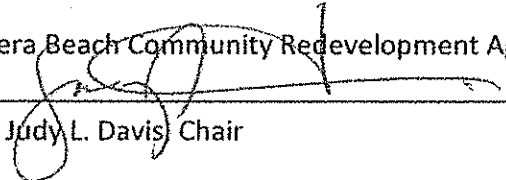
Executed this 12th day of February, 2015.

Neighborhood Lending Partners of West Florida, Inc. (NLPWF)


By: Debra Reyes, Chief Executive Officer

Executed this 20th day of FEBRUARY, 2015.

Riviera Beach Community Redevelopment Agency

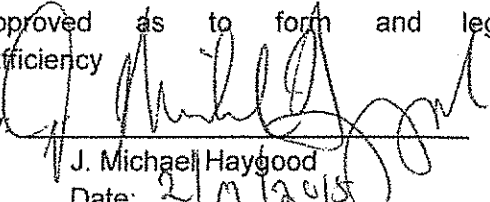
By: 
Judy L. Davis, Chair

ATTEST:


Tony T. Brown, Executive Director

Approved as to form and legal
sufficiency

By


J. Michael Haygood

Date: 2/12/2015

J. Michael Haygood, PA
General Counsel to CRA

Exhibit "A"

Loan Fund Guidelines and Parameters

Loan Fund Purpose:

- Façade and Leasehold Improvements
- Equipment Purchases
- Business Acquisition or Expansion; including permanent working capital associated with a 12 to 24-month projection of income and assessment of stabilized revenues
- Other Business Purpose Loans as approved by the Loan Committee

Eligible Businesses:

- Individual Businesses
 1. Business Entities – Corporations, Partnerships, for-profit companies, non profit companies
 2. Sole Proprietorships

Loan Amount:

- \$10,000 - \$1,000,000 and \$10,000 - \$500,000 for start-up businesses

Funding:

- Year 1: RBCRA will fund 100% of the loans up to \$500,000. RBCRA will make an initial payment of \$175,000 to fund the Loan Loss Reserve and Technical Assistance Provider's Pool. Subsequent advances will be funded in advance within 48 hours of a scheduled loan closing.
- After Year 1: RBCRA will match NLPWF's Loan Capital Contribution \$1.00 to \$1.00 up to \$500,000 each year through Year 5 and will be funded in advance within 48 hours of a scheduled loan closing.

Loan Term:

- Up to 7 year terms (provides flexibility), loans may have longer amortization

Interest Rate:

- Variable rate to be determined by NLPWF/RBCRA
- A blended rate will be calculated for each transaction. The NLPWF portion of the loan will be set at 30-Day LIBOR plus 500 points at minimum. The RBCRA portion will be set at a rate below 1% in an effort to deliver a below market interest rate.
- NLPWF will utilize RBCRA's funding commitment as matching funds to make application to the US Department of Treasury, CDFI Fund, Financial Assistance Grant Program.

- NLPWF will make best efforts to match RBCRA's funds with similar interest terms but reserves the exclusive right to match RBCRA's funds with available credit facilities controlled by NLPWF, at higher interest rate terms.

Loan Fees:

- Up to 3% origination fee for all loans, plus out of pocket expenses including, but not limited to title insurance, legal and recording fees.
- Enrollment in ACH program (Automatic payment withdrawal from checking account)

Collateral:

- Required for all loans
- UCC filing on all business assets, at a minimum
- Machinery, vehicles, real estate, inventory, etc.

Credit Parameters:

- No bankruptcies, repossessions in past 3 years
- No outstanding collections, charge offs

Credit Limits:

- Minimum FICO score of 600 is required and 640 on start-up businesses for all principals holding a 20% or more share

Closing Requirements:

Loan Closing Checklist consists of the following:

- Signed Loan Recommendation approved by four committee members
- Signed Commitment Letter by borrower
- Loan Documentation (minimum)
 1. Promissory Note
 2. Security Agreement
 3. Personal Guaranty
 4. Loan Agreement
 5. Landlord's Waiver
 6. Lease Assignment
 7. Subordination Agreement
- Collateral Perfection
 1. Mortgage and Assignment of Rents Recorded at County Records office along with verification that prior positions are current. Title insurance required on all loans with real estate collateral

2. UCC filed with the Secretary of State along with a detailed equipment list
 3. Title is taken to Department of Motor Vehicles where NLPWF is added as lien holder. A spare key is placed in the clients files along with a copy of current registration and insurance
 4. Other collateral to be secured as appropriate on a case by case basis
- Copy of Business lease
 - NLPWF as loss payee on all insurance policies.

Exhibit "B"

Loan Review, Screening and Originating

Loan Origination:

- NLPWF will screen potential borrowers to verify program eligibility
- RBCRA shall originate all loans and has placed emphasis for loan origination in CRA boundaries located at the Ocean Mall, Marina (Event Center, Restaurant Row and Public Market), Broadway and Blue Heron Corridors.

Underwriting:

NLPWF shall underwrite applications for financing under the guidelines and parameters set forth in Exhibit "A" and under the following process

- Receive complete Loan package which should at them minimum include:
For Businesses:
 - I. Application – including corporate documentation (Articles of Corporation, Bylaws, Fictitious Business Name filing)
 - II. Business Tax Returns – 2 years
 - III. Business Financial Statements (Profit & Loss statement and Balance Sheet) – 2 years
 - IV. Copy of Business lease
 - V. On-year income and expense statement projections
 - VI. Business/marketing plan
For Personal:
 - I. Personal Tax Returns, including K-1 and K-2 reconciliations – 2 years
 - II. Personal Financial Statement
 - III. Credit Authorization
 - IV. Copy of Driver's License
 - V. Verification of Incomes
- Review and analyze cash flow based on the financial information for both business and personal. Determine ability to service debt and compute DSC based on a combined business/personal available cash flow at a minimum of 1.2x and 1.25x for start-up businesses.
- Review and analyze the proposed security for a Loan, including an analysis of the proposed assets, both business and personal. Collateral will be based on real estate, automobiles that are less than 10 years old (without debt), inventory, equipment and machinery and other applicable

personal property. A 1:1 coverage based on liquidation values will be required. Liquidation value, based upon book value of the asset, for collateral is listed below:

- I. Real Estate – 80% of available residential real estate equity and 75% of available commercial real estate equity (if owner occupied).
 - II. Equipment and Machinery – 50%
 - III. Inventory – 20%
 - IV. Furniture and fixtures – 10%
 - V. Automobiles – trade-in value as found in Kelly Blue Book
- Type of Business/Length of time in business
 - Job Creation
 - Credit will be based on the pre-screening of the applicant
 - I. No major negative events such as: bankruptcy, repossession or foreclosures
 - II. No liens, outstanding collections (except in ordinary course of business), or judgments
 - III. Satisfactory FICO (see guidelines and parameters).
 - Personal Liquidity
 - Perform due diligence for all applicants by conducting background checks and verifying all certifications, licenses and or permits required for the business.
 - Complete feasibility analysis on each Loan package with shall include financial, market and credit analysis and determination of consistency with program objectives
 - Provide a written funding recommendation in format approved by Loan Committee

Turn-around time for Loan applications: Loan applications will be processed on average, within two weeks of receipt of a completed Loan package. However, neither NLPWF nor RBCRA will be responsible for delays resulting from any lack of responsiveness of applicants when additional information is requested in reviewing their Loan request. All business and personal financial information remitted will be held in the strictest of confidence and not subject to Florida's "Sunshine" disclosure laws.

Loan Approval:

- All Loans will be reviewed and given initial approval by the NLPWF Chief Credit Officer and confirmed by the RBCRA representative. Subsequently, all loans will be approved by a Loan Committee consisting of at least one RBCRA member, and other members as agreed to by NLPWF and RBCRA.

- RBCRA may override NLPWF's credit approval. In such instance, RBCRA will fund 100% of the loan proceeds.

Marginally Qualified Applicants:

- NLPWF will refer marginally qualified applicants to Community Development Service Providers

Loan Closing:

- NLPWF will close and prepare closing documentation, including mortgages, UCC-1's vehicle registrations, and other required documentation, naming NLPWF as Lender.
- NLPWF will open required escrows and arrange for title insurance as needed
- NLPWF will provide RBCRA copies of all executed closing documents
- NLPWF will record all documents as necessary and perfect, as appropriate, all collateral after execution. NLPWF will, thereafter, maintain all original documents for their safekeeping either in a fire proof filing cabinet or a bank safety deposit box.
- NLPWF will book all Loans as per the loan approval; NLPWF will disburse funds in the form of controlled disbursements to the borrower as per Loan approval.

Loan Servicing:

- NLPWF will service all loans through mutually agreed upon loan servicing software and will provide RBCRA reports on a monthly basis
- NLPWF will distribute received funds received from borrower within 30 days of such receipt as set forth in this Agreement
- NLPWF will initiate collection action according to NLPWF's Risk and Compliance Policy, including phone call, site visits, late notices and default letters.