



COVID-19 ECONOMIC RESPONSE

FRANK GRAY - CEO

UNDEFINED CHALLENGES: WHEN DO WE GET BACK TO BUSINESS AS “NORMAL”?

- Economic reality: We will not get back to “business as normal” until there is a vaccine. Until that time there will be varying “degrees of normal”.
- Businesses will have both short term and mid-term challenges as we return to different degrees of normal.
- When the bigger picture becomes clearer and businesses can better understand what amount of time (2,4,6 mo?) they are trying to solve for will they be comfortable taking on more debt.
- What we know now is that many businesses are reluctant to take on debt (even at 0%) if they don't know what time period or specific challenge, they are solving for.

THERE ARE NO SILVER BULLETS !

- There are many Federal, State and Castle Rock resources and tools in place but none of them will completely solve the COVID 19 Pandemic Economic Impacts.
- EDC Recommendations:
 - Apply for SBA PPP and Disaster Relief Fund through your local bank and SBA directly
 - Have discussions with your bank or landlord about payment/rent deferral
 - Apply to the Castle Rock KIVA Loan Program (Short Term)
 - When a timeline back to “new normal” is clearer we will need to access what resources will be appropriate for our businesses.

PROPOSED KIVA AMENDMENTS AND CLARITY

- ADD Sole Proprietors
- Increase LOAN AMOUNT to \$4000 or 50% of the loan amount which ever is less. That would take us from 100 loans to 50 loans but would be more impactful and it is the EDC's opinion that we won't reach the 50 loans
- Eliminate the loan forgiveness component as it is technically impossible via KIVA platform.
- Disperse the \$200K approved for the KIVA loan program in \$50K increments as needed
- All repaid loan funds return to Town Economic Development Fund

NEW CASTLE ROCK COVID-19 ECONOMIC RECOVERY LOAN FUND AT 0%

- **What:** 0% interest \$1.5M loan fund to Castle Rock businesses up to \$25K each.
- **Proposed Town Capital Investment:** \$300,000 Town Economic Development Fund
- **Maximum Loan Amount:** \$25,000 X 60 Business Loans = \$1.5M Available Loan Fund

CASTLE ROCK COVID-19 ECONOMIC RECOVERY LOAN FUND AT 0%


- Objective short to mid-term 0% interest loans to Castle Rock based businesses to deal with economic impacts of COVID 19 Pandemic. Funds available on a First Come First Serve basis.

Who Qualifies?

- Castle Rock-based business in good standing with the Town
- Town of Castle Rock brick and mortar location
- Must have SBA Disaster Relief or SBA PPP active loan application or have been denied
- Complete a successful abbreviated CLS underwriting process

*Franchise businesses? Must be based in Castle Rock with a franchisee that resides in Douglas County

Excluded:

- Nefarious business
 - Home based businesses
 - Business/Owners that have a bankruptcy
 - Non-profit organizations
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CAPITAL, LOAN SERVICE AND INTEREST ABSORPTION COSTS

- \$300,000 Loan/Loss Fund (Held by a partnering bank)
- Colorado Lending Source Underwriting/Admin/Loan service Fee \$900 Per \$10,000 Loaned (\$135,000 MAX Loan Service fee if program is maxed)
- Interest on the Loan Fund (\$1.5M @0% or \$1.5M @4% (\$60,000) X 2 years = \$120,000)
- Costs:
 - Capital \$300,000
 - Loan Admin/Service \$135,000 (If \$1.5M Loaned)
 - Absorbed Interest @ 4% \$120,000 (2 years)