

ORDINANCE NO. 200255, AS AMENDED

Authorizing the City Manager to enter into a contract with the Kansas City EDC Loan Corporation to establish a \$500,000.00 small business relief lending program; establishing the minimum requirements for the small business relief lending program; and recognizing an emergency.

WHEREAS, On March 12, 2020, a proclamation of a state of emergency (the “Proclamation”) was issued by Mayor Quinton Lucas to allow the City of Kansas City to take measures to reduce the possibility of exposure to COVID-19 and promote the health and safety of Kansas City residents, along with an accompanying order; and

WHEREAS, on March 16, 2020, an amended order was issued by Mayor Quinton Lucas related to the COVID-19 illness, modifying event gathering numbers in the City; and

WHEREAS, on March 21, 2020, an amended proclamation (the “Amended Proclamation”) and a second amended order, commonly known as the “Stay at Home” order, was issued by Mayor Quinton Lucas related to the COVID-19, identifying essential and non-essential businesses, requiring the closure of non-essential businesses and other operations, and ordering individuals to stay in their residences or places of rest except to perform certain essential activities; and

WHEREAS, these orders, while necessary to promote the health and safety of residents, have impacted the financial stability of small businesses within our community; and

WHEREAS, on March 25, 2020, the City Council of Kansas City, Missouri, passed Ordinance No. 200236, establishing a \$500,000.00 small business emergency relief fund; and

WHEREAS, the City Council desires to use the small business emergency relief fund to develop a lending program to allow eligible businesses to obtain zero or low interest financing on loans of up to \$25,000.00, helping those businesses continue to finance operational expenses during this unprecedented period of economic stress; and

WHEREAS, on April 1, 2020, the Kansas City Health Department confirmed 128 cases of the COVID-19 illness in Kansas City, Missouri and over 1581 in the state of Missouri; and

WHEREAS, the Amended Proclamation declaring a state of emergency currently in effect authorizes the Mayor to take all necessary action to protect Kansas Citizens; and

WHEREAS, a small business relief lending program is necessary to protect life and property by bringing relief to affected business and their employees to avoid

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individuals and families from straining other social safety net services that will have great demand as the impacts from the spread of the COVID-19 peak; and

WHEREAS, the Kansas City EDC Loan Corporation (the "EDCLC"), is a Missouri nonprofit corporation specializing in the origination and underwriting of loans with the mission to help small business grow, expand, and retain jobs in Kansas City, Missouri, and is uniquely positioned to deliver a small business relief lending program for the City; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That any solicitation requirements for the procurement of a small business relief lending program contract are waived.

Section 2. That the City Manager is authorized to enter into a contract with EDCLC to establish a \$500,000.00 small business relief lending program from funds previously appropriated to Account No. 20-1000-121464.

Section 3. That the contract authorized by Section 2 shall require, at a minimum, the following elements:

- a) That the small business relief funding loans will be zero percent interest for the first 6-12 months, with extended amortization periods of up to five years, and overall interest rates capped at 4.5%.
- b) That EDCLC maintain a loan loss reserve fund, capitalized by \$500,000.00 in small business relief funding, which will allow it to access private capital, greatly expanding the pool of loans that businesses can be granted.
- c) That EDCLC administer and service such small business relief funding loans.
- d) That eligibility will be based on the following criteria:
 - i. Businesses will be based in Kansas City, Missouri; and
 - ii. Businesses will employ under 20 employees; and
 - iii. Businesses will have under \$750,000.00 in annual revenues.
- e) That EDCLC will provide written and online applications for small businesses who wish to apply for a loan.
- f) That EDCLC will make loan decisions through the use of standard and prudent lending practices and in a timely manner with reasonable efforts to notify borrowers within one week, contingent upon applicants providing all necessary documentation needed to process the loan.

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- g) That EDCLC will provide monthly reporting on the number of Kansas City based loans funded with City based resources including loan amounts, industry/sector (NAICS), business size, geographic representation within Kansas City, and owner race/ethnicity/gender, until the loan proceeds are fully disbursed.

Section 4. That this Ordinance declares an emergency under Section 503(a)(2) of the City Charter and will take effect in accordance with that section.

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

Tammy L. Queen
Director of Finance

Approved as to form and legality:

Katherine Chandler
Assistant City Attorney