

City Council

Rich Tran, Mayor
Bob Nuñez, Vice Mayor
Karina R. Dominguez, Councilmember
Carmen Montano, Councilmember
Anthony Phan, Councilmember

Members of the Subcommittee

Carmen Montano, Chair
Karina R. Dominguez, Councilmember



MEETING MINUTES

Minutes of:	Small Business Assistance Subcommittee
Date:	Friday, May 1, 2020
Time:	1:30 p.m. – 2:00 p.m.
Location:	Zoom/Dial-in Conference (in place of Milpitas City Hall, 455 East Calaveras Blvd.)

- 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: Small Business Assistance Meeting on May 13, 2020.

IX. Adjournment: Chair Montano adjourned the meeting at 2:35 PM.