MINUTES OF THE COMMUNITY DEVELOPMENT BLOCK GRANT REVOLVING LOAN COMMITTEE

MONDAY, APRIL 13, 2020, 3:00 PM

Telephonic Meeting
public may also view at
www.youtube.com/CityOfGreenBay

A. ZOOM MEETING INFORMATION

1. Please find information to join this meeting via "zoom meeting" along with instructions.

B. ROLL CALL.

1. Members: Matt Schuller - Chair, Chad Van Handel - Vice Chair, Ald. Brian Johnson and James Blumerich

Present: Brian Johnson, Matt Schueller, Chad VanHandel, and James Blumreich

C. APPROVAL OF THE AGENDA.

1. Approval of the agenda for the April 13, 2020, meeting of the Community Development Block Grant Revolving Loan Committee.

Moved by Chad VanHandel, seconded by Ald. Brian Johnson to approve the agenda. Motion carried.
Yes- James Blumreich, Brian Johnson, Matt Schueller, Chad VanHandel, No- None, Abstain- None

D. APPROVAL OF MINUTES.

1. Approval of the minutes from the January 30, 2020, meeting of the Community Development Block Grant Revolving Loan Committee.

Moved by Ald. Brian Johnson, seconded by Chad VanHandel to approve the minutes. Motion carried.
Yes- James Blumreich, Brian Johnson, Matt Schueller, Chad VanHandel, No- None, Abstain- None

E. REGULAR BUSINESS.

1. Discussion and possible action regarding creating a new revolving loan program for Small Business Pandemic Relief.

Moved by Ald. Brian Johnson, seconded by James Blumreich to approve the creation of a new revolving loan program for Small Business Pandemic Relief. Motion carried.
Yes- James Blumreich, Brian Johnson, Matt Schueller, Chad VanHandel, No- None, Abstain- None

2. Consideration with possible action on reviewing the terms and conditions drafted for the Small Business Pandemic Relief Fund (SB-PRF) loan program.

Moved by Matt Schueller, seconded by James Blumreich to approve the documents for the Small Business Pandemic Relief Program with amendments to cap at 100 FTE employees and businesses with 20 or more FTE employees eligible for up to a $10,000 loan. Motion carried.
Yes- James Blumreich, Brian Johnson, Matt Schueller, Chad VanHandel, No- None, Abstain- None

3. Discussion with possible action on reviewing the White Dog LLC Application.

The Committee may convene in closed session pursuant to Sections 19.85(1)(e), Wis. Stats., for purposes of deliberating or negotiating the sale of public properties, investing of public funds or conducting other specified public business as necessary for competitive or bargaining reasons. The Committee may thereafter reconvene in open session pursuant to Section 19.85(2), Wis. Stats., to report the results of the closed session and consider the balance of the agenda.

Moved by Ald. Brian Johnson, seconded by Matt Schueller to approve the request as proposed for $30,000 in CD-RLF funds at 4% for a 10-year term for the purchase of 205 S. Broadway. Motion carried.
Yes- James Blumreich, Brian Johnson, Matt Schueller, Chad VanHandel, No- None, Abstain- None

F. INFORMATIONAL.

1. Revolving Loan Fund Status Report

Wendy Townsend provided the report.

2. Staff Report

No report.

G. ADJOURNMENT.

Moved by Matt Schueller, seconded by Chad VanHandel to adjourn. Motion carried.
Yes- James Blumreich, Brian Johnson, Matt Schueller, Chad VanHandel, No- None, Abstain- None

VERBATIM MINUTES

- Order and get started, let's do a quick roll call. Chad Van Handel.

- Here.

- Perfect, and off mute.

- Alderman Brian Johnson.

- Here.

- Jim Blumreich.

- Jim are you there? I can see you Jim, but I can't hear you.

- Give a wave.

- There he is. And Matt Schuller is here. So we've got all members present. Why don't we move to the next agenda item, which is the approval of the agenda for today's meeting, the April 13th meeting of the Community Development Revolving Loan Fund Committee. Do we have a motion?

- Motion.

- Motion from Chad. Second, was that you, Brian?

- Yep.

- Perfect, thank you. Motion from Chad and a second from Brian, all those in favor say aye.

- [All] Aye.

- Anybody opposed? Nope, with that, then, let's move to the next item, which is approval of minutes from the January 30th meeting of the Community Development Revolving Loan Fund Committee. Do we have a motion for approval of the minutes?

- Move to approve, Johnson.

- Brian, moved to approve. Do we have a second?

- I'll second, Chad.

- Second from Chad. All those in favor say aye.

- [All] Aye.

- Anybody opposed? Nope, let's move into regular order of business, with the first item as discussion and possible action regarding creating a new revolving loan program for small business pandemic relief. And I think, Wendy, you are probably gonna fill us in on that area?

- Yeah, I'll take that one. As you can see by the agenda, that we have had some calls and would like to try and figure out a way to get some of our funds out into the hands of some small businesses. And we see that our revolving loan fund, as long as we meet the requirements that are laid out by HUD that we could create a separate, we'd like to ask the committee to create a separate loan fund, and take roughly $100,000 that we have in funds and put them into a separate grant program called a Community Development Block Grant, a business, small business pandemic relief fund. And so that's what we're bringing before the committee.

- Where does that funds come from? 'Cause I saw it said reallocate, and I'm assuming where it's coming from but I wanna make sure that I know.

- Absolutely, so what it, to the committee is these funds are coming from our HUD accounts, so the Housing and Urban Development Program. It's funds that we get through our CDBG funds, our block grant funds.

- So we're not specifically talking about the funds that the revolving loan committee is working with today.

- Account, we'd like to peel some of the dollars out of that account into a pandemic relief fund.

- And do you see any trade offs that we're creating in doing that, Wendy?

- I have three revolving loans currently active that all are interested in continuing their application. So the 100,000 that we do not have applied for at this point, I see that it would be okay to allocate that to some other programs since we've been pretty active with that, and I'm not getting a lot of other applications at this time.

- Okay. And we could still cover the three that are in motion then?

- That's correct.

- Okay. And that's, and those three are still, even with everything that's going on, are interested in moving forward?

- Pretty much, there is one that may, I just spoke with him ten minutes before the meeting, and I will follow up with him. But if that is the case, I was gonna ask the committee to consider those funds as well.

- Okay, and if, in this particular item we approve doing that in the next agenda item, we would actually talk about the terms and conditions that would manage that fund, so they're two separate decisions.

- I thought so. One should be, do we wanna create a fund, and if we do want to, I drafted some documents after looking at a number of other municipalities, and talking to the HUD representative, and other community development directors in other communities what they're doing, and crafted or drafted some documents for a potential program.

- Okay, and Brian, if I recall correctly, at the last RDA meeting a couple of weeks ago, I think you had. I don't know if it's verbatim to essentially this, but in spirit I think it was quite similar to this, is that correct?

- Well, and I think that's exactly what this is. So this was a communication that I had submitted, requesting the city to exhaust all available funding sources, or at least identify available funding sources for this particular program. Sounds like this HUD fund is the one that our team has identified. You know, one of the other funds that I had asked staff to take a look at was the city's ability to borrow from the Wisconsin trust fund, which we have talked about with our finance director, and she has indicated that that is an allowable use of the Wisconsin trust fund. The real big difference between that and this one, this one's obviously grant funding from the federal government that we're looking to reallocate. However, it comes with a lot of strings, and that is my one concern with this particular loan fund, especially the way that it holds on to the job retention and creation requirements for a loan that, in my mind, ought to be much simpler, and very quick and turnkey. If we were to borrow money from the Wisconsin trust fund, you know, that key difference is that the city basically would take out a bond, so we're borrowing that money, and then we're loaning it back to businesses. So there's some inherent risk involved with that, but I would say no different than the same level of risk that we assume when we borrow from that for neighborhood enhancement. That's, right now, one of the primary ways that we use that particular fund is that we do borrow for neighborhood enhancement funds because it gives us unrestricted access to that funding mechanism, so that when we do neighborhood enhancements, that maybe a lot of times block grant would not qualify for, we can use neighborhood enhancement funds in those areas. So I could see that being a very viable use. It would have to go, and Wendy, I think in that email stream with Diana, she didn't make it very clear if RLF could make that recommendation before it goes to Council, or if it would still have to go to finance committee, but Diana did confirm that it would have to get passed through two successive city council meetings for us to authorize the borrowing of that funding, where we could, in essence, create unrestricted rules on how that money is loaned out. You know, Wendy and I talked about this a little bit. I could see the merit of proceeding with this in the spirit of being expeditious and having something on the market, because, you know, there's no telling what the council might do with the Wisconsin trust fund, particularly once, you know, a new council is sworn in, they might have different priorities if the seats change. but I do think it would be worthwhile for us to explore both.

- 'Cause essentially in the long run, for a small business who steps forward and is seeking help, at the least, hey, if there's one fund, they understand the option, they understand the strings that are attached to it. If there's another fund, right, the Wisconsin trust fund, that has less strings attached, it just creates another option.

- Yeah, and for me, when I submitted this communication, the intent was to be something that was very quick and easy. You know, particularly with small businesses, when you're talking about businesses less than 10 people, or even maybe businesses where, you know, it's just the owner and that's it, the more strings you put on these things the harder it is for them to be able to even submit the application, you know, let alone the time involved to procure all that paperwork. And when you're talking about small loan amounts, I think easy is better. I mean, what we're really trying to do is help these small businesses be able to make the rent payment and keep their utilities on during a period of transition. We're not looking for something that's, you know, allowing them to expand their business or take on a new project.

- I think we've taken a look at this program and tried to trim it down to make the application pretty easy. We also have organized staff that we can do some of the internal reviews. We now have, I think, four or five that can do the same work that Kevin King was doing just himself. So we're trying to involve other staff to be able to make this process flow a little faster. I understand that Oshkosh, as an example, they actually take applications through till each Tuesday, and then they close it on Tuesday, whatever applications received up till Tuesday. And then on Wednesday the staff reviews. On Thursday it goes back to RLF committee and they just approve them, and then Friday the request goes into the checks, and they get their check by the next Monday. So Monday, in one week they get their check is how they're organizing their payout of their funds, and I think those are CDBG HUD funds. Well, actually, no they're not, I'm sorry. they're non-strings attached.

- When did you know, I mean, the HUD funds, we have 100,000. Were there any other sources that would potentially be available to the city to access? I mean, when I'm looking at the city of De Pere, for example, I mean, they've put $500,000 into their program, and the city of Green Bay is only proposing 100,000. Now, I know that they've got a particular fund that was available that allowed them to do that, so really the question is, is this the only available resource to us with the city of Green Bay, other than the Wisconsin trust fund?

- So what happened with De Pere is they were one of the communities that were doing a closeout, so they were closing all their loans out. We're an entitlement city, so we got to keep all of our loans out there and active. And so in closing out everything, they ended up collecting all their funds. They had one or two loans still out there that they're still trying to close, but then they gave the money back to the government and the government gave it back to them, and then there's no strings attached. So they're able to do other things with their funds, and that's why they have this big kitty because they were supposed to be closing out, and as a result, that ended up with a collection of funds. So that's kind of the number one question, and number two question, is there another place that we could get funds? And I'm only aware of one other revolving loan fund that, like I said, I just talked to a few minutes ago that may be able to free up 249, so that would add, you know, another $249,000 to this 100,000. So we'd have to see if we wanna put that together. But that would be, that would bring us up to 349, or 350, roughly. And Stephanie can talk more to our balance sheet as far as what's available in this account, but I'm not aware of other funds. I know there is some funding coming in from HUD to the city.

- Yep.

- I don't think those funds have been completely decided, I think, from an earlier dialogue. And I apologize, 'cause things change by the minute lately, but I think that the mayor is holding that until he decides that there's the best use for those funds. But that's about 323,000.

- Actually, that amount did get changed, it was upped, it's about half a million dollars right now for that funding coming in from HUD for the pandemic relief. So that's in addition to money that we're already getting from HUD, we're getting an additional $500,000. And that's specifically for relief of this, and that was only the first wave. They think that there might be a second one coming through.

- A representative has been in constant dialogue, yes.

- So once the decision's made on how that money wants to be spent within the community, I mean, there could be money that could come back to this fund for loans out, or it might, you know, if there's a different version of that that wants to be sent through, but that will go through the RDA for approval.

- So we could, in theory, take action on this today, and whatever parameters we would hypothetically approve here, if new funding were to come in, we could just add to it and these same program requirements would apply?

- Yes.

- Okay. Because I think, when I look at the, I mean, to me, something is better than nothing, and this at least provides something, which, for me, again, was really meant to be sort of to help in those gaps where the federal government was not particularly nimble or well-equipped to address the concerns of some of our small business community. And really, what this does, is it's again quick, turnkey, I think it caters really well to those small businesses. I do have some questions on the application, which I'll wait for that item. But I think, again, something better than nothing, and then we can continue to explore that option with the Wisconsin trust fund, working with Diana, and getting that through the appropriate committee, if the council, you know, were to have the will to want to expand this program with unrestricted funding.

- I just wanna highlight, Brian, that the two items that I think would be the strings that would apply here are that we have to achieve the mission to address job preservation. And so as long as there's one job preserved in either one of these loans, that would meet the criteria. They do have to do some posting, but the only other piece is the environmental review, and we've stacked up some staff to be able to internally hopefully handle the applications that we are anticipating to receive.

- Okay, yeah, and I think that's just the other big piece of why I think the Wisconsin trust fund should still be pursued, is because, you know, we're looking with, fund, I mean, a minimum of 10 loans, maximum of 20, based on, well, at least based on the maximum loan amounts, right? If people take out less than, that equation, but clearly we have far more small businesses in our community than that that could likely benefit from a program like this. So it would be nice to find ways to do that, but. Oop, go ahead, Wendy.

- That's okay, but we'll talk about that after.

- No, I just, I wanted to see if anybody else had comments on this particular item, and if not, I'd be ready to take a motion.

- So just so I'm clear.

- I move that.

- We do have a cap on it, though of the 100,000.

- That was gonna be my question, was that we set something in place by this committee that if we do come with additional funds, that we add it to this program.

- Yeah, my understanding as of today, Jim, is there's only $100,000 available to reallocate. With a future action and availability of funds, that could be added, too, but as of today, it would be $100,000.

- Yeah, okay.

- I would move that we reallocate the $100,000 to be available for the pandemic loan fund.

- We have a motion from Brian, do we have a second?

- Second.

- Second from Jim. All those in favor say aye.

- [All] Aye.

- Anybody opposed? Any comments?

- Okay, that has moved then, so we've created a small business fund with $100,000. Why don't we talk about terms and conditions on that fund, Wendy?

- All right. You can see that there's a lot of paperwork involved with this. I tried to cover the wording because we have the HUD restrictions, and so I thought if we put it into our application, it made it a little easier that we didn't have to go through it with each one. So you'll see that there's four pages. One is a introduction, one is an eligibility piece. I don't know if you wanna just take one at a time, and then there's an application, and the requirements.

- Yeah, why don't you just walk us right through it, Wendy.

- Okay, so the first one is the introduction, and this wording was taken, Krista Cisneross is our HUD expert here at the city hall and she gave me this wording to add in as the first paragraph, so that's what we have. And then I did a summary quick that it'd be deferred loans with one year of interest, and payments, either five or 10,000 for small businesses and the terms are laid out further into the program, but you can see the guide, the application, and the steps. Is there anything on that first page that you wanna change?

- Not for me.

- Wendy, I just have one thing.

- Yes.

- And I think it applies to the first page, so I'm trying to separate out as you walk through this.

- I understand.

- We asked for the current number of FTE employees at the time of application. A single member LLC or corporation, would they, I think, will actually be the LLC, really? I mean, would they qualify as a full-time equivalent? Won't apply to them?

- In our previous loan programs, they had not. I guess that's a question for our HUD representative, where if you were a sole proprietor it did not apply to you.

- Okay, yeah, if you could at least check into that, I think that would be an important question to have answered. I'm thinking about, you know, like if you're a small retailer and you're the only one that works the shop kinda thing.

- That's a good HUD question. Typically, that had not been covered, or had an eligible, that's why the other loan program's important to seek.

- Mm-hmm.

- All right let's move on to the next one, because I know that the time is kinda going quickly. I think the next piece that I have in a row is, I think it's the, program kind of lays out, in here that with businesses less than 20 FTEs would be eligible up to 5,000, and businesses more than 20 would be eligible up to 10,000. I thought that was important because some of our businesses are retooling to be able to meet some of the pandemic needs, and if there's an employer that is being creative and needs to have some funding to be able to meet some of these needs, I thought it was important for the city to be supportive. So to have some categories there, and then maybe we choose a few out of each category to be able to help a spread of businesses, not just one type of business.

- Just a nitpicky issue, what if you have exactly 20 employees? 'Cause you have written in here less than or more than, so one of those categories ought to pick up the 20th employee.

- You're right, we should probably do equal or more.

- Yeah.

- Thank you, Jim.

- And I would actually, on that note, I would actually advocate for capping the total number of employees, because once you start getting into these larger businesses, they have so many more resources available to them. I mean, you know, I get small business administration, you know, caps small business definition at 500 or fewer, but, again, you have so many other programs out there that address those larger employers. I'm more interested in trying to service those small ones, where access to some of these federal programs are a little bit more restricted. So I don't know what the right number would be, and I'm okay with the 20 or fewer, but instead of you saying 20 to any size organization after that, I do think that there should be perhaps a cap, even up to, you know, whether it's 50 or 100 employees. I don't know what the rest.

- Yeah, I think in general, Brian, I'm fine with that. You know, say, you know, and I'm not sure if the right number's 50, if it's 100, but you know, I start thinking about a business of that size, call it 75 employees, $10,000 is probably gonna get it a couple weeks. I don't think it's gonna end up being meaningful, whereas, you know, right, that could be a much more meaningful sum if it's a smaller employee count, and so this might actually help bridge a couple months then, especially when you think about things like rent and utilities. So, yeah, that makes sense.

- Wendy, based on your experience working with businesses, is there an employee count that makes sense to you if we were to put a a cap in here?

- You know, I'm always surprised how many employees are at a business when they tell me their number. I just talked to a small music store, and he said, employees, and I thought that seems like a lot for a small little music store. And so it's always surprising how many people work within the walls in a business. So maybe to err a little higher, maybe 100 is better than maybe.

- We're talking FTEs here, though, right? Not head count?

- Yep, yep.

- I'm fine.

- 100 seems good.

- Let's start, I mean, it's something to start with.

- Good.

- Do you need to actually have us make a motion to make these amendments, or can we just make that recommendation and adopt recommendations as one final document?

- I think what we'll do is make, at the chair, I don't know really what you wanna do.

- I'll tell you what, I'm gonna note them, Brian, then as we go along, and I'm gonna note that as, you know, an amendment document. So go ahead and keep going, Wendy.

- And then eligible uses, I think, for the most part, I think the staff, and then that they would go to any kind of working capital that they needed to support payroll, utilities, or other expenses that were incurred in a business. So we are using it as a working capital loan. I think we're pretty much familiar with that from some of the other ones. I took the, and if there's no other items that ineligible uses, I took that information from both De Peer, Oshkosh, and all seem to think that we don't wanna, we're working with the small businesses, not so much the landlords, that's kind of between the landlords and the banks, and those sorts of things. We're really focusing on the businesses, so that was kind of more the focus of the ineligible expenses there. Loan rates, our finance department and our business team kinda met and said we think about a year this should be pretty well over, and then we could go to some terms that are reasonable, and you'll see those laid out there. $5,000 loan is 36 months, roughly a little over $217.13 for 12 months, with 12 months deferred. And then the 10,000 loan would have 48 months at 225.80 after the 12 months was deferred. So those are the payback amounts, and those seem, I think, pretty manageable. We wanted to have something, but not real big, so roughly around the $200, a little over $200 a month for either one of those style loans. So it'd be something, but not a big encumbrance for them, hopefully. Any questions with that, before I kinda move on to the requirements? And if we see something glaring as this comes together, we'll bring it back to committee of course, but, in our applications we wanna make sure that the company has a physical address in Green Bay, and then they include their full number of employees and their part-time, and maybe a simple little budget, and that's laid out in the application of what they would spend the money on, so that we know where the money is going and what kinda things are needed. So I think that's pretty much stated. Those informations were all gathered from several other pandemic business, small business relief programs.

- Hey, Wendy, just.

- Under the applicant.

- Something that doesn't look right in the numbers, and it's on the $10,000 loan.

- Yeah.

- That one, that monthly figure looks too low.

- Stephanie is our.

- So the $10,000 one also went up for five years.

- 48 months, yeah.

- So that's why. And it's a year with no interest or payments, so I can double check the numbers here, just give me a minute.

- While she confirms that, should we go on to our application since we have 20 minutes left for this meeting, and we have one more item on the agenda?

- Yep.

- This application was crafted, to also use their HUD CDBG funds, oh, Stephanie's back.

- The amount is right, it's $225.00 for the four years that they pay. The schedule, that's what the schedule spit out as the amount, so.

- Okay.

- It shows that we collect that, plus the interest, and the thought was that a lot of these, since it is a smaller amount, might be able to pay it off before they ever have to pay any interest to us.

- Are we ready to continue, Matt, or?

- Let's keep going, Wendy.

- Okay, so on the application you can see all the gathering of information that we worked through on page one, two, three, and four. We do have some guidelines, and I did take some of the wording from Racine, since they already had the HUD representative review their application. I thought it was a little quicker step for us to use theirs, since it was pre-approved. And then Krista did review our information, and felt like we did meet our criterias here, so there's one of the pages where the employer has to check with their employees to find out their low to moderate income piece, which is one of the strings, but hopefully that's pretty. And then I have our scoring rubric in here, and for the most part, this is gonna be a yes or a no answer. You get your points if it's a yes, and if you're a no, it's missing it. But I wanna pull up the fact that we went through this as a staff, and we like the fact that we added the third item, which is business impact, which is 15 points, so if a business is impacted, they get a point by saying. But if a business, the other criteria that we thought was the part, was the creative part, where businesses provide a support service, and had to be creative and retool something in order to meet the higher demands right now, and so we thought that should have a point as well. So we've done some things that would help support businesses to figure out new ways to do things. So that was, and the rest of the items are pretty self-explanatory on the scoring criteria. And that's pretty much it for the application. So the scoring rubric is there, and I just wanna say, we'll have to figure out how we wanna bring this either to committee, or if you wanna give permission to the staff to decide, if you would like us to kinda figure that out. I know I had mentioned earlier how Oshkosh was doing it, where they come to their committee once, they have a loan committee meeting every Thursday, and then just have it on a spreadsheet of which businesses met all, the staff puts it together of who met all the criteria, their scoring terms, and then the committee would approve those applications, or payment. So that was kind of one of the other pieces. And lastly, our legal team helped draft a promissory note, and I worked with Lindsay on that, and we've decided not to do face-to-face or witness signatures, and so she has suggested to just have the executed promissory note by an under penalty of perjury, and have them sign it and date it. We'll have other documents supporting, we'll have a copy of their drivers license, and we'll have also their taxes, so we should be able to cross-check those things. And I feel pretty comfortable, given the loan amount, that that would be okay. Chad, is that something that is really tricky, or no?

- Does that eliminate, Wendy, the notary?

- Yeah so we're struggling with the notary piece. There is new legislation coming into effect May 1st, that they're gonna be doing some online notary. There's some federal legislation that's coming through. Unfortunately, it's not gonna be approved till May 1st. We will get in line with that, but there's a $25 charge per person, and these businesses already are hurting, and so we're trying to figure out ways that we can eliminate extra costs, and be more efficient, and still be sensitive to all of the things that are going on.

- Is there a reason that we have to have that notary requirement? I mean, I feel.

- I guess an internal.

- Far more than $5,000. I mean, it seems crazy to me that we would require a notary for $5,000 when we're trying to streamline this and people right now can't meet face-to-face.

- Yep, we've eliminated that requirement. I don't know if I mentioned that.

- Okay, and that's what I wanted clarity on, yeah. Sorry, I didn't connect the dots on that, good.

- I'm sorry, yep, we've eliminated that.

- Okay.

- Due to the amounts and the other documentation.

- And, okay. In the interest of time, and I know we've got one more other big agenda item, are there any other comments on the loan application and such here? We've got the one, you know, amendment so far on capping it at, you know, the business on up to $10,000 would be for businesses equal to 20 or more employees up to 100 FTEs. Any other amendments that folks would like to make?

- Matt, I just, if I could.

- Yeah.

- Wendy, there was, I believe it was nine, just for the grammatical thing, it says city of Racine.

- So.

- Ah, good.

- Since you lifted some of that, I imagine that's just left over from their application.

- It is.

- Good eyes.

- Yeah, thank you.

- As it relates to the job retention, takes out a $5,000, or a $10,000 loan, what are the job retention requirements around that?

- Just one.

- Does it have to be a full one or can it be a like a half FTE, how does that work?

- Typically there's no such thing as a half FTE, it's either one or none.

- They're gonna have to work on that. And is there a verification process for that, or how does that work? Or do we just take them at their word for it.

- We'd have to follow up with a piece of paper, payroll records.

- Okay, all right, and I understand why that's gotta be in there, and again, it just, to me, it takes the simplicity out of it a little bit, but we'll address that through the Wisconsin trust fund stuff. And then with this particular program, are we allowed by law to grant any portion of that funding?

- I don't know that question, that's a HUD question, and I can certainly have Krista check with that, it's definitely.

- But the funds, the funds can be granted. it's just that this was set up as a revolved thing and that was the parameters that this body originally had set up, is that they would be paid back.

- Sure.

- That way, and we had looked at that in one of our meetings, too, on having it a grant versus a loan, but we thought that if it was a loan, we would have, I hate to say better turnout, but more accountability, since they have to do so many other things. Whereas if it's a grant, sometimes they're like, "Well, I've already got the money, "and I don't have to pay it back."

- Yeah, and that was, in my mind, initially wasn't necessarily envisioning it straight up, maybe it's like, you know, a share, where it's, I don't know, half grant, half loan, but the grant only qualifies once you've repaid the loan in full kind of scenario. But again, I wouldn't try to inject that now, 'cause I think expediency is important with this particular program, but I do think it would be worthwhile to consider that in a Wisconsin trust fund proposal. And then, the last question that I would have, does the revolving loan fund committee have final authorization on this program, or does this need to go before council?

- We have final, because we have, we meet all, always been revolving loan fund has final say.

- Music to my ears, thank you.

- So how do we manage the demand on this, basically just by the score?

- That would be my thought.

- Or first come, first served?

- Yep, demand and first come. I think a little bit of both, demand and first come for some. As the applications come in we would start scoring, so I think first come, first served.

- And on the scoring, Wendy, are you contemplating a minimum threshold score?

- I'm thinking most of our businesses will score pretty well. But, obviously, if they're not gonna, they're gonna be competing against each other, so.

- Yeah, and that's what I'm trying to think through, is if there's a deluge of stuff and this is oversubscribed, are you then scoring 'em all? That's just what I'm trying to figure out in my head.

- Let's talk about that offline.

- Okay.

- I like that idea.

- Is there. Just in light of that, it just made me think, too, I mean, if a business has applied for funding through the CARES Act, are we, I mean, would we allow them to double dip?

- What would the committee like to do?

- If you're applying for the Paycheck Protection Program, in particular, I would be inclined to say that it's a dual use of funds. The Paycheck Protection Program, you know, if you apply for it in full, but if we allow someone to take out a loan with this program and the Paycheck Protection Program, I don't feel like we're serving a gap then, I feel like we're overlapping with the federal program that's much better positioned, and much, you know, much better funded to address those issues. I would almost say that this is for business that have not applied for the Paycheck Protection Program. But I'm open to feedback from the rest of the committee.

- That makes sense to me, Brian, and I think we're also reaching a little bit different demographic of business with this, right, a smaller business with this than the Paycheck Protection Act is. You know, right, 'cause you're going through a small business administration loan with that, and quite a bit more paperwork, and application time than you would be with this loan. And so it may be that we would try to carve this out for a group of folks who aren't being served by the Paycheck Protection Plan.

- Okay. We'd like to.

- And that Paycheck Protection Program, too, I mean, you're allowed, right, 75% of the loan that you take out there needs to be for payroll, which means that 25% of it can be for other things, like rent and utilities, you know, very similarly you're covering the same categories here, so that's why I think because you have that 25% buffer with the Paycheck Protection Program, I feel like you're literally just. If somebody did the PPP program, I don't know what gap, like, I don't know how someone would leverage this program with that, you know what I'm saying, and still be in compliance.

- If I, I mean, why wouldn't they apply for the PPP program, though, if they, I mean, who would apply for this then that we're not serving that's at the PPP?

- Where's that program at Chad, do you know?

- Well, yeah, I mean, again, if you listen to the national, I mean, there's $75 billion that have been approved. I mean, they say that there's another 250 billion that's behind it, but, yeah, I mean, you know, Bank of America by itself could take up the whole $350 billion, so, yeah, I mean, again, I don't know.

- Well, you're a lender, Chad, I mean, do you see this, I mean, do you think that there should be that restriction?

- Personally I, you know, I think the five to 10 is a drop in the bucket, that's why I don't know. You know, again, it's just gonna be people who, you know, I don't know how people are gonna know this other than us telling them, or maybe it's in the paper in some regard. So yeah, I just needed a small enough amount that anybody should be able to use it, single person or two employee businesses that apply program, so you know, and again, it's 13,000, $14,000, depending on what their payroll, you know, if they could get that much, it's probably better going that route than this route, and then it turns into a grant.

- Mm-hmm, right.

- I, just real quick.

- Okay, that makes.

- I'm wondering if we wanna have another revolving loan fund meeting to continue this, 'cause I also wanna be sensitive to our last item, 'cause I know that his is time-sensitive?

- Yeah, I think in the spirit.

- What do you think chair?

- I'd be okay not including that PPP provision, and just leave it as is right now, and recognizing what Chad just said.

- Okay.

- Okay.

- Hey, in the opportunity to potentially close this out, would somebody, I would make a motion, approve the terms and conditions that have been drafted for the small business pandemic relief fund, with the one amendment, Wendy, that we cap it at 100 FTEs, and that the $10,000 loan parts equal to 20 or greater. Up to 100. And I would make a motion.

- I'll second.

- So we have a motion and a second. All those in favor.

- [All] Aye.

- Anybody opposed? Any comments? Okay, let's get to item number three, which is the White Dog application to buy some land.

- And let me cover that real quickly. Anthony Wilkin and Nicole Greenwald have purchased the White Dog from her parents, as you'll see in the dialogue. The loan ratio is a little bit different than what we typically do. They ended up closing on their property right away. We were gonna be all part of one large project, but with all the COVID stuff, other stuff kinda coming together, they ended up closing on their property right away and they're on the actual building. They had some small title work hiccup, that there was some people still on the title that had been deceased, and had not signed it off, so it bumped it out. So that's why our ratio is a little bit different than 50%, but it's, of course, less than 50% of the entire project. And Fortify is our primary lender, and they are kinda capping out at the 10,000 private lender amount. Nicole and Anthony are coming in at 10,000, and then the city's, happened, they are gonna be purchasing that outdoor area for a outdoor patio space, and pet-friendly, and programmable spots. But this would just add to the enhancement of their property. Nicole's had, I think, 15 or 16 years of experience working for her mother, so this is actually a real happy intergenerational story with passing on a business on to her child. That's, thousand in RLF funds to purchase the property to the south of the White Dog.

- And then that loan would be secured by what, Wendy?

- Property, so we would take a mortgage on the property.

- Did people have particular questions?

- So and what position, would it be first position or second position, second?

- Probably in second, but the property, I don't remember offhand what, but we're in a pretty good position, just because the bank is on such a small amount.

- Yeah, and I think recognizing the land values of, you know, property in that area. I mean, I don't, it seems to me that there's more than sufficient collateral there to cover the actual amount of the loan, both loans. I mean, the first position and second.

- Yeah, I would agree, that was my general sense when I saw this, Brian, that our risk seemed quite low.

- Yeah, and I, and actually, Matt, as I think I'm legally obliged to disclose that I have met with the owners on that particular property. I did that several months ago, long before they were, I actually suggested that they submit an application through this program, but I know that I'm legally obliged to indicate that, however, I do not feel conflicted in making this decision, so.

- Thank you, Brian for disclosure.

- Why do you look surprised by that?

- No, I'm worried about the time, I'm sorry.

- Does anybody feel in position to make a motion?

- I would move that we approve the loan as proposed, the $30,000. Shoot, I forget the rest of the terms. I provide that you need me to state that. Is it $30,000? What was the interest rate, Wendy, in the term?

- It's 4%, I'm trying to think what the duration is.

- Then you better hold on.

- I don't have, to. Stephanie, do you remember what we put out for this one, or did we not do a term sheet?

- You hadn't given me all the information, so I don't have a term sheet. But I would assume that it's usually, it's usually around the 10 year mark, I think, for these? Or is that.

- 10 year on property, typically.

- Yes.

- 10 to, if it's a building or property, we've gone 15, so 4% at 10 years?

- If I could, I don't think we need to open the floor, but, Anthony, Nicole, if you could just shake your heads yes, 10 years at 4%, is that what you were looking for?

- Yes, that is correct.

- Okay, so that would be my motion, 10 years, 4% interest.

- So we have a motion from Brian, do we have a second? I will go ahead and second that one. Are there any other comments? So then, all those in favor say aye.

- [All] Aye.

- Anybody opposed? No opposed, then I think that one has carried, and congratulations Anthony and Nicole, sounds like you're gonna be buying some property next to it, and we look forward to seeing the outdoor patio area.

- We also look forward to it, thank you so much.

- You're very welcome, sorry it took that long to get there. In the interest of time, I don't know, Wendy, how critical items one and two are, they're informational.

- Nope, I think we're good. I just wanted to get informational piece. All of our loans are in a 90 day suspension, only one RLF decided to continue to file the update, but okay.

- So that was a colleague.

- Okay, with that, then, I would motion that we adjourn the meeting.

- Second.

- We have a motion and a second. All those in favor say aye.

- [All] Aye.

- Meeting's adjourned, thanks everybody for being so timely.