I. **Call to Order and Roll Call:** Chair Carmen Montano called the meeting to order at 1:35 p.m. 

Present: Chair Carmen Montano, Councilmember Karina R. Dominguez, Interim City Manager Steve McHarris, Assistant City Manager Ashwini Kantak, City Attorney Chris Diaz, and Economic Development Director Alex Andrade

II. **Pledge of Allegiance:** Chair Montano led the Pledge of Allegiance.

III. **Approval of Agenda:** Councilmember Dominguez motioned to approve the agenda; Chair Montano seconded. Motion approved 2-0.

IV. **Approval of Minutes:** Approved minutes of 04/06/2020.

V. **Public Forum:** Warren Wettenstein (President - Milpitas Chamber) Requested charitable 501(c)(6) organizations be included in the scope of any Milpitas Small Business Loan Program.

VI. **New Business:** Discussion topics listed below focus on COVID-19 responses and recovery actions.

1. **Small Business Loan Program.**
   - Director Andrade presented the proposal for the Small Business Loan Program in partnership with the Silicon Valley Community Fund (SVCF) with the Opportunity Fund (OF) as administrator and fiscal agent.
• Chair Montano requested that rent and mortgage be added to the eligible criteria for the loan program. She expressed concern that the OF 15% administrative fee is high and that the loan interest rate of 4.25% is also high.

• Chair Montano requested exploring alternative providers to SVCF/OF and the possibility of offering a grant program instead of a loan program. She asked the City Attorney to review whether the City of Milpitas (General Law City) could partner with a Charter City to create a grant program.

• Councilmember Dominguez agreed that the 15% administrative fee for OF was high and that 4.25% loan interest rate was also high. She supported OF’s concept of a long-term partnership and requested more details on benefits.

• Councilmember Dominguez supported adding rent and mortgage costs to the eligibility criteria and supported exploring a grant program rather than a loan program.

• Mike Torres (OF) detailed 15% administrative fee breakdown:
  - 5.4% enrollment fee for IBank state loss reserve fund
  - 1% for technical assistance
  - 0.3% loan origination fees
  - 8.3% staffing costs for ongoing loan administration

• 4.25% is the state guarantee program requirement. Borrower only pays the 4.25%, City pays the administrative fee.

• Mike Torres specified that OF allows fast loan turnaround times (3-5 days) for not only immediate relief but longer-term ongoing recovery assistance to small businesses (available through a revolving loan program with wraparound services).

• Gwendy Brown (OF) stated that the loans they make are generally more costly and riskier than those available through commercial banks and are typically in the $10K - $12K range.

• Gwendy Brown indicated that commercial banks typically charge much higher fees for the types of loans OF offers.

• Erica Wood (SVCF) stated the term “administrative fee’ is a misnomer since it incorporates financial support, technical assistance and business guidance, as well. She also emphasized the loans SVCF/OF offers are available to underserved communities such as women and immigrants that might not be able to get funding otherwise.

• Chair Montano asked the City Attorney to review whether the City can set aside $5K - $10K for a food delivery service cooperative to share costs.
City Attorney Diaz specified that staff can explore the feasibility of a food delivery cooperative and bring their report it to the next subcommittee meeting.

- Subcommittee directed staff to return with improved SVCF/OF terms, if possible, and to research other loan program models.

**VII. Other Business:**

No other business was discussed.

**VIII. Next Meeting:**


**IX. Adjournment:**

Chair Montano adjourned the meeting at 2:35 PM.