

RESOLUTION NO. 22-135

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, APPROVING (1) FORGIVENESS OF ALL LOANS GIVEN TO SMALL BUSINESSES IN RESPONSE TO THE COVID-19 PANDEMIC, (2) REIMBURSEMENT OF LOAN PAYMENTS ALREADY PAID, AND (3) FORM OF TERMINATION AGREEMENT TERMINATING LOAN DOCUMENTS

WHEREAS, as part of the City of Carson's response to COVID-19, the worldwide pandemic that has severely hampered economies everywhere and has harmed small businesses due in large part to governmental lockdown orders, on April 21, 2020, the City Council created and implemented a focused business assistance program for City of Carson ("City") businesses, with a special emphasis on the COVID-19 response and accessing funding through federal programs offered through the Small Business Administration; and

WHEREAS, in its effort to assist small businesses within its jurisdiction, the City loaned 35 small businesses a total of \$530,000 (collectively, "Loans") pursuant to various Loan Agreements ("Loan Agreements"), evidenced by Promissory Notes ("Notes"), and secured by Security Agreements ("Security Agreements"), UCC-1 documents filed with the Secretary of State's office ("UCC Forms"), and Personal Guarantys ("Guarantys"); and

WHEREAS, on March 11, 2021, President Joe Biden signed the American Rescue Plan Act of 2021 ("ARPA"), which launched the Coronavirus State and Local Fiscal Recovery Funds to provide \$350 billion in emergency funding for state and local governments. The emergency economic stimulus bill provides fiscal aid to address the ongoing COVID-19 public health crisis, and of the \$350 billion economic stimulus bill, City will receive \$17,776,763 in direct one-time funding. On March 21, 2022, the City Council approved the allocation of \$765,000 of the \$17,776,763 toward City's Small Business Loan Relief Program; and

WHEREAS, in light of the ARPA funding to be received by City, City has agreed to (1) forgive the Loans, (2) reimburse small businesses for loan payments already made to City pursuant to the Loan Agreements, and (3) terminate the Loan Agreements, Notes, Security Agreements, UCC Forms, and Guarantys (collectively "Loan Documents"); and

WHEREAS, the Loans were given to small businesses to provide economic relief during a time of crisis. Forgiving the Loans now particularly in light of City's receipt of ARPA monies for allocation toward Small Business Loan Forgiveness and Loan Reimbursement, will further the program's objective of contributing toward continued viability of the businesses, thereby providing continued public benefits to the community in the form of taxes and availability of goods and services.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The recitals above are true and correct.

SECTION 2. The City Council hereby approves and authorizes the following: (i) forgiveness of the Loans, (ii) reimbursement to small businesses for loan payments already made to City, if any, pursuant to the Loan Agreements, (iii) termination of the Loan Documents by City entering into Termination Agreements with borrowers substantially similar to the form of Termination Agreement attached hereto and incorporated herein by this reference as Exhibit “A”; and (iv) execution of the Termination Agreements by the City Manager approved as to form by the City Attorney.

SECTION 3. The City Council declares that, should any provision, section, paragraph, sentence or word of this Resolution be rendered or declared invalid by any final court action in a court of competent jurisdiction or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences or words of this Resolution as hereby adopted shall remain in full force and effect.

SECTION 4. The City Clerk shall certify to the adoption of this Resolution and enter it into the book of original Resolutions.

SECTION 5. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED, and ADOPTED this 21st day of June, 2022.

Lula Davis-Holmes, Mayor

ATTEST:

Dr. Khaleah K. Bradshaw, City Clerk

APPROVED AS TO FORM:

Sunny K. Soltani, City Attorney