



## **Hopkins Small Business Emergency Assistance Loan Program**

### **Purpose**

Hopkins has established a Small Business Emergency Assistance Loan Program (SBEAL) to provide forgivable, no-interest loans of up to \$5,000 to assist eligible small businesses impacted by the COVID-19 pandemic. The purpose of the SBEAL Program is to provide working capital to assist local small businesses to sustain operations, preserve employment and prevent business closure in order to promote long-term economic vitality in the community. Funding for the SBEAL Program is made possible by the federal Coronavirus Aid, Relief and Economic Security (CARES) Act.

### **Eligibility**

To be eligible to receive a Small Business Emergency Assistance Loan through the program, applicants must meet all of the following criteria:

- Demonstrate that its business operations have been directly and adversely affected by the COVID-19 pandemic, particularly businesses deemed nonessential by the State of Minnesota, those which have faced temporary closures per State of Minnesota executive orders, or other businesses as approved by the City of Hopkins;
- Be located within the City of Hopkins and have a physical address that is a brick and mortar facility with foot traffic;
- Be a for-profit business that has been in operation prior to March 1, 2020;
- Be a legal entity registered and in good standing with the Minnesota Secretary of State;
- Be in compliance with city ordinances, codes, licensing, and must not have any delinquent taxes, bills, or other charges due to the City;
- Employ at least 1 person in addition to the owner and no more than 25 full-time equivalents (FTEs); and
- Owner of multiple businesses may only receive one loan.

### **Ineligible Applicants**

The SBEAL Program is not available to businesses that:

- Do not have a physical commercial address located within the City of Hopkins.
- Derive income from passive investments without operational ties to operating businesses or whose primary source of revenue is from business-to-business transactions.
- Primarily generate income from gambling activities.
- Generate income from adult-oriented activities.
- Are corporate chains that are not independently owned.
- Are a non-profit organization.
- Are an independent consultant or contractor.
- Are owned or operated by elected City officials.

## **Eligible Expenses**

The SBEAL Program may be used for business operating expenses incurred since March 15, 2020, including:

- Commercial rent or mortgage payments
- Utility payments
- Insurance payments
- Inventory costs
- Payroll costs
- Paying other direct business-related bills
- Technological improvements to online platforms essential to operations during COVID-19
- Materials and purchases required due to COVID-19, such as plexiglass or other dividers, signage, hygiene stations, or outdoor furnishings to comply with social distancing and COVID-related regulations.
- Supplies for cleaning, safety, or screening, including purchase of Personal Protective Equipment (PPE).

Any expenses paid with funds from the SBA Paycheck Protection Program (PPP), SBA Economic Injury Disaster Loan (EIDL) or EIDL Advance, State of Minnesota Department of Employment and Economic Development (DEED) Small Business Relief Grant, Hennepin County Small Business Relief Program, or any other grant or forgivable loan that used federal CARES Act funds are ineligible for SBEAL funds.

Receipt of these CARES Act funds does not affect an applicant's eligibility for the SBEAL Program; however, SBEAL funds must be used for expenses not reimbursed by other grants or forgivable loans.

## **Ineligible Expenses**

The SBEAL Program may not be used for the following activities:

- Property taxes
- Gambling
- Adult entertainment
- Registered lobbying
- Billboards
- Purchase of machinery or vehicles
- Moving expenses

## **Loan Guidelines**

The following terms and conditions apply to the Small Business Emergency Assistance Loan Program:

1. **Amount:** A business may apply for a one-time forgivable emergency assistance loan award not to exceed \$5,000. Each approved business's maximum grant amount shall be limited to their identified eligible expenses.

2. **Interest Rate:** All loans shall have an interest rate of 0.0%.
3. **Term:** All loan awards must be utilized by November 15, 2020.
4. **Forgiveness:** The loan will be forgiven and the loan agreement terminated by the City upon satisfactory completion of the requirements outlined in the Reporting section.
5. **Termination:** Hopkins retains the right to terminate any agreement for SBEAL funds and demand repayment of the loan if a loan recipient is found to be in violation of any conditions set forth in the eligibility guidelines or loan agreement.
6. **Right to Deny:** Hopkins retains the right to deny any application for funding.
7. **Funding Availability:** The Hopkins Small Business Emergency Assistance Loan Program has a limited amount of funds available. If the program is over-subscribed, loan recipients will be determined through a random lottery process until the loan funds are exhausted.
8. **Indemnification:** All loan recipients shall be required to indemnify the City of Hopkins and any officers acting on their behalf.

### **Application Process**

There is no fee to apply to the Hopkins Small Business Emergency Assistance Loan Program.

Applications for the SBEAL Program are required to be submitted online at the City of Hopkins website. A completed online application with all questions answered is all that is required initially. Upon submission of an application, City staff will review the application to ensure complete information is provided.

It is anticipated that the City will receive more requests than money available, in which case the City will conduct a lottery. All complete and qualified applications will be randomly selected to move forward in the loan process. If an application is selected to move forward for further review, the applicant will be required to submit additional documentation which may include:

- Most recent tax return or equivalent documentation
- Itemized budget for use of grant funds and itemized sources of any other COVID-19 related relief funding received
- Proof of eligible expenses requested to be paid with loan funds, which includes, but is not limited to current payroll, unpaid invoices, mortgage/rent/utility/statements, and/or other unpaid business-related expenses.
- IRS form 941, W3 or other documentation of payroll employees

**Applications are due by 3 p.m. on Friday, September 11, 2020.**

### **Funding Process**

Upon a successful loan application being awarded funds, the loan recipient shall enter into a loan agreement with the City of Hopkins. Funds shall be distributed within two weeks after a loan agreement has been executed by all required parties.

### **Reporting**

All loan recipients are required to submit follow-up information to the City of Hopkins within six months after receiving loan funds, including a budget specifying how the entirety of the loan funds were utilized and provide evidence in the form of paid invoices, statements, or similar documentation. Upon receipt of acceptable documentation, the City of Hopkins will forgive the loan and terminate the loan agreement. Failure to supply required documentation will trigger repayment of the loan.