



Agenda Item: Discuss and Review Paycheck Protection Program Loan Application

Background: Park Board staff recently learned that the Tourism Development – Convention and Visitors Bureau (CVB) may be eligible to receive a Payroll Protection Program (PPP) loan administered by the Small Business Administration (SBA). Originally excluded from PPP participation in the first round, the Act expands eligibility to receive a loan to include Destination Marketing Organizations (DMO) that is part of a governmental entity, or a political subdivision of a state or local government. A DMO is an organization that promotes and markets local attractions, accommodation options, tourism services, transportation, associated retail stores, restaurants, events & more. Our CVB meets that definition. The primary purpose of PPP loans is to help DMOs and other businesses retain their existing staff during the pandemic. If the funds are used to do this, they may be eligible for a 100% forgiveness incentive. If any portion of the loan is not forgiven, the term is 5 years with a 1% interest rate.

Staff attended two webinars that provided information and guidance on PPP loan eligibility and application process. Staff worked with Moody National Bank (MNB) to prepare and submit the loan application. The application was submitted to MNB on February 2, 2021, and final submission to SBA on March 10, 2021. MNB will coordinate with the SBA and will provide updates or requests for information to staff.

The loan amount requested is \$298,855.23 and was calculated by taking the FY2019 average monthly payroll costs for the CVB. If approved by SBA, the loan proceeds will be used exclusively on payroll costs for our CVB. Loan proceeds must be spent within 24 weeks of loan origination (date loan proceeds are received). The loan proceeds will also help with cash flow, especially since FY2020 HOT collections were down 14.3% compared to FY2019 and allow for the CVB to reallocate funds currently dedicated to payroll to other initiatives.