

**AGREEMENT BETWEEN THE COUNTY OF CHAMPAIGN AND JUSTINE
PETERSEN HOUSING AND REINVESTMENT CORPORATION FOR MICROLOAN
FUND ASSISTANCE**

This Agreement is entered as of September 15, 2022, by and between the County of Champaign, Illinois (“County”), with an address of 1776 E. Washington Street, Urbana, IL 61802 and Justine PETERSEN Housing and Reinvestment Corporation (“Justine PETERSEN”), with an address of 1023 N. Grand Blvd., St. Louis, MO, 63106; collectively “the Parties.”

WHEREAS, The County is in receipt of funds pursuant to the American Rescue Plan Act of 2021, P.L. 117-2 (“ARPA Funds”); and

WHEREAS, The County is authorized by Section 603 of the Social Security Act and the United States Department of Treasury Interim and Final Rule 31 CFR Part 35 to respond to the negative economic impacts of COVID-19, including transferring ARPA funds to provide assistance to small businesses to mitigate those negative economic impacts, and

WHEREAS, Justine PETERSEN is a non-profit corporation whose mission is to connect institutional resources with the needs of low-to moderate-income individuals and families, helping them to build assets and create enduring change, and;

WHEREAS, the Parties desire to enter into this Agreement to recognize the roles and responsibilities for each Party in assisting with loan loss reserve and interest rate subsidy costs of a Microloan Fund to help disadvantaged Champaign County entrepreneurs, hereby named “Microloan Fund.”

NOW THEREFORE, the Parties agree as follows:

1. **Purpose and Scope.** The Parties intend for this Agreement to provide the foundation and structure for assisting Microloan Fund costs through the following understanding:
 - a. **Microloan Fund:** Justine PETERSEN will conduct activities between June 24, 2022 and December 31, 2024 directly related to costs of operating a Microloan Fund to help disadvantaged entrepreneurs in Champaign County gain access to affordable financial services; with proposed program details and budget included in Attachment 1.
 - b. **Funding:** The County will transfer ARPA funds to Justine PETERSEN in an amount of up to \$250,000 in support of this assistance beginning in County fiscal year 2022, according to the projected budget in Attachment 1. The transfer of funds shall be made in quarterly installments as needed of \$25,000. Installments may be paid more frequently pending documentation of the program being successfully implemented. In order for funds to be released, Justine PETERSEN must submit a Risk Assessment Form as provided by the County for the first installment; followed by documentation of funding and a Reporting Form as provided by the County for

each of the remaining installments prior to release of funds. The Risk Assessment Form and Reporting Form shall be made available by the County to Justine PETERSEN in a fillable format.

2. Roles and Responsibilities of Justine PETERSEN.

a. Oversight

- i. Justine PETERSEN agrees to cooperate with meetings conducted by Champaign County Board Members and/or County staff, as requested, to review programs in progress.
- ii. Justine PETERSEN will adhere to the ARPA Funds fiscal, accounting, and audit procedures that conform to Generally Accepted Accounting Principles (GAAP) and the requirements of federal Uniform Guidance (2 CFR Part 200).
- iii. Justine PETERSEN will submit reporting information to the County as required by the Department of Treasury, upon request of the County. Information will include, but is not limited to: program details and purpose, program timeline and status, program impact, expenditure information and status, capital expenditure amounts and details, impacted populations, public health or economic impact experienced due to the pandemic, program response to public health or negative economic impact due to the pandemic, number of businesses served, justification of each loan disbursed in response to negative economic impacts, terms for each loan, reporting of principal and interest repaid for each loan, Davis Bacon and Labor Reporting for capital expenditures over \$10 million. Reporting requirements will be specified by the County.
- iv. Justine PETERSEN will provide to the County, upon reasonable notice, access to and the right to examine such books and records of Justine PETERSEN and will make such reports to the County as the County may reasonably require so that the County may determine whether there has been compliance with this Agreement.
- v. No person shall be excluded from participation in programs the County is funding, be denied the benefits of such program, or be subjected to discrimination under any program or activity funded in whole or in part with the funds provided under this Agreement on the ground of race, ethnicity, color, national origin, sex, sexual orientation, gender identity or expression, religion, disability, or on any other ground upon which such discrimination is prohibited by law. Justine PETERSEN understands that Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, applies to the use of ARPA Funds.

- vi. Justine PETERSEN will comply with all applicable statutes, ordinances, and regulations. Justine PETERSEN will not use any of these ARPA Funds for lobbying purposes. If it is determined by the County that any expenditure made with the ARPA Funds provided under this Agreement is prohibited by law, Justine PETERSEN will reimburse the County any amount that is determined to have been spent in violation of the law.
- vii. Justine PETERSEN will enforce all applicable terms and requirements of this agreement with any subgrantees or partners of this program and is liable for all subgrantee and partner activity related to this specific program agreement.

b. Microloan Fund

- i. Services: Justine PETERSEN shall conduct activities toward operation of a Microloan Fund under the following requirements:
 - 1. Justine PETERSEN shall conduct program costs between June 24, 2022 and December 31, 2024 in the activities of operating a Microloan Fund to help disadvantaged entrepreneurs in Champaign County gain access to affordable financial services.
 - 2. Justine PETERSEN shall conduct program costs in accordance with the proposed budget and details provided in Attachment 1.
- ii. Governance: The Microloan Fund activities shall be overseen by the Justine PETERSEN Board of Directors with the following responsibilities:
 - 1. Review reports and program adherence.
 - 2. Approve significant changes in programs prior to implementation.

3. Roles and Responsibilities of the County.

- a. The County shall provide ARPA Funds to Justine PETERSEN in the amount of up to \$250,000, divided into quarterly installments of \$25,000 as needed; available beginning in 2022. Installments may be paid more frequently pending documentation of the program being successfully implemented.
 - b. The County shall provide oversight as described in this Agreement for the purpose of ensuring that ARPA Funds are spent in compliance with federal law, and in compliance with the intended purpose of the funds as set forth in this Agreement.
 - c. The County is not responsible in any way for the operations of Justine PETERSEN.
4. **Term.** This Agreement shall commence upon its execution between the Parties.
5. **Termination.** The Agreement may be terminated by either party upon a thirty-day notice in writing to the other party. Upon termination, Justine PETERSEN shall provide to the County an accounting of the ARPA Funds and shall remit unspent ARPA Funds to the County. Additionally, if Justine PETERSEN does not spend the ARPA Funds in

accordance to the regulations and requirements specified in this Agreement, Justine PETERSEN will be required to repay the County in the amount of ARPA funds that were utilized incorrectly.

6. **Amendments.** This Agreement may be amended only by an agreement of the parties executed in the same manner in which this Agreement is executed.
7. **Representations and Warranties.** Both Parties represent that they are fully authorized to enter into this Agreement. The performance and obligations of either Party will not violate or infringe upon the rights of any third-party or violate any other agreement between the Parties, individually, and any other person, organization, or business or any law or governmental regulation.
8. **Indemnity.** Justine PETERSEN agrees to indemnify and hold harmless the County, its respective affiliates, officers, agents, employees, and permitted successors and assigns against any and all claims, losses, damages, liabilities, penalties, punitive damages, expenses, reasonable legal fees and costs of any kind or amount whatsoever, which result from the negligence of or breach of this Agreement by Justine PETERSEN, its respective successors and assigns that occurs in connection with this Agreement. This section remains in full force and effect even after termination of the Agreement by its natural termination or the early termination by either party.
9. **Limitation of Liability.** UNDER NO CIRCUMSTANCES SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR ANY THIRD PARTY FOR ANY DAMAGES RESULTING FROM ANY PART OF THIS AGREEMENT SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE OR ANTICIPATED PROFIT OR LOST BUSINESS, COSTS OF DELAY OR FAILURE OF DELIVERY, WHICH ARE NOT RELATED TO OR THE DIRECT RESULT OF A PARTY'S NEGLIGENCE OR BREACH.
10. **Severability.** In the event any provision of this Agreement is deemed invalid or unenforceable, in whole or in part, that part shall be severed from the remainder of the Agreement and all other provisions should continue in full force and effect as valid and enforceable.
11. **Waiver.** The failure by either party to exercise any right, power or privilege under the terms of this Agreement will not be construed as a waiver of any subsequent or further exercise of that right, power or privilege or the exercise of any other right, power or privilege.
12. **Conflicts.** In the event of an unresolvable dispute, both parties agree to participate in a mediation process and to split equally any costs associated with such. Any outcomes of mediation shall be in writing and binding on the parties.
13. **Legal and Binding Agreement.** This Agreement is legal and binding between the Parties as stated above. The Parties each represent that they have the authority to enter into this Agreement.

14. **Entire Agreement.** The Parties acknowledge and agree that this Agreement represents the entire agreement between the Parties. In the event that the Parties desire to change, add, or otherwise modify any terms, they shall do so only by an agreement of the parties executed in the same manner in which this Agreement is executed.

The Parties agree to the terms and conditions set forth above as demonstrated by their signatures as follows:

THE COUNTY OF CHAMPAIGN



Darlene A. Kloepfel, County Executive

**JUSTINE PETERSEN HOUSING
AND REINVESTMENT
CORPORATION**



Robert Boyle, Chief Executive Officer

Champaign County Small Business Microloan Fund
3-Year Program Proposal

Request:

- **\$200,000 loss reserve for the Champaign County Small Business Microloan Fund.**
- **\$50,000 for interest rate subsidy to New American, Minority or Low-Income qualified applicants.**

Leverage:

- **Loan Capital - \$2 MM leveraged from local, regional, and national bank investment.**

Results:

- **100 – 150 small business microloans, with an average under \$20,000**

Program Overview

Justine PETERSEN is requesting Champaign County and its municipalities to leverage banking relationships to capitalize the Champaign County Small Business Microloan Fund by asking banks to consider making an investment. The anticipated return on the investment is 2%. JP will have recourse on the investment after the cash loan loss reserves are depleted. JP will use \$200,000 as loan loss reserve to leverage \$2MM dollars to be deployed to county small businesses.

\$50,000 will be used as a 2% interest rate subsidy to New American, Minority or Low-Income qualified applicants.

The Champaign County Small Business Microloan fund will continue to revolve in Champaign County after the grant period.

Microloan Product Description

Loan Size: up to \$50,000 or as approved by JP Underwriting Committee

Term: up to 72 months

Interest rate: 8-14% with no prepayment penalty

Collateral: Required on loans \$3K+

Uses: Small Business capitalization

Program Administration and Operations

JP will use \$200,000 in admin support from the Champaign County EDC for dedicated staffing, public outreach, program coordination, credit building counseling and back-office infrastructure for processing loan applications, underwriting loans, funding loans and providing post-closing technical assistance.

Justine Petersen Housing and Reinvestment Corporation

Mission Statement

To provide access to safe, affordable capital to micro-enterprises that are not served by mainstream financial institutions.

Executive Summary

Justine Petersen Housing & Reinvestment Corporation (Justine PETERSEN), a Missouri not-for-profit 501(c)(3) corporation, wholly owns a Community Development Financial Institution (CDFI), certified by the U.S. Department of Treasury. Justine PETERSEN's mission of connecting institutional resources with the needs of low- to moderate-income families so they may build long-term assets is carried out by its products, which include credit building and financial education, homeownership preparation and retention, and micro-enterprise lending and training. It is a company that combines effective response to demand with an efficient and effective business model wherein revenues largely are outcome based. Since inception in 1997, Justine PETERSEN has:

- Counseled individually 36,440 families on credit building strategies;
- Assisted 4,300 to purchase homes, accessing \$420 million in safe, affordable mortgage loans;
- Originated nearly \$130 million in micro-loans to 9,479 micro-enterprises including nearly \$18 million in PPP lending; and
- Opened 1,500 IDA accounts and facilitated 1,000 matched withdrawals for asset purchases.

Justine PETERSEN's CDFI was created to expand financial products to its clientele. Since CDFI lending began in 2002, it has originated:

- \$5.4 million in small dollar loans to over 9,100 individuals for short-term emergencies, credit building/enhancement, and payday loan alternative;
- \$3 million in first and second mortgage loans to 500 borrowers for down payment and closing costs, foreclosure prevention, and debt consolidation and
- Nearly \$71 million to over 3,200 entrepreneurs for micro-enterprise.

Justine PETERSEN clients are:

- 69% inner city residents;
- 74% African-American;
- 82% low- and moderate-income; and
- 46% female headed households.

The typical Justine PETERSEN client has significant credit barriers to accessing affordable capital at initial counseling. Most have a small amount of collections (under \$3,000) and no positive active trade lines. The median credit score is 568. Low credit scores continue to position Justine PETERSEN clients as noncompetitive in the prime financial market and make them susceptible to predatory lenders.

Justine PETERSEN embraces the philosophy that a good credit score is the most important asset as it leads to greater access to affordable capital. All borrowers work one-on-one with a credit counselor to raise their credit score. Payment history is reported to the credit bureaus to assist its clients to establish a good line of credit and to transition into mainstream banking.

Justine PETERSEN meets the credit needs of micro-entrepreneurs that are unable to obtain financing through banks or relatives and who would otherwise turn to high interest credit cards or pay day lenders. Justine PETERSEN has effective underwriting, loan servicing and collections procedures and practices in place.

Leadership

Robert F. Boyle, MA, founder and the Chief Executive Officer, earned his undergraduate degree from Washington University in St. Louis, and his Masters Degree from Southern Illinois University. Mr. Boyle's background includes work in urban planning, property management for low-income tenants, single family and multi-family housing development and construction management. He also has owned and operated two small businesses, a real estate services company and a contracting company. He is a member of the board of directors of a national asset building organization, Credit Builders Alliance.

Sheri Flanigan-Vazquez, MSW, Chief Operating Officer, joined Justine PETERSEN staff in 1998. She has a Master of Social Work from the Brown School at Washington University in St. Louis and a Bachelor of Arts from Knox College in Galesburg, IL. She dedicated a year of service as a Volunteer in Service to America (VISTA) coordinating English as a Second Language classes. Prior to joining Justine PETERSEN staff, Ms. Flanigan-Vazquez was the Executive Director of La Casa Latina, a grassroots organization that assists non-English speaking Latinos, for three years where she managed a staff of five and oversaw agency operations.

Galen Gondolfi, MA, Senior Loan Counselor and Chief Communications Officer, joined Justine PETERSEN staff in 2002. In his twelve years with Justine PETERSEN, Mr. Gondolfi has held positions in the departments of housing and microenterprise, and most currently in communications and development. Mr. Gondolfi routinely speaks publicly on issues of microfinance, credit building and the plight of the underbanked. Prior to joining Justine PETERSEN, Mr. Gondolfi worked for community development organizations in Chicago, Boston and Washington, D.C. He attended the University of Illinois in Urbana-Champaign for both undergraduate and graduate studies.

Micro-Enterprise Services

Justine PETERSEN provides comprehensive micro-enterprise lending and training:

- One-on-one counseling and technical assistance
- Credit building strategies. Justine PETERSEN believes that strong personal financial stability supports sound business financial management and therefore, all counseling begins with a review of personal credit history.
- Strategic Connections. Justine PETERSEN links clients to bookkeeping, legal, marketing and other professional resources and provides funding to get healthy business practices started.
- Lunch 'n Learn workshops on topics such as banking, marketing, insurance and quality jobs.
- Justine PETERSEN has developed a business plan questionnaire to assist clients through the business planning process. Many PETERSEN clients have existing informal businesses, but do not have written business plans. Justine PETERSEN assists clients to transition from informal to formal micro-enterprises.
- Micro-loan origination
- Post-loan technical assistance for those that struggle to meet their business plan benchmarks and for those that are expanding their businesses.

Credit Building Services

All small dollar borrowers participate in credit building services, which include:

- Individual Credit Building Consultation and Planning
- Access to Credit Building Financial Products:
 - Justine Petersen's Credit Builder Loan
 - Secured Credit Cards
 - Small dollar Loans
- Assistance with:
 - Establishing a bank account
 - Budgeting
 - Disputing Errors on the Credit Report
 - Negotiating Settlements with Creditors
- Financial Capability Classes

Micro-Enterprise and Small Dollar Lending

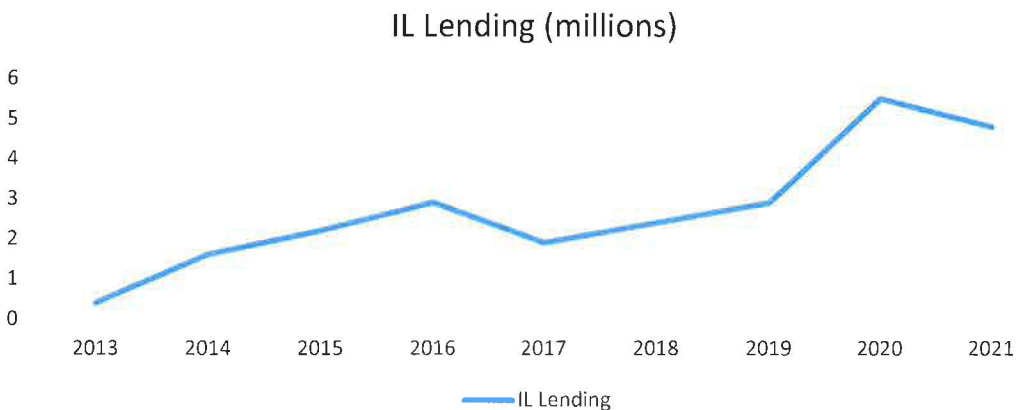
Justine PETERSEN works with prospective borrowers that are unable to secure affordable financing any place else.

Justine PETERSEN staff has developed its own underwriting guidelines based on the five "c" lending (credit, capacity, collateral, capital, character). Its strengths-based underwriting guidelines have no automatic disqualifiers, but offer a structured tiered framework for lending.

Justine PETERSEN is growing its micro-enterprise program to meet the community need and demand. As one of eight organizations selected by the Aspen Institute and the Association for Enterprise Opportunity's Scale Academy, Justine PETERSEN is working with other industry leaders to define sustainability in micro-lending.

Illinois Expansion

In 2013 at the request of the SBA, Justine PETERSEN expanded its lending area throughout the Springfield IL SBA district, a 73 county region.



At 7/31/22, Justine PETERSEN has already originated \$4M in Illinois.

In 2021, Justine PETERSEN hired a full-time Asset Building Counselor for Central IL and in 2022, we added a Small Business Associate. We've hired a Senior Small Business Associate who will start in mid-August 2022. Our team is currently based in Springfield, IL. Our Asset Building Counselor plans to relocate to Champaign, IL in August 2022 with continued back-office support from Springfield and St. Louis.

Impact & Results

Justine PETERSEN participates with the Aspen Institute FIELD program in two bi-annual surveys of its program performance and client outcomes. For the 2018 Outcomes Study, Justine PETERSEN clients complete a survey about their business. Results showed:

- Nearly 4 jobs were created for each full-time business, including the owner
- Average wage of employees of new and existing businesses was \$25/hr.
- 85% of assisted entrepreneurs started a business.
- 92% business survival rate
- 66% of assisted businesses were able to take an owner's draw as personal or household compensation from their business.
- Since receiving services from Justine PETERSEN in FY2016, 54% of assisted business reported an increase in business revenues and 43% reported an increase in owner's draw in 2017.

Working with AllianceSTL in 2020, Justine PETERSEN conducted an analysis of the economic contribution of Justine PETERSEN's small business lending on the St. Louis MSA Economy. Justine PETERSEN provided loans to 867 small businesses, the majority of which hired employees. These small businesses generated 6,275 direct and indirect jobs and a total regional output impact of \$790.4 million. A sub-analysis of Justine PETERSEN's 2020 PPP lending was also performed and it found that the PPP lending alone generated 4,202 direct and indirect jobs and a total regional output impact of \$216 million.