

JOINT CITY COUNCIL AND ECONOMIC DEVELOPMENT ADVISORY BOARD
CONFERENCE MINUTES

August 11, 2020
5:30 p.m.

The City Council of the City of Norman, Cleveland County, State of Oklahoma, and the Economic Development Advisory Board met in a joint virtual conference at 5:30 p.m. in the Municipal Building Council Chambers on the 11th day of August, 2020, and notice and agenda of the meeting were posted at the Municipal Building at 201 West Gray 48 hours prior to the beginning of the meeting.

PRESENT:	Councilmembers Bierman, Foreman, Hall, Holman, Peacock, Perry, Petrone, Wilson, Mayor Clark
ABSENT:	None

Item 1, being:

DISCUSSION OF DRAFT GUIDELINE POLICY FROM THE ECONOMIC DEVELOPMENT ADVISORY BOARD REGARDING RECOMMENDATIONS FOR THE EXPENDITURE OF \$5,000,000 ECONOMIC DEVELOPMENT AND RECOVERY PROGRAM BOND ISSUE.

Mr. Darrel Pyle, City Manager, said the draft guideline policy document for the \$5 million Small Business Relief Package was assembled through participation of the Norman Economic Development Advisory Board (EDAB) based on the initial guidelines proposed by City Council.

Mr. Pyle said EDAB asked Staff to continue to pursue all available funding sources for this particular effort, primarily CARES Act funding distributed to the State governments and various federal agencies. He said City Staff is working cooperatively with Cleveland County Commissioners in the pursuit of CARES Act funding through the Federal Economic Development Administration (FEDA) as well as the Oklahoma Governor's Office.

Mr. Pyle highlighted proposed program guidelines for eligible entities that include locally owned and locally managed organizations based in the city limits of Norman; 50 or fewer full-time equivalent employees; organizations not up-to-date on all required licensing (where applicable), permit fees, or utility payments will have the payments deducted from the total funding request to reinstate those accounts; organizations engaged in activities deemed legal in the State of Oklahoma; and for existing organizations to be eligible, they must have been in operation prior to March 13, 2020. If the organization was not in operation on that date they will be considered a "start-up" organization and may be eligible for funding under a different category.

Councilmember Wilson asked the parameters of locally owned organizations and Mr. Pyle said locally owned and locally managed organizations means that although employers and/or employees may live outside of Norman and commute to Norman, they are eligible. Councilmember Wilson said the money needs to stay in Norman so there needs to be some type of caveat for that.

Ineligible entities proposed program guidelines include organizations with the majority of operations/employees located outside of the city limits of Norman; church or religious organizations; public or private schools; government entities or elected officials offices; financial institutions primarily engaged in lending; organizations that are primarily engaged in political or lobbying activities; and organizations with outstanding business related liens, judgements, tax liens, or bankruptcy proceedings prior to March 13, 2020.

Councilmember Bierman said in the ineligibility requirement for organizations with outstanding business related liens, judgement, tax liens, or bankruptcy proceedings prior to March 13, 2020, she would like to clarify language to state “pending bankruptcy proceedings.” She does not want businesses that may have filed bankruptcy in the past to be prohibited from applying.

Councilmember Petrone said she would like to remove the word “primarily” from the line that states, “organizations that are primarily engaged in political or lobbying activities.”

Mr. Pyle said priority considerations include minority-owned entities; organizations that were restricted or had restrictions on capacity during the City of Norman Healthier at Home plan or future local ordinance; organizations located in lower income Census Block Groups with less than median household income; organizations that were not eligible or denied other sources of funds; and highest priority will be given to entities that demonstrate the greatest negative financial impact related to the business resulting from COVID-19.

Councilmember Bierman said she does not disagree with the last line regarding highest priority; however, she is struggling with the wording so it does not completely supersede the other priorities. She said Council wants priority consideration for businesses owned by minority or marginalized groups and does not want businesses with “the greatest negative financial impact” to overtake those applications of businesses that were not eligible or denied sources of other funding, are owned by someone in a marginalized community, or are located in the lower income Census Block Groups.

Mr. Pyle said if each category is weighted with a matrix of all points earned by the applicant, then there would be an accumulation of all negative impacts on that application as demonstrated by the applicant. He said those businesses that meet the most criteria rise to the top. He said scoring criteria could be amended and tweaked as part of the approval process and Staff will develop that for Council’s consideration.

Councilmember Petrone said priority considerations should also include businesses providing needed services as a result of COVID-19, such as child care, tutoring, Wi-Fi locations for online learning, meals for children who depend on school meals, etc. She said these business may not have had a huge negative financial impact, but they are needed so maybe there could be a caveat in the priority considerations for specific identified needs within the community due to COVID-19.

Mr. Pyle said not knowing where Norman Public Schools (NPS) would wind up and recognizing the need for these types of services that have been developed or increased due to the pandemic could be eligible.

Mr. Pyle said proposed funding programs include the following:

Revolving Loan for Existing Organizations with 50 or less employees

- Low-interest loan (1% rate, 5 years, with a deferral period)
- Up to \$250,000
- Can only apply for one loan/grant package

Small Business/Non-profit recovery Loan with ten (10) or less employees

- 0% loan
- Up to \$100,000
- Start-up organizations are eligible
- Can only apply for one loan/grant package

“We Love Norman” Recovery Grant

- Organizations with less than five (5) employees
- Non-profits whose usual source of funding was impacted (including hotel/motel tax) or fundraisers and signature events had to be cancelled or postponed due to gathering-size restrictions
- Micro-grant of \$10,000
- Can only apply for one loan/grant package

Technical Assistance or Training Programs

- Reimbursement for technical assistance or training necessary to adapt/alter business model in response to COVID-19
- Past expenses must have occurred after March 13, 2020
- Future expense must be approved programs or categories
- May apply for this in addition to one loan/grant package

Mr. Pyle said the goal is to grow the revolving loan fund over time to potentially provide greater protection to small businesses for future events whether that is a pandemic or natural disaster.

Councilmember Petrone said she would like to see a breakdown of companies that have 50 or fewer employees to stay away from “chain” companies.

Councilmember Bierman said she is not comfortable going as high as \$250,000 or even \$100,000 because the City will have a very limited amount of money to work with and the money will go quickly and will not go far with such a high threshold. She said Council unanimously wants to support the smallest of businesses with the least amount of assets and least number of options available to them. She is concerned the program seems to be shifting towards larger businesses that may have other options as well as assets they can utilize. She is far more comfortable with \$50,000, \$10,000, and \$5,000 and is okay with micro-grants being \$10,000, but would like to see lower thresholds for the smallest businesses that may have been unable to obtain other funds and do not have a lot of assets.

Mayor Clark said the upper engine to the local economy is jobs for people so if an organization creates 50 jobs and needs \$250,000, she would be fine with that so criteria of “up to \$250,000” gives the City options.

Councilmember Peacock suggested placing a cap on the number of entities that can access loans of \$250,000.

Councilmember Holman said he would support reducing the revolving loan amount to \$125,000, but would like other options to consider. He wants to make sure the bulk of money is not going to larger businesses even though they may be locally owned and create a lot of jobs. He said larger businesses may also have more opportunities for other funding.

Councilmember Petrone said she would be interested in a Phase I and Phase II Revolving Loan Program approach and would support a loan amount of up to \$100,000. She said Phase II could include the more asset heavy businesses, but she would like to serve the smaller businesses first and Phase II could begin 180 days from the start of Phase I. She was under the impression that businesses that have qualified for CARES Act funding or the Payroll Protection Program (PPP) would not qualify for the City's Program and Mr. Pyle said businesses that have not obtained other funding will receive the highest priority. Councilmember Petrone asked if businesses that have received other funding will be considered or thrown out and Mr. Pyle said they may not score as favorably in the first round; however, if the appetite is large enough for entities who were unable to obtain any other funds there may not be any money left to consider those entities that successfully obtained other funding. Councilmember Petrone said it needs to be clear on the application that marginalized businesses who have not received other funding would receive the highest priority. She would also like to have a small loan caveat for start-up or existing businesses whose particular needs have been identified as necessary and brought about by the pandemic.

Councilmember Peacock said in regards to the Technical Assistance or Training Programs, has a partnership with Moore-Norman Technical Center been explored to offer matching skills or training hours? Mr. Pyle said the goal is to provide training with existing City Staff, but he plans to look within the business community and find those local experts. He said if the City is able to put together multiple business training sessions, it would make the dollars go farther.

Councilmember Holman said under the Technical Assistance or Training Programs, he would like to set aside money, i.e., individual \$1,000 loans, for people to attend Moore-Norman Technology Center to learn new job skills. He said this is important for employees of businesses who lost their job due to the pandemic.

Councilmember Hall said she would like to stay focused on those businesses that have not received access to other funding.

Councilmember Foreman asked if the public will be able to see a list of businesses that received a loan and Mr. Pyle said there may be a way to list the recipient names for public transparency without exposing financial information, but there may be a legal question about where to draw the transparency line without deterring businesses from wanting to apply. He believes a list was developed for the federal programs that identified recipients and will look into that.

Councilmember Bierman said she would support as much transparency as possible for this Program and would like recipient names and the amount of the loan they received to be posted on the City's website.

Items submitted for the record

1. Reboot Norman Small Business Relief Package Proposed Program Guidelines

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The meeting was adjourned at 6:27 p.m.

ATTEST:



City Clerk



Mayor

