



# DeKalb County Government

Manuel J. Maloof Center  
1300 Commerce Drive  
Decatur, Georgia 30030

## Agenda Item

File ID: 202-6040

Substitute

8/11/2020

Public Hearing: YES  NO

Department: Board of Commissioners

### **SUBJECT:**

**Commission District(s):** All Commission Districts

A Resolution to Appropriate Federal Coronavirus Relief Fund Proceeds Assigned to Grant Fund #258, to a Grant Program for the Purpose of Giving Support and Relief to Current Local Small Business Owners Located within the County.

**Information Contact:** Stephen R. Bradshaw

**Phone Number:** 404-371-4749

### **PURPOSE:**

To approve a resolution to appropriate Federal Coronavirus Relief Fund proceeds assigned to Grant Fund #258, to a loan program with forgiveness for the purpose of giving support and relief to current local small business owners located within the county.

### **NEED/IMPACT:**

Public relief is needed to counter the impact of the Coronavirus. This budget amendment will place resources with the business community and to provide relief and support to small businesses located within the county.

### **FISCAL IMPACT:**

Appropriate \$15 million from Grant Fund # 285 to a grant fund administered by two banks (\$10 and \$5 million) as collateral to provide direct loans with potential forgiveness to small businesses.

### **RECOMMENDATION:**

To approve a resolution to appropriate Federal Coronavirus Relief Fund proceeds assigned to Grant Fund #258, to a loan program for the purpose of giving support and relief to current local small business owners within the county.

**A RESOLUTION TO APPROPRIATE FEDERAL CORONAVIRUS RELIEF FUND  
PROCEEDS ASSIGNED TO GRANT FUND #258, TO A LOAN PROGRAM FOR THE  
PURPOSE OF GIVING SUPPORT AND RELIEF TO LOCAL SMALL BUSINESSES  
WITHIN THE COUNTY AFFECTED BY THE COVID- 19 PANDEMIC  
AND FOR OTHER PURPOSES**

**WHEREAS**, On March 27, 2020 the U.S. Government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") for the purpose of providing fast and direct economic assistance for American workers and families, small businesses, and to preserve jobs for American industries; and

**WHEREAS**, pursuant to the CARES Act, DeKalb County, Georgia (the "County") was awarded a federal grant of \$125,341,475.20 from the Coronavirus Relief Fund ("CRF") and the County received \$125,341,475.20 on April 24, 2020 (the "CRF Funds"); and

**WHEREAS**, on May 12, 2020 the Governing Authority of the County accepted the CRF Funds and assigned the CRF Funds for accounting purposes to COVID-19 Grant Fund# 258, reserved for appropriation; and

**WHEREAS**, eligible expenditures of the CRF Funds are necessary expenditures incurred due to the public health emergency with respect to the COVID-19 public health emergency, that were not accounted for in the budget most recently approved as of March 27, 2020, and were incurred during the period which began on March 1, 2020 and ends on December 30, 2020; and

**WHEREAS**, the Chief Executive Officer and the Board of Commissioners desire to make CRF Funds available for the purpose of assisting small businesses located in DeKalb, so proceeds will provide capital to businesses that are experiencing financial hardship as a result of the COVID-19 pandemic and have each publicly affirmed their commitment to this goal; and

**WHEREAS**, the County is served by private businesses and community-based organizations ("CBOs") with a mission and experience in accomplishing the above-referenced objectives using private and public funds; and

**WHEREAS**, the County has successfully partnered with private businesses and CBOs to insure the effective and lawful utilization of public resources to such ends, and

**WHEREAS**, the Chief Executive Officer created the COVID-19 Strategic Task Force, whose members are driven by science and medical expertise, to provide professional, technical and strategic counsel to the County and its elected officials to ensure the health, safety, and economic well-being of DeKalb's 750,000 residents and businesses; and

**WHEREAS**, current and former Commissioners and Chief Executive Officers of DeKalb County, current legislators serving in the Georgia General Assembly, Mayors of Cities in DeKalb and the Chief Judge of DeKalb's Superior Court all serve on the COVID-19 Task Force and have provided valuable assistance and insight into the plan to mitigate the health and economic effects of this COVID-19 Pandemic; and

**WHEREAS**, community leaders in our professional, educational, public safety, health, human services, and transportation sectors, have all agreed to donate their valuable time and resources to assist the County in creating a focused, clear, collaborative and thoughtful response to this public health and economic crisis in DeKalb; and

**WHEREAS**, the COVID-19 Task Force created a Business Sub-Committee to analyze and provide professional assistance and advice to the Chief Executive Officer and his staff concerning the structure, parameters and terms for a Better Business Loan Program; and

**WHEREAS**, the Chief Executive Office working collaboratively with the COVID-19 Task Force and other area businesses, proposed a Better Business Loan Program to the Board of Commissioners for review and consideration; and

**WHEREAS**, the Board of Commissioners has thoroughly vetted the proposed Better Business Loan Program in its PECS Committee and through the presentation process at the Board of Commissioners Committee of the Whole Meetings and provided valuable insight and suggestions for the program; and

**WHEREAS**, the Better Business Loan Program is created to receive and administer an allocation of CRF Funds to ameliorate the economic effects of COVID-19 on the County's small business community; and

**WHEREAS**, the Better Business Loan Program will be administered by two different banks, Citizens Trust Bank and a yet to be determined financial institution, who will make low interest loans to small businesses located in DeKalb County secured by the County's CRF Funds; and

**WHEREAS**, the County shall authorize the banks to apply the collateral CRF Funds and payoff each loan or portions of loans, subject to documentation of the borrowing small businesses compliance with eligibility requirements for loan forgiveness; and

**WHEREAS**, the County's Development Authority, Decide DeKalb, and the DeKalb Chamber of Commerce are two of the primary economic development driving forces to attract, expand, and retain businesses in DeKalb County, Georgia and along with other CBO's can work collaboratively with the County to strengthen the Better Business Loan Program; and

**NOW BE IT THEREFORE RESOLVED**, the 2020 DeKalb County Budget is amended to appropriate \$15 million from Grant Fund # 285, with \$10 million to an account with Citizens Trust Bank and \$5 million to an account with another financial institution that is yet to be determined, as collateral for a loan program with loan forgiveness to be administered by the banks to provide direct loans to businesses within DeKalb County for the purpose of providing economic relief from the effects of the COVID- 19 crisis, in compliance with federal laws and regulations; and

**BE IT FURTHER RESOLVED**, the Chief Executive Officer and his administration will review and supervise the Better Business Loan Program which will include the attached or substantially similar proposed parameters that do not change the substance and the Citizens Trust Bank has agreed in principle to these parameters and will begin to accept applications from businesses to accomplish the above referenced objectives as soon as possible and another financial institution shall be identified to perform under similar parameters; and

**BE IT FINALLY RESOLVED**, that the Chief Executive Officer and his administration will seek to convene the appropriate participation from the County' s Development Authority and any CBO's such as the DeKalb County Chamber of Commerce that are appropriate to assist and strengthen the objectives of the Better Business Loan Program; and

**ADOPTED** by the DeKalb County Board of Commissioners, this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
**STEPHEN R. BRADSHAW**  
Presiding Officer  
Board of Commissioners  
DeKalb County, Georgia

**APPROVED** by the Chief Executive Officer of DeKalb County, this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
**MICHAEL L. THURMOND**  
Chief Executive Officer  
DeKalb County, Georgia

**ATTEST:**

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BARBARA H. SANDERS-NORWOOD, CCC, CMC  
Clerk to the Board of Commissioners and  
Chief Executive Officer DeKalb County, Georgia

APPROVED AS TO FORM:

\_\_\_\_\_  
VIVIANE H. ERNSTES  
County Attorney

DeKalb County, Georgia  
 Better Business Loan Program Parameters

(8-6-20)

Loan Amount	Up to \$40,000 per Borrower/Business
Loan Budget	\$15 Million *(\$10 to CTB and \$5 to a yet to be determined bank.)
Program Fees	Admin. Fee to Bank: 5% of each Loan amount, paid by County on a monthly basis.
Funds Disbursement Period	Better Business Loans must be disbursed prior to December 30, 2020.
Two-Phase County Loan Process	<p>Phase 1: Loan collateral support – The County will provide credit enhancement to each Bank loan in the form of liquid collateral held in an escrow by Bank. The liquid collateral shall equal 100% of the loan amount.</p> <p>Phase 2: Loan Forgiveness<sup>1</sup> – Periodically, as determined by the County, based on program criteria, the County shall authorize Bank to apply the collateral proceeds and payoff each loan or portions of loans, subject to documentation of Borrow/Business compliance with eligibility requirements. Any loan amount not eligible for forgiveness after 3 months shall be immediately repaid by the Borrower in full or over 24 months (collateralized by the County’s Better Business Loan Program collateral proceeds held in an escrow account at Bank). Eligibility for a Loan Forgiveness Certificate shall be determined by the County or its designee, at the County’s sole discretion.</p>
Eligible Businesses	<p>Primary targets are businesses located in DeKalb County with gross annual revenues less than \$1 million and 20 or less employees that have been operating for a minimum of 12 months prior to June 1, 2020 and did not receive federal Payroll Protection Program (PPP) funds. When more than one business (owned 50% or more by the same owners) applies for a Better Business Loan, the combined number of employees of all affiliate businesses must be 20 or less. Additional targets are businesses that fit the above criteria, but received loan funds through the Federal PPP.</p> <p>Legal business types include: Sole Proprietor, Partnerships, C-Corporations, S-Corporations, Limited Liability Corporations, Independent Contractors, Eligible Self-Employed, 501(c)(3) Non-Profit, 501(C)(19) Veterans Organization, Tribal Businesses.</p>
Program Purpose	<p>Loan proceeds will provide capital to businesses that are experiencing financial hardship as a result of the Covid-19 pandemic. Over the three (3) month period after the Loan is made, Borrowers may use the proceeds for any pre-approved combination of the following eligible expenses:</p> <ul style="list-style-type: none"> <li>• Payroll (gross federal wages)</li> <li>• State unemployment taxes and local taxes</li> <li>• Employee benefits</li> </ul>

<sup>1</sup> The term “Loan Forgiveness” means the post-compliance process of completing the entire transaction by transferring the collateral from the County’s Escrow account to the Bank to complete repayment of the loan and relieve the Borrower and the County of any and all obligations related to the loan.

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	<ul style="list-style-type: none"> <li>• Business mortgage interest</li> <li>• Business property rent payments</li> <li>• Commercial property utilities</li> <li>• Interest on other business debts</li> </ul> <p>Payroll costs are capped at \$100,000 on an annualized basis for each employee. During the 3-month period after the Loan is made, businesses may be required to maintain payroll compensation and employee levels equal to or greater than the 3-month pre-Covid19 period of October through December 2019.</p>
Loan Amount Formula for Corporations and Partnerships with W-2 Employees	The maximum Loan amount is calculated using the following formula: 2019 Payroll or Trailing 12 months Payroll + Employee Benefits+ State Unemployment Taxes + Business Mortgage Interest and Interest on other Business Debts and Commercial Property Rent + Commercial property utilities = Total Eligible Expenses. Total Eligible Expenses / 12 Months = Average Expenses X 3 (months) = Maximum Loan Amount or \$40,000, whichever is less.
Loan Amount Formula for Sole Proprietors without W-2 Employees	The maximum Loan amount is calculated using the following formula: 2019 Net Income or Trailing 12 months Net Income + Depreciation + Amortization + Total Eligible Expenses / 12 Months = Average Eligible Compensation X 3 (months) = Maximum Loan Amount or \$40,000, whichever is less.
Loan Amount Formula for Form 1099-Misc Recipients	The maximum Loan amount is calculated using the following formula: Total of all 1099-misc income for 2019 or Trailing 12 months 1099-misc. income / 12 Months = Average Eligible Compensation X 3 (months) = Maximum Loan Amount or \$40,000, whichever is less
Loan Application Process	To expedite the Better Business Loan Program loan process, potential borrowers may be required to receive technical assistance during the application process to ensure accurate and full completion of each application.
County Loan Phase 2: Loan Forgiveness	Loan proceeds must be used in compliance with the approved uses and Borrowers must provide documentation memorializing proof of compliance and proper use of Loan funds. The Borrower must furnish the Bank with documentation that verifies the business was managed in compliance with the Loan policies and regulations. Where appropriate, Borrowers will document that good faith efforts <sup>2</sup> were made to achieve to the greatest extent feasible <sup>3</sup> all goals of compliance and that Loan funds were only used for Eligible Expenses over the three month period from inception of the Loan. The mixture of these criteria to constitute eligibility for loan

<sup>2</sup> The term “good faith efforts” means the applicant shall honestly and diligently perform the measures that a reasonably prudent person would perform to comply with the terms of the Loan, as determined by the County, at the County’s sole discretion, which will at a minimum be an offer letter to achieve adequate staffing levels.

<sup>3</sup> The term “greatest extent feasible” means every reasonable effort shall be made to comply with the requirements of the Loan.

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	<p>forgiveness will be determined by the County, at the County’s sole discretion.</p> <p>During the first three months, a minimum goal of 60% of the Number of Employees retained and a minimum goal of 60% of the Loan proceeds must be spent for the following purposes:</p> <ul style="list-style-type: none"> <li>• Payroll (gross federal wages) and Employee Benefits</li> <li>• State unemployment taxes and payroll taxes (not local)</li> </ul> <p>And, during the first three months, a goal of 100% of the Loan proceeds minus whatever was spent on payroll and related expenses shall be spent on the following:</p> <ul style="list-style-type: none"> <li>• Business Mortgage interest</li> <li>• Business property rent payments</li> <li>• Business Utilities</li> <li>• Interest on Other Business related Debts</li> </ul>
<p>Loan Compliance and Completion</p>	<ol style="list-style-type: none"> <li>(1) Completion of any technical assistance requirements;</li> <li>(2) Completion of the Better Business Curriculum;</li> <li>(3) Business managed in good faith to achieve to the greatest extent feasible employee staffing levels; and/or</li> <li>(4) The total amount of Loan funds used to pay payroll costs, interest on mortgage and/or other business debt, rent, and/or utilities. Max = principle Loan amount.</li> </ol>
<p>Loan Phase 1: Loan Term and Interest Rate</p>	<p>Loans shall have a term of 24 months, subject to Forgiveness after 3 months. The rate shall be 1% and the principal and interest payments shall be deferred for the first 3 months of the loan (the “Deferral Period”). After the Deferral Period, if Forgiveness is not achieved, 21 amortized monthly payments become due. Each loan shall be secured by the collateral funds held in a restricted collateral escrow account in the Bank’s name and expressly for the collateral used in DeKalb County’s Better Business Loan Program. The liquid collateral shall equal 100% of the loan amount. After the Deferral Period, if a Borrower is in default on repayment for 60 days or more, the Bank may declare the Borrower in breach of the loan agreement and pay off the loan in full from the collateral proceeds held in the Bank’s escrow account. If at any time, the Borrower repays the Bank within the term of the loan or 24 months, whichever is shorter, the Bank shall return the collateral funds from the Bank’s escrow account to the County.</p>
<p>Fees Paid by Borrower</p>	<p>No Loan fees, late charges or pre-payment penalties paid by Borrower.</p>
<p>Loan Default</p>	<p>The Bank may declare a Borrower in default upon the Borrower’s failure to comply with any term of the Loan, upon which its remedy shall be to first notify DeKalb County of the default and obtain authorization to (1) offer technical assistance to cure the default</p>

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	<p>and/or (2) demand a refund/repayment of the Loan, with interest and costs of collection.</p> <p>However, after the Deferral Period, if the loan payment becomes 60 days or more delinquent, the Bank is authorized, per the loan agreement, to pay off the loan in full from collateral proceeds held in the Bank's escrow account.</p>
<p>Borrower Certifications</p>	<p>As part of your application, the Borrower will need to certify in good faith that:</p> <ul style="list-style-type: none"><li>• Current economic uncertainty directly related to COVID-19 makes the Loan necessary to support their ongoing operations.</li><li>• The funds will be used to retain workers and maintain payroll or to make mortgage interest, other business related debt interests, business lease payments, and/or business utility payments.</li><li>• Borrower understands and agrees that they will not apply for another Loan under this program and will not receive another Loan under this program. Any amounts received under duplicative Loan applications shall be returned.</li><li>• Borrower will provide to Bank documentation that verifies the number of full-time equivalent employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the three months after getting this Loan.</li><li>• All the information provided in the application and in all supporting documents and forms are true and accurate. Knowingly making a false statement to get a Loan under this program is punishable by law.</li><li>• Borrower acknowledges that the Bank will calculate the eligible Loan amount using the required documents they submitted. They affirm that the documents are accurate and that tax documents are identical to those they submitted to the IRS. And they also understand, acknowledge, and agree that the Bank can share the required information with DeKalb County's authorized representatives for the purpose of compliance with Loan program requirements and all reviews and audits.</li><li>• Borrower certifies that they will attend any required technical assistance courses as instructed by the County and acknowledges that compliance will be necessary for full Loan forgiveness.</li></ul>