



**CITY OF SPOKANE  
SPECIAL MEETING NOTICE/AGENDA  
COMMUNITY, HOUSING, AND HUMAN SERVICES BOARD**

*Friday, March 27, 2020*

*3:00 P.M. – 3:30 P.M.*

*Teleconference Meeting*

*Join by Phone 1-408-418-9388*

*Access Code: 962-888-085*

A meeting of the Community, Housing, and Human Services (CHHS) Board will be held at 3:00 p.m. on Friday, March 27<sup>th</sup> 2020 via teleconference. The teleconference meeting is open to the public.

**MEETING AGENDA**

3:00-3:30	Covid-19 LMI Job Retention Project Open Public Comment Period – <b>Action</b>
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**AMERICANS WITH DISABILITIES ACT (ADA) INFORMATION:** The City of Spokane is committed to providing equal access to its facilities, programs and services for persons with disabilities. The Spokane City Council Chamber in the lower level of Spokane City Hall, 808 W. Spokane Falls Blvd., is wheelchair accessible and also is equipped with an infrared assistive listening system for persons with hearing loss. Headsets may be checked out (upon presentation of picture I.D.) at the City Cable 5 Production Booth located on the First Floor of the Municipal Building, directly above the Chase Gallery or through the meeting organizer. Individuals requesting reasonable accommodations or further information may call, write, or email Human Resources at 509.625.6363, 808 W. Spokane Falls Blvd, Spokane, WA, 99201; or [msteinolfson@spokanecity.org](mailto:msteinolfson@spokanecity.org). Persons who are deaf or hard of hearing may contact Human Resources through the Washington Relay Service at 7-1-1. Please contact us forty-eight (48) hours before the meeting date.

**BRIEFING PAPER**  
Community, Housing and Human Services Board  
**COVID-19 LMI Job Retention Project**  
Wednesday, March 25, 2020

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**SUBJECT:** Allocation of Community Development Block Grant (CDBG) funds to provide qualified businesses with loan subsidy to retain low and moderate income (LMI) jobs jeopardized by the COVID-19 pandemic.

**BACKGROUND:** On Monday, March 16, 2020 Washington State Governor Jay Inslee announced a statewide shutdown of restaurants, bars and expanded social gathering limits in response to the growing COVID-19 pandemic. The City of Spokane is working to develop resources to assist businesses impacted by COVID-19. Many businesses impacted by COVID-19 employ low and moderate income wage earners.

The COVID-19 LMI Job Retention Project will partner with local Community Development Financial Institutions (CDFI) to assist businesses located within the City of Spokane. Assistance will be provided in the form of loan interest subsidies that create, or retain jobs.

**PROJECT ELIGIBILITY:** This project meets the regulatory requirements for dispersing CDBG funds.

- National Objective: Activities benefiting low- and moderate-income persons: Job creation or retention activities
  - Regulatory Citation: 24 CFR Part 570.208(a)(4)(i-iii)
- Eligible Activity: Special economic development activities
  - Regulatory Citation: 24 CFR Part 570.203(b), and; 24 CFR Part 570.209

**TIMELINE:** This public hearing will open public comment between March 27 and April 27, 2020.

**IMPACT:** CHHS will allocate at least \$100,000 from unencumbered CDBG funding sources to Craft3.

**ACTION:** Open a public comment period for 30 days.



### Craft3 City of Spokane COVID-19 Project Term sheet

<b>Eligible Measures/ Use of Loan Proceeds</b>	Eligible borrowers will be qualifying businesses located in the City of Spokane. Loan proceeds will be used to fund working capital during the Statewide State of Emergency stemming from the COVID-19 Pandemic.
<b>Loan Amount/Term</b>	Individual loan sizes up to \$50,000 pending the length of the disaster. Loan requests should be \$20,000 minimum. Loan proceeds to be disbursed during the Statewide State of Emergency and within 60 days of the end of the State of Emergency declaration for Washington State. No payments due through 12/31/2020 then fully amortized over five years. The loan can be repaid in full at any time.
<b>Interest Rate</b>	6.00% fixed for the life of the loan
<b>Capital Source</b>	The City will contribute \$100,000 grant to the loan fund to serve as 1 <sup>st</sup> loss guarantee with Craft3 lending up to \$500,000; the aggregate will not exceed \$500,000 without further support from the City.
<b>Loan Fee</b>	No loan fee for 60 days, then, 2% loan fee based on the approved loan amount if funds are utilized Loan fee to be capitalized with loan proceeds
<b>General Credit Screening Criteria</b>	Underwriting Parameters: <ul style="list-style-type: none"> <li>• Demonstrated historical ability to service the level of debt prior to the disruption with a Debt Service Coverage Ratio of <math>\geq 1.20:1</math>;</li> <li>• No significant negative financial trends;</li> <li>• Current City of Spokane Business License;</li> <li>• Credit score <math>&gt;600</math>;</li> <li>• No BK, collections, write-offs, foreclosures or repossessions less than 23 months old;</li> <li>• No late payments on mortgage or vehicles;</li> <li>• No past due child support or payroll taxes;</li> <li>• No businesses that operate in the cannabis industry.</li> </ul>
<b>Security</b>	Blanket UCC Filing on all business assets. Craft3 is willing to take subordinated positions.
<b>Disbursements</b>	<ul style="list-style-type: none"> <li>• Disbursement period during the State of Emergency and up to 60 days after the disaster declaration has ended.. Minimum disbursement of \$5,000.</li> </ul>
<b>Repayment</b>	<ul style="list-style-type: none"> <li>• No payments due until 12/31/2020 then fully amortized over five years. All payments to be made via ACH withdrawal. If a payment is 10 days or more late, Borrower will be charged 5% of unpaid portion of the regularly scheduled payment or \$50.00, whichever is greater. NSF fee is \$75.00.</li> </ul>
<b>Prepayment</b>	There are no prepayment penalties; loans can be repaid at any time
<b>Communications &amp; External Affairs</b>	Craft3 will work with representatives from the City of Spokane and Small Business Development Center to market the product to targeted businesses.
<b>Loan Process Steps for the Borrower</b>	<p>Complete Craft3 Business Loan Application and provide the following:</p> <ol style="list-style-type: none"> <li>1. Current Balance Sheet and Statement of Profit &amp; Loss</li> <li>2. Two years of tax returns for all owners with 20% or more ownership in the business</li> <li>3. Two years of business tax returns (or Year 2019 Year End Financials)</li> <li>4. Personal financial statement for all owners with 20% or more ownership in the business</li> <li>5. Completed Craft3 Business Loan Application form</li> <li>6. Credit check authorization</li> <li>7. Evidence of appropriate business insurance</li> <li>8. Proof of paid 941 Filing (payroll taxes) for last quarter-ended</li> </ol>
<b>Qualifying Measures:</b>	Businesses located In the City of Spokane with the demonstrated historical capacity to service the level of debt prior to the construction disruption.

Craft3 NMLS #1330900112  
Craft3 is an Equal Opportunity Lender, Provider and Employer.