

1. Agenda

Documents:

[2020-04-23 City Council Emergency Special Meeting Agenda .Pdf](#)

2. Meeting Materials

Documents:

[2020-111 RES Extension_Declaring A State Of Emergency.pdf](#)

[2020-04-23 Economic Relief Memo.pdf](#)

Our village is a place where natural resources are valued and protected, where diversity is celebrated, and where a vibrant economy and sense of community pride create and recreate a living spirit. Yachats cares not just for its citizens' basic needs but also supports them in their efforts to excel mentally, physically, artistically, and spiritually. It is a community with an enduring sense of itself.



CITY OF YACHATS

EMERGENCY CITY COUNCIL SPECIAL REGULAR COUNCIL MEETING

**Thursday, April 23, 2020 at 2:00PM
AGENDA**

- I. Call to Order, Role Call, and Introduction to how to publicly participate via Zoom
- II. Discussion and Addendum to Declaration of a Temporary State of Emergency
- III. Discussion of Joint Meeting Monday, April 27, 2020 at 1:30 PM – Board of Commissioner and Mayors, City Councils, and City Managers of all Lincoln County Cities regarding short term rental prohibition
- IV. Discussion and possible action on the City's efforts on establishing an economic stabilization fund

Following the CDC and Governor's social distancing guidelines, for the safety of our community and the Council, this meeting will be held via Zoom. A recording will be uploaded to the City website. Please see below on how to participate in the meeting. ***Please note: The Moderator will read written statements and will read questions or call on participants to talk – comments will be limited to 5 minutes***

Please use this link to join the meeting

<https://zoom.us/j/92987853546?pwd=bFNvTWxUZy9ZOERWOGdQUWYwUW9JQT09>

Meeting ID: 929 8785 3546 Password: 440029

You will be prompted to enter your name. You may be prompted to download the Zoom app to your phone, tablet, or computer.

You are encouraged to provide written statements prior to the meeting through email or the drop box in front of City Hall. Please email cityhall@yachatsmail.org up to 1:00 PM. The drop box will be checked at 1:00 PM for written comments.

The emergency meeting is open to the public and interested citizens are invited to attend. These are open meetings under Oregon law, but a work session is not a community forum; audience participation is at the discretion of the Council. Meetings are audio-recorded. Public meeting minutes are available for review at City Hall. The meeting place is accessible to persons with disabilities. For accommodations, please call (541) 547-3565, or Oregon Relay 1-800-735-2900 TDD) two days in advance. City of Yachats does not discriminate on the basis of race, color, religion, creed, gender, national origin, age, disability, marital or veteran status, sexual orientation, or any other legally protected status.

Posted April 22, 2020



**CITY OF YACHATS
RESOLUTION NO. 2020-111**

**A RESOLUTION OF THE CITY OF YACHATS EXTENDING THE
DECLARATION OF A TEMPORARY STATE OF EMERGENCY WITHIN THE
BOUNDARIES OF THE CITY AND DELEGATING AUTHORITY TO THE CITY
MANAGER**

WHEREAS, on March 8, 2020, the Governor of the State of Oregon issued Executive Order 20-03 declaring a statewide State of Emergency under ORS 401.025(1) due to the serious public health and safety threat posed by the spread of the COVID-19 virus within our state; and

WHEREAS, on March 11, 2020, the World Health Organization declared COVID-19 to be a worldwide pandemic; and

WHEREAS, on March 23, 2020, the Yachats City Council declared a temporary State of Emergency through April 28, 2020, but may be extended by the City Manager without further order of the City Council for two week increments or for increments consistent with the State of Oregon emergency declarations, and the City of Yachats has taken steps to help stem the spread of COVID-19 by closing public buildings, cancellation of non-essential activities, and implementation of modifications for meetings that must occur; and

WHEREAS, on March 23, 2020, the Yachats City Council, in a joint meeting with Lincoln County and other cities in Lincoln County, concurred with Lincoln County order No. 3-23-85, prohibiting transient lodging stays of less than 30 days; and

WHEREAS, ORS Chapter 401.309 grants the City additional authority to declare a State of Emergency within the City; and

WHEREAS, the City Council finds that the detection of multiple cases of Coronavirus (COVID-19) within the state and the Governor's Declaration present circumstances constituting a present threat of imminent widespread or severe damage, significant injury to persons or property, increased human suffering, loss of life, and financial loss within the City's boundaries; and

WHEREAS, the City Council finds that during this State of Emergency, it is prudent and responsible to delegate certain powers and responsibilities to the City Manager in order to more efficiently expedite City responses and services; and



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WHEREAS, these emergency circumstances require focused and coordinated municipal and community responses beyond that which occur routinely and such coordinated responses cannot be achieved without temporarily amending some of the City's regular business, emergency, employment, and intergovernmental practices; and

NOW, THEREFORE, IT IS DECLARED THAT:

1. **City-wide State of Emergency.** A City-wide State of Emergency continues to exist within the City of Yachats, which includes all of the area within the city boundaries. This Declaration of emergency replaces the temporary declaration of emergency that was formalized by Council on March 23, 2020, and extends the emergency declaration until May 8, 2020 unless revoked, modified, or extended.
2. **City Authority.** During this State of Emergency, the City may take any legal and necessary steps to respond and recover from the emergency, including but not limited to: requesting assistance, funds, and reimbursement from the State of Oregon and federal agencies; implementation of Federal, State, and County-wide orders, adopting temporary rules and policies regarding City facilities, funds, resources, and staff; entering into contracts for services or aid agreements with other governmental or private entities; and cancelling non-essential City meetings and events.
 - a. Emergency procurement of goods, services, and public improvements is hereby authorized pursuant to ORS 279B.080, ORS 279C.320, ORS 279C.380(4), and all other applicable statutes, ordinances, and rules.
3. **City Manager Delegation.** During this State of Emergency, the Council hereby delegates to the City Manager (and to City Manager designees in the case of the City Manager's absence), the authority to take actions and issue orders necessary and reasonable to protect health, safety and welfare of the City and the public and to conduct activities that minimize or mitigate the effect of the emergency, as long as such actions, orders, and activities are in compliance with City, state and federal law.
 - a. Notwithstanding the immediately preceding, if the City Manager desires to issue a municipal order limiting or banning public gatherings, establishing curfews, closing or limiting businesses, or implementing other social



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distancing measures *beyond that ordered by the Federal Government, State of Oregon or Lincoln County*, the City Manager shall first consult with the City Council. This provision does not prevent the City Manager from publishing recommendations regarding such social distancing measures within the City.

4. **Establishing an Emergency.** It is hereby adjudged and declared that existing conditions are such that this Declaration is necessary for the immediate preservation of the public peace, health and safety of the City of Yachats, and an emergency is hereby declared to exist and this Resolution, and all provisions modifying the Resolution referred to herein, shall take effect in full force and effect when signed by the Mayor.

This Resolution was adopted by the City Council on _____, 2020 and is effective as of that date.

CITY OF YACHATS

By: _____
W. John Moore, Mayor

ATTESTED TO BY:

Shannon Beaucaire, City Manager



DATE: April 23, 2020

TO: Mayor W. John Moore
Yachats City Council

FROM: Shannon Beaucaire, City Manager

SUBJECT: Report and Possible Action of City's efforts on establishing an economic stabilization fund

Since March 23, 2020 the City of Yachats has been operating under an emergency declaration enabling the City to take specific actions to protect the health and safety of the citizens of Yachats and protecting our team members so that the City of Yachats is able to continue providing critical services within the community.

On March 17, 2020, Governor Brown issued Executive Order 20-07 prohibiting on-premises consumption of food and drink at retail establishments. On March 23, 2020 Executive Order 20-07 was amended to order the closing of specified retail businesses and requiring additional social distancing measures for other public and private facilities.

On March 23, 2020, in a joint emergency meeting with the Lincoln County Board of Commissioners, Mayors and City Councils, and staff of all Lincoln County cities, the Lincoln County Board of Commissioners passed Order 3-23-85 prohibiting all short term or vacation housing rentals through April 30, 2020.

Recognizing the economic hardship that these measures has on our community, in addition to actions already taken, we have been exploring options to establish an economic stabilization fund.

On Wednesday, April 15, 2020, a proposal was considered for implementation on Friday, April 17, 2020 to bridge the gap between the need being seen now and when federal funds arrived. The proposal was:

1. Inclusive of all Yachats businesses.
2. Provided funds for economic stabilization outside of the Food and Beverage and Transient Lodging Taxes; and

3. Created a City donation fund for citizens to contribute to as additional supportive funds for the economic stabilization.

However, we heard feedback from some of our businesses that this may not meet their needs. Some need help now, some need help reopening later, some wish the focus to be on safe marketing to encourage safe and appropriate tourism when the time is right. Listening to our community, we took a step back and received more feedback.

On April 13, 2020, the City received a proposal named Save our Restaurants (attached) suggesting refunding Food and Beverage taxes collected by restaurants during October, November, and December 2019, as well as, January 2020.

On April 20, 2020 the City received a proposal named Small Business Relief Effort (attached) that suggested utilizing Visitor Amenity Funds and partnering with the Yachats Presbyterian Church to provide grants on a case by case basis to Yachats businesses.

Food and Beverage Tax

On December 14, 2006, the Yachats City Council enacted Ordinance 262, entitled An Ordinance Amending the Yachats Municipal Code to Add Chapter 3.12 – Prepared Food and Beverage Tax.

On May 15, 2007 the following question was presented to the voters: *Should voters adopt Ordinance 262, a Prepared Food and Beverage Tax enacted by the City Council and referred by petition?*

The actual Summary of the Referendum reads:

*The Yachats City Council enacted on December 14, 2006 Ordinance 262, entitled An Ordinance Amending the Yachats Municipal Code to Add Chapter 3.12 – Prepared Food and Beverage Tax and to Impose Said Tax. This measure results from a petition referring Ordinance 262 to the Yachats voters. If the voters approve this Ordinance, a five percent (5%) tax will be imposed on the total amount charged by a seller for all food and non-alcoholic beverages sold in restaurants as defined by the Legislation. The tax will commence on July 1, 2007 and be collected quarterly by the City. **The taxes collected will be used to pay for a portion of the costs for improvements to the sanitary or storm water systems or the water system of the City.** Providing a public hearing is held following required published notice, the Council may increase the rate of tax initially imposed by the Legislation. The Ordinance contains several other sections, including, but not limited to, definitions, imposition of taxes, exemptions, procedures, violations and penalties, appeals and other administrative provisions. (emphasis added)*

The debt payments on our Wastewater Plant are just over \$500,000 per year and the Food and Beverage Tax has been a significant contributor to paying that debt. Over the

last three years, the Food and Beverage tax have averaged just under \$370,000, requiring other City sources provide the remaining \$130,000 to meet our annual debt service payments.

The Food and Beverage tax is imposed on, and paid for, by the customers of restaurants. Restaurants hold this tax in trust until quarterly payments are made to the City. A decrease in Food and Beverage Tax will require increased funding from other City sources to meet annual debt obligations.

Transient Lodging Tax (TLT)

Oregon Revised Statute (ORS) 320.350 places a limit the City's ability to spend a majority of its TLT revenue. For the revenue limited by ORS 320.350, the City may only spend the revenue to fund two categories of expenditures: 1) "tourism promotion" and 2) "tourism-related facilities."

The City's Visitor Amenities Fund is where the restricted TLT revenue is recorded and expenses from that fund may only fall into the two categories of expenditures: 1) "tourism promotion" and 2) "tourism-related facilities."

ORS 320.300(7), covers the "services" that can be funded with the restricted TLT revenue - "tourism promotion" means: "(a) Advertising, publicizing or distributing information for the purpose of attracting and welcoming tourists; (b) Conducting strategic planning and research necessary to stimulate future tourism development; (c) Operating tourism promotion agencies; and (d) Marketing special events and festivals designed to attract tourists."

ORS 320.300 (9), covers the "facilities" that may be funded with the restricted TLT revenue - "tourism-related facility" means: "(a) A conference center, convention center or visitor information center; and (b) Other improved real property that has a useful life of 10 or more years and has a substantial purpose of supporting tourism or accommodating tourist activities."

In 2008, the Oregon Attorney General's Office looked at the limits in ORS 320.350. At one point, the Attorney General opinion states: "The legislature most likely did not intend 'tourism-related facilities' to encompass roads and other infrastructure simply because they are used, even heavily, by tourists as well as locals." In the opinion of the Attorney General, only items that are directly tied to specific tourist activities can meet the statutory test. In other words, a facility that benefits tourists along with the general public does not meet the standard under ORS 320.350.

Like the Food and Beverage tax, the TLT is imposed on, and paid for, by the customers of transient lodging establishments. The establishments hold this tax in trust until quarterly payments are made to the City.

Partnership with the Yachats Presbyterian Church

The separation of church and state issues are complex. The Oregon Constitution has provisions that regulate the separation of religion and government. Article I, Section 5 provides that there shall be no taxpayer support for religion. This is the provision that is often referred to as the separation of church and state. Article I, Section 2 and Section 3 are the “free exercise” provisions and are used to limit government regulation of religion, including favoring one religion over another.

As was thought out with the Emergency Order 2020-05, Adoption of a Local Business and Community Support Measure, issued April 1, 2020, the City needs to consider the following:

- 1) City funds cannot be comingled with other Church funds (*2020-05 was restricted to the separate Food Pantry or Displaced Worker Relief Fund*);
- 2) Disbursement of funds must be made without discrimination – without reference to religion or religious merits of the business (*as is the case with the Food Pantry and Displaced Worker Relief Fund*);
- 3) Identify the secular purposes for this particular endeavor, which would include:
 - a. The need to quickly take action in the face of this health emergency;
 - b. The church’s demonstrated ability to take on this work in quick fashion;
 - c. The lack of other options from non-religious service providers, including City in-house;
 - d. The safeguards that will keep religious influences from the program; and
 - e. The short-term nature of the program. *All considerations in 2020-05.*

Recommendation

The whole impact of COVID-19 is currently uncertain. The City’s cash flow implications due to loss of tourism for food and beverage and TLT are not fully known at this time.

The City will have to consider physical improvements that we will need to make to buildings such as City Hall, the Little Log Church and Museum, and the Library, to assure that we can reopen those facilities and provide for appropriate social distancing for our employees and our customers. While barriers are the last thing anyone wants in a public building, between our customers and our employees, it may be essential that we consider things like that to resume normal operations. We will be evaluating these

situations to determine how best we should proceed with these types of physical changes to our buildings in order to safely serve the public.

In the next few weeks, significant time will be spent on the re-development of the proposed budget for next fiscal year beginning July 1, 2020. Several revenue estimate scenarios, with the significant decrease in Food and Beverage and TLT and shared revenues from the State of Oregon, are quite harsh. The City has a responsibility ensure we have adequate cash flow in the event of an unforeseen emergency in our essential water, wastewater, street, and storm drain infrastructure. Our utility rate study has determined that base rates in our current water rate structure only cover 62% of our operating costs to produce water. While the adjustments recommended at the conclusion of the rate study, if approved, will improve that ratio, currently without the increased user consumption of our restaurants and hotels, our enterprise funds of water and wastewater may need supplemental funds from the City's general fund.

Community Lending Works

In consultation with the City Attorney, he suggested considering using Community Lending Works as a third party for providing economic assistance.

Community Lending Works <https://communitylendingworks.org/emergency-loans-from-clw/> has an emergency lending program (application and promissory note attached). They would process and approve loan applications based on the criteria the City provides them and they charge a 6% fee for the process. They ask borrowers to provide:

- An application
- 2019 financials and interim 2020 financials
- An emergency plan.

The administration fee covers:

- Additional technical assistance, if needed
- Monthly check in/consultation/counseling, and site visits (if permitted)
- Loan origination
- Underwriting
- Loan documentation
- Loan closing & disbursement
- Monthly check in meetings
- Ongoing loan servicing

While a default could be reported, it is currently not being reported for the Emergency Loan Funds.

The City and its businesses have a very symbiotic relationship. Businesses require clean water, wastewater, and streets to provide services to their customers and in turn the City requires the Food and Beverage and TLT to pay its debt obligations and provide services for our citizens – like the Library and Community Center. Our businesses need a multi-pronged approach. They need help now, they will need help reopening, and they will need help bringing back customers when it is safe and appropriate to do so. While the City may be able to initially help, the City may need the support of its businesses as federal assistance for lost revenues for small cities is not yet approved.

Unfortunately, as an economic stabilization source, the Food and Beverage Tax and TLT are not viable sources. Ignoring statutory guidelines carries significant risks. The misappropriation of funds can be a personal liability under ORS 294.100.

I recommend that the City Council authorize the City administration to develop a loan program for economic assistance. Depending on the detail of such a program, Community Lending Works would provide expertise, business support, and technical assistance that City staff cannot provide. Donations to the Grant program overseen from the Yachats Presbyterian Church should continue to be encouraged.

Sprinting through this marathon won't help us long term. But by working and collaborating together, I'm positive we can develop something that helps us all get through and keep Yachats strong.

Attachments:

1. Save or Restaurants and Small Business Relief Effort Proposals
2. Written comments
3. Community Lending Works Emergency Business Loan Application and Promissory Note

Save Our Restaurants

April 13, 2020

To: Yachats City Council

From: Bob Barrett, Linda Hetzler, Michelle Korgan, Tom Lauritzen, Greg Scott

The Problem

With the mandated closure of most businesses, owners have little or no income to pay for rent / mortgages, utilities, legal and accounting services and other expenses. The problem is a lack of cash to meet obligations. Restaurants, like most retail businesses, are low-margin and owned by entrepreneurs, without a corporate parent, shareholders or large lines of credit.

Recent news has created a perception that small business loans and grants are available. Recent experience of local small business owners tells a very different story. Government agencies have been swamped with support requests and are unprepared or unable to meet requests for information or real assistance. This is a time sensitive issue. If four or five tax collecting businesses fail, this is going to adversely impact future city tax collections. Small businesses need an infusion of cash and not additional debt.

What is Needed

Small tax collecting businesses need an immediate infusion of money. This will buy time for other relief systems like the Small Business Administration to come up to speed and begin to address economic support for of small businesses. In 2019 restaurants provided over \$400,000 of tax revenue to fund the debt service on loans for the waste water treatment plant.

How Can the City Help

During the 2007-08 economic downturn, the city tapped the visitor amenities fund and spent \$60,000 a year for about four years to encourage people to continue coming to Yachats. The city council reasoned it made sense to invest in the existing businesses by using tax revenue to market and present Yachats as a desirable visitor destination. A marketing director was hired; beautification projects were undertaken and the GoYachats web site was created. As a result, Yachats is one of the only coastal cities that was not significantly impacted by a reduction in visitor traffic. All of this was paid from the visitor amenities fund.

What are the Options

While there are restrictions on how the city can spend tax receipts, we believe the city council has the authority to forgive or refund taxes to the organization that collected them. This approach is simple. It treats all the businesses the same and the amounts are easily determined based on the existing invoice and payment history.

Recommendation

Limit this program to businesses that collect food and beverage taxes. We suggest refunding the taxes collected by restaurants during October, November and December, 2019 and paid in January, 2020. This would be a one-time tax refund effort and compliments the effort made last week to defer payment of the taxes collected in January, February and march of 2020.

We know the council will have questions about the financial implications of this program. Those details are discussed in the financial appendix.

This is an opportunity for the city do the right thing that benefits the entire community. It is also consistent with previous council action during a time of economic stress. It will send a positive

Received by the City of Yachats: Monday, April 13, 2020 1:30 PM

message to the people that visit, to Yachats workers and the business community. This is a time to pay it back and it will generate a lot of good will while demonstrating again how Yachats is different.

Financial Appendix

Food and Beverage Tax

Food & beverage taxes are earmarked for sewer debt service related to the new sewer plant. The money is set aside in a reserved fund that had a fund balance of \$768,615 at the end of June of 2019. The sewer debt service payment for this year is \$340,139 while the total debt payment is \$413,567 so there is ample cash available to meet all debt obligations.

At the time the food and beverage tax was imposed, the assumption was it would cover about 25% of the debt service with other sources [sewer fund, general fund, SDC] contributing the difference. Looking at the last audit report, The sewer debt payment this year will be \$340,139 or a little over \$28,000 a month. So last calendar years food and beverage tax receipts exceeded the total debt service obligation by almost 120%. This is significant because it takes pressure off other funds.

The 2007 referendum asking voters to affirm the tax was approved by a vote of 280 to 111 or a 71.6% margin.

Restaurant Owners Appendix

Green Salmon

Restaurants as opposed to other types of business are reliant on DAILY cash flow. The restaurants of Yachats are further challenged because the greatest cash flow comes from only a few months of summer and this must be meted out for the year. The liabilities and mortgage, insurance payments etc.. do not stop even though we have closed our doors. We lost out on the annual financial boost from Spring Break, and are logically looking at a bad economic year to come and are currently in a frozen state where being closed is "safer" than opening and creating more bills with distributors and trying to make enough sales to pay our staff; the bank account will still get chipped away, but more slowly than if open.

Trying to get assistance from the SBA has been frustrating; I spent an afternoon filling out an actual disaster loan application as soon as I closed the business only to have them contact me a week later and tell me my application didn't "count"- that I must now go and fill out their new "stream-lined" application. The new "stream-lined" application took about ten minutes and did not represent any kind of financial picture of the business (unlike the first true application that was rejected). This was basically a form to fill out stating that I would like to potentially receive a \$10,000 advance on a potential loan application. (I found this deceiving in a way, since that \$10,000 is supposed to be a grant.) I started the process of seeking this disaster loan on March 20 and have received absolutely no communication regarding the grant or if I will be allowed to apply for an actual loan. Honestly I do not have a lot of faith in SBA based on two past experiences of trying to work with them. They do not seem to understand that a restaurant doesn't build large amounts of capital but thrives on the in and out flow of cash needed to buy ingredients, create and sell food and drink; nor do they see the value of a business that provides jobs for 10 people in a small community.

I pursued a PPP payroll loan on the day they were "made available" only to find that banks would not let anyone apply for this loan unless they were already customers. My bank took 5 days from my original inquiry to have an online application available (would not take the government paper application) I filled out an online preliminary request and 2 days later I received a list of documentation needed which I sent immediately and it has now been a week and I have still not found out if I will get this loan.

In addition to this, because I am an owner of a business the protocol for filing for unemployment is different then other salaried workers and I still have received no letter stating that I am going to receive benefit since my application 2 weeks ago.

Deborah
Green Salmon Coffee Co.

Drift Inn

I have had much the same experience with the government programs that Deb laid out. Tom and I took off for a couple days to help me de stress. He fished while I spent the day filling out sba loan applications and talking with several folks from various sba offices. The requirements were changing hourly. Everyone who submitted paper applications were left in the dust and likely will get nothing, at least this go around.

I've stopped my garbage service, cancelled tv service, laid off the bulk of my employees. I thought I could keep a few going by making frozen and deli meals to go. The business started out strong with the community being supportive along with a few tourists. It's slowed down and basically is just making enough money to pay the few folks I've kept employed. Not enough to pay the mortgages or the power bill. I own a couple rentals for my employees and only one of the 10 people living in the homes have received an unemployment check so far.

The financial margins in restaurants is very slim. I am a very frugal innovative driven person. I have learned to reinvest in my business, to diversify and to "underwrite" certain aspects of my businesses for multiple reasons; one being financial. The city is a business per se and survives off the success of others, just like the federal government. It is smart business to support those who feed you. This is a dynamic that is integral to the success of our biological, social and financial systems. Giving back; We as a community would not only be remiss, we would further degrade the long term financial stability of Yachats by reducing income streams when business fold.

Linda Hetzler
Drift Inn

Ona Restaurant

On March 20, I decided it would be best for the business and my staff to close both Ona and Heceta Lighthouse B&B. The only reason I had any hope that this may be a feasible move was the PPP. I have kept a very close eye on the movement and I have tried to be an advocate for my peers by offering explanations on how it will work and how people can apply throughout the weeks of the ever changing waves of information. To date, I have filed with two separate banks to see which one will produce something first. I actually changed banks from Columbia to Oregon Coast Bank on Friday because Columbia completely let me down with their process and lack of knowledge with their products.

So this is where I am today. As of March 20, I continued to pay my employees through the 24th as their schedules were written, including tips. And today I have to decide whether I am going to pay them March 25- April 10. I have made up two payrolls for both of my businesses equal to around 40k, and I have no revenue or the loan to back them up. Why am I even considering? All of my employees have been hanging on through the winter to get to Spring Break. It's the great collective "exhale" we can do until we hold our breath again until late June. Spring Break didn't happen and my employees are seeing little or no UI benefits. Because UI works off of last quarters wages, their benefits will be super, non-living wage low and the \$600 a week kicker is nowhere in sight. This year I didn't close November- January because my staff didn't want to quit working for three months. It was hard on all of us.

And as an employer, I am not seeing any assistance for covering my personal expenses. On paper, it looks like I made more than 100k last year, most of which I reinvested in my business, so I will not see a stimulus check and I don't qualify for UI benefits. We are stuck. Even with the PPP, if this goes further into summer than mid-July, my financial outlook is going to get really bleak.

I have a big decision to make today.....
Michelle Korgan
Chef/ Owner

Presbyterian Church

Over the last several weeks, I have had the opportunity to speak with nearly 200 local employees who have suffered a job loss due to the Covid-19 pandemic. Many have expressed frustration with the unemployment insurance system, describing a web page that is overwhelmed, and crashing. Their attempts to file online have not been anymore successful, with hours spent on the phone, constant busy signals.

Consequently, many have yet to receive an unemployment check. Many of those that have, were already living paycheck to paycheck and struggling to make ends meet. Their UI checks are not enough to make car payments, rent, utilities, buy groceries, and there is no expectation that the government "stimulus" checks will arrive any time soon.

As the weeks go on there is a growing sense of desperation and an increased demand at the food pantry as well.

More troubling however are my conversations with many local business owners who report many of the same concerns with the SBA as employees are reporting with unemployment Insurance. The system is overwhelmed, the rules and guidelines changing, lenders are confused, websites are crashing. Many are being told that it will be weeks or months before money is available, if there is enough money to go around.

These business owners still have obligations to meet. Rent and mortgage payments, utilities, insurance, ongoing maintenance costs...

Many have privately confessed to me a very real fear that they may never reopen.

These small businesses, particularly our restaurants, are very much the heart and soul of Yachats, and one of the reasons tourists come to spend their money here. We can not afford to lose even one of them. They are our biggest employers. Displaced workers need a job to come back to. Perhaps

more importantly, Yachats needs the tax revenue generated by these business to pay for our water and sewer infrastructure.

We need the jobs, we need the tourists, we need the money. We need to maintain the heart and soul that makes Yachats, Yachats.

These are extraordinary times, and it will take extraordinary actions to survive. Thankfully, Yachats is in a unique position to help, at least with those businesses that have paid food and beverage taxes.

Robert Barrett, Pastor
Presbyterian Church

Yachats Small Business Relief Effort

4/20/2020

To: Yachats City Council

From: Just Local, Judith's Kitchen Tools, Yachats Cannabis Company, Green Salmon, Beach Street Kitchen, Books & More, Antique Virgin, Ya Tel Motel, Yachats Brewing, KOHO, Toad Hall, Bob Barrett, Tom Lauritzen, Greg Scott

At this time, most of the goals that were set for supporting unemployed workers have been achieved. More than \$62,000 has been received and \$59,500 has been disbursed to 238 unemployed workers who are reporting that some of them are now receiving unemployment benefits.

The next phase in the plan is to begin addressing the financial needs of Yachats businesses that hold a city business license. The one exception is vacation rentals. Businesses interested need to submit a "Statement of Needs" that includes a brief description of what they need and an estimate of the cost for each listed item. An evaluation committee has been appointed to review the requests and grants will be made on a case by case basis.

How can the city help?

The church has committed \$10,000 and another \$40,000 has come in from community donations for a total of \$50,000 already in place for this effort. What is needed is a partner with deeper financial resources. The first requests have been received and were reviewed this evening. Tomorrow we will distribute \$22,227 to 15 local businesses. Given the church has a process, it is staffed and working, it makes sense to for the city to partner with the Presbyterian Church to address current business financial needs. The city outsources many activities to other agencies and independent contractors. A City / Presbyterian Church partnership joins financial resources with a non-profit with the mission to serve those in need and provide the labor to evaluate and service funding request.

Any suggestions on how the City's contribution might be funded?

We believe the logical source for supporting local businesses is the City's Visitor Amenities Fund. While businesses like gift shops, book stores, restaurants, are not generally considered a visitor amenity, their continued presence is important to the people that come to Yachats. If you look at the history of legislation that regulates the use of these funds, it was the hotel industry that fought the initial tax and pushed for much of the legislation that now limits how the tax receipts can be spent. So, it is hard to believe that any business would object to receiving benefit from this fund. Past councils have successfully approved very creative uses of vacation rental taxes and we believe saving existing businesses falls well within the spirit of a visitor amenity. It is important to understand that early city leaders adopted the lodging tax as a city funding vehicle instead of a city property tax.

How would record keeping be handled?

The church uses a full featured double entry fund accounting database. All transactions can be reviewed. The money will be isolated in a restricted fund. Standard accounting reports for both summary and detailed reporting are available. City staff or a designated agent are welcome to review the accounting and banking records. All disbursements will be made by check and will be approved by two people not associated with the accounting system.

How does this effort relate to the restaurant proposal?

We believe they are complementary. Restaurants have already suffered from the loss of perishable foods due to the mandated shutdown. When this event is over, our restaurants will also have a much higher cost to reopen than many of our other business as they will need money to purchase inventory and will most likely experience a decline in customers during the slow recovery. Recognizing that restaurants are a unique business category, we feel it is appropriate that they should receive extra community support and would be included in this proposal and that the City should seriously consider implementing the original proposal. There is no downside for the City supporting the restaurant proposal and the Small Business Relief effort.

Closing Thoughts

Many Yachats restaurants and small businesses are on a precipice, and bold and decisive action is necessary to preserve the “heart and soul” of our city.

These owners are our family and friends.

These businesses are the reason tourists come to Yachats; without them, tourists will drive right through our “sleepy little town.”

We respectfully ask for your consideration of both proposals.

Appendix

Criteria for Small Business Relief:

- 1.) Business must be registered in Yachats.
- 2.) Business must be located within Yachats City Limits.
(Green House Market Place Shops may apply)
- 3.) Business must have been ordered closed, or suffered severe financial hardship as a result of the pandemic.
- 4.) Business must not have received a SBA/PPP Loan or Disaster Assistance loan.

66024 E. Catalina Hills Drive
Tucson, AZ 85739-1345
April 14, 2020

20 Basalt Loop
Yachats, OR 97498

Yachats City Council and Manager

- W. John Moore, Mayor
- Max Glenn, President
- Mary Ellen O'Shaughnessey
- Jim Tooke
- Leslie Vaaler
- Shannon Beaucaire, City Manager

441 Highway 101 N.
Yachats, OR 97498

Dear Council Members:

I believe a workable solution has been proffered to you to assist local business owners to weather this raging pandemic: To rebate the transient taxes they have contributed to city coffers during the months of October, November and December 2019 as well as January 2020. There have been numerous citations in past council meetings how these establishments have contributed to revenue as well as the well-being of the city. Now is a time to return their largesse when it is needed the most.

As a home owner in Yachats and a part-time resident of the town, I enthusiastically endorse this plan and hope you will act upon it as soon as possible to mitigate the looming economic disaster, which will occur without immediate assistance.

Thank you for considering my opinion in this critical matter.

James P. O'Brien, Ph.D., M.B.A.
jobrien@u.arizona.edu
520-235-0012

Shannon Beaucaire

From: Suse Kelley [mailto:suse.kelley@mg.com]
Sent: Tuesday, April 14, 2020 11:13 AM
To: Leslie Vaaler; Jim Tooke; Mary Ellen O'Shaughnessey; Max Glenn; Mayor
Cc: Shannon Beaucaire; Kimmie Jackson
Subject: In Support of the Save our Restaurants Proposal

Dear Yachats City Council Members,

I would like to express my strong support for the Save Our Restaurants proposal. These local businesses are a local treasure. Let's support them and their workers during these extraordinary times. We need them, and want them to stay afloat and reopen as soon as it is appropriate to do so.

Suse Kelley
Yachats resident
[mailto:suse.kelley@mg.com]

Shannon Beaucaire

From: Coastalcat [redacted]
Sent: Tuesday, April 14, 2020 1:10 PM
To: Mayor; Max Glenn; Mary Ellen O'Shaughnessey; Jim Tooke; Leslie Vaaler; Shannon Beaucaire
Subject: Save Our Restaurants

Dear Council Members and Manager Beaucaire,

Our little village is in trouble and we need prompt action to avert permanent closure of many restaurants. I believe a workable solution has been put forth in the letter titled "Save Our Restaurants" dated April 13, 2020 that was addressed to Yachats City Council from Bob Barrett, Linda Hetzler, Michelle Korgan, Tom Lauritzen, and Greg Scott.

As a home owner and a resident for the past five years, I enthusiastically endorse this plan and hope you will act upon it as soon as possible to mitigate the looming economic disaster which will occur without immediate assistance.

Thank you for your consideration and hopefully prompt action in this critical matter.

Sincerely,
Linda A. Johnson

Shannon Beaucaire

From: Maryanne Malzone Miller [redacted]
Sent: Tuesday, April 14, 2020 2:37 PM
To: max@maxglenn.com; Jim Tooke; Leslie Vaaler; Shannon Beaucaire; oshaughn@illinois.edu; Mayor
Subject: Save of Restaurants Action

Dear Council Members and Manager Beaucaire,

I am a new resident of Yachats and feel stronger about the issues facing our community, businesses and the people who make our town a treasure.

Our little village is in trouble and we need prompt action to avert permanent closure of many restaurants. I believe a workable solution has been put forth in the letter titled "Save Our Restaurants" dated April 13, 2020 that was addressed to Yachats City Council from Bob Barrett, Linda Hetzler, Michelle Korgan, Tom Lauritzen, and Greg Scott.

As a home owner and a resident, I enthusiastically endorse this plan and hope you will act upon it as soon as possible to mitigate the looming economic disaster which will occur without immediate assistance. If we don't provide the assistance needed, there will be long term impact to our community.

Thank you for your consideration and hopefully prompt action in this critical matter.

*Sincerely,
Maryanne Miller*

Maryanne Malzone Miller [redacted]

Shannon Beaucaire

From: Patty Hodgins [p.hodgins@gmail.com]
Sent: Tuesday, April 14, 2020 3:22 PM
To: Shannon Beaucaire
Subject: Input

Hi, Shannon —

I want to add my voice to those urging you and the council to look favorably on the current proposal to help our restaurants survive. They have always been a central feature of Yachats' identity, and if anything, I think they will be even more important to the village as we go forward into an uncertain future. I can easily imagine repeat visitors falling out of love with Yachats if they knew that, for example, the Salmon or the Drift had closed their doors.

It looks as if refunding January's food and beverage tax would be a simple, painless way to help our restaurants get through this disaster. I hope any technical difficulties can be dealt with quickly, creatively, and with good will, in the best Yachatian manner.

Best,

Patty Hodgins

Shannon Beaucaire

From: barbara tillery-gimarelli [mailto:barbaratg@ymail.com]
Sent: Wednesday, April 15, 2020 12:55 PM
To: Shannon Beaucaire
Subject: Save Our Restaurants

Dear Council Members and Manager Beaucaire,

Yachats , our Magical Village is in critical need of your immediate action to avert permanent closure of many of our Beloved restaurants.

Beloved not only by our Village residents, but also tourists/visitors that have visited and that will visit Yachats once the lockdown is lifted. Visitors that return time after time!!

My husband and I believe a workable solution has been put forth in the letter titled "Save Our Restaurants" dated April 13, 2020 that was addressed to Yachats City Council from Bob Barrett, Linda Hetzler, Michelle Korgan, Tom Lauritzen, and Greg Scott.

My husband and I have been blessed to call Yachats our home for the past four years, and we wholeheartedly endorse this plan and hope you will act upon it as soon as possible to mitigate the looming economic disaster which will occur without immediate assistance.

Thank you for your consideration and hopefully prompt action in this critical matter.

*Sincerely,
Bebe and Jim Gimarelli*

Sent from my iPhone

Shannon Beaucaire

From: Patricia Armstrong [mailto:patricia.armstrong@gmail.com]
Sent: Monday, April 20, 2020 11:21 AM
To: Mayor; Max Glenn; James Kerti; Leslie Vaaler; Mary Ellen O'Shaughnessey
Cc: Shannon Beaucaire

Dear Mr. Mayor and City Council Members,

If there were ever a time for every Yachatan and for our City to find ways to help our restaurants this is it. I was so encouraged and heartened to read the proposal that Tom Lauritzen, Bob Barrett, Greg Scott, Linda Hetzler and Michelle Korgan presented to the City. I strongly support this. Without an influx of cash I can't imagine how our restaurants will be able to re-open if this mandatory shut down continues for long ... and I can't imagine the impact on the city in the future if they are closed. If there were a time to help this is it.

I so hope you consider and approve this proposal. And if you choose not to help via the method that was suggested, then I pray that you find another way to aid our restaurants, which are truly the heart of our community and which are tottering on the brink.

Thank you.

Stay safe and stay well,
Patricia Armstrong
396 W 2nd St

Jacqueline Danos
PO Box 161
Yachats, OR. 97498

April 22, 2020

To: Mayor Moore and Council Members
CC: Shannon Beaucaire, City Manager

First I would like to say how proud I am to be living in a place where there are so many people who care about the community and local businesses. We all will continue to do what we can, I am sure, to support our businesses as we have by donating to the funds created by the Presbyterian Church and continuing to make purchases from our local restaurants.

As time moves forward revenues coming into City coffers will be very depleted but the costs to run the city will continue unabated. The debts associated with the water and sewer plants need to be paid, maintenance on those systems, the employee salaries, street & building maintenance all will continue. While everyone cares and understands that local businesses are struggling the long term resilience of the City as a whole is paramount. A well thought out plan moving forward is needed right now, not a knee-jerk reaction forcing the Mayor and City Council to make a rash decision that can effect the economic viability of the city moving into the future.

Something to keep in mind is that the taxes collected by the city, Food and Beverage and Transient Lodging Tax, are collected and earmarked for specific uses. The Food & Beverage taxes collected, not from the restaurants themselves but from the patrons who pay those taxes, goes directly to pay the debt on our water and sewer systems. A surplus might have been collected previously but the city will not see that moving forward. Those debts are still due. The rates that citizens pay cover only a fraction of the costs to run and maintain those systems and revenues that come in from the tax help off-set those costs. In giving the monies collected to the restaurants they would not be giving back monies that the restaurants themselves paid into the fund, they would be giving monies paid by patrons that the City needs to cover its debts. Basically the City would be donating much needed funds to local restaurants.

How the Transient Lodging Tax is used is over seen by the State and creative uses do not always equate with legal uses. Simply transferring taxes that the City has received, once again not from the businesses themselves but from the people who have visited and paid those taxes, cannot simply be used however the City deems fit. There is a process. As much as most people can agree that the bureaucratic processes around this are difficult to say the least, there is a process required. What the City can and should do is work together with other communities and lobby for a change to the rules around the TLT so that they can, as we move forward, use some of those monies to help businesses get back on their feet as the economy opens back up. A long term plan for helping when the real struggle begins.

All of us understand that people and businesses alike are struggling. Some have overextended, some are in a stronger position, and some, like the local workers, have never been able to put a cushion under themselves to make it through times such as these. Many of us feel the pinch. Some are luckier than others. As our City needs to join with other localities our restaurants and businesses need to join with small businesses across the country to collectively demand support from the Federal Government. That coming together has begun across the country and hopefully it will make the difference.

The economy nationally, globally, is bleeding out like a wound to a main artery. Giving the requested monies to local restaurants is like putting a bandaid on the severed artery rather than taking a more thoughtful approach to find what will truly slow down and eventually stop the bleeding. I believe we have strong leadership in place that is working diligently to develop a plan to make sure not only the local restaurants but the total local economy can withstand the current situation and hopefully become a more resilient and stronger community as we move through this phase into a future that will be new to us all. We hope that it will become a more balanced, diversified, and resilient economy for everyone. This isn't the first economic tsunami and it won't be the last. Learning from this time and strengthening everyone's economic circumstances is what the City can and should be working on right now and into the future.

We have the privilege to be living in an amazing place surrounded by incredible beauty. There are small farms, businesses, and entrepreneurs all around us struggling. We all can come together to support each other so that no one is left behind and the foundation, the City itself, can remain strong and resilient well into the future.

Sincerely,

Jacqueline Danos

Shannon Beaucaire

From: Elizabeth Morrill <elizabethmorrill@gmail.com>
Sent: Sunday, April 19, 2020 3:52 PM
To: Shannon Beaucaire
Subject: Restaurant tax refund

Dear Ms Beaucaire,

I read with interest the article in Quinton Smith's latest weekly newsletter of the businesses in Yachats requesting that their 5% food tax of October, November, and December be refunded.

We all are in this unfortunate situation. The restaurants and businesses are asking for help. They are getting help from the US government from the CARES Act. In addition to the traditional SBA funding program, other programs have been established - PPP (Paycheck Protection Program), the SBA Debt relief program, financial help that will not need to be paid back. In addition, the business owners will be receiving stimulus checks. Employees that were forloughed will receiving stimulus checks AND are eligible for unemployment benefits.

Please be careful on your decision about refunding the 5% tax. I would vote NO but the decision is yours.

Sincerely,

Elizabeth Morrill
A summer resident

Shannon Beaucaire

From: CC Horton [cc.horton830@gmail.com]
Sent: Wednesday, April 22, 2020 3:05 PM
To: Shannon Beaucaire
Subject: Assistance to businesses and restaurants

Hi Shannon,

Just a quick message to let you know that we support whatever the City can reasonably do to help support our businesses and restaurants. I can't quite picture Yachats without its charming shops, and unique restaurants like The Drift Inn and Luna Sea Fish House, for example.

I appreciate and support the programs that Bob Barrett has initiated to support those in need in our community.

Thanks for whatever you and the Council can do to help our unique shops and restaurants through these unprecedented times.

Best,

Creight

Shannon Beaucaire

From: Virginia Hafner [redacted]
Sent: Wednesday, April 22, 2020 3:27 PM
To: Shannon Beaucaire
Subject: council meeting?

Shannon, I tried to send copies of this to council but did not work for everyone's e mail address so please forward this to them. I have given money to the Displaced Worker Fund and the Small Business/Restaurant Fund. I so appreciate the feeling of community. I have talked to several people and do not understand why the city is hesitant about getting involved (I do know about the \$5,000 receipt fund from the city) but have heard nothing more.

I go on the city website every day to keep up to date. April 1 was the last information. Anything else is through yachatsnews.com Yesterdays information told me a lot but I want to know about city involvement -from the City. He quoted you as consideration of having a city council meeting on Thursday. I am assuming that is tomorrow. I know city council meetings are open to public for most issues. I do not plan to attend or do "zoom" or whatever but the public needs to know and understand the involvement of the City. Our restaurants and small businesses are vital to Yachats. Tourists love it here. If the City and the Church would work together and involve the community - what a wonderful thing that would be. We are a Village and need to be together to help our businesses and others. (I am not on facebook and that is my choice but anything the city posts on facebook should also be on the City Website.)

Please forward this to mayor and city council members. Thank you for being open to the public's concerns. Ginny Hafner



EMERGENCY BUSINESS LOAN

Community LendingWorks is working in partnership with local, state and federal officials to respond to the adverse economic & market conditions created by COVID-19 and the necessary public health measures to combat the virus.

This emergency loan is only one small part of the massive social and economic response needed for this crisis. While we recognize the vast additional need, we have to be realistic about the role we can play.

The Emergency Business Loan Is Intended To:

- *Help businesses remain solvent through the crisis and be ready/able to rebuild;*
- *Fill specific cash flow gaps in businesses' larger efforts to scale down, reduce expenses, and take any additional defensive measures to survive the crisis;*
- *Be paired with additional state and federal resources; please explore every option that might help you.*

The Emergency Business Loan is NOT:

- *Intended to replace lost business income (we don't have even 0.01% of the money needed for that);*
- *Intended to fund pre-crisis-level operations;*
- *A mechanism to pay wages of staff that the business can no longer financially support;*
- *For use to pay personal expenses such as rent/mortgage on your residence or personal credit cards;*
- *A low cost business loan for industries relatively un-impacted by the crisis.*

Eligible Businesses:

- *Those immediately impacted by public health restrictions;*
- *Meet the maximum employee threshold and other criteria defined by the City/County fund to which you are applying (check the CLW website for your local eligibility criteria);*
- *Were generally stable/strong prior to the crisis.*

Acceptance of this loan includes a commitment to monthly reporting and ongoing technical assistance.

Proposed Loan Terms

- | | |
|--|--|
| • Loan Amounts Vary by City/County | • Repayment Schedule: |
| • Interest Rate 2% | Months 1-6, payments deferred |
| • Loan Term Up to 48 months | Months 7-12, interest-only payments |
| • Loan Fee: None | Months 13-48 principal & interest payments |
| • <u>Mandatory</u> monthly business check-in & financial reporting during zero payment period. | |

Initial Required Documents

- Completed Application
- 2019 Interim Financial Statements
- January 2020 30-Day Interim Financials
- Emergency Plan:
 - Summary of Changes to Business Plan/Model (including how long it's sustainable)
 - Relaunch Plan (if temporarily closing or scaled down)
 - Emergency Operating Budget (include other state/federal grants or loans you plan to apply for)
 - Itemized list of proposed uses of loan funds (including whether 1-time or recurring)
 - Emergency Staffing Plan
 - Marketing Plan (if still operating)
 - How your supply chain is / could be effected by the crisis and your contingency plan

Within a single email, please send initial required documents to: **emergencycapital@communitylendingworks.org**

FAQs - Frequently Asked Questions

1. Q: Is my business eligible for this loan if our business is operating as usual?
A: No. This loan is designed to help businesses combat short-term crisis-related adverse conditions.
2. Q: Am I eligible if my business is completely closed due to public health restrictions?
A: Yes. We understand that businesses may have zero income during this time. We ask that you also explore every possible other measure of support (e.g. forbearance on existing loans, reduction in rent, etc.)
3. Q: What can the loan be used for?
A: It depends. Each business will have unique needs, so you will need to clearly explain in your emergency plan how the funds will be used and how that will help you through the crisis. It might be covering rent/insurance while your restaurant is closed. It might pay off net 30 invoices from pre-crisis. There are no specific limitations, except that it cannot be used to pay personal expenses. Your application will also be stronger if you are seeking other state/federal aid for which you may be eligible.
4. Q: Are borrowers required to personally guarantee this loan?
A: Yes.
5. Q: What happens if this crisis extends longer than expected, my contingency plan doesn't work, and I have to close the business permanently?
A: None of us can predict the duration or extent of this crisis. If your business closes permanently within the next 12 months, we will do our best to work with you on a solution.
6. Q: If I already have a CLW business loan, does this loan release me from my existing loan payments or other financial obligations?
A: No. Any desire to modify existing loan payments must be requested separately.
7. Q: Do I need collateral for the loan?
A: No.
8. Q: What happens when/if the loan fund runs out of money?
A: We expect that this will happen. When it does, we will place applications on a waiting list in date/time order of submission. We are constantly trying to raise more capital, and will contact businesses from the waiting list as funds become available. It helps us to gauge the need and advocate for funds if we have a waiting list, so please submit an application even if you hear that we're temporarily out of funds.
9. Q: Will this loan impact my eligibility for other government assistance?
A: Not that we know of, and we will follow other assistance programs closely, to monitor the impact of these loans on other programs. Neither CLW nor our City/County funding partners want anything about this product to block other resources, and can adjust this program accordingly.
10. Q: Can I apply for this loan if I don't have a Social Security Number?
A: Yes. Please provide your Tax Identification Number in the appropriate application field.



EMERGENCY BUSINESS LOAN APPLICATION

Business	
Name:	
Phone Number:	Tax ID #:
Email Address:	Number of Employees on 12/31/19:
Physical Address:	
Mailing Address (If Different From Above):	
Loan Information	
Amount Requested (\$):	Minimum Loan Amount You Could Accept (\$):
Brief Use of Funds:	
Borrower	
Name:	
Home Phone Number:	Work Phone Number:
Email Address:	
Home Address:	
Previous Home Address (If Less Than 2 Years at Current Address):	
Social Security Number or Tax Identification Number:	Date of Birth (MM/DD/YYYY):
Amount of Outside Income (\$):	Share of the Business (%):



EMERGENCY BUSINESS LOAN APPLICATION

Co-Borrower	
Name:	
Home Phone Number:	Work Phone Number:
Email Address:	
Home Address:	
Previous Home Address (If Less Than 2 Years at Current Address):	
Social Security Number or Tax Identification Number:	Date of Birth (MM/DD/YYYY):
Current Employer Name:	Income (\$):
Length of Employment (Years, Months):	Share of the Business (%):
Additional Source of Income (Type, Amount):	

I authorize CLW to obtain credit reports and verify any information in connection with this application. I agree CLW may contact me, for all notices and reminders pertaining to my account, by phone at any phone number listed with my account, including cell numbers, which may result in additional charges. I agree to receive text messages, which may result in text messaging rates. CLW may also contact me by sending e-mails, using any e-mail address provided. I can discontinue electronic delivery service at any time by notifying CLW directly.

Borrower

Date

Co-Borrower

Date

Within a single email, please send completed application and initial required documents to:
emergencycapital@communitylendingworks.org

CLW USE ONLY:

Approved

Denied

Loan Officer

Credit Committee

Signature: _____ Date: _____



Promissory Note

(Installment Payments)

Borrower: ABC Auto Company

Thomas Magnum

123 S. 5th St

SPRINGFIELD, OR 97477-5411

("Borrower")

Thomas Magnum

1200 Bay St

SPRINGFIELD, OR 97478

("Guarantor")

Lender: Community LendingWorks

212 Main St

Springfield, OR 97477

("Lender")

1. Promise to Pay

Borrower agrees to pay Lender the total amount of \$ 30,000.00, together with interest payable on the unpaid principal at the rate of 2.00000% per annum.

Payment will be delivered to Lender to 212 Main St. Springfield, OR 97477; or other address mutually agreed upon both parties.

2. Repayment

The amount owed under this Promissory Note will be repaid in equal installments of \$ \$0.00 made for the first 6 months. Interest only payments in the amount of \$49.17 are due for months 7-12. Principal and interest payments of \$581.79 are due for months 13-60, or remaining term of the loan. The first payment will be due on 09/30/2020 with the final payment due on 03/24/2025. All payments shall be first applied to interest and the balance to principal.

3. Security Clause

To secure payment of all sums under this agreement, the owner hereby grants CLW a security interest in all equipment described in Exhibit A in this document. In addition, the owner authorizes CLW and its agents to act as attorney-in-fact for the owner for the purpose of signing any financing statements or other documents which CLW may, in its sole discretion, deem necessary or appropriate to perfect its security interest. Upon the failure of the owner to make payment within thirty (30) days following the receipt of a statement, CLW may declare the owner to be in default hereunder and may exercise all rights which are granted to a secured party under (state) law.

4. Late Payment Fees

If Borrower defaults in payment by more than seven (7) days of the time set forth herein, then Borrower shall pay an additional late fee in the amount of \$ 35.00.

5. Additional Costs

In case of default in the payment of any principal or interest of this Promissory Note, Borrower will pay to Lender such further amount as will be sufficient to cover the cost and expenses of collection, including, without limitation, reasonable attorney's fees, expenses, and disbursements. These costs will be added to the outstanding principal and will become immediately due.

6. Transfer of the Promissory Note

Borrower hereby waives any notice of the transfer of this Note by Lender or by any subsequent holder of this Note, agrees to remain bound by the terms of this Note subsequent to any transfer, and agrees that the terms of this Note may be fully enforced by any subsequent holder of this Note.

7. Amendment; Modification; Waiver

No amendment, modification or waiver of any provision of this Promissory Note or consent to departure therefrom shall be effective unless by written agreement signed by both Borrower and Lender.

8. Successors

The terms and conditions of this Promissory Note shall inure to the benefit of and be binding jointly and severally upon the successors, assigns, heirs, survivors and personal representatives of Borrower and shall inure to the benefit of any holder, its legal representatives, successors and assigns.

9. Breach of Promissory Note

No breach of any provision of this Promissory Note shall be deemed waived unless it is waived in writing. No course of dealing and no delay on the part of Lender in exercising any right will operate as a waiver thereof or otherwise prejudice Lender's rights, powers, or remedies. No right, power, or remedy conferred by this Promissory Note upon Lender will be exclusive of any other rights, power, or remedy referred to in this Note, or now or hereafter available at law, in equity, by statute, or otherwise.

10. Governing Law

The validity, construction and performance of this Promissory Note will be governed by the laws of the State of Oregon, excluding that body of law pertaining to conflicts of law. Borrower hereby waives presentment, notice of non-payment, notice of dishonor,

protest, demand and diligence.

The parties hereby indicate by their signatures below that they have read and agree with the terms and conditions of this agreement in its entirety.

Borrower Signature: _____

Gurantors: _____

Lender Signature: _____

Community LendingWorks

Date: