



City of Mora
Kanabec County, Minnesota
Emergency Meeting Agenda
Economic Development Authority

Mora City Hall
101 Lake Street S
Mora, MN 55051

Thursday, April 9, 2020

12:00 PM

Mora City Hall

1. **Call to Order**
2. **Roll Call**
3. **Adopt Agenda** *(No item of business shall be considered unless it appears on the agenda for the meeting. Board members may add items to the agenda prior to adoption of the agenda.)*
4. **Emergency Business**
 - a. Emergency Assistance Fund
5. **Adjournment**

Due to the COVID-19 pandemic, some or all of the EDA members and other meeting participants may be attending electronically.

The public may attend the meeting by phone with the following number: 1-408-418-9388 (call from a cell phone to avoid charges). Access code: 627 165 208#



MEMORANDUM

TO: Economic Development Authority
 FROM: Beth Thorp, Community Development Director
 SUBJECT: Emergency Assistance Fund
 MEETING DATE: April 9, 2020

SUMMARY

The EDA will consider the adoption of a new loan program to assist businesses affected by COVID-19.

BACKGROUND INFORMATION

On March 16, 2020, in response to federal and state leaders pronouncing a state of emergency due to the fast moving COVID-19 outbreak, Minnesota Governor Walz signed Executive Order 20-04 to order temporary closure of Minnesota restaurants and bars to dine-in customers. Two days later, on March 18th, Governor Walz further ordered the closing of other places of public accommodation, including all salons, barbershops and other businesses in Executive Order 20-08. The safety measures implemented to protect people during the pandemic have significantly affected small businesses, with many forced to reduce operations or close. The state and federal governments have developed programs to financially assist affected businesses, and the EDA will consider adoption of a local program using funds from the Mora Industrial Commercial (MIC) Loan Program.

The MIC Loan Program was originally funded with “unrestricted” money, meaning the city may use it for any lawful purpose. The MIC Loan Program balance is currently approximately \$94,367, and staff is proposing that the EDA consider using the vast majority - \$90,000 – to establish the COVID-19 Emergency Assistance Fund to assist commercial businesses. Key points of the program include:

- \$80,000 to be used for 0% interest loans (max. \$4,000 loan) and \$10,000 to be used for grants (\$500 each).
- Applicants will only be eligible for either the loan or grant, and they may only receive funding one time.
- Applicants must provide a description of proposed uses of the funding, and report on actual uses when the program ends.
- Applications will be reviewed and approved by the EDA Review Committee, which includes three members of the EDA and staff, on a first-come first-served basis.
- Loan recipients will provide personal and/or corporate guarantees.
- All loan payments will return to the MIC Loan Program once the loan has been paid in full.
- Loan documents will be prepared by the city attorney.

Because the Revolving Economic Development (RED) Loan Program is funded with “restricted” money (state MIF dollars), these funds may not be reallocated for another purpose. However, this loan program will remain intact and available for any business needing assistance and able to comply with established guidelines. This loan program is typically only available to industrial / manufacturing businesses;

however, the state has temporarily opened these funds to commercial / retail / service businesses in response to COVID-19.

If the EDA adopts the proposed policy, it will be advertised on the city's Facebook page and website, shared with the Mora Area Chamber of Commerce, and a press release will be submitted to the local media sources. The EDA Review Committee will meet regularly via WebEx to process applications in a timely manner. Once the committee is formed, staff will work with members to select meeting days and times that work best for the group.

RECOMMENDATIONS

1. Adopt the COVID-19 Emergency Assistance Fund policy as presented.
2. Appoint three board members to the EDA Review Committee. In order to avoid conflicts of interest, no EDA member that may financially benefit from this program should serve on the EDA Review Committee.

Attachments

Draft COVID-19 Emergency Assistance Fund policy
Draft COVID-19 Emergency Assistance Fund application



City of Mora, MN COVID-19 Emergency Assistance Fund

On March 16, 2020, in response to federal and state leaders pronouncing a state of emergency due to the fast moving COVID-19 outbreak, Minnesota Governor Walz signed Executive Order 20-04 to order temporary closure of Minnesota restaurants and bars to dine-in customers. Two days later, on March 18th, Governor Walz further ordered the closing of other places of public accommodation, including all salons, barbershops and other businesses in Executive Order 20-08. Other recommended measures include social distancing by individuals in all public places and limits on the number of people congregating in any gathering.

The safety measures implemented to protect people during the health emergency (pandemic) have potential to significantly affect small businesses. The City of Mora Economic Development Authority (EDA) has decided it is in the best interest of businesses and the overall economy of the community to create the COVID-19 Emergency Assistance Fund for businesses that have been forced to close or significantly reduce their operations.

All applications shall be reviewed and acted upon by the EDA Review Committee. This committee, as defined by the City of Mora Business Subsidy Policy, shall consist of three representatives of the EDA and its Executive Director. Members of the committee, representing the EDA, may change from time to time, as availability dictates.

1. **Goals and Objectives**

- Provide emergency financing for businesses that are experiencing financial hardships due to the executive orders related to COVID-19 business restrictions.
- Allocate up to \$80,000 in EDA resources for loans and \$10,000 for one-time grants (businesses are only eligible for a loan or a grant, not both).
- Ensure that all of these short-term loans will be beneficial to the City of Mora and are paid back in a timely manner.
- Facilitate business survival, especially for small businesses, during this pandemic.
- Enhance, to the greatest extent possible, the retention of jobs within the city.

2. **Eligible Applicants**

- All eligible applicants must have a physical, commercial location, whether owned or leased, that is located in the City of Mora. Home based businesses and industrial / manufacturing businesses are not eligible for this program.
- All eligible applicants must be registered with the Minnesota Secretary of State and have been in business since December 1, 2019.
- All eligible applicants must be current with City of Mora property taxes and special assessments and all City of Mora and Mora Municipal Utilities accounts (i.e., other loan programs and utilities).
- The EDA retains final authority to determine if a business is eligible or not, and whether to approve an application or not.

3. Eligible Loan Activities

- Operating capital to sustain the business until longer-term assistance programs are available.
- Inventory or equipment needed to resume or re-structure operations of the business.
- Other activities having sufficient merit as determined by the EDA Review Committee on a case-by-case basis.

4. Other Considerations

- Compliance with all government regulations, including Minnesota Department of Health requirements.
- COVID-19 Emergency Assistance Fund loans and grants will be available for as long as the EDA determines prudent. It is currently anticipated that funding will be available until December 31, 2020 or until the fund has been depleted, whichever comes first.
- Loans and grants will be approved on a first-come first-served basis. Applications must be complete in order to be considered.
- This program does not preclude businesses from applying for financial assistance from other funding sources. The EDA encourages business owners to seek funding from local financial institutions, the State of Minnesota Department of Employment and Economic Development (DEED), and the U.S. Small Business Administration (SBA).

5. Conflict of Interest

- Any EDA member that may indirectly or directly gain financially from loan or grant transactions shall immediately inform the EDA Board of any potential conflict of interest, and shall abstain from any related votes.
- If a potential conflict of interest exists, all necessary steps will be taken to ensure that the application is processed in full accordance with EDA policies, and local and State regulations.
- No EDA member that may indirectly or directly gain financially from loan or grant transactions shall serve on the EDA Review Committee.

6. Loan Conditions

- Maximum loan amount is \$4,000 and maximum grant amount is \$500. Applicants may request funding one time under this program.
- Interest rate will be 0% percent.
- If the loan is approved, a \$46 administrative fee will be due from the borrower at the time of closing to cover the cost of recording loan documents.
- Loan terms will be a maximum length of 24 months. Borrowers may prepay without penalty.
- Loan repayments will be deferred for six months from the date that the loan is approved.
- Loans are not transferable unless the transfer is approved by the EDA.
- Loan payment method will be cash or check made payable to City of Mora.

- Upon default of the loan, or the permanent closure or sale of the business, the loan immediately becomes due and payable in full.
- In the case of nonpayment, the loan will be turned over to the City Attorney and/or the State of Minnesota Revenue Recapture for collection.

7. Application Requirements

- The "COVID-19 Emergency Assistance Fund" application must be completed in its entirety by the applicant and submitted to the EDA at 101 Lake Street S., Mora, MN 55051, Attn: Beth Thorp; or submitted electronically to beth.thorp@cityofmora.com in order to be considered.
- Personal credit report for each principal owner or financial references may be required.

8. Collateral

- Personal and/or corporate guarantees will be required from all owners or partners with 20% or more ownership.

9. Sources of Funding

- The EDA shall allocate \$90,000 from the Mora Industrial Commercial (MIC) Loan Program in order to establish the COVID-19 Emergency Assistance Fund. \$80,000 shall be allocated for loans and \$10,000 shall be allocated for grants.
- The EDA reserves the right to limit the amount of funds available for the COVID-19 Emergency Assistance Fund at any time.
- Once each loan has been repaid in its entirety, the funds for that loan will be transferred back to the Mora Industrial Commercial (MIC) Loan Program.

10. Uses and Reporting

- Applicants will be required to provide a brief summary of proposed uses of the loan or grant funds.
- Recipients will be required to complete a survey upon completion of the program identifying actual uses of the loan or grant funds. Each recipient will receive a survey via mail or email with written instructions.



City of Mora
101 Lake Street S.
Mora, MN 55051
beth.thorp@cityofmora.com

FOR OFFICE USE ONLY	
Received by City	
Considered Complete	
Approved by EDA Review Committee	
Loan or Grant Amount (circle one)	\$

COVID-19 Emergency Assistance Fund Application

Business Information					
Legal Business Name:			State Tax ID:		
			Federal EIN:		
<input type="checkbox"/> Individual	<input type="checkbox"/> Corporation	<input type="checkbox"/> Partnership	<input type="checkbox"/> LLC	<input type="checkbox"/> Other:	
Physical Address:			City	State	Zip
Mailing Address:			City	State	Zip
How long has this business been in operation?					
Business Owner(s) Information					
How long have you owned / operated this business?					
Owner 1 Full Name:			Social Security #:		
Address:			City	State	Zip
Work Phone:	Home Phone:		Cell Phone:		
Owner 2 Full Name:			Social Security #:		
Address:			City	State	Zip
Work Phone:	Home Phone:		Cell Phone:		
If there are more than 2 owners attach an additional sheet.					
Primary Lender Information					
Name of Financial Institution:		Contact Name:		Title:	
Phone Number:			Email Address:		
Details Regarding Need and Use of Funds <small>(you may attach additional sheets if needed)</small>				Amount Requested	

How has COVID-19 financially affected your business?	\$ _____ Loan (maximum of \$5,000) -OR-
For what purpose(s) will these funds be used? Be as detailed as possible.	\$ _____ Grant (maximum of \$500) Applicant may only select loan or grant, not both.
The number of employees who have been impacted by COVID-19 at your business? Please provide a brief description of impacts to employees (i.e., layoffs, furloughs, pay reductions, etc.).	

**Statement of Understanding and
Authorization for release of Information**

I declare that the information provided in this application and on the accompanying exhibits is true and complete to the best of my knowledge. The City of Mora Economic Development Authority (EDA) and its staff have the right to verify any information contained in this application, including credit reports on the individuals and the business, and may contact any individuals and institutions involved with the proposed project. The lenders named herein have the right to share information with the EDA, its Review Committee, and staff as is necessary to approve the application.

Further, by signing below, I agree to make payments, if applicable, to the City of Mora and agree to abide by all of the terms and guidelines of the City of Mora COVID-19 Emergency Assistance Fund program.

Signature: _____ Date: _____

Printed Name: _____

Title: _____

Signature: _____ Date: _____

Printed Name: _____

Title: _____

Questions? Email beth.thorp@cityofmora.com or call 320-515-2085