

SHEBOYGAN COUNTY RESOLUTION NO. 29 (2018/19)

Re: **Supporting the Return of \$1,576,346 of Community Development Block Grant Funding to the State of Wisconsin and Authorizing the Use of \$1,313,048 of Unassigned Fund Balance to Fully Fund the Return Payment to the State**

WHEREAS, in 2001, Sheboygan County sponsored its first Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Economic Development Loan in the amount of \$1,000,000 to be loaned to Muth Company, LLC, and

WHEREAS, over the last several years, Sheboygan County sponsored 32 additional loans all funded through federal HUD CDBG funds, and

WHEREAS, funds that were repaid to the County could be used to make new loans to businesses, and

WHEREAS, all loans had the restriction that all funds must benefit people of low and moderate income (LMI), and

WHEREAS, the strict LMI standards and reporting requirements began to diminish the interest in CDBG loans due to the standards and the recordkeeping required of the businesses, and

WHEREAS, although Sheboygan County maintained a well-used CDBG program, counties and municipalities all over the State faced reduced demand for CDBG economic development funds, causing reserves to build as a result, and

WHEREAS, HUD audited the State program and found that there was approximately \$100 Million in reserves being held by counties and municipalities resulting in the requirement that all funds in these reserve accounts be paid back to the State of Wisconsin, and

WHEREAS, Sheboygan County, as of the end of February, has a reserve of \$263,298, as well as outstanding loan balances to be repaid of \$1,313,048 for a total of \$1,576,346 and

WHEREAS, the State of Wisconsin Department of Administration (DOA) has given each county and municipality, including Sheboygan County, two years to return all funds and no longer allows these funds to be used to make new loans, and

WHEREAS, under the State CDBG-Close Program, the DOA will allow access by Sheboygan County to all funds returned by Sheboygan County through the CDBG-Close Program to provide grants for a variety of projects benefitting people who meet the LMI standards but the funds must be spent or substantially committed by January 31, 2021, and

WHEREAS, the Sheboygan County Finance Committee supports the return of the \$1,576,346, which includes the remaining loan balances of \$1,313,048, and requests that unassigned fund balance be utilized to pay off those CDBG loan balances to the State of Wisconsin, and

WHEREAS, if Sheboygan County would pay off the outstanding loan balances of \$1,313,048 to the State, all remaining future loan repayments would come directly to the County, and

WHEREAS, under the State's Community Development Block Grant (CDBG) Revolving Loan Fund–Economic Development (RLF-ED) Close Program, Sheboygan County becomes eligible for State grant funds of approximately \$1,576,346, and

WHEREAS, if Sheboygan County establishes an Industrial Development Agency, the County can continue to provide loans through a revolving loan program, and

WHEREAS, the Finance Committee believes it is in the best interest of economic development efforts in Sheboygan County to return all CDBG funds to the State and establish a method to continue the revolving loan fund program;

NOW, THEREFORE, BE IT RESOLVED that the Sheboygan County Board of Supervisors supports the return of the full value of the CDBG Revolving Loan Fund to the State of Wisconsin, as adjusted to the date of payment.

BE IT FURTHER RESOLVED that the County Board authorizes the Executive Committee to determine eligible projects and to submit an application or applications to the State for grant funds established through the State's CDBG-Close Program.

BE IT FURTHER RESOLVED that the County Board authorizes the use of unassigned fund balance to provide payment to the State of Wisconsin for the value of the outstanding RLF loans, as adjusted to the date of payment.

BE IT FURTHER RESOLVED that future payments to the County on the outstanding RLF loan balances be used to incrementally replenish the unassigned fund balance and to incrementally re-establish a pool of funds available for economic development loans.

BE IT FURTHER RESOLVED that the Executive Committee is authorized to develop an Ordinance establishing the Sheboygan County Industrial Development Agency for the purpose of continuing a revolving loan program.

Respectfully submitted this 19th day of March, 2019.

FINANCE COMMITTEE

William C. Goehring
William C. Goehring, Chairperson

Greg Weggeman
Greg Weggeman, Vice-Chairperson

Vernon Koch
Vernon Koch, Secretary

Keith Abler
Keith Abler

Roger Te Stroete
Roger Te Stroete

Opposed to Introduction:
