

## **EXHIBIT A - SCOPE OF WORK**

### **CITY OF OCALA COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM MICROENTERPRISE EMERGENCY LOAN AGREEMENT**

#### **1. General Provisions.**

1.1 Objective of the Microenterprise Financial Assistance Program. Pursuant to Section 105(a)(22)(42 U.S.C. 5305(a)(22)) and 24 CFR Section 570.20(o), the objective of the Microenterprise Emergency Financial Assistance Program is to provide technical assistance, grants, loans, and other financial assistance to establish, stabilize, and expand microenterprises that provide medical, food delivery, cleaning, and other services to support home health and quarantine.

1.2 Sub-Recipient Purpose. The Greater Ocala Community Development Corporation. (GOCDC), Sub-Recipient, works to assist the creation and the sustaining of small businesses in Marion County. It strives to improve economic prosperity with key areas of focus being Business Retention and Business Creation. The Microenterprise Emergency Loan Management Program is in response to the COVID-19 Pandemic and the affect it has had on small business owners.

1.3. Project Background. The Project qualifies as a CDBG Public Services Project. Through the CARES Act funding, the City has allocated funds as set forth in subsection 1.4 of this Agreement of its CDBG-CV funding to support eligible Microenterprises that may apply for a Microenterprise Emergency Loan. Funds may be used by each eligible Microenterprises to cover expenses such as salaries, rent/mortgage payments, utilities, and other debt obligations as further set forth below. Sub-Recipient is being contracted to manage the Project due to Sub-Recipient's experience with similar projects.

#### **1.4 Project Budget**

1.4.1 Approved Administrative Grant Budget. CDBG funding will be provided to Sub-Recipient for Administrative costs up to a maximum of Five Thousand Dollars and Zero Cents (\$5,000.00). Any additional costs or overages incurred by Sub-Recipient over the maximum administrative grant budget shall be the responsibility of Sub-Recipient. Any exceptions to the additional reimbursements that would exceed the Five Thousand Dollars and Zero Cents (\$5,000.00) will require prior written approval from the City.

1.4.2 Approved Microenterprise Emergency Loan Program Budget. CDBG funding will be provided up to a maximum of One Hundred Ninety-Five Thousand Dollars and Zero Cents (\$195,000.00) to fund Microenterprise Emergency Loans not to individually exceed Twenty-Five

Thousand Dollars and Zero Cents (\$25,000.00) per eligible Microenterprise applicant.

1.5. Catchment Area. For purposes of this Agreement, services shall occur within the municipal limits of the City.

1.6. Jurisdiction. Microenterprises assisted under this Agreement must operate within the jurisdiction of Marion County.

1.7. Hours and Location. The location and service times of the Greater Ocala Community Development Corporation

GOCDC

1515 E Silver Springs Blvd

Suite 132

Ocala, Florida 34470

Hours: Regular business hours, 9:00 AM to 5:00 PM

Days: Monday through Friday, excluding holidays.

## 2. **Responsibilities of the Parties.**

2.1 Advertisement. Sub-Recipient shall advertise and post the Microenterprise Emergency Loan Application on its website.

2.2 Application Review.

2.2.1 Initial Review. Sub-Recipient shall review all applications, interview applicants as necessary, and determine whether the application will be initially approved or will be denied.

2.2.2 Financial Review. Sub-Recipient shall review the financial health of each Microenterprise applying for assistance, including payroll, mortgage/rent payments, utilities, and outstanding debt obligations for the past year.

2.3 Application Approval. City shall have final approval on all applications. Sub-Recipient is responsible for obtaining City approval in order to timely advise applicants of Microenterprise Emergency Loan approval or denial. Sub-Recipient shall notify applicant of approval or denial within ten (10) days of Sub-Recipient's receipt of the application.

2.4 Certification. Sub-Recipient shall ensure the substance of the following certifications are made by each Microenterprise borrower in writing:

2.4.1 In signing the Microenterprise Emergency Loan documents and accepting the grant funds at issue, the following certifications are voluntarily made by Microenterprise:

2.4.1.1 Need/Use. Microenterprise certifies that the Microenterprise Emergency Loan is required, that it is due to the COVID-19 Pandemic and declared National Emergency, and any Emergency Loan funds received will be used by Microenterprise to retain employees and make payroll. Microenterprise shall provide sufficient information in its application documenting that the jobs would have been lost without the Emergency Loan.

2.4.1.2. Disclosure. Microenterprise certifies that it shall disclose to Sub-Recipient all other sources of assistance received as a result of the financial impact of COVID- 19.

2.4.1.3. Subrogation Agreement. Microenterprise understands that the Stafford Act (42 U.S.C. \*5121-5207) prohibits Microenterprise from receiving duplicative assistance for the same activity ("Duplication of Benefits"). Microenterprise agrees to repay any funds that are determined at a later date to be Duplication of Benefits.

## 2.5. Payment Procedures.

2.5.1. City shall provide a payment request form to Sub-Recipient to be executed by Sub-Recipient for all requests for payments pursuant to this section.

2.5.2 Following City's final approval of an application, Sub-Recipient shall submit the City's payment request form to request an amount of assistance for each approved Microenterprise Emergency Loan applicant not to exceed six (6) months of assistance.

2.5.3 City shall pay to Sub-Recipient funds available under this Agreement based upon information submitted by Sub-Recipient and consistent with any approved budget and policy concerning payments. Payments will be made for eligible expenses actually incurred by Sub-Recipient, and not to exceed actual cash requirements. Payments will be adjusted by City in accordance with advance fund and program income balances available in Sub-Recipient accounts. In addition, City reserves the right to liquidate funds available under this Agreement for costs incurred by City on behalf of Sub-Recipient.

2.5.4 By December 31, 2023, Sub-Recipient shall render a final and complete statement to City of all costs and charges for services not previously invoiced. City shall not be responsible for payments of any charges, claims or demands of Sub-Recipient not received by that date.

2.5.5 City shall track funding spent for each Microenterprise via the above-mentioned payment request forms submitted by Sub-Recipient.

## 2.6. Communication.

2.6.1 Sub-Recipient shall maintain ongoing communication with its staff.

2.6.2 City will maintain ongoing communication with Sub-Recipient's staff as necessary.

2.7. Reporting. As soon as services commence, Sub-Recipient will be responsible for reporting client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level and/or other basis for determining eligibility, and description of service provided. Such information shall be made available to City for review upon request. City shall provide the pertinent form to Sub-Recipient.

2.7. 1. Each Microenterprise shall submit to Sub-Recipient, on a monthly basis, the following:

2.7.1.1 Salaries paid;

2.7.1.2 Debt obligations paid; and

2.7.1.3 Outlook for the next month.

2.7.2 At the end of the Emergency Loan period (closed, payoff, forgiveness), Sub-Recipient shall submit a report in a format Sub-Recipient chooses that will include:

2.7.2.1 Challenges faced by Microenterprise owner(s);

2.7.2.2 Number of Microenterprise employees affected;

2.7.2.3 Effect on Microenterprise sales;

2.7.2.4 Microenterprise supply chain corrections; and

2.7.2.5 Technical Assistance given to Microenterprise.

2.8. Monitoring. City's Community Program Division will monitor all stages of the Project to ensure compliance with all Federal/HUD regulations and City guidelines.

2.8.1. Within the first three (3) months after the ending date of the Project, City will perform a monitoring of Sub-Recipient to ensure that Sub-Recipient is maintaining all records in a satisfactory manner;

2.8.2. Twelve (12) months after the ending date of the Project, City will perform a monitoring of Sub-Recipient to ensure compliance of client files, financial records, and client data reporting.

## 2.9. Sub-Recipient Services and Budget Allocation.

2.9.1. Technical Assistance (TA): Ten (10) hours, allocated as follows:

2.9.1.1 Three (3) hours during application stage with a recommended budget allocation of Two Thousand Dollars and Zero Cents (\$1,000.00); and

2.9.1.2. Seven (7) hours following Microenterprise Emergency Loan approval with a recommended budget allocation of Four Thousand Dollars and Zero Cents (\$1,000.00).

2.9.2 Microenterprise Emergency Loan Administration and Servicing: Two (2) hours per applicant with a recommended budget allocation of Two Thousand Dollars and Zero Cents (\$1,000.00).

2.9.3 Program Management. Oversight and compliance shall be managed by Program Manager with a recommended budget allocation of One Thousand Two Hundred Dollars and Zero Cents (\$1,000.00).

2.9.4 Entrepreneurship Training. A recommended budget allocation of One Thousand Dollars and Zero Cents (\$1,000.00).

## 3. **Microenterprise Emergency Loan Terms.**

3.1. Calculating Amount. The Microenterprise Emergency Loan amount will be based on an average of the previous six (6) months of expenses in the category the loan is covering [i.e. (6 months salaries and rent divided by 6) multiplied by 6 months equals amount of loan to cover salaries and rent for six (6) months].

3.2. Loan Limits. Each Microenterprise Emergency Loan shall not exceed Twenty-Five Thousand Dollars and Zero Cents (\$25,000.00) per Microenterprise. The Project shall not exceed a total of One Hundred Ninety-Five Thousand Dollars and Zero Cents (\$195,000.00).

3.3. Interest. Each Microenterprise Emergency Loan shall bear zero percent (0%) interest.

3.4. Forgiveness. If the Microenterprise assisted exists with the same (or greater) number of employees at the end of one ( 1 ) year from the date the Microenterprise Emergency Loan is made, the Microenterprise Emergency Loan shall be forgiven in full.

3.5. If repayment of the Microenterprise Emergency Loan is required, repayment shall begin twelve (12) months from the date of receipt of the Microenterprise Emergency Loan.

- 3.6. Assistance. Assistance can be gap funding for other assistance received if the assistance does not cover eligible expenses in full;
- 3.7. Default. If a Microenterprise defaults under any Microenterprise Emergency Loan, Sub-Recipient shall, upon request of City, assign all documents evidencing the Microenterprise Emergency Loan to City so that City can pursue remedies against the defaulting Microenterprise.

4. **Microenterprise Emergency Loan Eligibility.**

- 4.1 Priority. Priority shall be given to eligible Microenterprises conducting business as food services and/or delivery, medical services, home health services, and neighborhood services.
- 4.2 Eligible Microenterprises. To be eligible as a potential recipient of a CDBG Microenterprise loan, a Microenterprise must:
  - 4.2.1 . Have five (5) or fewer employees, including the owner;
  - 4.2.2 Have been in business for the past six (6) consecutive months; and
  - 4.2.3 Be experiencing impact on its business attributed to the COVID-19 pandemic, such as:
    - 4.2.3.1 Supply chain disruptions;
    - 4.2.3.2 Staffing challenges;
    - 4.2.3.3 Decrease in sales or customers; and/or
    - 4.2.3.4 Shuttered business.
  - 4.2.4 Be located within the municipal limits of City;
  - 4.2.5 Be licensed by City to do business;
  - 4.2.6 Qualify by meeting one (1) of the following:
    - 4.2.6.1 . The Microenterprise is located in and predominantly serves a low to moderate income census area;
    - 4.2.6.2. The owner of the Microenterprise is low to moderate income qualified; or
    - 4.2.6.3. Fifty-one percent (51%) of the Microenterprise clientele is low to moderate income qualified;

4.2.7. Microenterprise must still be operational at the time of Emergency Loan closing.

4.2.7.1 If not a sole proprietorship, Microenterprises must not have more than Fifteen Thousand Dollars and Zero Cents (\$15,000.00) of available cash at the time of application, less accounts payable.

4.2.7.2 If a sole proprietorship, the Microenterprise must show that the owner does not have more than Twenty-Five Thousand Dollars and Zero Cents (\$25,000.00) of available cash at the time of application, less accounts payable.

4.3 Ineligible Microenterprises. Sub-Recipient is prohibited from using funds provided herein or personnel employed in the administration of the program for:

4.3.1. Political activities;

4.3.2 Inherently religious activities;

4.3.3 Lobbying;

4.3.4. Political patronage; and/or

4.3.4 Nepotism activities.

## **5. Expenses Eligible for Payment Under Microenterprise Emergency Loan.**

5.1 Eligible Expenses. Expenses to be paid with funds from a Microenterprise Emergency Loan are limited to the following:

5.1.1. Salary. If expenses used are to pay salaries, Sub-Recipient must document:

5.1.1.1 Number of employees receiving salaries;

5.1.1.2 Hours worked per week for each and every employee receiving a salary; and

5.1.1.2 Rate of pay for each employee receiving a salary, including taxes and unemployment, but excluding benefits.

5.1.2 Mortgage or rent.

5.1.3 Utilities.

5.1.4 Debt Obligations. If expenses are used to pay debt obligations, Sub-Recipient must list:

5.1.4.1 Obligation type

5.1.4.2 Name of the debt holder

5.1.4.3 Pay rate

5.1.4.4 Date the debt was incurred, (which must have been prior to the National Emergency start date) and the balance

5.2 Ineligible Expenses. Microenterprise expenses that are ineligible to be paid with funds from a Microenterprise Emergency Loan include:

5.2.1 Sick leave;

5.2.2 Family/Medical Leave;

5.2.3 Health benefits (insurance payments);

5.2.4 Retirement benefits; and

5.2.5 Other non-salary related benefits.

6. **Project Goals.** The goals of the Project are to create and/or retain the jobs of persons working for small businesses that have been impacted by the Corona Virus pandemic.