



MEMORANDUM

AGENDA ITEM IV.A.3

DATE: AUGUST 11, 2014

TO: COUNCIL MEMBERS

FROM: STAFF

SUBJECT: OPPORTUNITIES FOR EXPANDING ECONOMIC DEVELOPMENT AND JOB CREATION

Background

The Council currently has two tools to help drive economic development and create jobs in our region. One of these tools is the Council's Revolving Loan Funds (RLF) which are sponsored by the US Department of Economic Development (EDA Fund) and the US Department of Environmental Protection (EPA Fund). The Council gave full loan decision authority to the five-member RLF Loan Administration Board (LAB). The other Council tool is through The Institute for Community Collaboration, Inc. (ICC), working with businesses and local banks on Technical Assistance programs. Technical Assistance programs are Council-sponsored workshops focused on improving business techniques that will increase sales, profits and jobs.

The Council's work with the EDA has resulted in over \$5.9 million in active loans and 2,635 total jobs (created/retained). The work with the EPA has resulted in \$2.4 million in loans. However, the amount of funding currently available to the region from both funds is only \$1.4 million. The EDA Fund has \$0.4 million and the EPA Fund has \$1.0 million. EDA loans are term loans targeted to underserved businesses in the region while the EPA fund is for funding brownfield cleanup activities in our region. The Council has limited funds available to continue the Technical Assistance work.

Council staff has held several recent discussions with the LAB, Miami-Dade County, the National Development Council (NDC), Citibank, Goldman Sachs, Bank United, and others to determine a recommended plan of action needed to access more capital for economic development and job creation.

As a result of these discussions, staff and Legal Counsel have determined that a Community Development Financial Institution (CDFI) should be created as a new tool to attract capital for economic development and job creation. A CDFI is a specialized financial institution dedicated to serving low-income communities. A CDFI is eligible to receive financial assistance from either US banks or the US government. In order for the CDFI to be certified by the US Department of Treasury, it must meet the following requirements:

- Be a legal entity at the time it applies for certification;
- Have a primary mission of promoting community development;
- Be a financing entity;
- Primarily serve one or more target markets;

- Provide development services in conjunction with its financing activities;
- Maintain accountability to its defined target market; and
- Be a non-government entity and not be under control of any government entity.

After discussions with Legal Counsel, the best structure for the new CDFI is a not for profit corporation. Once this corporation has been created, we can apply for an IRS 501C3 determination. CDFI certification and Technical Assistance Awards application can also be completed.

The CDFI application process is expected to take 6-9 months to complete. However, the new non-profit may begin working as "hosting partner" for the "Grow Miami Fund". Miami-Dade County and the National Development Council (NDC), along with Citibank, want to establish a "Grow Miami Fund" that is to be modeled after the NDC's existing "Grow America Fund". The NDC's "Grow America Fund" is a loan fund targeted to help women and minority owned businesses grow and create jobs. The "Grow America Fund" is currently active in 44 States and Puerto Rico.

Once all logistics are worked out on the structure of the new corporation and funding sources are determined, staff will bring a proposal for action at the September 8, 2014 Council meeting.

Information Only.

**South Florida Regional Council
Organization Summary
Economic Development Analysis**

South Florida Regional Council
formerly South Florida Region Planning Council

Tools:
EDA Fund - Loans to \$300,000 targeted businesses
EPA Fund - Loans for Brownfield Cleanup Activities

Controlling Board

<u>Source</u>	<u>No. Elected</u>	<u>No. Appointed</u>	<u>No. Total</u>
Miami Dade County	3	3	6
Miami Dade Cities	2		2
Broward County	3	2	5
Broward Cities	2		2
Monroe County	2		2
Monroe Cities	1	1	2
Total	13	6	19

Management Structure
SFRPC Executive Director
SFRPC staff

South Florida Institute for Regional Prosperity, Inc.
formerly The Institute for Community Collaboration, Inc.

Tools:
Technical Assistance Programs

Controlling Board

<u>Source</u>	<u>No. Elected</u>	<u>No. Appointed</u>	<u>No. Total</u>
Miami Dade County	3	3	6
Miami Dade Cities	2		2
Broward County	3	2	5
Broward Cities	2		2
Monroe County	2		2
Monroe Cities	1	1	2
Total	13	6	19

Management Structure
SFRPC Executive Director - Professional Services Contract (PSA) with SFRPC
SFRPC staff - PSA with SFRPC

Southeast Florida Community Development Fund, Inc.

Tools:
"Grow Miami Fund" - Loans for women & minority businesses
CDFI Fund - Loans for targeted businesses
CDFI Fund - Technical Assistance Programs
CDFI Funding from local banks - Loans and TA projects

Controlling Board

<u>Source</u>	<u>No. Appointed</u>
Current SFRPC LAB*	3
Council Appointment/ Community Businesses	To be Determined
Total	

Management Structure
SFRPC Executive Director - Professional Services Contract (PSA) with SFRPC
SFRPC staff - PSA with SFRPC