



CITY OF MILACA
“Building a Better Future”

COVID-19 Business Assistance Loan Program

The City of Milaca Economic Development Commission (EDC), under the authority of the city, exists to be a catalyst for economic growth of the businesses in the city limit area. The EDC provides both technical assistance and financial assistance to businesses located in the City of Milaca.

On March 16, 2020, in response to federal and state leaders pronouncing a state of emergency due to the fast moving COVID-19 outbreak, Minnesota Governor Walz signed Executive Order 20-04 to order temporary closure of Minnesota restaurants and bars to dine-in customers. Two days later, on March 18th, Governor Walz further ordered the closing of other places of public accommodation, including all salons, barbershops and other businesses in Executive Order 20-08. Other recommended measures include social distancing by individuals in all public places and limits on the number of people congregating in any gathering.

The safety measures implemented to protect people during the health emergency (pandemic) have potential to significantly affect small businesses. The EDC has decided it is in the best interest of businesses and the overall economy of the area to create an emergency assistance fund for businesses that have been forced to close or significantly reduce their operations.

1. Goals and Objectives

- Provide emergency financing for businesses that are experiencing financial hardships due to the executive orders related to COVID-19 business restrictions.
- Allocate up to \$20,000 in EDA resources for this program.
- Ensure that all of these short-term loans will be beneficial to businesses in city limits and are paid back in a timely manner.
- Facilitate business survival, especially for small businesses, during this pandemic.
- Enhance, to the greatest extent possible, the retention of jobs throughout the City.

2. Eligible Applicants

- All eligible business categories must be referenced in Governor Walz’s Executive Orders (EO 20-04 and EO 20-08).
- All eligible applicants must have a physical, commercial location, whether owned or leased, that is located within the City of Milaca.
- All eligible applicants must be registered with the Minnesota Secretary of State and have been in business since December 1, 2019.
- All eligible applicants must be current with Mille Lacs County property taxes.

Applicants are encouraged to review the Governor's Executive Orders 20-04 and 20-08 listed in Appendix A for further definition and clarification of businesses that are or are not eligible for this COVID-19 Business Assistance Loan. The city EDA (Economic Development Authority) and EDC retains final authority to determine if a business is eligible or not, and whether to approve or deny a loan.

3. Eligible Loan Activities

- Operating capital to sustain the business until longer-term assistance programs are available.
- Inventory or equipment needed to resume or re-structure operations of the business.
- Other activities having sufficient merit as determined by EDC policy and City Council approval on a case-by-case basis.

4. Other Considerations

- Compliance with all government regulations, including Minnesota Department of Health and OSHA requirements.
- COVID-19 Business Assistance Loan funds will be available for as long as the EDC determines prudent. It is currently anticipated that funding will be available until July 31, 2020, or until loan funds have been depleted.
- The EDC reserves the right to limit the amount of funds available for this program at any time.

5. Conflict of Interest

- Any Council member that may indirectly or directly gain financially from loan transactions shall immediately inform the EDC Board(s) of any potential conflict of interest, and shall abstain from any related votes.
- If a potential conflict of interest exists, all necessary steps will be taken to ensure that the loan application is processed in full accordance with EDC Board policies, and local and State regulations.

6. Loan Conditions

- Maximum loan amount is \$5,000. Applicants may request funding one time under this program.
- Interest rate will be 0% percent.
- Recipients will be charged a 1% loan origination fee, which will be due from the borrower at the time of closing.
- Loans will be for a maximum length of 24 months. Borrowers may prepay without penalty.
- Loan repayments may be deferred for up to three months.
- Repayment terms for loans will be determined on an individual basis, so long as the total principal balance is repaid within 24 months of the date of the first draw of loan funds by the borrower.
- Upon default of the loan, or the permanent closure or sale of the business, the loan immediately becomes due and payable in full.
- Loans are not transferable.
- Loan payment method will be automatic withdrawal ("ACH") and is required.

7. Application Requirements

- The "COVID-19 Business Assistance Loan" application must be completed in its entirety by the applicant and submitted to the City of Milaca office located at 255 First Street East, Milaca, MN 56353; or submitted electronically to tpfaff@milacacity.com in order to be considered.
- Business must be located within city limits.
- Applications will be considered and acted on by the EDC’s Finance Committee, and final approval before the city council.
- The most recent federal tax return filed by the business.
- Income statements and balance sheets for the past 2 years. Current income statements and balance sheets for the last 90 days. All income statements and balance sheets if the business has been in business less than one year.
- Personal credit report for each principal owner.

8. Collateral

- Personal and/or corporate guarantees will be required from all owners or partners with 20% or more ownership.

Approved by EDC Finance Committee: ____/____/____

Approved by City Council EDA on ____/____/____

APPENDIX A

Businesses cited in Governor's Emergency Executive Order 20-04 as follows:

Beginning no later than March 17, 2020 at 5:00 p.m., and continuing until March 27, 2020 at 5:00 p.m., the following places of public accommodation are closed to ingress, egress, use and occupancy by members of the public:

- a. Restaurants, food courts, cafes, coffeehouses, and other places of public accommodation offering food or beverage for on-premises consumption, excluding institutional or in-house food cafeterias that serve residents, employees and clients of businesses, child care facilities, hospitals and long-term care facilities.
- b. Bars, taverns, brew pubs, breweries, microbreweries, distilleries, wineries, tasting rooms, clubs, and other places of public accommodation offering alcoholic beverages for on-premises consumption.
- c. Hookah bars, cigar bars, and vaping lounges offering their products for on-premises consumption.
- d. Theaters, cinemas, indoor and outdoor performance venues, and museums.
- e. Gymnasiums, fitness centers, recreation centers, indoor sports facilities, indoor exercise facilities, exercise studios, and spas.
- f. Amusement parks, arcades, bingo halls, bowling alleys, indoor climbing facilities, skating rinks, trampoline parks, and other similar recreational or entertainment facilities.
- g. Country clubs, golf clubs, boating or yacht clubs, sports or athletic clubs, and dining clubs.

Businesses cited in Governor's Emergency Executive Order 20-08 as follows:

Paragraph 1.e. of Executive Order 20-04 is amended by the following additions (indicated by underlined text) and deletions (indicated by strikethroughs): *Gymnasiums, fitness centers, recreation centers, indoor sports facilities, indoor exercise facilities, exercise studios, and ~~spas~~ tanning establishments, body art establishments, tattoo parlors, piercing parlors, businesses offering massage therapy or similar body work, spas, salons, nail salons, cosmetology salons, esthetician salons, advanced practice esthetician salons, eyelash salons, and barber shops. This includes, but is not limited to, all salons and shops licensed by the Minnesota Board of Cosmetologist Examiners and the Minnesota Board of Barber Examiners.*

All other provisions of Executive Order 20-04 remain in effect.