

AGENDA ITEM # IV.

FIVE COUNTY ECONOMIC DEVELOPMENT DISTRICT REVOLVING LOAN FUND 2011 ANNUAL CERTIFICATION

I. INTRODUCTION

The Five County Association of Governments established a Revolving Loan Fund (RLF) in 1987. The RLF is designed to provide supplemental business financing, subordinate to conventional lenders, for the purpose of creating jobs and strengthening the region's economic base. The RLF was originally capitalized with two federal grants, one in the amount of \$500,000 from the Economic Development Administration (EDA), matched by the region's 1987 Community Development Block Grant (CDBG) allocation of \$341,753. In intervening years, the RLF base has increased by injecting additional CDBG funds, adding two Farmers Home Administration (FmHA) grants, and gaining participation funds from the Utah Technology Finance Corporation (UTFC). The Economic Development Administration also added an additional \$300,000 to the capital base in 1996. During 2002, additional funds were injected from the Four Corners Sustainable Forestry project to be used in the Escalante sawmill project. The current capital base, including loan repayments is approximately \$8.1 million. More than \$6.5 million has been lent to 103 companies. The regional RLF Board and Governing Board are required to certify annually that the RLF is being operated in accordance with the policies and procedures contained in the RLF Plan, and that the RLF operations meet the area's economic adjustment strategy.

II. RLF PLAN

A. Goals and Objectives

The Revolving Loan Fund is an integral part of the community and economic development efforts of the Five County Association of Governments. The major economic problems addressed by the Revolving Loan Fund (RLF) include:

Unemployment: By creating new jobs and retaining existing jobs within the Five County area;

Finance Gaps: By filling the finance gaps experienced by local businesses;

Start-up Capital: By assisting high-potential start-up projects with seed capital;

Investment: By providing an incentive to businesses and financial institutions to invest in expansion and start-up projects;

Diversification: By initiating an effort to smooth-out the cyclical nature of the local economy and provide opportunities for economic stability and diversification.

The Plan recites the fifteen goals listed in the 2008 Comprehensive Economic Development Strategy (CEDS) approved by the Steering Committee. Other Association programs are identified as complementary activities supported by the RLF.

B. Financing Problems

The Plan notes a gap in available financing for area businesses. The lack of adequate working capital is also mentioned.

C. Targeting Criteria

The Plan notes the each of the five counties in the district are eligible for RLF participation. Consideration for assistance will be given to any new or expanding industry promising long-term growth potential and to help retain existing businesses within the 5 eligible counties of the Revolving Loan Fund program.

D. Portfolio Standards

Emphasis will be given to the creation and retention of basic industry occupations. Manufacturing and industrial operations tend to create greater numbers of jobs per site, with a higher hourly wage rate than other economic sectors. Counties not traversed by I-15 do not have the same capability to attract a

AGENDA ITEM # IV. (Continued)

manufacturing base. For this reason, the RLF will be used to finance otherwise eligible applicants in any employment sector. RLF loans must leverage private investment of at least two dollars for every one dollar of RLF fund lent. RLF financing participation in any project will amount to no more than 50 percent of the total project cost. Up to 50 percent of available RLF funds may be used for adequately secured working capital loans.

E. Loan Board and Staff

The Steering Committee has appointed a nine member Loan Administration Board comprised of two bankers, two business owners/managers, one Utah Workforce Services Western Regional Council representative, one Five County Association of Governments representative, one equity/investment representative, one Chamber of Commerce representative, and one County or Municipal Attorney. This board reviews each RLF application and provides direction and technical expertise to the staff. The staff is composed of the Executive Director and other assigned employees. The staff has extensive training in accounting and business credit finance. The staff analyzes each loan request, and services each loan.

F. Other Requirements

Because the RLF is capitalized with federal grant funds, there are many other federal programmatic requirements which must be complied with. These include civil rights, environmental reviews, anti-relocation provisions, flood hazard protection, Americans with Disabilities Act compliance, and Davis-Bacon wage provisions.

III. PERFORMANCE MEASURES AS OF SEPTEMBER 30, 2011

Number of Loans:	117	Loaned for Fixed Assets (61%)	\$4,684,916.00
Amount Lent:	\$ 7,675,915.00	Loaned for Working Capital(39%)	\$2,990,999.00
Private Funds Leveraged by the RLF:	\$34,568,988.00	Start-Ups Financed:	32
Average Loan Size:	\$ 65,606.00	Commercial Operations Financed:	44
Average Interest Rate:	6.92%	Industrial Operations Financed:	52
Average Term:	6.04 years	Technology Based Businesses:	17
Average Number of Loans per Year:	5	Financed with UTFC:	2
Average Amount Lent per Year:	\$319,195	Loans Current (19.0%*):	16
Jobs Created:	739	Loans Paid in Full (62.0%*):	77
Jobs Saved:	213	Loans Delinquent (1.0%*):	1
Current Jobs:	108	Loans in Default (1.0%*):	1
RLF Amount Lent per Job Committed	\$7,616	Loans in Bankruptcy (0.0%*):	0
		Loans Written Off (17.0%*):	22
		(\$914,049.58 written off ; 11.91% of amount lent)	
		* Percent of Total Amount Lent	

IV. CONCLUSIONS

During the federal fiscal year of October 1, 2010 to September 30, 2011, the Five County RLF recorded the following:

** 5 loans closed.

** 44 new jobs committed.

** The \$7,616 lent per job is well below the \$15,000 requirement.

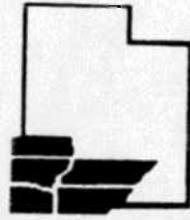
** The average interest rate of 6.9% is a reasonable RLF rate, above the minimum 4% allowed, but lower than market rates.

The RLF continues to be a vital part of the overall economic development strategy for southwestern Utah. The staff recommends that the Steering Committee authorize the execution of the attached resolution.

Five County Association of Governments

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Fax (435) 673-3540



SOUTHWEST UTAH

Post Office Box 1550
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RESOLUTION

WHEREAS, the Five County Association of Governments has operated a Revolving Loan Fund (RLF) capitalized by Economic Development Administration and other federal funds since 1987; and

WHEREAS, the RLF Administrative Manual dated March 15, 1993 requires an annual plan certification; and

WHEREAS, the Steering Committee and Loan Administration Board of the Association have reviewed the performance of the RLF in comparison to the RLF Plan; and

WHEREAS, the Steering Committee has approved the 2008 Comprehensive Economic Development Strategy (CEDS), which includes the use of the RLF as a vital economic development tool;

NOW THEREFORE BE IT RESOLVED, that the Steering Committee and Loan Administration Board of the Five County Association of Governments certify that the RLF Plan is consistent with and supportive of the area's current economic development strategy, and that the RLF is being operated in accordance with the policies and procedures outlined in the RLF Plan.

Executed this 9th day of November 2011

Executed this _____ day of _____ 2011

Chad Johnson, Chairperson
Steering Committee

Nick Lang, Chairperson
Loan Administration Board

Attest:

Kenneth L. Sizemore, Executive Director

AGENDA ITEM # V-A.

PUBLIC NOTICE

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FIRST PUBLIC HEARING

The FIVE COUNTY ASSOCIATION OF

GOVERNMENTS (FCAOG) will hold a public hearing to consider potential projects for which funding may be applied for by the FCAOG under the CDBG Small Cities Program for Program Year 2012.

Suggestions for potential projects will be solicited, both verbally and in writing, from all interested parties. The focus of the public hearing will be to solicit suggestions for and comments from the public that enable the preparation of an application "scope of work" by the FCAOG. The emphasis will be on potential projects the FCAOG can undertake which are region-wide, benefiting the entire Five County service area: Beaver, Garfield, Iron, Kane and Washington counties. The expected amount of CDBG funds available for this fiscal year will be discussed, along with the range of projects eligible under this program and a review of CDBG funded activities carried out by the FCAOG in previous years.

The aforementioned public hearing is scheduled to be held during the Five County Association of Governments Steering Committee meeting, which will begin at 1:00 p.m. on Wednesday, November 9, 2011 in the Conference Room of the Five County Association of Governments of-

LEGAL NOTICES

office located at 1070 West 1600 South, Building B, St. George, Utah. The CDBG public hearing will begin shortly thereafter.

In compliance with the Americans with Disabilities Act, the FCAOG promotes full participation and equal enjoyment of programs and activities assisted for persons with disabilities. Anyone desiring to participate in this public hearing whose disability may require reasonable accommodations should contact Diane Lamoreaux at the FCAOG, (435) 673-3548, at least 3 days prior to the public hearing.

Additional information on the CDBG Program in general is available on the AOG website <http://www.fivecounty.utah.gov/programs/community/cdbg.php> or by contacting Diane Lamoreaux, CDBG Program Specialist at 435-673-3548.

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The Spectrum
UPAXLP

AGENDA ITEM # V-B.

CDBG POLICY COMMITTEE

The CDBG Policy Committee is made up of elected officials selected by the Governor from the regional review commissions and formally established by a Governor's Executive Order dated November 1, 1986.

The CDBG Policy Committee is composed of seven (7) members from each of the seven regional districts of the state.

Members serve two year terms and are designated by the local Regional Review Committee (RRC) (Steering Committee), of the Five County Association of Governments.

Mayor Connie Robinson has served on the Committee for multiple terms. Her involvement with prairie dog issues, municipal power policy making, and other community issues have made participation on the Policy Committee difficult. The Utah Department of Community and Culture is asking that names be provided for submission to the Governor to replace Mayor Robinson.

Staff is recommending the appointment of Mayor Jerry Taylor to serve on this committee. In addition, it is recommended that an alternate member be selected to serve in the absence of Mayor Taylor.

Five County Association of Governments

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**** MEMORANDUM ****

TO: Ken Sizemore, Executive Director

FROM: Doug Carlson, Weatherization Coordinator

DATE: November 1, 2011

RE: Travel Request

The Weatherization Program is requesting out-of-state travel for two weatherization personnel to take advantage of the National Weatherization Conference being held December 11-16, 2011 in New Orleans. There will be several workshops dealing with the end of our ARRA contract and how we will need to close out the program to meet Department of Energy (DOE) guidelines.

Your consideration of this request is appreciated.

AGENDA ITEM # XIII-E-1.

Five County Association of Governments Chief Financial Officer Recruiting Process

Bob Rasmussen has announced his retirement as Chief Financial Officer (CFO) of the Five County Association of Governments, effective 30 March 2012. Bob began his service with the Association of Governments in December 1979 as the Aging Coordinator. Nutrition duties were added in 1983. He was promoted to Area Agency on Aging Director in 1987. In 2006, he was promoted to the position of Chief Financial Officer. Bob has always accomplished numerous assignments beyond those found in his official title, including fiscal management, directing agency weatherization activities, and overseeing HEAT assistance operations. Bob is the primary author of the annual budget, and shepherds program directors through the maze of reporting progress and requesting funds. He will be sorely missed.

Bob's retirement brings the need to recruit a new CFO and have that person in place for some weeks prior to Bob's departure, which will allow essential cross-training, as well as an opportunity to participate in the preparation of the draft FY 2013 budget.

Recruiting for the position will begin immediately after the New Year in early January 2012. The CFO position will require an individual who has responsibilities in multiple arenas, not simply bookkeeping. The Association of Governments requires a CFO with experience in accounting, technology, legal issues, and administration. Most government/nonprofit advisors recommend someone with both a MBA/MPA and a CPA, but note that the broad background of the MBA/MPA is better preparation than the straight CPA. Most importantly, a successful candidate should have five to seven years of financial and administrative experience in the day-to-day operations of public sector organizations.

The Management Team recommends that a Search/Screening Committee consisting of the Executive Committee (five County Commissioners); the Executive Director; a representative of Hinton Burdick CPAs and Advisors (the firm that prepares AOG payroll); Dorian Page (VP for Finance at SUU); Jo Seegmiller (Human Resource Director and Accounts Payable at the AOG); and Bob Rasmussen be convened to review applications, conduct interviews, and select the new CFO. The screening process will occur in late January and early February. We anticipate state-wide, but not national advertizing. The salary range will begin at \$50,000 to \$65,000, depending upon qualifications and experience. Internal and external recruitment will occur simultaneously.

A DRAFT position announcement follows on the next page. Please be prepared with any recommendations for change in the recruiting process described above. We look forward to your input.

AGENDA ITEM # XIII-E-1. (Continued)

DRAFT
Five County Association of Governments
Position Announcement
Chief Financial Officer (CFO)

Five County Association of Governments, a regional planning and development organization representing local governments in southwestern Utah, requests applications for Chief Financial Officer (CFO). The CFO plans, directs, and coordinates activities relating to accounting, fiscal report, debt management, and treasury functions including cash management, investments, risk management, and purchasing. The CFO formulates and executes broad policy, immediate technical supervision, and participates in program activities. Work is performed in accordance with Government Accounting Standards Board (GASB) "Basic Financial Statements – and Management's Discussion and Analysis for State and Local Government," statutory procedures, and broad policies as prescribed by the Executive Director, who holds the Chief Financial Officer responsible for the effectiveness of agency programs.

As a member of the senior management team, the CFO works with program directors to ensure that accounting technicians and other employees submit accurate and timely financial reports. Payroll and accounts payable activities are directed by the CFO, who is responsible for accurately coding requests for payment. The CFO:

- * Sets forth desired objectives, develops procedures, and proposes changes in existing methods.
- * Plans, organizes, and directs fiscal and management control functions, including the preparation of the annual budget.
- * Directs the planning, organization, and implementation of overall procedures for fiscal reporting and administration, purchasing, risk management, cash management, and investments.
- * Reviews or prepares monthly, quarterly and annual financial reports.
- * Directs and participates in management studies, and reports on complex financial analysis and organizational and administrative policies.
- * Works with the Management Team on Risk Management matters.
- * Makes presentations to the Steering Committee and/or the public as the need arises.
- * Demonstrates continuous effort to improve operations, streamline work processes, and work cooperatively and jointly to provide quality seamless client service.

Qualifications

The CFO will have at least five to seven years of experience in managing a public agency finance program, including three years of experience at a policy determination level, and a Master's Degree in Business Administration (MBA), Public Administration (MPA) or a related field. Other combinations of experience and education that meet the minimum requirements may be substituted. A CPA is preferred, but not required.

The CFO will exhibit knowledge of public sector finance administration and accounting principles and practices, including OMB Circulars A-133, A-110 and A-122; risk management and insurance; and purchasing and materials management. S/he will have the ability to plan, organize, and direct activities related to activities of programs dealing with financial reporting and accounting, purchasing, risk management, cash management, investments, and debt management; exercise good judgment; perform a broad range of supervisory responsibilities over others; effectively use general office software and databases; and communicate effectively in both written and verbal form.