

PART E: POLICY AND PROCEDURE FOR THE PROVISIONS OF EDIP FUNDS FOR A TEMPORARY SMALL BUSINESS RENT ASSISTANCE PROGRAM RELATED TO THE COVID-19 PANDEMIC:

1. Purpose and Intent: As of March 13, 2020, the City Manager has declared a local emergency during the COVID-19 Pandemic (the “Local Emergency”). Many small businesses have suffered severe and sudden drops in revenue due to the restrictions put in place during the Local Emergency, including those mandated by the Commonwealth of Virginia. As a result, those businesses will be unable to make rent payments, utility payments and other recurring business expenses for their places of operation without risk of laying off employees. Also, the City is aware of possible general business expenses that are connected to the Local Emergency, which may not be eligible for other relief programs. These additional burdens could lead to evictions or the inability of the small business to recover and continue operations once the Local Emergency has passed. A purpose of the Authority is to promote small business, and as such, this Part E of the EDIP is intended to allow the Authority to contribute to the economic health of the City and Commonwealth by providing small business rent assistance grants (the “Grants”) as set forth below.

2. Qualifying Businesses: To qualify, a business must be able to demonstrate the following:

- a. It is a small business with fewer than 250 employees;
- b. It has operated in the City of Virginia Beach for at least 1 year (12 months);
- c. It continues to operate during the Local Emergency, or was ordered closed by Governor Northam’s Executive Order 53 issued on March 23, 2020;
- d. The COVID-19 Pandemic has caused a major disruption to the revenues of the business so that the business will be unable to continue generating sufficient revenue to make rent payments, utility payments, or to meet its other obligations without reducing the number of employees.
- e. The business is operated in a leased space and the landlord is not a related entity to the owner or owners of the business; and
- f. The business agrees that it will forestall any reduction in its workforce during the grant period as defined in Section 3.

3. Size and Duration of Grants: City Council has authorized the use of \$1,500,000 of EDIP funds for the Grants. Each Grant shall not exceed the lesser of (i) identified rent, utility, and other business expenses related to the COVID-19 Pandemic, or (ii) \$10,000.

4. Application Process and Representations by Business: A business seeking a Grant shall submit (i) an application and (ii) a Disclosure Statement Form (a copy of each are attached hereto) by mail to: Dept. of Economic Development, Attn: Director, 4525 Main Street, Suite 700, Virginia Beach, Virginia 23462 or by email: ecdev@vbgov.com before June 30, 2020. In the application, the business will make the following affirmations and representations:

- a. A statement of the impact to its operations due to the Local Emergency;
- b. That due to the Local Emergency, it cannot generate sufficient revenue to pay its rent, utilities, and/or other business obligations;

- c. Receipt of the Grant will allow it to continue operations and forestall any reductions in employees;
- d. That its landlord has agreed to waive all late fees, interest and/or penalties attributable to rent paid via the Grant; and
- e. That there is a valid lease in place (applicant shall provide a copy of its current lease to establish the amount of the Grant) or other written binding obligation for which the business seeks assistance.

5. Criteria for Grants: The Authority will review and consider all applications. Priority shall be given to those businesses that are most likely to return to normal operations after the expiration of the Local Emergency, in the sole judgment of the Authority. Consideration will also be given to the retention of employees during the Local Emergency.

6. Selection Process: The Chair shall designate City staff to review all applications and make recommendations to the Authority for distributions of the Grants. Each Grant recommended for approval shall be voted on by the Authority at one of its regular or special meetings.

7. Authority Findings: Prior to approving a Grant, the Authority shall make the following findings:

- a. That the applicant qualifies under the requirements of Paragraph 2 of this Part E;
- b. That the animating purpose of the proposed provision of EDIP funds for the Grant is the public purpose of promoting economic development and retaining business and employment opportunities in the City of Virginia Beach;
- c. That the expenditure of such funds will only incidentally enure to private interests, if at all;
- d. That the proposed provision of funds for the Grant is in furtherance of the purposes for which the Authority was created;
- e. That without the Grant it is unlikely the applicant would be able to continue its operations in the City at its current level; and
- f. That the continued operations of the business will be beneficial to recovery of the local economy after the expiration of the Local Emergency.

8. Authority Approval of Grants: Approval by the Authority of the provision of a Grant to a specific business, pursuant to this Part E, shall be in the form of a resolution which shall include the following information:

- a. The name of the applicant;
- b. The location and brief description of the applicant's business;
- c. The amount of the Grant;
- d. The timeframe for which the Grant will be used to provide rental assistance; and
- e. A statement that the findings set forth in Paragraph 7 of this Part E have been met.
- f. A single resolution may be adopted to approve multiple Grants so long as the above information is included for each recipient in that resolution.

9. Delegation to the Authority's Chair ,Vice Chair, or Treasurer : Due to the difficulty of obtaining a quorum for a meeting of the Authority, the Authority has delegated the authority to approve a Grant required by Section 8, supra, to the Chair, Vice Chair or Treasurer provided the same information is included in the approval subject to this delegation. Any such approval shall be posted on the VBDA website and provided electronically to all the VBDA Commissioners, and payout shall be delayed for two business days prior to payout. Should any two commissioners make written objection to the award pursuant to this delegation, such Grant shall be delayed until such time as the Authority is able to meet and obtain a quorum. In the event the subject of this delegation cannot participate in a transaction because of the Virginia Conflicts of Interest Act, the appropriate statement of disqualification shall be filed with the Authority's clerk.

10. Grant Payouts: After approval by the Authority, the Grants shall be made payable jointly to the business and the landlord, and shall only be made after the landlord has agreed, in writing, to accept the Grant as rent and to waive all late fees, interest and/or penalties associated with the time-frame covered by the Grant. If the Grant does not concern a lease, the business shall provide sufficient documentation as to the ultimate recipient of Grant funds.