

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

August 13, 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 13th day of August, 2020, at 8:30 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. Hossein Farzaneh
Mr. Edd Painter
Ms. Chris Purcell
Mr. Chuck Thompson, Chairman

MEMBERS ABSENT:

Mr. Matthew Allen
Mr. Ben Graves
Dr. Alexander Holmes

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.

Member Purcell moved that the minutes be approved and the filing thereof be directed, which motion was duly seconded by Member Painter;

Items submitted for the record

1. Norman Economic Development Board minutes of July 9, 2020

and the question being upon approval of the minutes and upon the subsequent directive, a vote was taken with the following result:

Item 2, continued:

YEAS:	Members Farzaneh, Painter, Purcell, and Chairman Thompson
NAYES:	None

Chairman Thompson declared the motion carried and the minutes approved and the filing thereof was directed.

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 during a previous EDAB meeting, Commissioner Holmes suggested the City access all federal and/or state funding prior to using the proposed \$5 million bond money and that resonated with everyone on the Board. Commissioner Holmes said the City should not further burden local taxpayers if federal tax dollars are accessible and Mr. Darry Stacy, Cleveland County Commissioner, followed through on that statement when the County hired their consultant group to help navigate those waters.

Mr. Pyle said Ms. Sara Kaplan, Retail Marketing Coordinator, has been monitoring news sites for program information coming from the State on the \$1.5 billion CARES Act allocation given to the Governor's Office to distribute. He said Staff made several phone calls with contacts through the Federal Emergency Management Agency (FEMA) and the State when submitting reimbursement requests for COVID-19 expenses incurred that includes personal protection equipment (PPE), time off for federal pay leave requirements, etc., for approximately \$1.7 million in total reimbursements. He said last week Staff found an updated document on the Frequently Asked Questions (FAQ) and program eligibility that talked about a Small Business Recovery Loan Program available with CARES Act money through the State. He made contact with the Governor's Chief of Staff, Congressman Cole's Office, and Senator Inhofe's Office and explained the City did not know how to access the money through the State. Staff was initially told the Small Business Recovery Program would not be eligible for CARES Act funding; however, Staff learned Oklahoma City and Tulsa prepared Small Business Recovery Loan Programs through their direct allocation of CARES Act money. He said this week a communication went out from the Governor's Office through the Oklahoma Municipal League (OML) that the State has only been able to distribute about five percent (5%) of the \$1.5 billion received from the federal government and they have two months to distribute the remaining money so they are following a distribution formula, which would put a little over \$9 million in the City of Norman's hands from which a Small Business Recovery Loan Program could be administered.

Item 3, continued:

Mr. Pyle said Staff is working with OML on accessing that \$9 million so the City could be able to establish a Small Business Recovery Loan Program through CARES Act money and the goal would be not to issue the proposed \$5 million, if voter approved, until all the federal money has been fully subscribed. He said Council could then consider the need and say yes or no to the issuance of the local bonds. He said the loan program being proposed by the City is still completely valid and loan parameters need to be in place to administer CARES Act money from the State so this has not been a wasted step. He does not want any voter to think the City had any knowledge about the State money and did not tell voters so they would vote yes. He wants the City to be as transparent as possible and sharing this information is necessary and it may have a negative impact on voter approval for the ballot question, but he feels if the City is not transparent and does not share this information to the public it would not look good for the City.

Mr. Pyle said on August 11, 2020, City Council reviewed the Economic Development Advisory Board's (EDAB) recommended program guidelines for the \$5 million ballot questions. He said as Council reviewed EDAB's recommendations, they had some minor tweaks and asked to see a chart that Chairman Thompson described as a matrix and then a double matrix, which would be the mechanism by which scoring for underwriting would be tabulated and evaluated in an objective manner. He said Council also made recommendations on dollar adjustments for the maximum loan amounts in the first two programs because Council did not want 12 larger entities to be able to make 12 loan applications and gobble up \$5 million and 40 smaller companies getting nothing. He said for the first revolving loan program, instead of a \$250,000 limit, Council felt more comfortable with \$50,000 to \$100,000, but that conversation evolved into perhaps a round one application period where the bar is set lower so the smaller entities with fewer resources to sustain themselves would always have a bite of the apple. After the round one application period was closed then round two would open with the \$250,000 limit.

Ms. Brenda Hall, City Clerk, said Council also talked about making monies available to businesses or programs that will now be impacted by COVID-19 related issues in regard to child care, tutoring, etc., stemming from school distance learning. She said Council specifically talked about COVID-19 issues related to school and children and possibly even meals for children who rely on school breakfast and lunches. Ms. Kathryn Walker, City Attorney, said Council is looking at making some of the money available to start-ups, such as tutoring services, established after March 13, 2020, as a result of COVID-19.

Commissioner Painter said there were also comments from Council regarding entities that were either contemplating bankruptcy or have filed bankruptcy and Chairman Thompson said he thought that comment had more to do with eligibility to make sure that if a business had filed bankruptcy in the past they would not have a credit demerit. He said if the business is currently in bankruptcy and the funds they received through the program could somehow be attached by creditors or otherwise speared away then Council understands that could be a problem. Council did not want to preclude a business who had filed bankruptcy in the past.

Item 3, continued:

Chairman Thompson said EDAB discussed eligibility based on the type of corporate structure, such as non-profits or 501(C)(6) organizations, but that was not put into the guidelines. He said if the 501(C)(6) business is not a lobbying organization they cannot have a small amount of their activities be issue based support. He said Council's preference would be that applicants would have no lobbying component in their business. He said EDAB was thinking that 501(C)(6) organizations that were left out of the Payroll Protection Program (PPP) would be eligible and could be included in the City's program, but that is something Council did not seem to be interested in including. Ms. Walker said Council definitely wants to exclude lobbying groups and a lot of non-profit businesses do lobby for mental health funding and things of that nature, but that type of lobbying (not being the main business) is not what Council was thinking about when wanting to exclude lobbying organizations.

Ms. Hall said that is correct and Council also talked about possibly partnering with Moore-Norman Technical Center for the Technical Assistance or Training Program of the proposed funding programs. She said individuals who lost their job due to COVID-19 could apply for a \$1,000 grant to gain technical training for revocation of skills. She said they discussed one priority consideration that states, "Highest priority will be given to entities that demonstrate the greatest negative financial impact related to the business resulting from COVID-19." She said Council has a lot of pause about using the highest priority because a business could have met the other priority considerations, but get bumped out due to that last criteria. Chairman Thompson said that would fall under the double matrix consideration where a business could have one score that would come out of the other elements then the higher ranking applicants in that score would be separately measured against the impact score. He said that way, one particular element would not outweigh other elements.

Ms. Hall said Council wants to make sure criteria is written to focus first and foremost on businesses that have not received access to funds elsewhere before other businesses are considered.

Chairman Thompson said he does not agree with excluding organizations that lobby for funding they need to do their business and asked if there is some way for EDAB to say they appreciate Council's input, but EDAB's recommends organizations that are not lobbying organizations, but have a certain element of advocacy for their own special interest, should be eligible. Ms. Hall said it is not unusual for the Board to have consensus and prepare a letter for the Chair to sign that is forwarded to Council stating EDAB recognizes Council's concerns, but EDAB has concerns about non-profits that advocate for funding falling through the cracks. Ms. Walker suggested a requirement that these program funds are not to be used for those lobbying efforts and Chairman Thompson that would work.

Chairman Thompson asked if the \$9 million anticipated from the State would flow through the system that would be built around this program or will there be different restrictions/requirements and Mr. Pyle said all Staff was only able to see that the money for recovery loan programs are eligible expenses. He said if the funds are made as a loan to be repaid, the repayment goes back to the State who will send the funds back in the United States Treasury Department.

Item 3, continued:

Mr. Stacy said in discussions with the Cleveland County consultants, that is exactly the type of program these dollars can be used for and if Norman gets these dollars allocated they should be able to use the money for small business loans. He suggested the City hire a consultant, not particularly the County's consultant, to help them through this process because dollars spent for the consultant can be reimbursed through the CARES Act as well.

Chairman Thompson said if the City is able to access to the County's consultant, there could be consistency in these loan/grant programs. He said the \$9 million from the State could be distributed as small business grants not to be paid back and the \$5 million bond money as small business loans to be paid back for a perpetual revolving loan fund, which he felt voters would more likely support.

Ms. Walker said proposition language states, "Proceeds of these bonds may be expended, but to the extent federal funding is awarded to the City for similar economic and community development purposes. Such federal funding will offset the authorization set forth therein." Mr. Pyle said offsetting the authorization means if the City collects \$9 million and Council chose to use bond funds for this same purpose, the City does not have the authority to issue those bonds.

Chairman Thompson said that language changes everything and seems to be pretty clear that this idea is no longer viable. He asked if the \$5 million ballot question should be pulled off the ballot and Ms. Walker said it is too late to pull the question off the ballot, the City just would not issue the bonds if the proposition is approved by voters. She said the City should move forward with the proposition since the \$9 million is not yet in hand.

Mr. Stacy said it his interpretation that it is not out of the question to create some type of revolving loan fund with those federal dollars and that should be further explored. Mr. Pyle said his communication through State officials was the money could not be revolved, but Staff can further review that issue just to make sure because paying back the money may not be the intent of the federal government with this CARES Act money. He would like to have in writing that the City can create a revolving loan fund with the \$9 million.

Chairman Thompson asked if EDAB can recommend the County's consultant be hired so the same advisory service is being used and Mr. Pyle said he believes the City can access the consultant for an amount not-to-exceed \$25,000 on his authority. He believes any expenses incurred in accessing the dollars would be an allowable expense so the General Fund (GF) would not be impacted. He said the State has to distribute the funds within a finite timeline and that time is running out, but the State has been slow in getting the information to counties and cities. He said there is quite a lot of money to distribute and any monies not distributed by the State has to be returned to the United States Treasury Department and this money should not escape Oklahoma and go back to Washington, D.C.

Item 3, continued:

Chairman Thompson asked if EDAB could recommend the City look into hiring the County's consultant and Ms. Walker said yes. Chairman Thompson said EDAB would like to recommend the City reach out to the County's consultant about assisting the City of Norman with the CARES Act funding process. Mr. Stacy said he would provide contact information to the City Manager.

Mr. Pyle said on August 25, 2020, the Small Business Relief Package proposed program guidelines will be on Council's agenda for approval.

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 9:26 a.m.