



## **Tobacco Region Revitalization Commission Loan Fund Program Guidelines**

*Adopted September 28, 2020*

The Tobacco Region Revitalization Commission's (TRRC) FY2020-2022 strategic plan (the "Strategic Plan") calls for expanding its lending programs and developing a portfolio of loans to work alongside the Tobacco Region Revolving Fund. These Guidelines (the "Guidelines") describe the types of entities that may apply for financing through TRRC's Loan Fund Program (the "Program"), the types of projects for which financing may be available, and general requirements for prospective borrowers. TRRC's Incentives and Loan Committee reserves the right to modify these Guidelines at any time.

This Program will be made available directly to Localities and educational institutions TRRC serves and to businesses located within the TRRC footprint. All projects financed through the Program must generally align with the Strategic Plan.

All lending activity will be subject to approval by TRRC staff as well as underwriting and credit analysis performed by TRRC's partners at the Virginia Resources Authority ("VRA"). TRRC intends to offer highly competitive rates and terms, however, all proposed terms are subject to approval by TRRC staff, in consultation with VRA and such additional advisors as staff may consult.

**After reviewing the Guidelines and requirements below**, parties interested in seeking financing through the Program should reach out to:  
[LoanRequest@revitalizeva.org](mailto:LoanRequest@revitalizeva.org)

### **I. What are the goals of the Program?**

- A. The Program is designed to meet the capital needs of Localities, educational institutions, and businesses within the TRRC footprint.
- B. The Program seeks to improve the business climate and project success rate within the TRRC footprint by both increasing the availability of capital as well as making financing with competitive rates and flexible terms to the extent and in the manner that best-supports Program objectives.

- C. Finally, the Program will seek to increase the earnings that TRRC receives on its capital to better support both TRRC's grant programs and future lending activity.

## **II. Who can apply?**

Three distinct sets of entities are invited to apply for loans: 1) cities, counties and towns, and their political subdivisions such as EDAs ("Localities") within the TRRC footprint, 2) post-secondary education institutions within the TRRC footprint, and 3) businesses that meet eligibility criteria.

- A. Localities located in the TRRC footprint are eligible to apply for financing through the Program related to projects that are consistent with the Strategic Plan.
- B. Post-secondary educational institutions are eligible to apply for financing through the Program if they:
  - 1. Are a public or nonprofit educational institution based in Virginia that offers post-secondary degrees or an affiliated entity such as an institutional foundation;
  - 2. Plan to spend all – or nearly all, subject to staff approval – of the loaned funds within the TRRC footprint;
  - 3. The project to be financed is consistent with the Strategic Plan; and
  - 4. Have been referred to the loan fund by TRRC staff.
- C. Businesses are eligible to apply for financing through the Program if they:
  - 1. Operate, or in connection with the project to be financed will operate, a business location within the TRRC footprint;
  - 2. Plan to spend all – or nearly all, subject to staff approval – of the loaned funds within the TRRC footprint;
  - 3. Support tourism or are in a traded sector, meaning the business primarily provides goods or services to those from outside the footprint in exchange for capital;
  - 4. A principal of which is willing to make a personal guarantee (for smaller businesses) or the business is willing to demonstrate ready access to assets necessary to pay the debt; and
  - 5. After underwriting and credit analysis, are found to be creditworthy at the sole determination of TRRC staff with advice from VRA and such other partners and advisors as TRRC staff may consult.

## **III. What are the rates, terms, and other details of loans offered?**

TRRC anticipates offering loans at rates that are competitive relative to those offered by private-sector lenders. Those seeking a loan who have already received

an offer from a commercial lender are encouraged to provide their offer documents to TRRC staff for review to speed the review process.

Rates and terms for loans available to Localities will differ from those offered to businesses.

- A. Localities seeking financing may select from one of the following options:
  - 1. Rates available to Localities will be fixed according to term and updated periodically.
  - 2. Loans will be offered at fixed interest rates.
  - 3. Loans will not have terms that extend longer than 20 years.
  
- B. For businesses and post-secondary educational institutions seeking loans, offers will vary depending on the specifics of the party seeking a loan and the project to be financed:
  - 1. Business and educational interest rates will be determined on a case-by-case basis after VRA performs underwriting and analysis of the credit risk presented by the business or educational institution.
  - 2. Loans extended to businesses and educational institutions will not have terms that extend longer than 10 years.
  - 3. TRRC loans can include capitalized interest or interest-only periods during construction and revenue ramp-up periods (such as construction of a manufacturing facility which will only generate revenue after construction is complete or creation of a new educational program which will not generate tuition revenue for a period of years).

#### **IV. How can a Locality, educational institution, or business apply?**

- A. Localities may apply by visiting the Commission's website: [www.revitalizeva.org](http://www.revitalizeva.org). To apply, the Locality must submit:
  - 1. A narrative document detailing the proposed use for the funds;
  - 2. A single point of contact at the Locality;
  - 3. A copy of a resolution by the Locality's governing body approving pursuit of a loan in the stated amount and for the stated purpose;
  - 4. Indication of which of the published fixed loan options included in these Guidelines that the Locality wishes to pursue; and
  - 5. Such additional information as TRRC or VRA may request (e.g., audited financial statements).
  
- B. Educational institutions must first apply through the TRRC's funding portal during an announced round of competitive education funding and be

referred to the Program for funding. Once referred, to apply for a loan, the institution must have, in addition to the recommendation:

1. A narrative document detailing your proposed use for the funds;
2. A single point of contact at the applicant institution;
3. Any documentation, feasibility studies, or comparable programs to support the contention that revenues will be adequate to service the debt;
4. Such additional information as TRRC or VRA may request (e.g., audited financial statements).

C. Eligible businesses that apply to the Program (see II.C.) may apply by visiting the Commission's website: [www.revitalizeva.org](http://www.revitalizeva.org). To apply, a business must submit:

1. A certification signed by an authorized officer affirming and detailing the manner in which the business meets the eligibility criteria detailed in II.C. above;
2. A narrative document detailing the proposed use for the funds;
3. A single point of contact at the applicant business;
4. A copy of the business' last three years of audited financial statements;
5. Detailed descriptions of any proposed collateral or other security;
6. A complete description of all other debt or investments that will support the proposed use of loan funding; and
7. Such additional information as TRRC or VRA may request.

## V. How does the Program operate?

A. There are two avenues by which TRRC may consider extending a loan to a potential loan recipient:

1. Application: An applicant, either a Locality or an eligible business may apply for a loan via the portal on the TRRC website, located on the Commission's website: [www.revitalizeva.org](http://www.revitalizeva.org) (Separate applications for locality and business applicants).
2. Referral: An applicant may be referred to the TRRC loan program, having applied for a grant through one of the TRRC grants programs, if the full TRRC commission so recommends. This is a requirement for educational institutions.

B. Upon receipt of an application from a Locality:

1. The Locality's need and financial status is evaluated by VRA and TRRC.
2. If necessary, VRA or TRRC may request additional information from the applicant.

3. TRRC staff will determine how much capacity is currently available in the Program and the extent to which the project to be financed supports the overall mission of the TRRC, as described in the TRRC Strategic Plan.
  4. Should a Locality have a project that it believes requires a deviation from the loan offerings described in these Guidelines, the Locality's point of contact should contact the TRRC Executive Director to schedule a call or meeting to discuss the proposed alternate structure. Deviations from the fixed loan packages for local governments will be rare.
  5. VRA will provide a term sheet and appropriate loan documents to the Locality's point of contact.
- C. Upon referral of an application from a post-secondary educational institution or other eligible borrower by TRRC grants staff:
1. TRRC staff will verify the eligibility of the institution.
  2. If necessary, VRA or TRRC may request additional information from the applicant.
  3. VRA staff will conduct thorough underwriting of the applicant's programmatic plans, and either extend an offer of credit or advise TRRC staff of any concerns.
  4. If there are no concerns or all concerns have been resolved, VRA will provide a term sheet and appropriate loan documents to the Locality's point of contact.
- D. Upon receipt of an application from an eligible business:
1. TRRC staff will verify the eligibility of the business;
  2. TRRC staff will consult with the TRRC Executive Director's credit advisory committee. This committee will consist of persons selected by the Executive Director and will include citizens with finance and banking expertise. The credit advisory committee will assist TRRC staff to assess the viability of the project to be financed and other matters relevant to the proposed loan.
  3. If necessary, TRRC or VRA may request additional information from the business applicant.
  4. A proposal will be extended by TRRC staff, subject to acceptable underwriting and credit analysis performed by VRA.
  5. VRA staff will conduct thorough underwriting and credit analysis of the applicant, and either extend an offer of credit or advise TRRC staff of any concerns.
  6. If there are no concerns or all concerns have been resolved, VRA will provide a term sheet and appropriate loan documents to the Locality's point of contact.