

RESOLUTION NO. _____

RESOLUTION OF WEBER COUNTY AUTHORIZING PARTICIPATION IN THE SMALL BUSINESS LOAN PROGRAM ADMINISTERED BY BUSINESS LOANS OF UTAH

WHEREAS, Business Loans of Utah (BLU), a nonprofit entity, has worked with various counties and cities to design a small business loan program, which is described in more detail in Attachment A, to facilitate economic growth; and

WHEREAS, counties and cities will participate in BLU’s loan program by entering into a contract with BLU, under which the counties and cities will lend money to BLU, which will administer the program and coordinate loans to small businesses within those counties and cities using funds received from other lenders, with the county and city funds being held in reserve as a financial guarantee in case of default; and

WHEREAS, under the terms of their contracts with BLU, counties and cities will receive the promise of repayment with interest, unless the small businesses default on their loans; and

WHEREAS, the funds lent by each county or city will only be used to guarantee repayment of loans made to businesses within that county or city; and

WHEREAS, under Utah Code Ann. § 17-50-303(3), a county may appropriate money to a nonprofit entity if, in the judgment of the legislative body, doing so “contributes to the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of county residents”; and

WHEREAS, Weber County finds that appropriating funds to BLU by participating in the small business loan program will contribute to the safety, health, prosperity, moral well-being, peace, order, comfort, and convenience of county residents by strengthening small businesses, creating and retaining jobs, providing economic opportunities, and stimulating the redevelopment and utilization of commercial and industrial property;

NOW, THEREFORE, BE IT RESOLVED THAT:

Weber County intends to participate in the small business loan program administered by BLU, starting in 2018.

Effective Date: This Resolution is effective immediately upon adoption by the Board of County Commissioners.

PASSED AND ADOPTED THIS ____ DAY OF _____, ____.

BOARD OF COUNTY COMMISSIONERS

James Ebert, Chair

ATTEST:

Ricky Hatch
Weber County Clerk/Auditor

Voting by commissioners:

Commissioner Ebert: _____
Commissioner Gibson: _____
Commissioner Harvey: _____

ATTACHMENT A

BUSINESS LOANS OF UTAH (BLU) GUIDELINES

I. PURPOSE

- a. To strengthen small businesses, create and retain jobs, and provide economic opportunities by improving access to small business financing.
- b. To provide loans to small businesses unable to acquire financing from traditional financial institutions, but whom BLU deems otherwise creditworthy.
- c. To stimulate the redevelopment and utilization of deteriorated commercial and industrial property.
- d. To provide cities and counties with opportunities to increase economic development in their areas by accessing BLU funds made available for small business loans.

II. BLU PRODUCTS

The anticipated loan products include:

- a. Equipment Loans
- b. Working Capital Loans
- c. Refinance High Interest Loans
- d. Accounts Receivable Loans
- e. Unsecured Loans
- f. Real Estate Loans

III. PARTICIPANTS

The Fund will have three participant classes:

- a. Class A Lenders – Private Lenders

This class consists of private lenders. The lenders will initially lend a total of \$7,000,000.00 in debt to the Fund.

- b. Class B Lenders – Government Entities

This class will include participating cities and counties. For every \$1 Class B Lenders provide the Fund in subordinate debt, they will have access to \$7 in small business loan funds. A Class B Lender's subordinate debt will only be allocated for loans originating in its geographical target area.

c. Class C Lender – BLU

The Class C Lender is Utah Small Business Growth Initiative, LLC dba Business Loans of Utah (BLU). BLU will provide \$600,000.00 in general loan loss reserves and serve as the Fund Manager.

IV. TERM

- a. The anticipated BLU term is 7 years. There will be a 2-year draw down period followed by a 5-year repayment period.
- b. Individual loans made by the Fund cannot exceed 5 years.
- c. Loans are anticipated to be renewed by the lenders each year for one additional year.
- d. Any lender that does not renew the loan each year will still be required to fund during the remaining draw down period.

V. FUND

- a. The initial loan fund is anticipated to include \$7,000,000.00 of debt (Class A), \$1,000,000.00 of subordinate debt (Class B), and \$600,000.00 of loan loss reserves (Class C).
- b. The BLU loan loss reserve will be a general loan loss reserve.
- c. Class B subordinate debt must be from nonfederal funds and will be in the first-loss position on loans financed for use in the government entity's target area.
- d. Participating Class B Lenders will be required to provide at least \$50,000 in subordinate debt to participate in BLU.