

ECONOMIC DEVELOPMENT ADVISORY BOARD
VIRTUAL MEETING HOSTED AT MUNICIPAL BUILDING COUNCIL CHAMBERS

August 6, 2020

The Economic Development Advisory Board of the City of Norman, Cleveland County, Oklahoma, met in a virtual meeting at the Municipal Building Council Chamber at 201 West Gray on the 6th day of August, 2020, at 8:40 a.m. Notice and agenda of the meeting were posted at the Municipal Building 48 hours prior to the beginning of the meeting.

MEMBERS PRESENT:

Mr. Matthew Allen
Mr. Hossein Farzaneh
Ms. Chris Purcell
Mr. Chuck Thompson, Chairman

MEMBERS ABSENT:

Mr. Ben Graves
Dr. Alexander Holmes
Mr. Edd Painter

OTHERS PRESENT:

Ms. Brenda Hall, City Clerk
Ms. Sara Kaplan, Retail Marketing
Coordinator
Mr. Darrel Pyle, City Manager
Mr. Darry Stacy, Cleveland County
Commissioner
Ms. Kathryn Walker, City Attorney

Item 1. Welcome and introductions.

Chairman Thompson welcomed everyone to the meeting.

Item 2. Approval of the July 9, 2020, meeting minutes.

Minutes were not considered due to lack of quorum. Quorum was met after moving to discussion on Item 3.

Item 3. Continued discussion and possible action related to grant/loan policy recommendations for expenditures of the \$5 million Economic Development and Recovery Program bond issue.

Mr. Darrel Pyle, City Manager, said the City will continue to pursue CARES Act funding through the Governor's Office and Federal Economic Development Agency (EDA) with the assistance of Cleveland County Commissioners and Bryant Consults, Inc.

Mr. Pyle said on August 25, 2020, residents of Norman will vote on a proposal allocating \$5 million towards a small business relief fund to spur economic and community development in Norman in light of the COVID-19 pandemic, with particular emphasis on marginalized communities and job retention and creation programs. While many of the businesses and non-profits were eligible and received federal and state loans/grants, there may be additional unmet needs in the City of Norman this funding would be able to address.

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; 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 will be considered a "start-up" organization and may be eligible for funding under a different category.

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 engaged in any illegal activity; organizations that are primarily engaged in political or lobbying activities; real estate development or rental property businesses; and organizations with outstanding business related liens, judgements, tax liens, or bankruptcy proceedings prior to March 13, 2020.

Mr. Chuck Thompson, Chair of the Economic Development Advisory Board (EDAB), said there are family owned businesses in Norman, but because of their workforce desire to live in a more vibrant community, the owners live outside of Norman and commute. He said businesses under the first guideline of ineligibility would argue that a majority of employees may live in Norman even if the owners do not so he does not believe that language should be included. Mr. Pyle agreed and said because guidelines require locally owned and locally managed organization with 50 or fewer employees, the language would most likely be confusing to applicants. Chairman Thompson said he understands it is Council's desire for this money go to underserved populations or where needs have fallen through the cracks, but narrowing the guidelines can be just as problematic.

Item 3, continued:

Chairman Thompson said in regards to the language that states, “organizations engaged in illegal activity,” the City should be looking at what is legal in Oklahoma versus what is legal nationally because banks, as federally insured financial institutions, are prohibited by law from doing business with anything that is federally illegal. He said banks cannot do business with marijuana related entities because they are federally illegal, but are legal in Oklahoma. He suggested changing language to state, “organizations engaged in legal activities in Oklahoma,” and moving that language to the eligible guidelines. Mr. Pyle agreed and said, as worded, the language could deter someone operating a business that is legal in Oklahoma, but federally illegal from applying for the loan/grant and this money would not be federal money under this program.

Mr. Pyle said real estate development or rental property businesses are ineligible, but he thinks there is debate taking place in Washington D.C. as to whether or not any moratorium on evictions and/or foreclosures will be extended beyond August 31, 2020. He said the ability to make mortgage payments on rental property is based on tenants paying rent so if tenants stop paying rent due to unemployment or COVID-19, that makes a hardship on rental property businesses. He said real estate development is one aspect of this line item, but rental property is a different animal so would the City make a loan to someone to keep their mortgage current? Chairman Thompson said he is not in favor of rental property businesses being ineligible because when you think about businesses being negatively impacted by the pandemic, rental property businesses should qualify for the program. He would support including these businesses and adding something to the scoring criteria that would address this concern.

Chairman Thompson said dialogue surrounding this program was to find ways to support and help businesses that have been unable to access other funding and having municipal funds access as open as possible. He said the nation is far enough into the pandemic to determine if businesses have truly been impacted by COVID-19 or COVID-19 related circumstances.

Mr. Pyle said priority considerations include minority owned entities; organizations that had restrictions on capacity during the City of Norman Healthier at Home plan or future local ordinances; organizations located in lower income Census Block Groups with less than median household income; and organizations that were not eligible or denied other sources of funds. He said the greater the impact identified in the application, the higher the scoring if the City is oversubscribed.

Mr. Pyle said priority considerations include minority-owned entities; organizations that had restriction 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; and organizations that were not eligible or denied other sources of funding.

Chairman Thompson suggested additional language that states, “organizations that demonstrate the greatest negative financial impact directly related to their business resulting from COVID-19.”

Mr. Pyle said proposed funding programs include the following:

Revolving Loan for Existing Organizations with 50 or less employees

- Low-interest loan (X rate, X years)
- Up to \$50,000
- Can only apply for one loan/grant package

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

- 0% loan
- Up to \$10,000
- 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 \$5,000
- 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

Chairman Thompson suggested the low-interest revolving loan be a rate of one-percent (1%) for five (5) years with a deferral period to be determined by Council and Commissioners agreed. He said he also supports increasing the revolving loan from \$50,000 to \$100,000 or \$250,000 if money is to be repaid and is not a grant. Mr. Pyle said loan criteria limits will give the City an indication on the level of security of the repayment stream because that is how the fund would be grown over time to potentially provide greater protection to small businesses for future events whether that is a pandemic or natural disaster.

Chairman Thompson recommended increasing the “We Love Norman” micro-grant limit from \$5,000 to up to \$10,000.

Chairman Thompson suggested language be added to the Overview section stating the amount of the loan cannot be more than the amount of the negative impact loss suffered.

Mr. Darry Stacy, Cleveland County Commissioner, updated EDAB on CARES Act funding and said the County is not seeing the amount of funding they were hoping to be available for the County’s Program. He said the National Treasury strongly suggested that 45% of the funding should be used for local governments, but decided to disperse half or less of the amount anticipated. He believes the Oklahoma Governor’s Office is planning to hold some money back for business related funding that the County may be able to tap into if the County can prove the need on a countywide level.

Item 3, continued:

Ms. Brenda Hall, City Clerk, suggested a joint meeting with City Council be held on August 11, 2020, and/or August 18, 2020, to discuss EDAB's recommendations and Chairman Thompson and Commissioners felt that would be appropriate.

Mr. Anthony Francisco, Director of Finance, said he thinks EDAB should recommend the applications be reviewed by an independent body not associated with the City because a lot of the work involved in reviewing the applications is just administrative work in making sure the applicant has submitted all the documentation and reading that material. He said although Council may want to have their hands on it, if each application is an average of 15 pages and there are 100 to 200 applications, Council is not going to read all of that. He suggested an organization be hired, such as a bank, who is charged with and paid for reviewing the applications. Chairman Thompson agreed and said Council will want to have influence, but if EDAB recommends creating a panel to oversee the acceptance and review of applications then that might appease Council. He asked if Staff could construct language to that effect because he is reluctant as a banker to say, "Council needs to hire a local financial institution and pay them to do this." Mr. Francisco said that might sound self-serving, but the City would prepare a Request for Proposal (RFP) for that service making it impartial. He said the up-front work of reviewing applications should not be done by Council, EDAB, or even a panel of seven to ten people appointed by Council because that is hours' worth of administrative work.

Chairman Thompson said there are many knowledgeable local underwriters and banks that can do this work and it sounds reasonable for Council to hire an underwriting group to review the applications.

Items submitted for the record

1. Reboot Norman Small Business Relief Package Proposed Program Guidelines

Item 4. Miscellaneous Discussion.

None

Item 5. Adjourn.

The meeting adjourned at 10:00 a.m.