

CITY OF SAINT PETER, MINNESOTA
Economic Development Authority
REGULAR MEETING MINUTES – March 26, 2020
VIRTUAL MEETING UNDER M.S. 13D.021

Call to Order

The meeting of the Saint Peter Economic Development Authority (EDA) was called to order by Community Development Director Russ Wille at approximately 12:03 pm. Roll call was taken with James Dunn, Brad DeVos, Ed Johnson, and Cory Abels in attendance. Members Mike Favre and Bob Southworth were unable to attend. City staff present were Community Development Director Russ Wille, City Administrator Todd Prafke, City Attorney James Brandt, Finance Director Sally Vogel, and Administrative Secretary Cindy Moulton.

Approval of Agenda

A motion was made by Abels, seconded by DeVos, to approve the agenda as presented. With all voting in favor the agenda was approved as presented.

Approval of Minutes

A motion was made by Johnson, seconded by Dunn to approve the Minutes of the February 27, 2020 regular meeting. All members voting aye the minutes were approved as presented.

A motion was made by Johnson, seconded by Dunn to approve the Minutes of the March 10, 2020 special meeting. All members voting aye the minutes were approved as presented.

COVID-19 Micro Loan Program

Wille stated that because of the COVID-19 outbreak 'stay at home order' set out by Governor Walz, several St. Peter businesses are experiencing significant loss of revenue. Cash flow reductions have threatened some businesses ability to meet their immediate needs.

Wille indicated that the City would like to be of some assistance to the businesses, and have developed a COVID-19 Micro Loan Program similar to that of the Construction Mitigation Micro Loan Program developed in 2009 while the Highway 169 project was undertaken.

The Micro Loan is geared towards those businesses that have been impacted by the governor's decision to only allow essential businesses to remain open. As a result nonessential businesses have had a significant loss of revenue. Wille listed the businesses, as identified by City staff, that are eligible for the Micro Loan; Cocktail Lounge, Fitness/Health Club, Restaurants, Hotel/Motel, Club/Lodge, Studio/Gallery, Retail Sales, Daycare Centers, Cultural Services and Public Assembly.

Wille explained that under the proposed guidelines, loans of up to \$10,000, offered at 0% interest, would be available to eligible businesses. Repayment of the loan would be deferred until June 2021 at which time the note would be repaid at a rate of \$100 per month regardless of

the amount borrowed. He added that the Micro Loan are intended to be utilized to make lease, rent, or mortgage payments as well as utility bills.

Wille shared that several agencies are also providing assistance to businesses. The agencies include the Small Business Administration (SBA) which is available to local businesses, the Small Business Employee Program (SBEP) available through the Federal Government and the United Way/Mankato Area Foundation that will provide some funding for non-profits in the area.

Wille noted that Brandt's office will notarize the Promissory Notes and send them to the Community Development Office in order to process the loan.

DeVos suggested that childcare be added to daycare centers. He also felt that since childcare/daycare centers are considered essential services, they should be eligible for a higher loan amount.

A motion was made by DeVos, seconded by Dunn to allow a maximum loan amount to childcare/daycare centers of up to \$25,000.

Abels remarked that DeVos had a very valid point but that childcare/daycare centers or any other business could contact their financial institution or obtain loans from other sources. He added that they may also be eligible to apply for a separate revolving loan.

Abels suggested that the terms of the microloan be consistent and simplified in order to disperse the funds quickly.

Johnson agreed with Abels and reiterated that if additional funds are needed, a separate revolving loan could be applied for.

DeVos agreed that the loan should be simplified and withdrew his motion. Dunn consented to withdraw his second.

Prafke reminded the Authority that additional loan programs are available to businesses. The main goal of the City is to disperse the funds as quickly as possible.

Prafke said that he has been in contact with St. Peter Community Childcare Center (SPC3) and Kids Corner and indicated that there may be financial programs offered to daycares by other agencies in the future.

Wille estimated that between 80 – 90 businesses would be eligible to apply for a Micro Loan. He reported that the Revolving Loan fund has \$2,025,000 on deposit and if \$800,000 was dispersed for Micro Loans, the EDA would still have enough funds remaining to award future revolving loan requests.

Should the EDA make a recommendation to the City Council for the approval of the Micro Loan program, the City Council will hold a special meeting on March 30, 2020 to take action on the recommendation. Once approved, businesses will be notified.

Discussion was held regarding the Micro Loan Resolution. Wille indicated that he has made a correction to 6) and deleted "and shall be distributed at \$1,500/ month. He also proposed to add 7) The maximum amount of an individual loan made under this program shall be

determined by adding the identified mortgage, rent or lease payment to the identified monthly utility expenses and multiplying it by 4. The original #7 was moved to #8.

Prafke suggested that when the documents are fully completed and finalized, they be distributed to Authority members. The information will allow members to answer questions should they be approached by a business owner.

A motion was made by Abels, seconded by Jonson to introduce Resolution No. 2020 – 01 entitled, “A Resolution Recommending The Establishment Of The “COVID-19 Micro Loan Program” To Assist Eligible Saint Peter Businesses With Their Immediate Cash Flow Needs Resulting From The Loss Of Business Attributed To The COVID-19 Virus Outbreak”. All members voting aye, the Resolution was passed and adopted.

Reports

Revolving Loan Report – Wille contacted 17 loan recipients with current loan obligations to the EDA. He offered them the option of deferring their loan payments for four months (beginning May 1, 2020 – August 1, 2020 should their business be affected as the result of the COVID-19 virus.

Wille reported that 3 loan recipients responded that their cash flow would be extremely stressed in the short term.

Johnson inquired if the businesses would be required to pay their monthly interest.

Dunn asked if the policy will allow the business to make interest only payments.

Wille indicated that they would not be required to pay the interest but recommended that interest continue to accrue.

Abels felt it would be advantageous for the business to pay the interest if they are able.

DeVos did not feel that interest payments should be required but was in favor of interest accruing over the four month period.

Vogel asked if the revolving loan payments had to be current to qualify for the deferral.

Russ said that it could be included in a written policy.

A motion was made by Dunn, seconded by Johnson to recommend that the implementation of a four (4) month loan deferral of loan payments upon the request of the borrower and to provide an option to the borrower to pay interest only during the four (4) months of the deferral or to defer both principle and interest payments. All members voting aye, the motion carried.

COVID-19 Weekly Business Updates – Abels thanked the City for being proactive in helping the business community in St. Peter.

Minnesota River Bike Trail – The City Council recommended to move forward with the scoping planning of the Minnesota River Bike Trail in the Right-of-Way of Highway 22.

The Pulse - The revolving loan balloon payment was due on December 1, 2019. Wille indicated that he was working with owner Rachel Moore in regards to submitting her loan extension request to the EDA. Wille stated that if Moore continues to make all of her payments, the loan will be paid off December, 2020.

Adjourn

With no further business before the EDA, a motion was made by Devos, seconded by Dunn to adjourn. With all voting in favor the meeting adjourned at 12:44 pm.