



Small Business Disaster Recovery Grant
Update Meeting

November 27, 2017

We Have \$1,000,000!



Technically \$950,000 (5% retained for admin costs)

- Grant from NC Department of Commerce to lend to businesses impacted (physically and/or economically) by Hurricane Matthew
 - Other lenders include: Carolina Small Business Development Fund, NC Community Development Initiative
- Funds coming from NC Department of Commerce CDBG-DR Business Recovery Assistance Program
- Funds to be deployed in Hurricane Matthew-affected areas
 - Special focus on: Cumberland, Edgecombe, Robeson, Wayne
- Funds to be fully disbursed by Jan 1, 2019 (half disbursed by June 30, 2018)

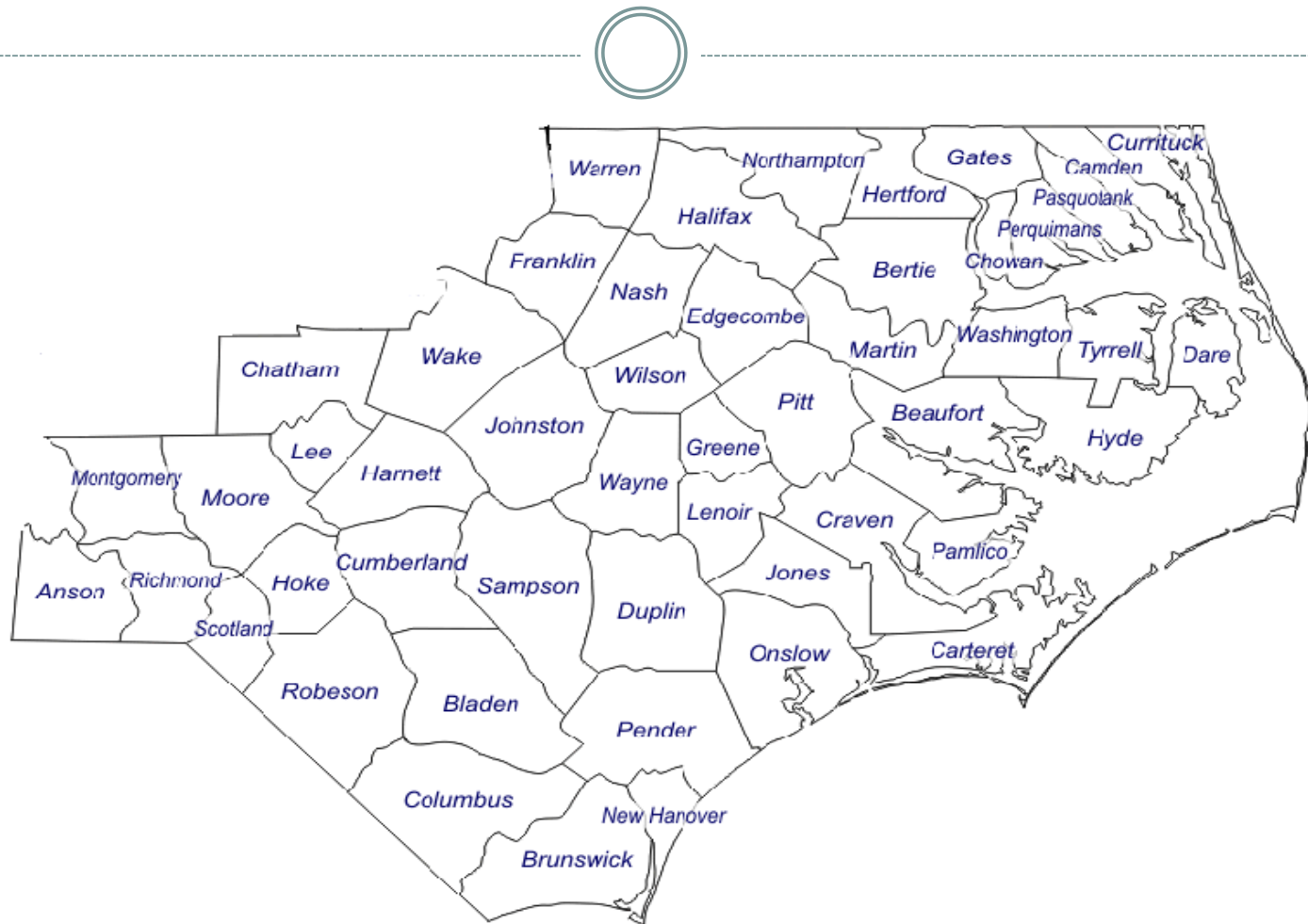
Grant Detail- We Have Answers



Questions from last meeting:

- Exactly which counties in ENC qualify
- Job creation and retention requirements (timing, duration)
- Specific timeline for loan forgiveness
- Exact parameters for what it means to be impacted by the hurricane
 - Likely determined on a loan-by-loan basis
 - May include businesses moving into hurricane-affected counties to fill a business void created by Hurricane Matthew (ex. Grocery store closes due to building flooding. New grocery moving into the area may qualify for this grant/loan program.)

Exactly which counties in ENC qualify



Job creation and retention requirements



- Up to \$75,000 match per loan (up to \$25,000 per LMI job created/retained)
- **Job creation/retention requirement**
 - Specific number of jobs held by or available to LMI persons over the first 36 months of the loan term
 - At least 51% of jobs created or retained need to be held by LMI persons or can be expected to turn over to a LMI person within 2 years.
 - Establish timeline for jobs prior to loan closing; must adhere to timeline to qualify for forgiveness
- **Grant portion of loan forgiven if job requirements are met**
 - 1/3 of SBRAP loan forgiven per year for three years assuming pledged job creation/retention for that year is satisfied
 - If pledged jobs are not created/filled during the agreed-upon time period, favorable loan terms may be cancelled and fund recovery actions may begin
- **3 year term**

Specific timeline for loan forgiveness



- **Grant portion of loan forgiven if job requirements are met**
 - 1/3 of SBRAP loan forgiven per year for three years assuming pledged job creation/retention for that year is satisfied
 - If pledged jobs are not created/filled during the agreed-upon time period, favorable loan terms may be cancelled and fund recovery actions may begin

Exact parameters for what it means to be impacted by the hurricane

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- **Physical Damage**
 - Property or equipment damage as a direct result of Hurricane Matthew (ex. flooding)

- **Economic Damage**
 - Must be “significant” and “sustained”
 - ✦ Drop in net income
 - ✦ Increase in costs connected to Hurricane Matthew
 - ✦ Loss of customers
 - ✦ Clearly interrupted growth trajectory (foregone income)

* Damage will be reviewed on a loan-by-loan basis. The NC Department of Commerce has final approval

Self-Help Product



- Details included in product overview (email attachment, also on shared drive: **03Sectors → SmallBusiness → SBRAP**)
- Standard SH underwriting criteria
- Blended interest rate that will be lower than our standard rates (0% interest on grant portion of the loan)
- Can combine with other products/programs that we do not report to federal government (ex. CCRLF)
- Environmental screening required for all projects

What to Market?



- **The Small Business Recovery Assistance Program features:**
 - No minimum or maximum loan amount
 - Flexible terms and conditions
 - 0% interest up to half the loan value or \$75,000 (whichever is less)
 - Loan forgiveness up to \$75,000 (based on job creation/retention)

- **Businesses can use this loan to:**
 - Cover working capital
 - Pay for marketing
 - Fund operating costs
 - Purchase inventory
 - Relocate a business
 - Make repairs and/or property improvements
 - Purchase/install equipment, furniture and fixtures

- **You may qualify for Self-Help's Small Business Recovery Assistance Program if your business:**
 - Is located in eastern North Carolina (please see reverse for map of eligible counties)
 - Experienced physical damage as a result of Hurricane Matthew (or)
 - Experienced economic hardship as a result of Hurricane Matthew
 - Has or is looking to add jobs (including sole proprietorships)

How do Businesses Apply?



- Point of contact to gather as much info as feel comfortable and refer to Jessie
- BD or Loan Officer performs initial screen
 - General SH loan screen
 - Fill out commercial loan prospect triage
 - Establish type and extent of “damage”
 - Establish LMI jobs plan
 - Establish use of funds
 - Ask Jessie, Karen, or Neill to request feedback from Commerce, if applicable
- Business submits regular SH Commercial Loan Application
 - Spread
 - Qualification questions? Ask Jessie or Karen
- If things look good, send any additional documents that need to be filled out (per SBRAP application and checklist template)

(Revised) Timeline



- **September- October:**
 - Kick-off meeting (Today!) ✓
 - Loop in retail (staff meeting) ✓
 - Stakeholder conversations ✓

- **November/Early December:**
 - Finalize loan product ✓
 - Stakeholder input on outreach (ongoing)

- **December-January:**
 - Loop in Retail (individual conversations)
 - External conversations (see Outreach doc)
 - Initial email, snail mail outreach (former borrowers, child care contacts, others?)
 - Website finalize, flyer finalized

- **January-February:**
 - External conversations (see Outreach doc)
 - Marketing in branches?

- **TBD**

- **June 30, 2018: Deadline to disburse half of grant funds**

Next Steps



- **Email and send letter to:**
 - Child care county contacts
 - Former SH borrowers

- **Add to/Update on Outreach Document:**
 - COGs
 - Chambers of Commerce
 - City and county planners
 - Community banks
 - SBA 504 contacts/SBA reps
 - Economic developers
 - SBCs, SBTDCs
 - Community representatives