GOED Board Meeting Minutes
March 30, 2020 • 10:00 a.m. – 10:30 a.m.
Utah Governor’s Office of Economic Development
60 E South Temple 3rd Floor
Salt Lake City, Utah 84111
Phone Only Meeting

Members Present: Steve Neeleman, Jesse Turley, Brad Bonham, Mel Lavitt, Margo Jacobs, Ted Wilson, Susan Johnson, Andrea Moss, Doug Dilley, Heather Kahlert, Peter Mouskondis, Annette Meier, Stefanie Bevans

Members Excused: Roger Killpack, Carine Clark


Visitors: Mike Flynn, Chris Pieper, Brice Wallace

Welcome
Val Hale welcomed everyone to this March 30, 2020 GOED Board Meeting.

Presentation: Utah Leads Together Small Business Bridge Loan Program
Val Hale presented the details of the Utah Leads Together Small Business Bridge Loan Program. Val Hale, Ben Hart, and Kori Ann Edwards shared information and responded to questions from the board.

- Loans from $5,000 to $20,000, as funds are available, open to Utah headquartered businesses with fewer than 50 employees that are impacted by the COVID-19 pandemic. The GOED executive director may approve exemptions to these criteria.
- GOED will use up to 25% of the funding for rural Utah businesses.
- The amount of the loan shall not exceed three months of demonstrated operating expenses.
- Loan interest is 0%, with generally a 60-month term.
- Deferral of any payments for the first 12 months, beginning in the 13th month through the final term, not to exceed 60 months.
- Businesses must be established for-profit and licensed prior to January 1, 2020, and in good financial standing.
- Applicants must have employees on their payroll for whom they have had payroll taxes withheld (i.e., W-2 employees).
- Applicants must provide six months proforma of estimated lost revenue or other documented loss evidence.
- No collateral requirements.
- Eligible uses include working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of business operations.
- Receiving other forms of emergency funding will not disqualify an applicant from receiving loan funds through this program, but companies must disclose if they have applied for emergency funding from other sources.

GOED will determine the eligibility of applicants submitting to participate in the program. Applying is not a guarantee of a funding award. GOED will notify all applicants of status via email: loan to be awarded or denied. Preference for funding will be given based on the following criteria:

- Businesses that have experienced severe economic impact due to the COVID-19 pandemic.
- Businesses that can demonstrate a multiplier impact on other industries.
● Businesses that play a key role within a strategic state supply chain.
● Businesses that pay above-county-average wages.
● Businesses that employ full-time workers.
● Businesses whose fully submitted application demonstrates solvency prior to the current economic crisis.

The business must demonstrate financial stress or disrupted operations, which may include but are not limited to:

● Notices from tenants closing operations and not paying rent caused by loss of income.
● Notice of inability to pay rent or make loan payments due to reduced sales or suspended operations.
● Increased costs related to COVID-19 prevention measures.
● Notice of disrupted supply network leading to a shortage of critical inventory or materials.
● Other circumstances subject to review on a case-by-case basis.

The following documents and information are required as part of the application:

● Financial statements: profit and loss, and balance sheet statements for the previous year, and most recent quarter or month.
● Previous year’s business state of Utah tax returns (2019 or 2018).
● A copy of the business lease agreement or mortgage statement for the business location.
● A copy of a current business license.
● A copy of a Utah driver’s license or government-issued ID.
● A completed and signed W-9 (W-9 information must match what’s on file with the IRS and the same address that will be used to mail bridge loan funds).
● Six months proforma of estimated lost revenue or other documented loss evidence.
● Contact information including principal name, phone number, email and mailing address.

Measurement:

● The primary measure of the Utah Leads Together Small Business Bridge Loan success will be the number of loan program applicants received and jobs retained throughout the state.
● Other key indicators could be if the company is still in business by the end of the calendar year.
● What is the job retention of the loan recipient by the end of the year compared to the first of the year.

Presentation: Legal Overview of the Program

Chris Pieper, Assistant Attorney General, provided an overview of the legal basis for the program and the board’s role in authorizing it.

Loan funds from GOED are coming from the Industrial Assistance Account – all unencumbered funds from that account are being made available for this program. GOED administers that fund under the policy direction of the GOED Board of Directors. Use of the Industrial Assistance Account for the purpose of “Economic Opportunity” is allowed under code (63N-3-102) for “unique business situations or community circumstances … which lend themselves to the furtherance of the economic interests of the state by providing a catalyst or stimulus for the … retention of commerce or industry in the state … as determined by the board.”

In addition to providing authorization, the board has rule-making authority for this program. We will use emergency rule-making procedures upon board approval to file an administrative rule for the program, which becomes effective upon filing. GOED, as administrator of the program, determines awards, establishes benchmarks and time frames, monitors compliance, ultimately approves or denies the loans, and retains some flexibility to modify program rules as the program matures.
Motion:
Mel Lavitt moved to authorize GOED to administer the Utah Leads Together Small Business Bridge Loan with funds from Industrial Assistance Account under Utah Code § 63N-3-109. Approve, in substance, the Guidelines and Emergency Administrative Rule as presented.
Peter Mouskondis seconded the motion. The motion was approved unanimously.

The board will need to reconvene in 8 days or so to approve loans.

Meeting Adjourned