



Grand Rapids Economic Development Authority Emergency Working Capital Loan Policy

Consistent with their mission to advance measures that support and grow the economy, the Grand Rapids Economic Development Authority (GREDA) has taken action to establish an emergency working capital loan program to assist and help sustain our community businesses during these uncertain and stressful economic conditions associated with the current COVID-19 pandemic.

1. Goals and Objectives

- Provide emergency financing for businesses located in the City of Grand Rapids experiencing financial hardships, due to the executive orders issued by Governor Walz related to the COVID-19 Pandemic.
- Allocate \$500,000 in GREDA resources available through Program Related Investments from the Blandin Foundation.
- Facilitate business survival, especially small businesses, during this pandemic.
- To the greatest extent possible, enhance the retention and re-establishment of jobs in the City.
- To the greatest extent possible, direct the funds to those businesses most severely impacted by this pandemic.

2. Eligible Applicants

- All businesses, located in the City limits of Grand Rapids that have been impacted by the social and economic disturbance resulting from the COVID-19 Pandemic. Those business categories referenced in Governor Walz's Executive Orders 20-04 and 20-08 may be given preference.
- All eligible applicants must be registered with the Minnesota Secretary of State as a Minnesota based business as of December 1, 2019.
- All eligible applications must be current with their local property taxes.

3. Eligible Loan Activities

- Operating capital to assist the business with sustaining itself, such as; debt service payments, accounts payable, operating expenses, accruals, and inventory necessary to resume or re-structure operations of the business.
- Other activities having sufficient merit as determined by the GREDA Board of Commissioners on a case-by-case basis.

4. Other Considerations

- Compliance with all government regulations.
- Emergency Working Capital Loan funds will be available for as long as GREDA determines prudent, and GREDA reserves the right to limit the amount of funds available for this program at any time.

5. Conflict of Interest

- Any GREDA Commissioner that may indirectly or directly gain financially from loan transactions shall immediately inform the Board of any potential conflict of interest.

- 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 GREDA policies, and local and State regulations.

6. Loan Conditions

- Maximum loan amount is \$15,000.00
- Minimum loan amount is \$1,000.00
- Interest rate will be zero percent
- Loans will be fully amortized over their 60 months term, beginning with the first required payment.
- Loan repayments will be deferred for 6 months following loan disbursement
- There will be no penalty for early repayment.
- Upon default of loan, or the permanent closure or sale of the business, the loan immediately becomes due and payable in full
- Loans are not transferable unless the transfer is approved by GREDA
- Loans will be serviced by the City of Grand Rapids Finance Department.
- Loan payment method will be automatic withdrawal ("ACH")

7. Application Requirements

- Completed "Emergency Working Capital Loan" application and its required submittals
- Applications will be reviewed by a minimum of two GREDA Commissioners and the Executive Director and will be acted upon by the full Board of GREDA Commissioners.

8. Collateral

- Loans will be secured with a Promissory Note, the form of which will be provided by GREDA.

9. Reporting

- At 6 months and one year following loan disbursement, loan recipients will be required to report on the impact of the loan in areas such as; jobs retained and jobs created.