

Presented by: Mayor, Triem
Presented: 03/31/2020
Drafted by: R. Palmer III

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Emergency Serial No. 2888(b)(am)

An Emergency Appropriation Resolution Appropriating \$3,000,000 to the Manager for Small Business Loans Administered by the Juneau Economic Development Council Related to COVID-19; Funding Provided by the Budget Reserve Fund Balance.

WHEREAS, consistent with Charter 9.10(b), upon declaration by the Assembly that a public emergency exists and describing the emergency in clear and specific terms, the Assembly by resolution may make emergency appropriation upon approval by all Assemblymembers present or by seven of its membership, whichever is the lesser number; and

WHEREAS, COVID-19 is a respiratory disease that can result in serious illness or death and is easily transmittable person to person; and

WHEREAS, on March 11, 2020, the World Health Organization (“WHO”) declared the virus a pandemic; and

WHEREAS, on March 11, 2020, the State of Alaska declared a public health emergency in response to the anticipated outbreak of the virus in Alaska; and

WHEREAS, on March 13, 2020, President Donald J. Trump declared a national emergency in response to the virus pandemic; and

WHEREAS, on March 16, 2020, the Assembly declared a local emergency in response to COVID-19; and

WHEREAS, on March 22, 2020, the City and Borough of Juneau (“CBJ”) received its first positive case of COVID-19; and

WHEREAS, small business owners are experiencing financial hardship as the public adheres to the social distancing requirements, including mandatory quarantine for travelers from other states, to “flatten the curve” of the COVID-19 pandemic; and

WHEREAS, protecting small businesses from some of the adverse impacts of the COVID-19 pandemic is in the public interest; and

WHEREAS, federal and state resources may be available too late to be of assistance to small businesses that need immediate cash flow; and

WHEREAS, failing to protect the economically vulnerable businesses from the severe loss of revenue would result in further adverse impacts to Juneau's economic and social service network; and

WHEREAS, the Juneau Economic Development Council has offered their services to administer a small business loan for this COVID-19 public emergency.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Emergency Appropriation. There is appropriated to the Manager the sum of three million dollars for a grant to the Juneau Economic Development Council (JEDC) that can only be used for administering small business loans consistent with this legislation.

Section 2. Source of Funds:

Budget Reserve Fund \$ 3,000,000.00

Section 3. Loan Purpose and Terms.

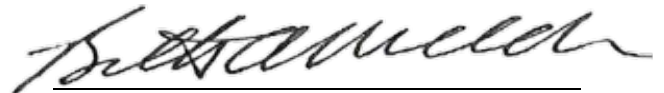
- (a) **Intent.** The purpose of the loans administered by JEDC are to provide small businesses with working capital to bridge the time before federal or state monies are available. The absence of State or Federal assistance does not absolve the business owner for the responsibility to repay the loan.
- (b) **JEDC Loan Administration.** The Manager is authorized to allocate an amount for administrative expenses to the JEDC for direct expenses not to exceed one percent of the loan amount. Loans may only be disbursed through December 31, 2020. Any CBJ grant funds made available to JEDC for this loan program but not loaned by December 31, 2020, shall be returned to the City and Borough of Juneau no later than February 16, 2021. JEDC shall return all loan payments collected no later than December 31, 2023. In addition to the JEDC and its assignees, if any, the City and Borough of Juneau also reserves a right to collect on any defaulted loan. The Manager shall provide updates to the Finance Committee or Assembly.
- (c) The small business loans are subject to the following conditions:
 - (1) **Term.** The maximum loan term is 30 months.
 - (2) **Interest.** The interest rate for a loan shall not exceed 2%. Loans paid back within twelve months, will pay zero percent interest (interest payments will be refunded).
 - (3) **Loan amount.** A business with ten or fewer employees is eligible for a maximum loan amount of \$25,000. A business with eleven or more employees is eligible for a maximum loan amount of \$50,000. Employee count comes from the first quarter report of 2020. Loans may be made in one or two

disbursements. Second disbursement will be subject to basic assessment of borrower capacity to pay/financial need.

- (4) **Small business.** A business with more than 25 employees during the first quarter of 2020 is not eligible for a loan.
- (5) **COVID-19.** A business must demonstrate it is adversely impacted by COVID-19 pandemic.
- (6) **Entity types.** Any business entity is eligible, including but not limited to a for profit, a nonprofit, and a limited liability company, if the business was registered as a business in Alaska on January 1, 2020, and had a physical presence in Juneau, Alaska, on March 1, 2020.
- (7) **Multiple loans.** No more than one loan may be extended to a business. A loan provided to a parent or subsidiary business disqualifies all other related parent or subsidiary businesses from qualifying for a loan.
- (8) **Collateral.** No collateral is required to secure the loan.
- (9) **Sales and property tax compliance.** A business with any sales or property tax delinquency as of March 1, 2020, is not eligible for a loan. A business that is fully compliant with a confession of judgment payment plan is eligible.
- (10) **Exceptions.** JEDC, after receiving direction from the Manager, has the authority to make reasonable exceptions that match the intent of this emergency loan program.
- (11) **Loan payment deferral.** A business may elect to defer the first twelve months of payments.

Section 4. Effective Date. This resolution shall be effective immediately after its adoption.

Adopted this 1st day of April, 2020.



Beth A. Weldon, Mayor

Attest:



Elizabeth J. McEwen, Municipal Clerk