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CITY OF DANBURY

155 DEER HILL AVENUE

DANBURY, CONNECTICUT 06810

DAVID W. ST. HILAIRE
DIRECTOR OF FINANCE

(203) 797-4652
FAX: (203) 796-1526

MEMORANDUM

TO: Mayor Mark D. Boughton via the City Council

FROM: David W. St. Hilaire, Director of Finance

DATE: October 23, 2013

SUBJECT: Section 108 Loan Guarantee

The City has submitted an application to HUD's Section 108 Loan Guarantee Program in the amount not to exceed \$1.8M. The purposes of such loan proceeds, as set forth in the Annual Action Plan and as authorized, will be for infrastructure improvements in the Foster Street area including the adjacent LMI eligible areas as determined by the Mayor in accordance with 24 CFR 570.208(a) and 24 CFR 570.700.

If approved, the City will be required to repay the loan over a period of nineteen (19) years using funds from its annual CDBG allocation. HUD Regulations also requires that the City Council adopt a resolution stating that the City's full faith and credit will be utilized to provide additional assurances toward the repayment of said funds.

I respectfully request that the City Council approve the attached resolution pledging the full faith and credit of the City of Danbury pursuant to HUD Regulations for the Section 108 Loan Guarantee Program acceptance.

Please feel free to contact me should you require any additional information. Thank you.

/jgb

Attach.



RESOLUTION

13-1

CITY OF DANBURY, STATE OF CONNECTICUT

_____ A.D. 2013

RESOLVED BY THE CITY COUNCIL OF THE CITY OF DANBURY

WHEREAS, on July 3, 2012, the City of Danbury adopted a resolution authorizing Mayor Mark D. Boughton to apply for a Community Development Block Grant ("CDBG") Section 108 Loan Guarantee, pursuant to the City's Annual Action Plan, in the amount of up to one million and eight hundred thousand dollars (\$1,800,000); and

WHEREAS, Danbury is eligible to receive CDBG funding as an entitlement community under HUD regulations and therefore eligible for funding under the Section 108 Loan Guarantee Program; and

WHEREAS, under said Section 108 Program, said funds must be used for eligible activities that principally benefit low and moderate-income (LMI) people or prevent and eliminate blighting conditions; and

WHEREAS, the City has made application for a Section 108 Loan Guarantee in the amount up to \$1,800,000 which loan will be used by the City for purposes as set forth in the Annual Action Plan and as authorized for infrastructure improvements in the Foster Street area including adjacent LMI eligible areas as determined by the Mayor in accordance with 24 CFR 570.208(a) and 24 CFR 570.700; and

WHEREAS, the City will repay the loan over a period of nineteen (19) years using funds from its annual CDBG allocation; and

WHEREAS, HUD regulations at 24 CFR 570.705(b)(3) require that additional security be provided for Section 108 guaranteed loans with repayment periods of ten (10) years or longer; and

WHEREAS, to fulfill the regulatory requirement pertaining to additional security, the Council of the City of Danbury wishes to pledge the Full Faith and Credit of the City.

NOW, THEREFORE, BE IT RESOLVED THAT Mayor Mark D. Boughton, be, and is hereby authorized to pledge, on behalf of the City, its Full Faith and Credit toward the repayment of any balance due and owing to HUD or its Fiscal Agent pursuant to a Section 108 Loan Guarantee issued in connection with the Foster Street improvement project, but in any event, not to exceed the total loan amount of \$1,800,000.