



Legislation Details (With Text)

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Title:	Report on Carrboro Small Business and Non-Profit COVID-19 Emergency Loan/Grant Fund and Discussion Regarding Next Steps for Remaining Funds PURPOSE: The purpose of this agenda item is to provide the Town Council with the requested information on the Carrboro Small Business and Non-Profit COVID-19 Emergency Loan/Grant Fund and allow them to discuss the possible next steps for the remaining funds.				

Indexes:

Code sections:

Attachments: 1. Attachment A - Resolution, 2. Attachment B - Program Guidelines, 3. Attachment C - Adopted March 24, 2020 Resolution - Emergency COVID-19 Loan Fund, 4. Attachment D - Personal Credit Scores, 5. Attachment E - Revised Revolving Loan Criteria

Date	Ver.	Action By	Action	Result
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TITLE:

Report on Carrboro Small Business and Non-Profit COVID-19 Emergency Loan/Grant Fund and Discussion Regarding Next Steps for Remaining Funds

PURPOSE: The purpose of this agenda item is to provide the Town Council with the requested information on the Carrboro Small Business and Non-Profit COVID-19 Emergency Loan/Grant Fund and allow them to discuss the possible next steps for the remaining funds.

DEPARTMENT: Town Manager's Office

CONTACT INFORMATION: David Andrews, Town Manager, dandrews@townofcarrboro.org

INFORMATION:

Background

On March 24, 2020 the Carrboro Town Council approved the design and implementation of the Carrboro Small Business and Non-Profit COVID-19 Emergency Loan/Grant Fund (COVID-19 Fund). The purpose of the Fund was identified as moneys to assist Carrboro-based businesses and non-profits that serve Carrboro residents with short-term payroll and other recurring expenses during the State and Town declared COVID-19 Emergency in order to maintain and sustain operations for existing viable enterprises. Funding is intended to assist small local businesses and non-profits that are in current good standing with creditors, but are low on capital to maintain operations.

The COVID-19 Fund was funded with \$475,000 including \$300,000 from the Carrboro Revolving Loan Fund and \$175,000 in funds that were approved for COVID-19 Fund use by the Carrboro Tourism Development

Authority (CTDA). The \$175,000 in CTDA Funds can only be used by applicants that qualify under North Carolina Statutes as tourism-related businesses.

The terms of the application, consistent with Council approval, provide for 90% of the funding to be a loan and 10% to be a grant. The loans are unsecured but a minimum credit score of 620 is required along with a personal guarantee by the individual that signs for the loan. Please refer to the Council-adopted resolution approving the COVID-19 Fund (Attachment C) as well as the program summary that identifies the minimum requirements to apply for funding, the loan terms, and application process description (Attachment B).

You will also find a credit legend from nerdwallet attached to this staff report as Attachment D. Credit scores range from 300-850. According to the chart, a credit score of 300-629 is classified as Bad. 630-689 is Fair. 690-719 is Good and 720-850 is Excellent.

For comparison, loan evaluation criteria for the Carrboro Revolving Loan Fund is also included in this staff report as Attachment E.

As part of its motion that evening, the Town Council appointed Mayor Pro-Tem Barbara Foushee and Council Member Randee Haven-O'Donnell to serve as liaisons to the Loan Review Committee which would serve to evaluate loan applications and award loans/grants.

COVID-19 Fund Loan Review Committee

Ms. Foushee and Ms. Haven-O'Donnell collaborated to recruit a diverse group to serve on the 7-member Loan Review Committee including Vijay Silvaraman, Elmira Mangum, Betsey Elbogen, David Jessee, Anna Richards, Steven Winters, and Eliazar Posada.

The Loan Review Committee met in Closed Session on April 5, 2020 to review a total of 22 application packages. Applications were evaluated in Closed Session to protect the privacy of sensitive financial data and Committee Members signed non-disclosure agreements. Also, the names and addresses of the business were redacted and the Committee Members viewed the applications with the applicants as numbers rather than by name to further protect sensitive information.

The Committee approved or conditionally approved 12 applications and denied 10 applications. The applications that were denied were for various reasons related to the program's minimum requirements as identified in the program summary.

The COVID-19 Fund Loan Review Committee also voted unanimously for a "second round" of a loan application process.

Remaining Available Funding

Ten applications were approved or conditionally approved for a total of \$196,400. This leaves a balance of \$103,600 in funds from the Carrboro Revolving Loan Fund.

Two applications totaling \$39,400 were approved or conditionally approved from the \$175,000 in CTDA funds leaving a remaining balance of \$135,600 in CTDA funds.

In total, \$235,800 was disbursed, leaving a combined balance of funds of \$239,200.

Next Steps

The Town Council may wish to direct staff to conduct a “second round” of loan applications with available funding provided from the remaining funds of \$239,200.

FISCAL & STAFF IMPACT:

RECOMMENDATION: A resolution is provided as Attachment A.