

CITY OF SAINT PETER, MINNESOTA

OFFICIAL PROCEEDINGS

**MINUTES OF THE SPECIAL CITY COUNCIL MEETING
MARCH 30, 2020**

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Saint Peter was conducted electronically on March 30, 2020 as authorized under M.S. 13D.021 in the event of a state-wide emergency. Governor Walz declared a state-wide peacetime emergency on March 13, 2020.

A quorum present, Mayor Zieman called the meeting to order at 5:33 p.m. The following members were present: Councilmembers Ed Johnson, Keri Johnson, Shanon Nowell, Brad DeVos, Emily Bruflat, Stephan Grams and Mayor Charles Zieman. The following officials were present: City Administrator Prafke and City Attorney James Brandt.

EDA COVID-19 Micro Loan Program – Community Development Director Wille presented the Economic Development Authority (EDA) recommendation to create a COVID-19 Micro Loan Program that was based on the Construction Mitigation Micro Loan Program implemented in 2009 when Highway 169 median improvements disrupted local businesses. Wille indicated the program was recommended to help alleviate some of the negative impact on local commerce from the unprecedented COVID-19 emergency. As recommended by the EDA, Wille reported the program would provide for loans of up to \$10,000 for eligible St. Peter businesses (categories outlined in the proposed resolution), at zero percent (0%) interest and repayment deferred until June 1, 2021 at which time payments would be established at \$100 per month. Wille noted that “spas, salons and barbers” had been inadvertently left off the list of eligible businesses and while the EDA recommendation to the Council did not include those businesses, it would be at the Council’s discretion to add them to the list. Wille also suggested any business interested in a loan should consult first with their local bankers. Wille noted the amount would be based on the applicant’s rent/lease/mortgage amount plus utility costs multiplied by four months to determine the total loan eligibility not to exceed \$10,000 and if all eligible businesses (including spas, salons and barbers) qualified for the maximum amount, approximately \$1,000,000 would be encumbered by the program out of the \$2,025,000 total revolving loan fund.

Councilmembers had extensive discussion on how the list of eligible businesses was developed (staff reviewing all existing businesses), whether federal or state loans that may become available could be used to repay the City’s loan (yes); whether home daycares were eligible and how their mortgage would be calculated (would be eligible and the same percentage of the home designated for the daycare business as part of the owner’s tax return would be used to calculate the percentage of the mortgage payment); and whether any additional businesses could be added to the list. City Administrator Prafke and Community Development Director Wille assured the Council the EDA could make recommendations at a future meeting to amend the list of recommended businesses, but the current list was designed to assist businesses for whom the COVID-19 emergency is providing the greatest negative impact on cash flow.

In motion by DeVos, seconded by Nowell, Resolution No. 2020-34 entitled “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” was introduced with the addition of “salons, spas and barbers” to the list of eligible businesses. Upon roll call, with all in favor, the Resolution was declared passed and adopted as modified. A complete copy of Resolution No. 2020-34 is contained in the City Administrator’s book entitled Council Resolutions 23.

Revolving Loan Program Deferrals – Community Development Director Wille also presented the Economic Development Authority recommendation to allow for a four month deferral of revolving loan payments by current loan recipients upon request of the business owner beginning May 1, 2020. Wille indicated he had contacted all seventeen (17) of the current loan recipients and five (5) had provided verbal request to defer payments.

Councilmember Johnson (K) questioned why the deferrals were specifically for four months. Wille reported the Council could certainly change the timeframe, but having a specific timeline would eliminate an open ended deferral.

Councilmembers discussed whether the interest would continue to accrue during the deferral period or, if interest should be suspended for the deferral period on all loans whether the applicant had asked for deferral or not. Wille and City Administrator Prafke noted the intent was

for interest to continue to accrue and the term of the loans would be extended by each month of deferral with any balloon payment date pushed out by each month of deferral. Wille also noted that some revolving loans were already at 0% interest and the City has, in the past, provided for deferral of loan payments in some instances.

In motion by DeVos, seconded by Bruflat, Resolution No. 2020-34 entitled "Resolution Authorizing Four (4) Month Deferral Of Economic Development Authority Loan Repayments Upon The Request Of The Individual Borrower" was introduced with a modification to make the deferral requests effective April 1st rather than May 1st. Upon roll call, with all in favor, the Resolution was declared passed and adopted as amended. A complete copy of Resolution No. 2020-34 is contained in the City Administrator's book entitled Council Resolutions 23.

There being no further business, a motion was made by Johnson (E), seconded by Grams, to adjourn. With all in favor, the motion carried and the meeting adjourned at 6:19 p.m.

Charles Zieman
Mayor

ATTEST:

Todd Prafke
City Administrator