

I. INTRODUCTION

The COVID-19 Emergency Business Loan Program (the “Program”) is administered by the Economic Development Authority for the City of Maple Lake, Minnesota (the “Authority”). Small businesses are the main economy within the City of Maple Lake (the “City”). Accordingly, the City and the Authority have determined to offer locally owned and operated businesses within the community an opportunity for forgivable loans to provide necessary financial assistance to businesses in the City that have been adversely impacted by the COVID-19 pandemic. The Program shall be operated and administered in accordance with this policy (the “Policy”), which is intended to establish the Authority’s procedures and guidelines related to Program. This Policy shall be used as a guide in reviewing and processing applications for forgivable loans pursuant to the Program.

II. PURPOSE AND AUTHORITY

- A. The general purpose of the Program is to preserve existing businesses with a physical location in the City that have been impacted by the economic pressures caused by the COVID-19 public health crisis by providing economic assistance to such businesses through forgivable loans.
- B. The criteria within this Policy are to be used in conjunction with other relevant rules and regulations, whether state, local, or federal, as they relate to Program funds, which are derived from the City through the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”).
- C. The Authority reserves the right to approve or reject applications on a case-by-case basis, taking into consideration factors considered appropriate by the Authority, in addition to established policies, criteria, and potential benefits. Meeting the criteria does not guarantee a Program application will be approved. Approval or denial of an application is at the sole discretion of the Authority.

III. OBJECTIVES

The objective of the Program is to deploy a pool of funds to support local small businesses in order to ensure the viability of the businesses as they move past the COVID-19 pandemic and seek to re-open or return to pre-pandemic operations. By providing businesses in the City which have been negatively affected financially as a direct result of the COVID-19 pandemic with necessary funding via forgivable loans, the Authority desires to minimize the number of job losses as a direct result of the pandemic by assisting small businesses in returning to their pre-pandemic employment levels, minimize the number of small businesses which would potentially permanently close due to COVID-19 pandemic impacts, and limit the total number of potential vacancies in key commercial and industrial areas of the City.

IV. GENERAL CRITERIA

A. ELIGIBLE EXPENDITURES

Program loan disbursements may be used to offset economic injury from the COVID-19 pandemic, which may include the following necessary expenditures incurred since March 1, 2020:

1. Paying fixed debts;
2. Payroll costs;
3. Lease or mortgage payments;
4. Accounts payable;
5. Non-municipal utility payments;
6. Inventory costs; and
7. Business operations adaptations due to COVID-19 (such as safety equipment, hand sanitizer, etc.).

B. ELIGIBLE BUSINESS DETAILS

To be eligible to receive a Program loan, a business must demonstrate that its operations have been directly and adversely affected by the COVID-19 health pandemic. For-profit and non-profit businesses are eligible so long as their operational income is not primarily derived from donations. All applicants must also meet the following criteria in order to be eligible for Program funding:

1. Have been in business by March 1, 2020, which shall be determined by the Authority;
2. Have no more than 50 FTE (full-time equivalent) employees at the location address. Special consideration may be given to businesses which utilize independent contractors and sole proprietors within their business;
3. The small business must have a physical address within the City. Proof of address shall be required when applying;
4. All small businesses must be an allowed use in the City through zoning of the property or otherwise be a legally non-conforming use;
5. The small business must be a legal entity registered with the Minnesota Secretary of State and be in good standing; and
6. Any applicant must not have delinquent taxes, bills, or charges due to the City from February 1, 2020 or prior.

D. INELIGIBLE EXPENDITURES

Program loan disbursements may not be used for the following expenditures:

1. Agriculture (crop or livestock production, etc.);
2. Purchasing of machinery or vehicles;
3. Moving expenses;
4. Payment of property taxes; and
5. Land acquisition for speculation.

F. REQUIRED DOCUMENTS

In order to be eligible for Program funding, applicants shall submit a fully completed application to the Authority, on a form provided by the Authority, on or before September 11, 2020. All information requested on the application shall be provided, including, but not limited to, the following:

1. Basic details about the business;
2. Basic employment and annual gross revenue information;
3. Information on current operations including whether the business is currently closed or is providing reduced services;
4. Narrative descriptions and estimated calculations of the negative impacts on the business due to COVID-19;
5. Articles of Incorporation or other proof of business existence and good standing with the Secretary of State; and
6. Detailed information on the intended use of the loan funds.

H. CONFLICT OF INTEREST

An officer of the Authority will not have a personal financial interest or personally benefit financially from the business to be assisted. Minn. Stat. 471.87 and 471.88 provide guidance on conflicts of interest.

I. GOVERNMENT DATA PRACTICES

Information contained in the application may become a matter of public record in accordance with Minnesota Statutes, section 13.591.

V. PROGRAM GUIDELINES

A. LOAN AMOUNTS

Minimum of \$1,000 and maximum of \$4,000, except that the maximum shall increase by \$1,000 for each employee in excess of one with a loan cap of \$10,000 for businesses with seven or more total employees.

B. PROOF OF NEED

All applicants shall be required to provide proof of financial need for loan funds prior to approval. This includes, but is not limited to, the previous year's annual gross revenue, average monthly gross revenue prior to COVID-19, and projected monthly gross revenue for the next three months.

C. PROOF OF EXPENSES

Applicant shall provide proof of eligible expenses requested to be paid with loan funds (see eligible expenses in IV.A).

D. DISBURSEMENT OF FUNDS:

Funds shall be distributed within 10 business days after a fully executed loan agreement has been received and any other necessary documentation.

E. TERMINATION:

The Authority retains the right to terminate any agreement under the Program if a recipient is found to be in violation of any conditions set forth in these guidelines or the agreement.

F. RIGHT TO DENY:

The Authority retains the right to deny any application.

G. LOAN AGREEMENT:

Upon a successful application being awarded funds, the recipient shall enter into a loan agreement with the Authority. Funds will not be distributed for any award until an agreement has been executed by all required parties.

H. REPORTING:

As a condition for receiving funding, all recipients are required to submit a report to the Authority on or before November 1, 2020, specifying how the entirety of the funds were utilized and providing evidence in the form of paid invoices, statements, or similar documentation.

I. FUNDING AVAILABILITY:

The Program has a limited amount of funds available. Awards will be provided after an application deadline and selection process has occurred. Funds will be generally awarded on a first-come, first-served basis, although priority will be given to businesses that have not received assistance through other programs available.

J. INDEMNIFICATION:

All recipients will be required to indemnify the Authority, City, and any officers acting on their behalf.

VI. APPLICATION PROCESS; TIMELINE

All applications for Program funding will be accepted through September 4, 2020. Applications will be required to be submitted to the Authority (contact information is listed below). Upon submission of an application, staff will review the application to ensure complete information is provided. If additional information is needed, staff will make a request for such information.

Economic Development Authority of the City of Maple Lake, Minnesota
Attn: Sabrina Hille
10 Maple Ave S
Maple Lake, MN 55358
[Sabrina.Hille@ci.maple-lake.mn.us](mailto: Sabrina.Hille@ci.maple-lake.mn.us)
320-963-3611

PROGRAM TIMELINE:

Deadline to Apply: September 4, 2020
Review by Staff: September 4, 2020 through September 15, 2020
Approvals by EDA: EDA Meeting September 15, 2020