

Item Title: Public Hearing on an Agreement with the NC Rural Economic Development Center, Inc. to administer a Wake County Small Business Loan Program

Specific Action Requested:
That the Board of Commissioners:

- 1. Conducts a public hearing on an agreement with the NC Rural Economic Development Center, Inc. to administer a small business loan program within the geographical boundaries of Wake County, pursuant to NC General Statutes 158-7.1; and**
- 2. Following a public hearing, authorizes the County Manager to execute a contract with the NC Rural Economic Development Center, Inc., subject to the terms and conditions acceptable to the County Attorney.**

Item Summary:

Purpose: Wake County small businesses have been inordinately damaged by the financial impacts of the COVID-19 response. The establishment of a small business relief program will assist with business needs during periods of economic hardship occasioned by the COVID-19 pandemic.

Background: Wake County small businesses have experienced a sharp and dramatic economic downturn, created by the COVID-19 outbreak and associated business restrictions. To assist small business operations and continuity, the Board of Commissioners seeks to establish a small business relief fund.

Board Goal: ES2. Leverage and collaborate with partners to increase opportunities and support for entrepreneurial ventures and existing businesses.

Fiscal Impact: No current fiscal impact; the County anticipates using a portion of the CARES Act funding received to support this initiative.

Additional Information:

The COVID-19 pandemic has caused a sharp and substantial economic crisis throughout Wake County and all of North Carolina. Small businesses have felt the brunt of this pandemic, and many had to substantially curtail services or shut down completely due to state and local orders and the inability to practice social distancing.

The County received approximately \$194 million in direct CARES Act funding from the US Treasury in April. This money will be used to offset the County's direct response costs to the COVID-19 emergency, including supplies, materials, and equipment; personnel

costs; communications and outreach; public health; and public safety. In addition, this funding can be used to support “second order effects” of the COVID-19 emergency, such as support of vulnerable populations and businesses impacted by restrictions.

On May 4, 2020, the Board of Commissioners directed the County Manager to seek a loan administrator for a small business relief program. After evaluation of various partners, the County entered negotiations with the NC Rural Economic Development Center, Inc. (Rural Center). County staff recommends an award to the Rural Center; they are administering Golden Leaf’s Rapid Recovery Loan Program, funded by the State, and have the infrastructure and capacity to quickly launch the proposed loan program. If approved, the funds would be available through the Rural Center as early as May 22.

The total award is comprised of \$5.25 million, which includes a 5% administrative fee. Of the \$5 million available for loans, at least \$1 million will be made available to single-owner businesses and sole proprietorships. Pursuant to loan qualifications, a small business must have no more than 100 employees.

Qualifying small businesses may receive a loan amount equal to two months of verified lost revenues, up to \$50,000. General loan terms, consistent with the NC Rapid Recovery Loan Program, are as follows:

- Six months deferred payments at a nominal interest rate;
- Following the six-month deferral period, repayment period of 48 months at an interest rate of 5.5%; and
- No prepayment penalties.

In addition to the agreement with the Rural Center, the County anticipates partnering with the Greater Raleigh Chamber of Commerce, Wake County Economic Development, and the Wake County Diversity, Equity, and Inclusivity Alliance to promote the loan program. The County estimates to expend \$25,000 to market the program, with a focus on sole proprietorships and businesses in vulnerable communities.

Attachments:

1. Presentation
2. Draft Agreement with the NC Rural Economic Development Center, Inc.
3. NC Rapid Recovery Loan Program Flier