



Legislation Text

File #: EDA Res. 2020-002, **Version:** 1

DATE: April 2, 2020

TO: Members of the Economic Development Authority

FROM: Nate Carlson, Economic Development Coordinator

Resolution 2020-002 Approving Loan Modifications for to a Revolving Loan For 5th & Division Street Partners LLC, Db, Reunion and Providing Authorization for Similar Loan Modifications

SUMMARY AND ACTION REQUESTED:

The EDA Board shall make a motion to approve Resolution 2020-002.

BACKGROUND:

The Northfield EDA has outstanding loan balances with several businesses in Northfield. Currently, some of these businesses are experiencing extreme hardship due to the COVID-19 pandemic. Minnesota Governor Walz Executive Order 20-20 has led to the shutdown of several retail and restaurant establishments.

The Reunion is one such restaurant that has been severely affected by the COVID-19 pandemic. In order to maintain a financial standing as a business, the Restaurant has resorted to closing their doors and furloughing their employees. Restaurant ownership is requesting for accommodations on existing debt obligations from their lenders; the EDA being one such lender. Since this request, staff has also received requests from other businesses regarding any accommodation on EDA loan payments.

ANALYSIS:

Staff is recommending that the EDA Board approve resolution that authorizes loan modifications for those businesses significantly impacted by the COVID-19 outbreak whom have an outstanding loan with the EDA. Staff will be executing loan modifications following the parameters outlined in the Resolution.

Staff recommends a modification of a 180-day extension on interest accrued and payments made. The six-month window would allow businesses to repurpose cash flow for other operations. For every monthly payment forgone, that payment will be added on to the end of the term. Interest will cease for the 180-day period and will resume immediately after the 180 days at the initial rate of the loan.

Several opportunities for financial support have been drafted and are in the process of being enacted by the Federal and State Government. Staff intends to support Northfield businesses by offering guidance on all programming. By the EDA offering loan deferments, this is one way a local branch of government can support local businesses.

OPTIONS:

The EDA may choose to alter the program guidelines. However, this may cause delay in processing requests.

RECOMMENDATION:

Staff recommends EDA approval of Resolution 2020-002.