

Richland County COVID-19 Small Business Emergency Relief Grant Program

ROUND 2 PROGRAM GUIDELINES **As Published October 2020**

The Richland County COVID-19 Small Business Emergency Relief Grant Program (the “Program”) is a grant fund that previously distributed more than \$700,000 and has been refunded with additional money from the County and other municipalities received through section 5001 of the federal Coronavirus Aid, Relief and Economic Security Act (that “CARES Act”). The Program has been created by Richland County with community partners in order to assist small businesses throughout Richland County with the financial hardship imposed by the COVID-19 pandemic, and to help pay the costs of business interruption required by closures or those costs where businesses face uncertainty as to their ability to pay due to the pandemic. The below guidelines establish the businesses eligible for funding, the type of business expenses that can be paid with grant funds, the application and award process, and the process for entities to make contributions to the Program.

I. General Description of the Program

Eligible businesses will be able to receive grant funds from the program in order to assist those businesses with operating expenses incurred or paid after March 15, 2020, when the State of Ohio began the process of closing certain businesses within the State, and at which point several businesses were being affected by both mandatory and voluntary closures, cancellations, and postponements of operations, activities, and events, both in and outside of Ohio, and substantial losses in revenue and costs as a result of business interruption and broad economic impact of the pandemic. Generally, the amount of the grant per business will be a maximum of \$7,500 for businesses with two to forty FTE’s and a maximum of \$2,500 for businesses with less than two FTE’s. Eligibility for the grants will be tied to key criteria linked to supporting businesses that were viable prior to the pandemic, have been impacted by COVID-19, are located within Richland County, and have the potential to continue to operate following the pandemic.

Applicants must submit an application in the form attached to these guidelines to the Richland Area Chamber, which will review the same for completeness and compliance with these guidelines. The second round of funding for which applications will be taken, will commence at 9:00 am on Wednesday, October 28, 2020 and run until 11:59pm on Thursday, November 5, 2020. All complete applications submitted during that time, that are in compliance with the eligibility criteria set forth below, will be scored based on criteria reviewed by the Grant Underwriting Team. The Grant Underwriting Team will recommend the awarding of grants to businesses with completed applications generally based on the criteria set forth in Exhibit B, with the intention of awarding grants based on the following: the impact of the COVID-19 pandemic on the operation and success of the business, the likelihood of the business’s future success, the number of job opportunities preserved for Richland County businesses, the location of the business and the contribution of the business to equity and the diversity of small businesses and small business owners in Richland County. The Richland Area Chamber will announce the award of grant funds on Monday, November 16, 2020, and will begin distributing grant funds the following week, unless funding from a funder for that particular grant is received by the Richland Area Chamber later than that week (the Richland Area Chamber will advise accordingly).

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All grants made under the Program are being made with the intention to provide immediate funding to small businesses to reimburse the costs of business interruption caused by required closures, to assist with the payment of costs where the business faces uncertainty as to its ability to pay due to the pandemic, to keep as many small businesses in Richland County operating as possible, and to retain as many jobs for Richland County residents as possible in light of the severe economic hardships brought by the COVID-19 pandemic. All contributions of funds to the Program are made for the purpose of furthering economic development, preserving employment opportunities for Richland County residents, and preserving the operations of Richland County's small businesses during a time of need and emergency. The primary objective of the Program is to minimize long-term economic hardship to Richland County residents and businesses that may result from the COVID-19 pandemic.

II. Eligibility Criteria

A. To be eligible for grant funds under the Program, Richland County businesses must meet the following requirements, as of March 15, 2020 (for purposes of this section the phrase "the business" is understood to also mean the eligible non-profit types as noted below):

- The business must operate for profit, or be a 501c4, 501c6, 501c7, 501c19, or 501c23 non-profit. (Business that are for-profit generally file an IRS Form 1040 with a Schedule-C, 1040-SR with a Schedule-C, 1065, 1120 or 1120-S. The non-profits would file an IRS Form 990.)
- 2019 Revenue not to exceed \$4,000,000.
- The business may be a sole proprietorship, partnership, corporation (both S and C), professional association, limited liability company, limited partnership, or limited liability partnership. If a corporation, professional association, limited liability company, limited partnership or limited liability partnership, the business must be registered with the Ohio Secretary of State to do business in the State of Ohio. If a sole proprietorship, the business shall provide documentation of its existence as a business, including, but not limited to income tax returns for the business, trade name registrations, business banking or credit accounts, or similar documents. If a partnership, the business shall either be registered with the Ohio Secretary of State to do business in the State of Ohio, or, if not registered, shall provide documentation similar to that required for a sole proprietorship. The eligible non-profit corporations must be registered with the Ohio Secretary of State.
- The business, or headquarters for the business, must be located within Richland County. A sole proprietor with a legal business address that is outside Richland County, but who primarily operates out of a physical location within Richland County will be considered eligible.

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- The business must have been in operation by February 28, 2020, which, at a minimum, may be evidenced by a filing on or before that time, of documents with the Ohio Secretary of State incorporating or organizing the business or evidencing operation of the business prior to that time. Absent those filings, business bank account documentation, business tax documentation, credit accounts or other documentation acceptable to the Chamber in its sole discretion as evidence of operations will be required.
 - The business must not be permanently closed and must intend to continue its business operations following the COVID-19 pandemic.
 - To be eligible for a grant in an amount of up to \$7,500, the business must employ a minimum of two FTE's and a maximum of 40 FTE's. FTE's for the purpose of this grant will be counted as one FTE per full time employee and one-half FTE per part time employee. Businesses that employ less than two FTE's will be eligible for grants of up to \$2,500. For purposes of this criteria, "employee" shall mean an individual who (i) is employed as an employee who regularly works at least 20 hours per week and who is provided an IRS Form W-2 at the end of each calendar year, (ii) is independently contracted with the business, regularly works at least 20 hours per week and who receives an IRS Form 1099 at the end of each calendar year, or (iii) the principal owner(s) of the business, the sole proprietor, or partners, whichever is applicable, provided, however, that the principal owners, sole proprietor or partners actively work in the business.
 - The business must not be in receivership or bankruptcy.
 - All businesses will be required to provide the businesses' federal employer identification number, or, if the business does not have a federal employer identification number, the social security number under which the business operates.
- B. The business shall not be one of the following, regardless of its general eligibility under subsection (A), above:
- Any business operating as an entertainment device or skill game arcade.
 - Any business operating as a sexually oriented business as that term is defined in Section [2907.40](#) of the Ohio Revised Code.
 - Any financial institution that makes loans or issues credit to the public, including, but not limited to, banks, credit unions, payday lenders, or any other similar business.

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- A business that received funding from an earlier round of the Richland County COVID-19 Small Business Emergency Relief Grant Program.

III. Eligible expenses

- A. Unless excepted below, all expenses of the business that related to the costs of business interruption caused by required closures or for which the business faces uncertainty as to its ability to pay due to the pandemic and that are deductible as ordinary and necessary business expenses under the U.S. Internal Revenue Code may be paid for with grant funds from the Program. Expenses must be incurred between March 15, 2020 and December 11, 2020. Examples of eligible expenses include, but are not limited to:
- Mortgage payments for the business's principal place of business or such other business location in Richland County. Mortgage payments for businesses that are located in an owner's primary residence are not eligible.
 - Rent payments for the business's principal place of business or such other business location in Richland County. Rent payments for businesses that are located in an owner's primary residence are not eligible.
 - Utility payments – electric, gas, sewer, water, trash removal – for the business's principal place of business or such other business location in Richland County. Utility payments for businesses that are located in an owner's primary residence are not eligible.
 - Health, property and casualty and liability insurance payments.
 - Vehicle and equipment lease or rental payments for vehicles and equipment leased on or prior to March 15, 2020.
 - Salaries or wages of all employees employed by the business.
 - Such other costs related to interruption of the business caused by required closures, including the closure of the business's suppliers and/or customers.
- B. Additionally, any sole proprietor may use grant funds from the Program to replace a portion of its lost revenue, as follows:

If the sole proprietor filed IRS Form 1040 and Schedule C thereto for tax year 2019, or, if the event the sole proprietor has not filed IRS Form 1040 for tax year 2019, but has filed IRS Form 1040 and Schedule C thereto for tax year 2018, then the sole proprietor can use the grant

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- funds to pay the sole proprietor the equivalent of up to 1/6 of the net profit reported by the sole proprietor on line 31 of the applicable Schedule C.
- C. Each applicant for funds will include in its application to the Richland Area Chamber an itemization of the expenses it intends to pay with the grant funds, which will be reviewed for compliance with the eligible expenses set forth in Section III (A), above. Following the expenditure of all grant funds, the business shall provide a listing to the Richland Area Chamber of all business expenses paid using the grant funds along with supporting documentation. Documentation will be in the form of cancelled checks, paid invoices, bank statements, or similar documents evidencing payment. The listing of business expenses paid and accompanying documentation shall be submitted to the Richland Area Chamber no later than December 21, 2020 following the receipt of grant funds by the business.
- D. All expenses reported to the Richland Area Chamber as paid using Program funds must either be incurred by the business or paid by the business between March 15, 2020, and December 11th, 2020. No grant funds may be used to pay for vehicles or equipment leased or purchased after March 15, 2020 (this prohibition is not intended to apply to inventory of the business). No Program Grant Funds may be used to repay expenses that were also claimed as part of other CARES Act funding programs – such as the Paycheck Protection Program; nor anything else reimbursable by the federal government.
- E. The eligible expenses set forth above constitute, to the best of the County of Richland and Chamber's knowledge and understanding, eligible expenses for which funds can be used under Section 5001 of the CARES Act, and the business cannot use grant funds it receives for purposes other than those set forth above.

IV. Application and Award Process

- A. Businesses that wish to apply for a grant from the Program shall submit to the Richland Area Chamber the following documents in electronic format:
- A complete application on the form prescribed by the Richland Area Chamber. That application will include basic information regarding the business, as well as the following information:
 - Summary level information on 2019 revenues and expenses, and estimate of 2020 YTD revenues and expenses and estimate of COVID-19 impact on revenue and expenses.
 - An indication of business expenses that the business will pay with grant funds awarded from the Program.

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- For all businesses applying, the first page of its IRS Form 1040, 1040-SR, 1065, 1120 or 1120-S for tax year 2019, or, if the business has not filed IRS Form 1040, 1040-SR, 1065, 1120 or 1120-S for tax year 2019, but has filed one of said forms for tax year 2018, then the first page of the same. Additionally, any business providing a Form 1040 or 1040-SR must also include the full Schedule C that was filed with the Form 1040 or 1040-SR.
 - A completed form W-9 for the business or recipient of grant funds to enable IRS reporting and verification.
- B. Applications will be taken commencing at 9:00 am on Wednesday, October 28, 2020 and run until 11:59pm Thursday, November 5, 2020. All applications must be fully submitted and completed during this time to be considered. Applications will be received electronically via the online survey application tool. In the event that an applicant is absolutely unable to submit via the online tool, we will do our best to accommodate arrangements for application via paper. Submissions via fax will be time stamped for receipt. Applications may also be received by U.S. Mail and will be time stamped upon receipt for 5 p.m. on the date of the postmark of the application. To facilitate review, no applications will be accepted by U.S. Mail if received after 5 p.m. on the final date of the application period. No applications will be accepted in person at the Richland Area Chamber or any other office unless a specific appointment time for receipt can be made.
- C. Complete submission of accurate information is the responsibility of the applicant. Given the volume of applications expected, The Richland Area Chamber is unable to contact individual recipients related to incomplete information. The application process includes multiple opportunities for the applicant to review their submission and a final confirmation will be sent from the application system to the applicant's email. Incomplete applications will result in elimination of the company's application for the grant. Information submitted will be deemed as certified to be accurate and truthful by the applicant and will be relied on for determining eligibility and applicant scoring. False information provided by applicants could result in the requirement to repay grant funds as a result of submitting a false or misleading application.
- D. All applications that are complete and contain all information required by Section IV(A), above, will receive a sequential grant application number indicating the order that the complete application was received. This number will factor into the review as a way of prioritizing distribution of funds in the event scoring of the application results in equal scores to other applications.
- E. All complete applications that receive a grant application number will be considered for funding by the Grant Underwriting Team. Grant awards will be made based on competitive application scoring and the availability of funds. It is not likely the Program will be able to provide funds for every eligible applicant.

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The Grant Underwriting Team, the membership of which is attached hereto as Exhibit A, will be responsible for oversight of the scoring methodology, advising grant program staff on the review process and providing general advice and support for the approach to applicant evaluation and the awards process. The Grant Underwriting Team shall review and approve the final set of awards based on review of the scoring process and the final summary of applicant and awardee information.

Upon approval by the Grant Underwriting Team, businesses with employees of two to forty FTE's will be awarded a grant of up to \$7,500 and businesses with less than two FTE's will be awarded a grant of up to \$2,500. Grants will be funded only to the extent that grant funds are available. Grant awards will be announced by the Richland Area Chamber on Monday, November 16th. Following award of each grant, the Richland Area Chamber will email to each business a grant agreement. The business must complete and sign the grant agreement and return the same to the Richland Area Chamber to receive grant funds. Grant funds will be distributed as soon as possible following the receipt of a signed grant agreement and any required verification of documentation and other requirements, unless funding from a funder for that particular grant is received by the Richland Area Chamber later than that week.

- F. Any application that is complete and meets all eligibility, but was not funded in a certain round will be reconsidered for funding if additional money becomes available.
- G. The Richland Area Chamber may require any business owner to complete any necessary documentation to determine if the grant to that business may be funded.
- H. Prior to receiving any grant funds, the business shall sign a grant agreement between itself and the Richland Area Chamber. At a minimum, the grant agreement will (i) require the business to use all grant funds for the purposes set forth in these Guidelines and its application, (ii) require the business to follow and comply with all other provisions of these Guidelines, (iii) be conditioned on the business providing all information on the application, accompanying documents and verification of expenses in a true and accurate manner, (iv) require the business to be subject to audit and reimbursement of funds in the event it fails to comply with items (i) to (iii), and (v) require the business to indemnify and hold harmless the Richland Area Chamber and all contributors of grant funds.
- I. To the extent allowable due to the availability of funds, all businesses will be funded to the maximum for their employee size as noted above provided they are complete, meet all other criteria, and are approved by the Grant Underwriting Team. Businesses requesting less than the maximum funding for their size will be funded in the amount requested in the application, again, provided they are complete, meet all other criteria, and are approved by the Grant Underwriting Team. The Richland Area Chamber and the Grant Underwriting Team will not make determinations that grants be funded for an amount different than the amount requested, unless necessary to cap the grant at a maximum amount.

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- J. In general, the Richland Area Chamber will manage the Program and administer the distribution of grants in accordance with these Guidelines.
- K. Nothing contained herein is intended to obligate or bind, nor shall it be construed to obligate or bind, the Richland Area Chamber or any grantor of funds to the Program, to make, award, or fund any grant to any entity whatsoever, and no entity shall have any claim, action, or cause of action against the Richland Area Chamber or any grantor of funds for failure to make, award, or fund any grant. All determinations will be made with the best efforts of the Grant Underwriting Team and in the spirit of meeting the objectives of this program. The decisions of the Grant Underwriting Team are final, not subject to appeal and fully within the discretion of the Grant Underwriting Team subject to whatever process modifications they find necessary in the dispatch of their work to meet the guidelines of the program. A statement to this effect shall be included in the application.

V. Fund Contributions

The Richland Area Chamber will accept fund contributions in increments of \$1,000, for providing Program grants from governmental entities, businesses, non-profits, and individuals who wish to contribute to the Program.

- A. Grantors who provide fund contributions in excess of \$10,000 shall have the ability to direct the following factors as it pertains to the use of their contributions:
 - The community or geographic area within Richland County in which the fund contributions must be utilized for grants. Fund Contributions that are not restricted to a jurisdictional or geographic area within the County shall be deemed as available for grants to businesses Countywide.
- B. Contributed funds will be paid by grantors in a lump sum payment to the Richland Area Chamber pursuant to a grant agreement executed between the Richland Area Chamber and the grantor. Once funds are paid to the Richland Area Chamber, they will not be returned to the grantor unless (i) the grantor cancels the grant agreement for cause because of mismanagement, misfeasance, or malfeasance on the part of the Richland Area Chamber, or (ii) on December 15, 2020, the Richland Area Chamber is still in possession of contributed funds from the Grantor that were not distributed to businesses under this Program. The Richland Area Chamber shall develop and distribute the grant agreement to each grantor. All grants will then be made out of the funds contributed by the grantors and the Richland Area Chamber shall not have any obligation to fund grants out of its operating funds.

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- C. The following shall be used by the Richland Area Chamber in determining which fund contributions shall be drawn down to fund any grants that are awarded:

If funds that have been contributed for a certain jurisdiction or geographic area wherein the business is located are available, then the grant shall be funded by those funds.

If jurisdictionally or geographically-directed funds are no longer available that apply for that business's location, then the grant shall be funded by other funds that are available.

In the event that a grantor has permitted that grant funds may be used to fund grants in excess of the maximum amounts set forth above, regardless of whether such funds are jurisdictionally or geographically restricted, then any grant that is awarded solely using those funds may exceed that maximum amount, up to the amount allowed by the grantor. Grants that are approved for funding will receive the maximum amount in the order that they are approved.

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EXHIBIT A

GRANT UNDERWRITING TEAM MEMBERS

The following members shall comprise the Program's Grant Underwriting Team:

1. Two representatives of the County of Richland.
2. Two representatives of the Richland Area Chamber.
3. A representative of the North End Community Improvement Collaborative.
4. A representative of Braintree Business Development Center.
5. Two individuals with experience as SBA certified lending officers, commercial lending or entrepreneurial finance from lending institutions or economic development intermediaries with a presence in Richland County.
6. One representative from the City of Mansfield

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EXHIBIT B

UNDERWRITING CRITERIA

The below criteria shall be used by the Grant Underwriting Team in determining whether to fund any grant. In evaluating businesses in view of the below criteria, the Grant Underwriting Team shall place a priority upon the goals of (i) preserving jobs at small businesses within Richland County/Mansfield, (ii) the value of the economic impact that the business has on Richland County and/or the corresponding loss if the business discontinues operations, and (iii) assistance to businesses that are threatened and/or economically harmed by the COVID-19 pandemic, but that were otherwise healthy and functional businesses prior to the pandemic, and are therefore likely to be successful following the pandemic.

Businesses with two to forty FTE's will be evaluated amongst other businesses with two to forty FTE's and businesses with less than two FTE's will be evaluated amongst other businesses with less than two FTE's. Funds will be allocated and awarded by the Richland Area Chamber for each group of businesses – those with two to forty FTE's and those with less than two FTE's – following receipt of applications and a determination regarding how much should be allocated to each group based on the number of applications received.

1. The impact of COVID-19 on the businesses ability to be successful.
2. The length of time the business has been in operation and the business ownership/leadership experience of its principals.
3. The number of FTE's employed by the business (for businesses with 2 – 40FTE).
4. The amount of operating expenses compared to personnel expenses (for businesses with less than 2 FTE).
4. The location of the business, and, specifically, whether the business is located within the Distressed Communities Index as determined by the Economic Innovation Group (zip codes with a distressed score of 50+).
5. Whether the business is a minority-owned, woman-owned, veteran-owned or other disadvantaged business, including whether the business has an EDGE certification or other certification that it is a disadvantaged business.
6. The amount of the business's sales and operating expenses in 2019.
7. In light of the business's current operating expenses and revenue, the likelihood that the grant funds will pay enough of the operating expenses to allow the business to either continue operating or resume operations following the COVID-19 pandemic.

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8. The strength of the industry within which the business is situated, particularly in light of the COVID-19 pandemic and its impact on that particular industry.

Upon a two-thirds vote of the members of the Grant Underwriting Team, the above criteria may be modified, provided that any modified criteria conform to the goals set forth in the first paragraph of this Exhibit B.