



## City of Baraboo

# GUIDELINES OF THE EMERGENCY ASSISTANCE FUND - NON-PROFIT ORGANIZATION 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 non-profit organizations. Many of our local non-profits 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 non-profits, the City has created a new Emergency Assistance Fund – Non-Profit Loan Program. The Program was created to offer short-term loans to allow certain non-profits 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 non-profits. There are no application fees or costs.

## **2.0 PROGRAM REQUIREMENTS**

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

i. Eligibility:

- a) The non-profit, or a branch or subunit of the non-profit, is physically located in the City of Baraboo.
- b) The non-profit has a strong local presence in the City of Baraboo.
- c) The non-profit serves the general public, not just the members of the non-profit.
- d) The non-profit has at least three (3) but no more than twenty-five (25) full-time equivalent (FTE) employees as of March 18, 2020.
- e) The non-profit cannot be governmental unit, political campaign, political organization, political lobbying organization, a charitable trust, a church or place of worship, a school or labor union (IRS Form 990 is required).
- f) The applicant is authorized on behalf of the non-profit to apply for the loan and execute the loan documents for the non-profit.
- g) The non-profit is a registered 501(c)(3) with the IRS and a registered charitable organization in the State of Wisconsin (per §202.12, Wis. Stats.).
- h) Neither the non-profit nor the applicant is delinquent with any debts owed to the City of Baraboo.
- i) The non-profit or application may be required to demonstrate management capacity and the ability to successfully operate and manage a non-profit.
- j) Non-profits that do not meet all of these eligibility requirements may still be able to receive Funds and are encouraged to apply, and applications will be evaluated on a case-by-case basis.

ii. Terms:

- a) Maximum loan request: \$5,000.00.
- b) From the date of the loan disbursement through December 31, 2020, the loan will not accrue any interest.

- c) From the period of January 1, 2021 through July 15, 2021, interest at the rate of 2% per annum will be charged against the outstanding loan 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 non-profit organizations registered and located or operating 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 may be provided to non-profits principally registered or located outside of City of Baraboo corporate boundaries, so long as eligibility criteria a) and b), above, are met.

2.3 Funding Source and Reimbursement. The funding for this Program is joined with the funding for the City of Baraboo Emergency Assistance Fund – Small Business Loan Program, approved by Council on April 28, 2020, with a maximum disbursement for both programs set at \$250,000. Both Programs are 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 non-profit organization provided the non-profit meets the eligibility criteria contained in these Guidelines.

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

3.1 Permissible Use of Funds. The funding available under this Program is designed to assist local non-profit organizations 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 non-profit 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 non-profit incurred prior to approval of loan.
- b) To pay off personal debt, or any debt not acquired by the non-profit, such as personal credit cards used for purchases not associated with the non-profit.
- c) To purchase goods or services not related to the non-profit, 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 non-profit organizations 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 the non-profit organization has been in existence more than one year as of March 18, 2020, and will also require a personal guarantee of the applicant if the non-profit has been in existence 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. The authorized individual of the non-profit organization must present their Program application 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. Upon approval by the City Administrator and the Executive Director, the applicant must execute a binding agreement wherein the non-profit 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.
- 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)

Date Approved by Council: \_\_\_\_\_