



ADMINISTRATION • 1140 Terex Road • Hudson, Ohio 44236 • (330) 342-1700

MEMORANDUM

Date: April 24, 2020
To: Mayor Shubert & City Council
From: Jane Howington, City Manager

Mayor Shubert and members of Council.

When the COVID-19 hit our community, many small businesses have shuttered their businesses and will be challenged to re-open. In late March as this was unfolding, Council discussed several tiers of assistance the City could potentially provide. The first, the utility relief program was approved last week and is set to begin on Monday, April 27th. The second opportunity to be of assistance is during the recovery and re-opening stage. Last week I provided Council with a concept for a deferred loan program which would provide small businesses with monies to restock, re-staff and reopen.

Staff has since worked to refine and structure this type of program. There are many models of similar programs out in local and county governments so we were able to pull pieces together to further define/refine this program to you. There are several in this area that provide small grants including Summit County, Cuyahoga County, Twinsburg and Barberton. While these programs provide opportunities to use parts of their applications, they differ a great deal with administration. For this reason, we have focused on programs providing loans such as Barberton and the Summit County revolving loan program.

We have also looked at who and how a loan program is administered. Many communities use their CIC (Community Improvement Corporation) for grant administration such as Barberton and Twinsburg. Summit County administers some programs internally and others are administered by Cascade Capital.

I have attached information that will outline the proposed program as well as some examples of Twinsburg and Barberton's programs. The first item is a DRAFT of the deferred loan guidelines. Connie Kraus with Summit County liked the gradations and incentives to repay sooner rather than the County's practice of providing a straight loan with a 5% interest rate.

The second item is a proposed timeline should Council want to proceed with this type of recovery incentive program. It is very aggressive but with the Governor providing opportunity for businesses to re-open, staff feels this type of assistance should be available at the end of May.

The next item is a financial forecast of what this program could cost the City. Please note this is just a projection but does provide the parameters for fiscal impact when being considered by Council.

Next are program guidelines for Twinsburg and Barberton so that you can take a look at their applications and guidelines.

The final item attached herein is a screen shot of the Cascade Capital partners and affiliations. If Council does not feel the City should administer this program, I would recommend looking at an entity such as Cascade or one of our foundations that has a track record of administering grants.

Jane



City of Hudson COVID-19 Small Business Relief Loan Program

The application period for the City of Hudson COVID-19 Small Business Relief Loan Program opens Monday, May 18, 2020 at 9:00 am and closes Thursday, May 21, 2020 at 5:00 pm.

Program Guidelines

The City of Hudson has committed \$1.5 million to the loan program and will provide up to \$15,000 in loan proceeds to a limited number of qualifying businesses that have been economically disadvantaged by the COVID-19 pandemic. All contributions of funds to the Program are made for the purpose of furthering economic development, preserving employment opportunities for Hudson residents, and preserving the operations of Hudson's small businesses during a time of need and emergency. The primary objective of the Program is to minimize long-term economic hardship to Hudson businesses that may result from the COVID-19 pandemic.

Applications will be accepted starting Monday, May 18, 2020 and close at 5:00 pm on Thursday, May 21, 2020. Awardees will be notified the week of May 24, 2020. Our intent is to begin distributing loan proceeds on Friday, May 29, 2020.

Overview of Program

Eligible businesses will be able to receive loan funds secured with a security agreement or promissory note from the program in order to assist those businesses with the financial impact of COVID-19.

The maximum amount of the loan per business will be \$15,000.

Applications will be submitted online to the City of Hudson, which will manage the application review and loan process.

All complete applications submitted during that time, will be evaluated for eligibility by the Loan Underwriting Team. The Loan Underwriting Team will award loans to businesses with completed applications generally based on the fit against the eligibility and additional loan criteria.

All loans made under the program are being made with the intent to provide immediate funding to small businesses to meet their business needs, to keep as many Hudson small businesses as possible in operation, and to retain as many jobs for Hudson residents as possible in light of the severe economic hardships brought by the COVID-19 pandemic.

Eligibility Criteria

Loans are available to City of Hudson small businesses. To be eligible for loan proceeds, you must have fewer than 20 full-time employees (or full-time equivalents) and total annual business revenue under \$2,000,000 for the most current fiscal year-end.

Loan Details

1. Years 1 through 3, loan will be at 0% interest.
2. If repaid in year 1, 25% of the loan is forgiven.
3. If repaid in year 2, 10% of the loan is forgiven.
4. If repaid in year 3, the full principal would be due.
5. If repaid in year 4, 2% interest would apply, and the full principal would be due.
6. If repaid in year 5, 4% interest would apply, and the full principal would be due.

Application and Award Process

Businesses that wish to apply for a loan shall submit their application via the online application provided for the program. The online application process will encourage accuracy and completeness of applications in addition to facilitating a faster submittal process. While every effort has been made to provide a simple online application for the loan, some additional information may be required from applicants in the selection process.

In the event an application is incomplete and/or the applicant fails to include all information required, the City of Hudson will notify the applicant by email to inform them that they have provided an incomplete submission. The applicant will have an opportunity to amend their submission until the final submission deadline of Thursday, May 21, 2020 at 5:00 pm.

Upon approval by the Loan Underwriting Team, the business will be awarded a loan of up to \$15,000. Loans will be funded only to the extent that loan funds are available. Applicants will be notified of loan awards by the City of Hudson the week of May 24, 2020. Upon announcement of awards, recipients will receive a loan agreement from the City of Hudson via email. The business must complete and sign the loan agreement and any requested supporting documentation and return the same to the City of Hudson to receive loan funds. Loan funds will be distributed beginning Friday, May 29, 2020 pending receipt of a signed loan agreement.

Nothing contained herein is intended to obligate or bind, nor shall it be construed to obligate or bind, the City of Hudson to the Program, to make, award, or fund any loan to any entity whatsoever, and no entity shall have any claim, action, or cause of action against the City of Hudson for failure to make, award, or fund any grant. All determinations will be made with the best efforts of the Loan Underwriting Team and in the spirit of meeting the objectives of this program. The decisions of the Loan Underwriting Team are final, not subject to appeal and fully within the discretion of the Loan Underwriting Team subject to whatever process modifications they deem necessary in the dispatch of their work to meet the guidelines of the program. A statement to this effect shall be included in the agreement.



**CITY OF HUDSON COVID-19 SMALL BUSINESS
RELIEF LOAN PROGRAM**

Business Name: _____

Business Address: _____

Owner/Applicant Name: _____

Owner/Applicant Title: _____

Type of Business (i.e. LLC, sole proprietorship, etc.): _____

EIN Number: _____

Please provide a brief description of the business or the goods/services sold:

How many years has the company been in business at the Hudson address? _____ **years**

Number of employees as of 12/31/19: _____ **full-time** _____ **part-time**

Total annual business revenues for the most current fiscal year-end: \$ _____

Estimated percent of revenues lost as a result of the COVID-19 pandemic: _____ **%**

Please provide a list of items or uses of the loan funds, if awarded:

Hudson COVID-19 Small Business Relief Loan Details:

1. Years 1 through 3, loan will be at 0% interest.
2. If repaid in year 1, 25% of the loan is forgiven.
3. If repaid in year 2, 10% of the loan is forgiven.
4. If repaid in year 3, the full principal would be due.
5. If repaid in year 4, 2% interest would apply, and the full principal would be due.
6. If repaid in year 3, 4% interest would apply, and the full principal would be due.

The undersigned certifies that he/she is authorized to complete, sign and submit this application on behalf of the applicant/owner. Further, the undersigned certifies that the information contained in this application has been reviewed by him/her and that all information, including required documents, are, to the best of his/her knowledge, complete and accurate and presents fairly the condition of the applicant and project accurately. Intentionally falsifying information in this document constitutes a criminal offense. The undersigned also understands that the submission of the application for financial assistance does not automatically constitute approval. The undersigned acknowledges that loan proceeds provided by this program must be used for business operational expenses only and not for personal expenses of any individual or officer of the business.

By signing below, I acknowledge that I have read, understand, and agree to the policies and procedures outlined in this document.

Signature: _____

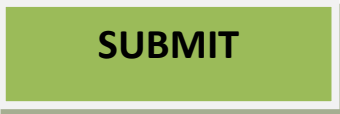
Date: _____

Printed Name/Title: _____

Contact information:

Phone: _____

Email: _____



Deferred Loan Recovery Program Timeline

<u>Date</u>	<u>Action Items</u>
5/5/2020	Discussion with Council on program
5/12/2020	Legislation approving program
5/18/2020	Open applications
5/22/2020	Review and approval
5/29/2020	Disperse funds

Repayment Projections

For a \$1.5 million note at 3%, we would have annual payments of \$327,532 or a total of \$1,637,660 over 5 years. Assuming we loan it all out, the loss to the City:

50% Default/forgiveness	\$818,830
25% Default/forgiveness	\$409,415
10% Default/forgiveness	\$163,766

If 0% interest loan (assumes city will pay all of the \$137,659 interest over the term of the loan), loss to the City:

50% Default/forgiveness	$\$750,000 + 137,659 = 887,659$
25% Default/forgiveness	$\$375,000 + 137,659 = 512,659$
10% Default/forgiveness	$\$150,000 + 137,659 = 287,659$



**TWINSBURG COMMUNITY IMPROVEMENT CORPORATION
COVID-19 IMPAIRED BUSINESS RELIEF PROGRAM APPLICATION**

The Twinsburg Community Improvement Corporation (TCIC) is a non-profit economic development entity. The TCIC's COVID-19 Impaired Business Relief Fund will provide up to \$2,500 in grants to a limited number of qualifying businesses. To be eligible for a grant, businesses must have fewer than 25 employees and complete the following program application. It is our goal to provide assistance as early as possible. As we anticipate that there will be more applicants than funds available, you are encouraged to complete the application form as soon as possible. Your application should be returned via email to the following before close of business on Wednesday, April 29, 2020:

lfinch@twinsburg.oh.us.

Our intent is to begin distributing grants by May 1, 2020. Applicants will be informed of the status of their applications within seven days of their submittal.

Business name: _____

Business address: _____

Owner/Applicant Name: _____

Owner/Applicant Title: _____

How many years has the company been in business at the Twinsburg address? _____ years

Number of employees: _____ full-time _____ part-time

What were the gross businesses revenues for the 2019 calendar year? \$ _____

Estimated percent of revenues lost as a result of the COVID-19 pandemic: _____ %

Are you currently participating in the Summit County Relief Act Forgivable Loan program?

Yes _____ No _____

Has this company filed for bankruptcy in the past year? Yes _____ No _____

Please provide a description of the impacts this business has experienced that you attribute to the current COVID-19 pandemic (please provide specific relevant information i.e. numbers of employees laid off, decline in revenues from 2019, operational changes in business practices, inventory issues, etc.):

How would a grant of \$2,500 or less help your business survive this crisis (explain)?

By signing this application, you hereby affirm that the above information is accurate and representative of those impacts burdening this business. You acknowledge that grant funds provided by this program must be used for business operational expenses only and not for personal expenses of any individual or officer of the business.

Acknowledged by: _____ Date: _____

Printed Name/Title: _____

Contact information: Phone: _____ Email: _____



BARBERTON RESOURCES RESPONSE TO COVID-19



Barberton Small Business Emergency Loan Fund

WHAT:

For-profit small business emergency loan
Maximum \$10,000
0% interest
Short-term loans (1 - 3 years)
Defer payment for 60 days

WHO SHOULD APPLY:

Businesses with 3-25 employees
Must be based in Barberton
Have applied for SBA Loan
Has demonstrated need due to COVID-19

OTHER RESOURCES BCDC CAN HELP WITH:

SBA Loans
Summit County Council Grant

WHO TO CONTACT:

BCDC (www.bcdc.org)
Scott Wagner (scottwagner@BCDC.org)
Kathleen Sawyer (kathleensawyer@bcdc.org)
-or-

Barberton Community Foundation

Brett Fogle, Director of Finance
bfogle@barbertoncf.org

This is a joint project by the City of Barberton,
BCDC, and Barberton Community Foundation



Emergency Response Fund for Nonprofits

WHAT:

Fund held at Barberton Community Foundation
created to provide financial assistance to
nonprofits responding to the broader social impact
of COVID-19 in Barberton.

WHO SHOULD APPLY:

Nonprofit 501(c)(3) organization
Must benefit Barberton residents

WHO TO CONTACT:

Barberton Community Foundation
(330) 745-5995
Dr. Suzanne Allen, Executive Director
sallen@barbertoncf.org
-or-
Carrie Herman, Director of Community Impact
cherman@barbertoncf.org

HOW TO GIVE:

To donate directly online [click here](#) or visit
www.barbertoncf.org
click "Donate Now" and select Emergency
Response Fund.
Call (330) 745-5995 or mail checks to Barberton
Community Foundation at 460 W. Paige Ave.
Barberton, OH 44203

Schaad, Erin

From: Howington, Jane
Sent: Thursday, April 23, 2020 10:14 AM
To: Schaad, Erin
Subject: FW: Small Business Emergency Loan Fund, COVID-19 Relief Program Development
Attachments: Barberton Small Business Emergency Loan Fund (003).pdf

Erin.

The attachment and the email below should be part of the Barberton attachment that I just sent.

From: Howington, Jane <jhowington@hudson.oh.us>
Sent: Thursday, April 23, 2020 8:51 AM
To: Howington, Jane <jhowington@hudson.oh.us>
Subject: FW: Small Business Emergency Loan Fund, COVID-19 Relief Program Development

From: Howington, Jane
Sent: Wednesday, April 22, 2020 2:36 PM
To: Chapman, Susan R. <schapman@hudson.oh.us>; Fernandez, Emily <efernandez@hudson.oh.us>; Kadish, Rhonda <RKadish@hudson.oh.us>; Knoblauch, Jeff <JKnoblauch@hudson.oh.us>; Griffith, Brian <BGriffith@hudson.oh.us>; Stifler, James <jstifler@hudson.oh.us>
Subject: FW: Small Business Emergency Loan Fund, COVID-19 Relief Program Development

From: scottwagner@bcdc.org <scottwagner@bcdc.org>
Sent: Tuesday, April 21, 2020 10:56 AM
To: DeSaussure, Margaret <mdesaussure@hudson.oh.us>; kathleensawyer@bcdc.org; bfogle@barbertoncf.org
Cc: Howington, Jane <jhowington@hudson.oh.us>; 'Spectrum' <jimstifler@roadrunner.com>; Kadish, Rhonda <RKadish@hudson.oh.us>
Subject: RE: Small Business Emergency Loan Fund, COVID-19 Relief Program Development

Hi Margaret,

The application is attached for your review. Here are some of the details:

1. Loans up to \$10,000 at 0% interest.
2. Terms of 1 to 3 years.
3. The company must be located in Barberton.
4. The company must have an employment level of 2 to 25.
5. The company cannot be in receivership or bankruptcy.
6. Payments are deferred for 60 days.
7. There is no application fee.
8. The applicant has to have made application with the SBA.
9. The applicant has to provide information on how they have been affected by the recent events.
10. The applicant has to demonstrate the financial ability to repay the loan.

The BCDC is using our Executive Committee and the staff to perform the vetting. At a minimum, a personal guarantee is required. We have also placed mortgages on properties to secure the loans. It comes down to it being a case by case basis. I hope this helps, if you have any other questions, please let me know.

Scott Wagner
Executive Director
Barberton Community Development Corporation &
Barberton Land and Improvement Company
139 E. Tuscarawas Ave.
Barberton, OH 44203
P: 330.745.3070
C: 330.807.7500
www.bcdc.org

From: DeSaussure, Margaret <mdesaussure@hudson.oh.us>
Sent: Tuesday, April 21, 2020 9:51 AM
To: scottwagner@BCDC.org; kathleensawyer@bccdc.org; bfogle@barbertoncf.org
Cc: Howington, Jane <jhowington@hudson.oh.us>; Spectrum <jimstifler@roadrunner.com>; Kadish, Rhonda <RKadish@hudson.oh.us>
Subject: Small Business Emergency Loan Fund, COVID-19 Relief Program Development

Good Morning,

I am with the City of Hudson working on an effort to begin an emergency loan program within our community to benefit small businesses who have been negatively impacted by the COVID-19 pandemic. I see from Barberton's website that your city has a program in place very similar to what we are envisioning. To assist us in developing our own effort, would you be able to send me a copy of your application? Whatever information you may have available on your eligibility requirements and vetting process would also be hugely helpful.

Thank you very much for your time and consideration of this request.

Sincerely,

Margaret DeSaussure

Total Control Panel

[Login](#)

To: jhowington@hudson.oh.us
From: scottwagner@bccdc.org

Message Score: 50
My Spam Blocking Level: Medium

High (60): **Pass**
Medium (75): **Pass**

Low (90): Pass

[Block](#) this sender

[Block](#) bcdc.org

This message was delivered because the content filter score did not exceed your filter level.



Barberton Small Business Emergency Loan Fund

Owner Name (s): _____

Personal Address: _____

Business Name: _____

Business Address: _____

Social Security #: _____ Tax ID #: _____

City: _____ County: _____ State: _____ Zip Code: _____

Email Address: _____ Phone #: _____

Type of Business: _____ Business Est. Date: _____

Last Fiscal Year Gross Sales: _____ Prior Year Gross Sales: _____

Employment Level as of 12/31/2019: Full Time _____ Part Time _____

Requested Loan Amount (Not to exceed \$10,000): _____

Term Requested (1, 2 or 3 years): _____

Are you currently in receivership or bankruptcy (Y/N): _____

Have you made application with the SBA Emergency Relief Fund (Y/N): _____

How has the current economic condition affected your business?: _____

Assets:

Please list real estate owned by applicant:

Property	Fair Market Value	Balance Owed
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Required Additional Documentation:

1. Most recent tax return for business.
2. Most recent Profit and Loss statement for business.
3. Most recent balance sheet for business.

Barberton Small Business Emergency Loan Fund Details:

1. Approved loans will be at 0% interest.
2. Terms are 1 to 3 years.
3. Payments are deferred for 60 days.
4. Application fees will be zero dollars.
5. All filing and recording fees will be added to the loan amount.

The undersigned affirms that he or she is an authorized agent for said business and attests that the information provided is true and accurate to the best of his or her knowledge.

Signature

Date

Signature

Date



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PARTNERSHIPS/AFFILIATIONS

Northeastern Ohio Commercial Banks
U.S. Small Business Administration
Ohio Developmental Services Agency

SUMMIT COUNTY

Greater Akron Chamber
Summit County Community and Economic Development
Summit County Revolving Loan Fund
Development Finance Authority of Summit County

Summit-Medina-Portage Community Improvement Corporation

Akron Bioinvestment Funds I & II

City of Akron Economic Development
City of Barberton Economic Development
City of Cuyahoga Falls Economic Development
City of Green Economic Development
City of Hudson Economic Development
City of Stow Economic Development



MEDINA COUNTY

Medina County Economic Development Corporation

Medina County Fiber Network

City of Brunswick Economic Development

City of Medina Economic Development

City of Wadsworth Economic Development

PORTAGE COUNTY

Portage Development Board

Neighborhood Development Services, Inc.

City of Aurora Economic Development

City of Kent Economic Development

City of Ravenna Economic Development

City of Streetsboro Economic Development

City of Tallmadge Economic Development

WAYNE COUNTY

Wayne Economic Development Council

Wooster Opportunities Loan Fund

City of Wooster Economic Development

STARK COUNTY

Stark Development Board

Canton Community Improvement Corporation

City of Canton Economic Development

CUYAHOGA COUNTY

Team NEO/Jobs Ohio Cuyahoga County Economic Development



Phone: 330-379-3160

Hours: 8:30 AM - 4:30 PM
M-F

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LOCATION

Address:

1 Cascade Plaza
7th floor
Akron, OH 44308