



## City of Baraboo

# GUIDELINES OF THE EMERGENCY ASSISTANCE FUND - SMALL BUSINESS LOAN PROGRAM

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**1.0 INTRODUCTION.** The City of Baraboo recognizes the financial impact the Novel COVID-19 pandemic has had on local businesses. Many of our local businesses have been forced to close or reduce their normal operations due to the Emergency Order issued by the State of Wisconsin. In order to assist these businesses, the City has created a new Emergency Assistance Fund – Small Business Loan Program. The Program was created to offer short-term loans to allow for profit businesses located in the City to continue to meet their financial obligations, retain their employees and to help stabilize the local economy. Loans will be awarded on a first-come, first-served basis to all eligible businesses. There are no application fees or costs.

## **2.0 PROGRAM REQUIREMENTS**

**2.1 Eligibility and Terms.** Eligible businesses may be awarded up to \$5,000 in loan funds through the Emergency Fund application process.

**i. Eligibility:**

- a) The business is a for profit business located in City of Baraboo
- b) The applicant is authorized on behalf of the business to apply for the loan and execute the loan documents on behalf of the business
- c) The applicant has legal standing and authority to enter into the loan agreement
- d) The business has an EIN, or if sole proprietorship, the applicant provides a valid SSN
- e) The business is registered with IRS, WI DFI, WI DOR, and/or WI DWD, if and as applicable
- f) The business is not currently bankrupt, in bankruptcy proceedings or anticipating filing for bankruptcy in the near future.
- g) Neither the business nor the applicant is delinquent with any debts to the City of Baraboo.
- h) The business is not delinquent in their real or personal property taxes (signed payment plan with either the County or the City is permissible)
- i) The business has a maximum of twenty-five (25) full-time equivalent (FTE) employees as of March 18, 2020
- j) The business must have been in operation as of March 18, 2020
- k) The business must have submitted application(s) for Federal and/or State assistance, if they are deemed eligible and as applicable. Note: Businesses may still apply to this Program if they are eligible for a Federal or State assistance.
- l) The applicant may be required to demonstrate management capacity and ability to successfully operate a business.

**ii. Terms:**

- a) Maximum loan request: \$5,000
- b) From the date of the Loan through December 31, 2020, the loan will not accrue any interest.
- c) From the period of January 1, 2021 through July 15, 2021, an interest rate of 2% per annum will be charged against the outstanding balance.
- d) The loan will be due in full on July 15, 2021.

- 2.2 Program Service Area. Financing under this Program is available to eligible for profit businesses registered and located within the City of Baraboo corporate boundaries. The location of the business shall be the address for the place of business administration and registration. Funds will not be provided to businesses registered or located outside of City of Baraboo corporate boundaries.
- 2.3 Funding Source and Reimbursement. The funding for this program is currently set at \$250,000. The Program is funded through the City's Economic Development Funds for \$150,000 (Fund 560) and the City's ED Fund for \$100,000 (Fund 986).
- 2.4 Ineligible Applicants. Currently, there are no prohibitions against any type of for profit business operating with the City of Baraboo provided the business meets the eligibility criteria.

### **3.0 USE OF FUNDS.**

- 3.1 Permissible Use of Funds. The funding available under this Program is designed to assist local businesses with such items as, but not limited to: monthly lease or mortgage payment, insurance, utilities and payroll for employees, and current operating expenses. The City reserves the right to audit any loan applicant and business to insure compliance with the uses of the funds.
- 3.2 Non-Permitted Use of Funds. Examples of ways the funds under this Program shall not be used include, but are not limited to:
- a) Reimbursement of expenses the business incurred prior to approval of loan
  - b) To pay off non-business debt, such as personal credit cards used for purchases not associated with the business
  - c) To purchase goods or services not related to the business, such as buying a personal vehicle
  - d) To provide donations to political activities
  - e) To pay off business or personal taxes, liens, judgments and fines
  - f) To support other businesses in which the borrower may have an interest

**4.0 LOAN PRIORITY.** Funding priority will be given to businesses that commit to retaining employees or jobs for the duration of the loan term. "Job retention" is defined as total full-time equivalent positions retained at 40 hours per week, or any combination of part-time positions combining for 40 hours per week, including owners.

**5.0 COLLATERAL AND SECURITY REQUIREMENTS.** All loans must be secured through a Signature Promissory Note if in business more than one year as of March 18, 2020, and also require a personal guarantee of the applicant if in business for less than one year as of March 18, 2020. The City is not requiring a mortgage or personal property lien as part of this Program.

### **6.0 PROGRAM OPERATIONS AND LOAN PROCESSING.**

- 6.1 Application Process and Review. Applications must be presented by business owners/agents or their authorized designee to the Executive Director of the Baraboo Community Development Authority. Applications will be review by and approved or denied by the City Administrator and the Executive Director of the Baraboo Community Development Authority. Upon approval by the City Administrator and the Executive Director, the applicant must execute a binding agreement wherein the business will commit to repaying the loan pursuant to the terms described in these Guidelines. A report of the loan activity will be provided to the City Council on a monthly basis.
- 6.2 City Responsibilities. The City will:
- a) Originate Emergency Fund loans

- b) Market the Program
- c) Accept and process applications
- d) Review and underwrite application requests
- e) Ensure a timely loan closing and disbursement of funds
- f) Maintain loan files and fiscal records
- g) Ensure compliance with program guidelines
- h) Provide City Council program updates

6.3 Equal Opportunity Compliance. The Program will be implemented in ways consistent with the City's commitment to State and Federal equal opportunity laws. No person or business shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with program funds on the basis of his or her religion, religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status (number or ages of children), physical or mental disability, sexual orientation, or other arbitrary cause.

6.4 Loan Closing Process. Upon successful completion of application process, as long as funding remains available, City staff will prepare for the loan closing by preparing the loan closing documents. All agreements and documents will be prepared by the City Attorney.

6.5 Contact. For questions or comments about the Program, contact Kennie Downing, Baraboo City Administrator, at 608-355-2700 or [kdowning@cityofbaraboo.com](mailto:kdowning@cityofbaraboo.com)

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