



To: Jeff Rogers, CBJ Finance Director
CC: Rorie Watt, CBJ Manager
Mila Cosgrove, CBJ Deputy Manager
Beth Weldon, Mayor
CBJ Assembly
From: Brian Holst, JEDC Executive Director
Date: Monday, April 13, 2020
Re: Weekly Report on Covid19 Emergency Loans per CBJ Resolution 2888
Reporting Period: Thursday, April 2-Saturday, April 11

1. INTRODUCTION AND OBJECTIVES

CBJ Assembly adopted Resolution 2888 on the evening of Wednesday, April 1. CBJ Assembly appropriated to the Juneau Economic Development Council three million dollars for loans for small businesses in Juneau negatively impacted by Covid19. CBJ Resolution 2888 states: "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."

JEDC, following stipulations in Resolution 2888, created a loan program to meet the goals of the Assembly. This report summarizes the activities undertaken by JEDC to provide emergency loans. JEDC will provide weekly reports to CBJ on the progress of the program. This report covers the initial start-up period of the program through the first week, April 2 through April 11.

To qualify for the program, businesses must meet the following five criteria:

1. Business is physically located in Juneau.
2. Business is current with CBJ Sales Tax.
3. Business is current with property tax.
4. Business had 25 or fewer employees during the first quarter of 2020.
5. COVID-19 has adversely impacted the business.

Resolution 2888 allows the CBJ Manager to consider exceptions to this eligibility, proposed by the Juneau Economic Development Council, on a case-by-case basis.

Based on attending statewide calls with communities, local development organizations, state agencies, and federal entities, Juneau is the first, and possibly only, community in Alaska that has disbursed emergency loans to businesses impacted by Covid19. And while federal programs have been created, only a tiny number of businesses have received financial assistance to date.

2. PROGRAM SECTION

a. Summary of Main Activities

The timeline for the creation and execution of this program was extremely swift. The timeline of major activities is as follows:

Wednesday, April 1:

- CBJ Assembly adopts Resolution 2888.

Thursday, April 2:

- JEDC Creates Loan Application.
- JEDC Acquires Software tool to allow for paperless (and human contact-free) application process. JEDC loads application, conducts tests, defines internal procedures, and prepares website.
- JEDC identifies with CBJ Sales Tax and Property Tax offices a verification process.
- JEDC launches application at 5 PM.
- CBJ initiates wire transfer of loan funds to JEDC.

Friday, April 3:

- JEDC received 39 applications for loans by midnight on Friday, April 4.
- JEDC began reviewing loan applications immediately on Friday.
- JEDC submits to CBJ for Sales Tax and Property Tax compliance at Noon first 21 loan applicants.
- JEDC receives the first report back from CBJ about the tax compliance of applicants at 3:37 PM.
- JEDC prepared loan documents and signed the first loan by 5 PM.

Saturday/Sunday, April 4 and 5

- JEDC staff reviewed loan applications. Our internal procedures require speaking with loan recipients before finalizing a loan, to ensure that the borrower understands the terms of the loan.

Monday, April 6:

- Loan disbursements began. Depending on the borrower's bank, transfers take between 24 and 48 hours to receive their funds.

Daily:

- JEDC receives applications.
- JEDC submits new applications to CBJ for tax compliance.
- JEDC reaches out to applicants to complete loan files and confirm that applicants meet qualifications to be considered for a loan.
- JEDC evaluates loans and approves "express loans" of up to \$7,500.
- JEDC loan officers speak with individual applicants to review loan terms.
- JEDC prepares loan documents.
- Borrowers review and sign documents
- JEDC signs loan agreements and prepares disbursements
- JEDC disburses funds to borrowers.

- JEDC staff answer numerous inquires daily via phone and email.

b. Significant Events and Accomplishments

- JEDC has received 123 applications from business in the reporting period totaling \$2,748,346.
- Approximately ten applicants are either incomplete, have tax compliance questions or are duplicates.
- CBJ has reviewed tax compliance for 105 applicants.
- Eight-five loans have received some level of review by JEDC staff.
- Forty loans have been approved for “express loan” disbursements (\$7,500 or less), or \$288,500.
- Twenty-six of these 40 approved loans requested additional funds of \$613,500.
- JEDC has requested two exceptions to the eligibility requirements (number of employees) from CBJ Manager. One is approved, and one is being considered.

c. Anticipated Challenges/Problems/Opportunities/Recommendations

- The program meets a need in the business community. The vast majority of applicants indicate that they have applied for other, federal, assistance. None reported that they had received any other financial assistance, besides this support, to date.
- While a paperless system is efficient and necessary in this era of social distancing, it presents some challenges to some borrowers who are not familiar with reviewing documents solely electronically or signing them electronically.
- The myriad forms of ownership of small businesses require careful attention to detail to make sure that loan documents will be adequate if/when needed for collections.
- The “Express Loan” option was an excellent addition. This has allowed us to move quickly with loans, meet immediate needs, and allow ourselves time to make sure that larger loans undergo sufficient analysis and documentation review to safeguard CBJ resources.
- CBJ sales and property tax officials have been extremely timely in their review.

3. ADMINISTRATIVE SECTION

JEDC administrative costs to date have not been calculated in detail. Some costs include:

- 100+ hours of effort have been invested by JEDC personnel.
- HelloWorks software to manage paperless processes (upgrade from HelloSign to HelloWorks). Cost is estimated to be \$2,400 for the first year.
- Portfol software upgrade to manage loans. JEDC current software can manage 50 active loans. One hundred fifty additional loans are estimated to cost \$2,600 in the first year of the program and approximately \$600 in each subsequent year.