

THE CITY OF AIKEN

Memorandum

Date: 23 Mar 2020
To: City Council
From: Stuart T. Bedenbaugh, City Manager
Subject: An Emergency Ordinance to Approve the COVID-19 Small Business Recovery Revolving Loan Fund.

With the unprecedented issues presented by COVID-19, the City of Aiken recognizes the extreme hardships on our small businesses and have worked with several community partners to try to grant immediate assistance. With the assistance of Security Federal Bank, the Greater Aiken Chamber of Commerce, and Aiken Corporation we are putting together a package of \$1 million to develop a revolving loan program that would be available to fund loans of up to \$10,000 for qualifying businesses with a demonstrated need related to loss of revenues stemming from the ongoing 2020 COVID-19 pandemic. The funding allocations are below:

| PARTNER | AMOUNT | GUARANTEE |
|---------------------------|-----------|-----------|
| City of Aiken | \$500,000 | 50% |
| Security Federal Bank | \$250,000 | 25% |
| Aiken Corporation | \$150,000 | 15% |
| Aiken Chamber of Commerce | \$100,000 | 10% |

Each loan issued by Security Federal would be guaranteed by the partners at the percentage noted above. If additional entities join the guarantee partnership, additional funds could be made available for lending and the percentage of guarantee responsibility for each guarantor partner would be reduced accordingly.

Guidelines for potential applicants would be:

- a. Must be a business with a physical location [“bricks and mortar”] within the corporate limits of the City of Aiken.
- b. Must employ 25 or fewer full-time-equivalent employees [FTEs].
- c. Must hold a City of Aiken business license in good standing.
- d. Must be able to demonstrate COVID-19-related impact to business operations incurred March 1, 2020 and thereafter.

AGENDA ITEM #(2)

- e. Meet credit-worthiness and underwriting requirements. Final lending decisions will be made solely by the City Manager or his designee(s) based on an underwriting recommendation from loan servicing partner Security Federal Bank.

The loan terms would be:

- a. Loan amount not to exceed \$10,000
- b. Term of 12 months for loans of \$5,000 or less
- c. Term of 24 months for loans between \$5,001 and \$10,000
- d. Interest and repayment deferred for 6 months. Interest on the loan would accrue during that time.
- e. No penalty for early repayment.

For Council consideration is an emergency ordinance establishing the COVID-19 Small Business Recovery Revolving Loan Fund.



Stuart T. Bedenbaugh
City Manager

ORDINANCE NO. _____

AN EMERGENCY ORDINANCE TO APPROVE THE COVID-19 SMALL BUSINESS RECOVERY REVOLVING LOAN FUND.

WHEREAS, it is well recognized that SARS-CoV-2, the virus that causes the disease COVID-19, presents a public health concern that requires extraordinary protective measures and vigilance; and

WHEREAS, these matters have taken many forms across the nation including travel bans, school closures, individual quarantines, and cancellation of major events, among other measures; and

WHEREAS, the City of Aiken is working with other government agencies in an effort to prevent the spread of disease; and

WHEREAS, the Council of the City of Aiken is concerned that small businesses located in the City of Aiken will undergo a financial hardship as a result of the various emergency orders and recommendations being made by the President of the United States of America and the Governor of South Carolina; and

WHEREAS, Section 5-7-250 of the South Carolina Code of Laws empowers Council to enact emergency ordinances affecting life, health, safety, or the property of the people; and

WHEREAS, in light of the foregoing, the Council of the City of Aiken deems it proper and necessary to adopt this emergency ordinance in order to establish the COVID-19 Small Business Recovery Revolving Loan Fund to provide financial assistance to small businesses located in the City of Aiken which is attached hereto as Exhibit A and is incorporated herein by reference;

WHEREAS, the Council of the City of Aiken has concluded that the adoption of this Emergency Ordinance is essential to the general health, safety, welfare and economic stability of the City and is in the best interest of its citizens.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF AIKEN HEREBY ORDAINS THAT:

Section 1: The City of Aiken hereby establishes the COVID-19 Small Business Recovery Revolving Loan Fund as more particularly set forth in Exhibit A which is attached hereto and incorporated herein by reference.

Section 2: This emergency ordinance shall be terminated by the issuance of another ordinance or shall automatically expire on the 61st day after enactment of this ordinance, whichever date is earlier.

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Section 3: This ordinance shall become effective upon adoption by the Council of the City of Aiken.

ADOPTED by the Council of the City of Aiken at regular meeting held this 23rd day of March, 2020, at which a quorum was present and voting.

FIRST READING AND ADOPTION: March 23, 2020

MAYOR

APPROVED:

ATTEST:

CITY ATTORNEY

CITY CLERK

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Exhibit A

COVID-19 Small Business Recovery Revolving Loan Fund

The program would make \$1 million available to fund loans of up to \$10,000 for qualifying businesses with demonstrated need related to loss of revenues stemming from the ongoing 2020 COVID-19 pandemic. Loan guarantees of \$1 million dollars would be secured through the following partners:

| Partner | Funding | Guarantee |
|---------------------------|----------------|------------------|
| City of Aiken | \$500,000 | (50%) |
| Security Federal Bank | \$250,000 | (25%) |
| Aiken Corporation | \$150,000 | (15%) |
| Aiken Chamber of Commerce | \$100,000 | (10%) |

Note: If additional partners join the guarantee partnership, additional funds could be made available for lending and the percentage of guarantee responsibility for each guarantor partner would be reduced accordingly.

Applications qualifications

- Must be a business with a physical location (bricks and mortar) within the corporate limits of the City of Aiken.
- Must employ fewer than 25 full-time-equivalent employees (FTEs).
- Must hold a City of Aiken business license in good standing.
- Must be able to demonstrate COVID-19-related impact to business operations incurred March 1, 2020 and thereafter.
- Must meet credit-worthiness and underwriting requirements. Final lending decisions will be made solely by the City Manager or his designee(s) based on an underwriting recommendation from loan servicing partner Security Federal Bank.

Loan terms

- Up to \$10,000 available (based on need) at a rate of 2 percent.
- Term of 12 months for loans of less than \$5,000.
- Term of 24 months for loans of \$5,001 to \$10,000.
- Interest and repayment deferred for 6 months.
- No penalty for early repayment.