

**CITY OF SAINT PETER, MINNESOTA
AGENDA AND NOTICE OF MEETING**

Special City Council Meeting of Monday, March 30, 2020
Virtual Meeting Only – 5:30 p.m.

See below for electronic access to meeting

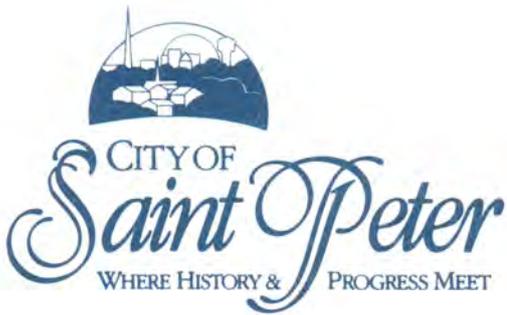
- I. **CALL TO ORDER**
- II. **NEW BUSINESS**
 - A. EDA Micro Loan Program
 - B. Revolving Loan Program Deferrals
- III. **ADJOURNMENT**

As provided for in M.S. 13D.021, City Council meetings may be conducted by telephone or other electronic means under certain conditions. This meeting of the City Council will only be accessible electronically using GoToMeeting software which is available at no charge (link below) or by calling as indicated below. This works best utilizing Google Chrome or Microsoft Edge as your browser. Here is the information necessary to access the meeting electronically:

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<tel:+18668994679,591790045#>

Access Code: 591-790-045



Memorandum

TO: Todd Prafke
City Administrator

DATE: 03/27/20

FROM: Russ Wille
Community Development Director

RE: COVID-19 Micro Loan Program Guidelines

ACTION/RECOMMENDATION

Establish the COVID-19 Micro Loan Program to assist Saint Peter businesses with immediate cash flow difficulties resulting from the loss of business traffic and revenues due to the COVID-19 virus.

BACKGROUND

Numerous Saint Peter businesses are experiencing significant loss in revenue due to the spread of the COVID-19 virus. A number of businesses have been ordered to close while those remaining open report large drops in revenue due to lower customer traffic. As a result of the unprecedented situation, many businesses expect significant reductions in cash flow which threatens their ability to meet their immediate business financial needs.

In an attempt to be of assistance to local businesses, an emergency loan program has been developed which is very similar to the Construction Mitigation Micro Loan Program implemented in 2009 while Highway 169 was closed for reconstruction. In 2009, businesses reported that the assistance was very helpful and allowed them to stay current on their lease and utility payment obligations which allowed them to keep their doors open to the limited business that was available.

With the exception of the loan made to P.J.'s Pizza, which ultimately closed, all loan funds were repaid as per the terms of the executed promissory notes.

Under the developed guidelines, Saint Peter businesses would be eligible for loans of up to \$10,000 which would be offered at 0% interest. As in 2009, repayment of the loans would be deferred for approximately twelve months and begin in June of 2021. When repayment begins, the note would be repaid at a rate of \$100 per month regardless of the loan amount.

While there is a \$10,000 maximum allowed, individual loan amounts will be determined based upon lease, rent and/or mortgage payments and the monthly utility charges incurred by the business. The total monthly lease and utility payments will be multiplied by four (4) to determine individual maximums.

To receive the maximum loan of \$10,000, the business would need to demonstrate that they have lease, rent or mortgage expenses and monthly utility charges that total at least \$2,500 per month. If the eligible expenses do not total at least that amount, the business will be eligible for less than the maximum of \$10,000.

The EDA considered the proposed COVID-19 Micro Loan Program guidelines presented by staff and with minor alterations, the EDA recommended the City Council adopt the loan program as outlined within the proposed resolution.

FISCAL IMPACT:

The number of potentially eligible business is between 80 – 90. If each were to apply and be awarded the \$10,000 maximum loan, \$800,000 to \$900,000 would be encumbered by COVID-19 Micro Loans. At this time the EDA has approximately \$2,025,000 on deposit in the established revolving loan fund.

ALTERNATIVES/VARIATIONS:

Do not act: No further action will be taken.

Negative Vote: No further action will be taken.

Modification of the Resolution: This is always an option of the City Council.

Please feel free to contact me should you have any questions or concerns about this agenda item.

RJW

COVID19 MICRO LOAN PROGRAM

Purpose: To assist existing Saint Peter business with their immediate cash flow needs resulting from the loss of business revenues due to the Covid19 outbreak.

Eligible Businesses:

- Cocktail Lounge
- Restaurants
- Club/Lodge
- Retail Sales
- Cultural Services
- Daycare Centers/ChildCare Centers
- Fitness/Health Studio
- Hotel/Motel
- Public Assembly
- Studio/Gallery

Loan Package:

- \$10,000 maximum per business.
- 0% interest.
- Repayment deferred until June 1, 2021.
- Repayment at \$100 / month beginning June 1, 2021.
- Maximum loan amount equals monthly lease, rent or mortgage payment; plus identified monthly utility expenses multiplied by four (4).

Loan Review:

- Last month's utility billings.
- Lease/Mortgage documents.

Eligible Loan Expenses:

- Lease/mortgage payments.
- Utility bill payments.
- General cash flow.

Loan Collateralization:

- Promissory note.
- Personal guarantee when applicable.

**ECONOMIC DEVELOPMENT AUTHORITY
COVID-19 MICRO LOAN
PROGRAM GUIDELINES**

1. PURPOSE:

The purpose of this document is to establish guidelines for application and administration of the City of Saint Peter Covid-19 Micro Loan Program. These guidelines are intended to ensure fairness and to avoid discrimination in the application of loan procedures.

2. POLICY STATEMENT:

Recognition of Need: The City of Saint Peter recognizes the need to assist existing Saint Peter businesses with their immediate cash flow needs resulting from the loss of business revenues due to the Covid-19 outbreak.

3. PROJECT ELIGIBILITY:

3.1 Existing Saint Peter businesses within the following use classifications shall be eligible to participate in the Covid-19 Micro Loan program.

- A. Cocktail Lounge
- B. Fitness/Health Club
- C. Restaurants
- D. Hotel/Motel
- E. Club/Lodge
- F. Studio/Gallery
- G. Retail Sales
- H. Daycare Centers/ Childcare Centers
- I. Cultural Services
- J. Public Assembly

3.2 Revolving loans shall be utilized to make rent, lease or mortgage payments as well as the payment of utility billings.

3.3 Subject to the limitations contained in Section 4.1 below, the maximum loan amount shall be determined by adding the mortgage, lease or rent payment to the identified utility payments. The monthly aggregate shall be multiplied by four (4) to determine the maximum amount of each loan made under this program.

4. LOAN TERMS:

4.1 The maximum loan available to an individual business shall not exceed \$10,000.

4.2 Loans shall be offered at a 0% rate of interest.

4.3 Repayment of the note shall be deferred to begin June 1, 2021.

4.4 Repayment shall be established at a rate of \$100 per month.

5. LOAN SECURITY:

5.1 The loans shall be secured by a promissory note executed by the borrower.

5.2 When applicable, the note shall be further secured via a personal guarantee.

6. LOAN APPLICATION AND APPROVAL:

Revolving loan applicants which meet the established loan criteria may be administratively approved and the City Administrator shall be authorized to execute the applicable loan documents on behalf of the City of Saint Peter.

CITY OF SAINT PETER, MINNESOTA

RESOLUTION NO. 2020 -

**STATE OF MINNESOTA)
COUNTY OF NICOLLET)
CITY OF SAINT PETER)**

**RESOLUTION ADOPTING LOAN GUIDELINES FOR COVID-19 MICRO LOAN PROGRAM
TO ASSIST ELIGIBLE SAINT PETER BUSINESSES WITH IMMEDIATE CASH FLOW
NEEDS RESULTING FROM THE LOSS OF BUSINESS ATTRIBUTED TO THE COVID-19
VIRUS OUTBREAK**

WHEREAS, the Economic Development Authority (EDA) administers the City's Revolving Loan Fund and is tasked with making recommendations to the City Council for disbursement of new loans; and

WHEREAS, guidelines have been established which govern and determine the criteria of the revolving loan program; and

WHEREAS, many local Saint Peter businesses have been negatively impacted by the COVID-19 outbreak and resulting loss of business revenue; and

WHEREAS, the State ordered closing of certain businesses and other loss of customer traffic has created unforeseen and immediate financial difficulties for many local businesses; and

WHEREAS, the EDA has determined that it is both necessary and appropriate to develop a micro loan program to assist existing businesses with their immediate cash flow needs resulting from the loss of traffic and revenues due to the virus outbreak; and

WHEREAS, the EDA recommends the City Council establish the COVID-19 Micro Loan Program based upon the terms and regulations contained below.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAINT PETER, NICOLLET COUNTY, MINNESOTA, THAT:

1. The Covid-19 Micro Loan Program is hereby established as per the loan guidelines recommended by the EDA.
2. Staff is directed to immediately notify eligible business of the availability of financial assistance.
3. Existing businesses in the following use classifications are eligible to apply for the micro loan assistance:
 - Cocktail Lounge
 - Fitness/Health Clubs
 - Restaurants
 - Hotel/Motel
 - Club/Lodge

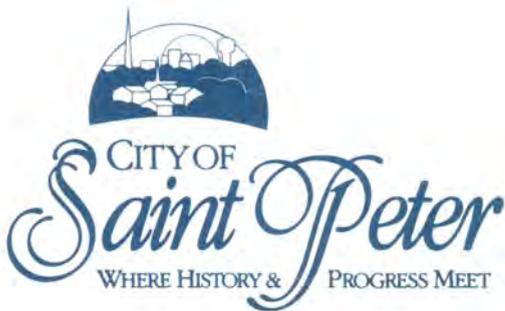
- Public Assembly
 - Retail Sales
 - Studio/Gallery
 - Daycare Centers/Childcare Centers
 - Cultural Services
4. The maximum loan provided to an individual business shall not exceed \$10,000.
 5. The loans shall be established with a 0% rate of interest.
 6. Repayment of the loans shall be deferred until June 1, 2021 and shall be repaid at a rate of \$100 per month until the note is satisfied.
 7. The loan funds shall be utilized to pay rental, lease or mortgage expenses as well as utility billings of the commercial venture.
 8. The maximum amount of any individual loan made under this program shall be determined adding the identified mortgage, lease or rent payment to the identified monthly utility expenses and multiplying by four (4).
 9. The loans shall be secured by a promissory note without additional collateralization or security.
 10. Should the City Administrator determine that the applicant is an eligible business, an application has been fully completed, and all loan documents have been appropriately assembled, the Administrator is hereby authorized to execute COVID-19 Micro Loan documents on behalf of the City of Saint Peter.

Adopted by the City Council of the City of Saint Peter, Nicollet County, Minnesota, this 30th day of March, 2020.

Charles Zieman
Mayor

ATTEST:

Todd Prafke
City Administrator



Memorandum

TO: Todd Prafke
City Administrator

DATE: 03/27/20

FROM: Russ Wille
Community Development Director

RE: Economic Development Authority Revolving Loan Repayment Deferral

ACTION/RECOMMENDATION

Authorize implementation of a four (4) month deferral of EDA revolving loan repayments at the request of the borrower.

BACKGROUND

Numerous Saint Peter businesses are experiencing significant loss of business revenue due to the spread of the COVID-19 virus. A number of businesses have been ordered to close while those remaining open report large drops in revenue due to lower customer traffic. As a result of the unprecedented situation, numerous businesses expect significant reductions in cash flow to threaten their ability to meet their immediate business financial needs.

As the situation has unfolded, I reached out to each of the seventeen (17) loan recipients with current repayment obligations to the EDA. They were asked if the downturn in business, business traffic and revenues would be expected to hinder their ability to honor their repayment obligations.

Three (3) loan recipients responded that their cash flow situation resulting from the COVID-19 outbreak would be extremely stressed in the short term and they would benefit from a short term deferment of repayment as they attempt to recover from the immediate circumstances.

At their March 26th meeting, EDA members discussed the merits of offering a four (4) month deferral of loan repayments. The EDA has recommended the City Council authorize a four (4) month loan repayment deferral for any EDA loan recipient upon the request of the particular borrower.

While the EDA would encourage the borrowers taking advantage of the deferral to make interest only payments during the four months, they could consent to the deferment of both principle and interest payments for the four month term at the borrower's request.

A resolution has been prepared for Council consideration which would provide for the adoption of the four (4) month deferral as recommended by the EDA.

FISCAL IMPACT:

The four (4) month deferral, starting on May 1, 2020 would not be expected to have a material impact on the operations of the EDA or the revolving loan fund. Sufficient funds should remain on deposit in the established loan account to fund future revolving loan requests should they materialize.

ALTERNATIVES/VARIATIONS:

Do not act: No further action would be taken without additional direction from the City Council.

Negative Votes: No further action would be anticipated.

Modification of the Resolution: This is always an option of the City Council.

Please feel free to contact me should you have any questions or concerns about this agenda item.

RJW

CITY OF SAINT PETER, MINNESOTA

RESOLUTION NO. 2020 -

STATE OF MINNESOTA)
COUNTY OF NICOLLET)
CITY OF SAINT PETER)

**RESOLUTION AUTHORIZING FOUR (4) MONTH DEFERRAL OF ECONOMIC
DEVELOPMENT AUTHORITY LOAN REPAYMENTS UPON THE REQUEST OF THE
INDIVIDUAL BORROWER**

WHEREAS, the Economic Development Authority (EDA) administers the City's revolving loan fund and make recommendations to the City Council for disbursement of new loans; and

WHEREAS, guidelines have been established which govern and determine the criteria of the revolving loan program; and

WHEREAS, many local Saint Peter businesses have been negatively impacted by the COVID-19 virus outbreak and resulting loss of business revenues; and

WHEREAS, there are seventeen (17) Saint Peter businesses which have current revolving loan repayment obligations; and

WHEREAS, certain loan recipients have expressed a concern that they would be unable to honor their monthly loan installment payment commitment without causing significant cash flow difficulties for their business and suggested that a temporary deferral of EDA revolving loan payments would help them get through their immediate financial needs; and

WHEREAS, the Economic Development Authority has considered the concerns of the loan recipients and has recommended a four (4) month deferral of Economic Development Authority revolving loan payments would be appropriate given the grave circumstances attributed to the current economic situation.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAINT PETER, NICOLLET COUNTY, MINNESOTA, THAT: The City of Saint Peter authorizes and approves the implementation of a four (4) month deferral starting on May 1st, 2020 of EDA revolving loan payments for any current loan recipient that would request such assistance.

Adopted by the City Council of the City of Saint Peter, Nicollet County, Minnesota, this 30th day of March, 2020.

Charles Zieman
Mayor

ATTEST:

Todd Prafke
City Administrator