

# HOSPITALITY ECONOMIC RESILIENCY GRANT SPECIAL BUSINESS BRIEFING

November 10, 2020



**GOVERNOR  
DOUG BURGUM**



**SHAWN KESSEL**  
ND Dept. of Commerce  
Interim Commissioner



**RUDIE MARTINSON**  
ND Hospitality Association  
Executive Director



**KELVIN HULLET**  
Bank of North Dakota  
Market Manager



Commerce





# AGENDA

- **North Dakota Hospitality Association** – Industry Impacts      Rudie Martinson
- **Hospitality ERG** – Overview      Shawn Kessel
- **Bank of North Dakota** – COVID-19 PACE Recovery Program      Kelvin Hullet
- **Greater North Dakota Chamber** – Closing Remarks      Matt Gardner

# IMPACTS FELT BY INDUSTRY



**RUDIE  
MARTINSON**  
ND Hospitality Association  
Executive Director

# HOSPITALITY ECONOMIC RESILIENCY GRANT



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# WHO QUALIFIES?

- Restaurants, bars, breweries, cafes, and similar on-site dining establishments
- Entertainment venues: movie, drama, music theaters and facilities used to host community and private events
- Professional production companies that support major venue meetings and events

# REIMBURSING OF RECEIPTS

## ACCEPTABLE

- Payroll, rent, utilities, personal protective equipment (PPE), technology; and other expenses that comply with federal guidelines

## NOT ACCEPTABLE

- Items that received grant funding from 1<sup>st</sup> round of ERG or any other Federal CARES funding such as PPP, EIDL, or Bank of ND CARES funding programs

# HOW MUCH?

- \$25,000 and entities with multiple locations may receive up to \$75,000 with a **MAXIMUM** of \$25,000 PER LOCATION
- Grant recipients must comply with ND Smart Restart protocols



# WHEN?

- Expected to open late November
- First-come, first-served basis
- Funding will be approved if the application meets all criteria and funding is available.

# ELIGIBILITY REQUIREMENTS

## The grantee must be:

- A restaurant (food trucks included) - to include food services and drinking establishment that derive a **minimum of 51%** of their sales from prepared food and must certify that 75% sales were derived in ND, as well as a current food establishment license.
- A bar or lounge with a current on-sale liquor license issued by the appropriate legal entity that derive a **minimum of 51%** from on-sale sales.
- An entertainment venue to include movie, drama or music theaters and facilities used to host community and private events; and that derive a **minimum of 51%** of your revenue from either rental or admissions.
- A production company that provides technology and audio-visual services to meetings and events; and must certify that **75% sales** were derived in ND.
- Applicants must self-certify that they meet the requirements and will comply with current North Dakota Smart Restart protocols. Noncompliance with these protocols will result in the repayment of all grants funds.

# INELIGIBLE

- × Government owned facilities that do not generate more than 51% of its revenue from private events
- × In-home caterers
- × Food establishments without appropriate licensure
- × Retail food, groceries or gas stations who do not derive a minimum of 51% of their sales from prepared food
- × Religious Organizations
- × Lodging facilities (that do not have event space or restaurants)

# SELF-CERTIFY

- Applicants must self-certify that they meet the requirements and will comply with current ND Smart Restart protocols.
- Noncompliance will result in repayment of all grant funds.

- ✓ Business in ND
- ✓ Financially viable and experienced negative impact
- ✓ Registered and legal
- ✓ Appropriate licenses
- ✓ Meets eligibility requirements
- ✓ Will not use to pay off loans
- ✓ Restaurants and bars that derive 51% of sales from prepared food
- ✓ Follows ND Smart Restart guidelines

# GRANT AMOUNT

- \$25,000 and entities with multiple locations may receive up to \$75,000 with a **MAXIMUM** of \$25,000 **PER LOCATION**
- First-come, first-served basis
- Funding will be approved if the application meets all criteria and funding is available.
- Grant recipients must comply with ND Smart Restart protocols

# IMPORTANT

24 HOURS: If additional information is required, applicant will have 24 hours or 10 business hours to submit documents. This is a one-time request, and no appeals will be considered.

Eligible expenses must have been incurred on or after March 27, 2020 and no later than date of application.

# REQUIRED DOCUMENTATION

- Applicants are responsible for providing sufficient documentation for all costs, justification why these items are eligible and proof of payment

- ✓ Documents must be clear and legible
- ✓ No handwritten documents allowed
- ✓ Show detailed description of each expense
- ✓ Clearly identify how and when the costs were incurred
- ✓ Applicant responsible for indicating which cost category an expense falls into
- ✓ Receipt showing proof of payment
- ✓ Expenses provided must be clearly tied to the physical business location
- ✓ If multiple items on receipt, highlight what items are being claimed for reimbursement
- ✓ Limit uploads to one receipt per line item on application

# FRAUD

Companies Suspected of  
Engaging in Fraud  
**WILL BE INVESTIGATED**



# CPRP I & CPRP II LOAN PROGRAMS



**KELVIN HULLET**  
Bank of North Dakota  
Market Manager

WEBINAR

# COVID-19 Relief Update

November 10, 2020

SELF, CPRP I & CPRP II Loan Programs



Bank *of* North Dakota



# COVID-19 PACE Recovery II Program

**Purpose:** This program pays for interest accrued from April 1-September 30, 2020 on eligible existing debt. The funds do not need to be repaid.

**Eligibility:** The business must have had a physical location in North Dakota and have been current on all financial obligations as of March 13, 2020. It needs to have sustained a minimum 20% year-over-year gross revenue loss for ND-based operations from April 1-September 30, 2019 and the same time period in 2020.

**Proceeds** shall be used to pay interest expense accrued during the stated time for all business debt, including business-related credit card debt. The proceeds may not be used for owner or shareholder debt or related entity debt.

## Funding Limit

- Maximum funding amount is \$50,000 or the total of eligible interest expense accrued between April 1-September 30, 2020, whichever is less.
- The funds do not need to be repaid.

# CPR II Program Example

Step 1	2019--04/01 to 9/30--Gross Revenue	\$	180,000
Step 2	2020--04/01 to 9/30--Gross Revenue	\$	110,000
<b>Step 3</b>	<b>Gross Revenue Change For Period</b>	<b>\$</b>	<b>(70,000)</b>
Step 4	Percentage Gross Revenue Change		38.89%
Step 5	Interest Expense for 04/01 to 9/30-2020	\$	30,000

A man with dark hair, wearing a blue button-down shirt, is leaning over a wooden table in a workshop or office setting. He is talking on a white smartphone held to his ear with his left hand, while his right hand is on the keyboard of a silver laptop. On the table in front of him are a stack of papers with a pencil, and a black and white disposable coffee cup. The background shows a large, open space with wooden beams and windows, suggesting a modern, industrial-style workspace.

# COVID-19 PACE Recovery Program I (CPRP I)

# COVID-19 PACE Recovery Loan Program I (CPR I)

**Purpose:** This program assists local financial institutions in providing low interest loans to support North Dakota businesses in their economic recovery due to negative impacts from the COVID-19 pandemic.

**Eligibility:** The borrower can be any person or entity whose business is located in North Dakota. Loan funds may only be used to support operations in the state of North Dakota. The business must have capacity or history of showing it can service debt before March 13, 2020.

**Proceeds** may be used to:

- Support working capital needs of a business in the state of North Dakota
- Term out COVID-19-related bridge loans or pay credit card debt originated on or after March 13, 2020.  
This amount may not exceed 20% of the maximum loan amount.

# CPR I Loan Details

## Loan amount/limit

- For businesses of 500 or fewer employees: Maximum loan amount is the lesser of \$5,000,000 or six months of operating expenses plus interest
- For businesses of 501 employees or more: Maximum loan amount is the lesser of \$10,000,000 or six months of operating expenses plus interest
- Maximum buydown amount from BND is \$500,000 per biennium, per borrower. Borrower is defined as: An individual, corporation, limited liability company, partnership, association or any combination of these if there is common ownership

**Interest rate:** Interest rate will be fixed at 3.75% for up to five years . BND to net 3.50%. The lead lender to retain a 0.25% service fee. Borrower will receive a 1% interest rate for the term of the loan or until buydown funding is exhausted.

# NEXT BUSINESS BRIEFING



## SPECIAL BUSINESS BRIEFING

A virtual meeting to inform hospitality businesses impacted by COVID-19 about the new Hospitality Economic Resiliency Grant.

**November 17 @ 10:00 AM • Hosted by**





# NEXT STEPS



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Department of Commerce

## COMMERCE NEWSLETTER:

<https://commerce.nd.gov/news/SignUpNewsReleases/>

EMAIL: [businesshelpCOVID19@nd.gov](mailto:businesshelpCOVID19@nd.gov)

# CLOSING REMARKS



**MATT GARDNER**  
Director of Government  
Affairs, GNDC

THANK YOU