

## EDA Business Opportunity Research & Development Assistance Application—Step 1

**Purpose:** The Greene County Economic Development Authority (EDA) may authorize assistance with expenses required for research and development of potential projects, private or public, where these projects may be deemed by the EDA to represent significant benefit to the community should they come to fruition.

### **Guidance for proposals:**

The value of the requested “Step 1” assistance may not exceed \$10,000 per project in part or in total if making multiple requests.

Subsequent requests, of requests for greater than \$10,000 per project in part or in total, must complete a “Step 2” or “Step 3” Assistance Application.

Basic business research and plan development may include, but is not limited to: concept plans, soil testing, environmental impact studies, and geotechnical testing.

Business planning and development tasks including, but not limited to: design renderings, architectural reviews, polling, community outreach, surveying, employee wages, business operations costs, legal expenses, accounting expenses, taxes, supply costs, and relocation costs will not be funded.

All proposals shall be signed by all owners of the property that is the subject of the application. Land should be located within Greene County, Virginia.

Cost-sharing by the proposer will be advantageous for consideration, but is not required.

The attached matrix may not be the sole instrument for evaluation, and may be supplemented by other factors, relevant to the specific site and requestor, during consideration by, and at the discretion of, EDA.

All expenses are subject to reimbursement subject to specific terms and conditions, negotiated between applicant and EDA, including such factors as interest rates and repayment criteria or schedules. Those terms and conditions may mandate full repayment to EDA of the initial value of the expenses plus interest.

EDA shall retain ownership of all design or marketing products developed under EDA funding, and EDA permission must be obtained to apply those products to properties other than the original targeted project.

### Step 1 Application Scoring Criteria

Weight%	Score (1-10)	Weighted Value	
10%			The proposed site and plan should be limited to broad design concepts, but should include representative details. While targeting a specific site, value will be added to proposals that could be substantially applied to more than a single site in Greene County.
Comments:			
20%			Focus should be targeted to site(s) within the County's designated growth area, as described in the most recent Greene County Comprehensive Plan, or provide convincing argument to support location outside that area. Proposed project shall be compatible with existing and prospective uses of surrounding properties.
Comments:			
10%			The proposed site should have access to appropriate infrastructure and utility capacity; use-appropriate existing zoning is useful.
Comments:			
30%			The primary impact of the proposed project should be directly focused on economic development via business and job growth, with additional value given to the quality and diversity of targeted jobs. Co-mingling residential with business/commercial/light industrial elements is welcomed, but residential should not be the primary element.
Comments:			
20%			The target project should be designed to have the ability to include multiple business enterprises. On-site diversity of those business is useful.
Comments:			
10%			The target project should broaden the scope, not just the volume, of Greene County's tax base, by adding new types of businesses.
Comments:			
Total Weight Score:		Recommendation(s):	

## Creating a Future of Prosperity for Greene County

Don's Thoughts – November 30<sup>th</sup>, 2018

I believe that the EDA should have an ambitious goal – To be an active player in creating a Future of Prosperity for Greene County and its residents. Others have major roles in achieving facets of Greene's prosperity, but we have a unique role with our primary function of economic development as Greene County's *Economic Development Authority*.

How should we, as residents with business experience, appointed by the Board of Supervisors – the representatives of Greene's residents – execute this serious role?

### A Starting Point

As an old-fashion business consultant I would suggest we might start with the elements of a SWOT.

- Strengthens – Greene is uniquely placed in a beautiful rural location adjacent to the Blue Ridge foothills, is close to one of the finest universities in America and a city with many attractions, has less expensive real estate, and has a county administration that is friendly to business development. Real estate taxes are also lower than others in the area. Its Director of Economic Development and Tourism is energetic, capable and committed to the interests of the County.
- Weaknesses – the creation of major malls and large box stores north of Charlottesville and east of Harrisonburg have drawn retail business from Greene, and new entrepreneurial businesses want to be closer to UVA or JMU, and often overlook the fundamental operational economics. Greene County is reluctant to provide significant financial incentives to relocating businesses or start-ups. It does not have a broad-based high-speed internet infrastructure. Its location does not provide good access to interstate highways to support major distribution companies.
- Opportunities – many mid-size technology companies are seeking to locate in locations that have an attractive environment for workers and their families, are close to centers of excellence and have lower costs than major centers of technology such as Charlottesville, Richmond and Northern Virginia. The internet reduces the need to be in major urban centers. For example, some new Amazon workers could locate here and work remotely in Crystal City.
- Threats – other communities have large budgets and are aggressively seeking new businesses to relocate in their area, and they have resources to provide significant financial incentives to businesses that relocate in the area. Many have broadband. Greene has been largely reactive rather than proactive in its economic development.

### Does It Matter?

Greene County can continue in its current mode and many residents will be happy if it does, at least for a while. This might contain residential taxes in the near term. However, to sustain county services, it is essential that new sources of business taxes are created. Five primary reasons underly this assumption.

- It is inevitable that the Charlottesville area will attract an expanded population, and a significant proportion of these will be drawn to the lower residential prices of Greene. Since real estate taxes rarely cover costs, the new homes will be a net drain on County resources.

- The school capacity to meet the population increase will impact county budgets, at a cost of at least \$40,000 per student for capital and \$8,000 per year for the County's portion of operating costs. New residents also create demands for new services and infrastructure facilities.
- Greene needs major capital investments to improve the infrastructure, starting with the new reservoir to increase water availability. The facilities study, currently underway, will identify the need for other essential capital needs.
- Many vocal County residents are vehemently opposed to significant residential tax increases.
- The Greene County Board of Supervisors is very reluctant to take aggressive moves to improve the infrastructure if it would result in significant residential tax increases.

### **What to Do?**

The EDA and the Director of ED&T are the ones best able to take serious efforts to address this situation. If the EDA was to take a more aggressive posture in developing Greene's economy, it has a chance to contribute to a Future of Prosperity. It would require a proactive effort of the Authority's Board. If the EDA was so inclined, I believe that the Director would be delighted to support its efforts. I also believe the current Board of Supervisors would be supportive. Moreover, we have the financial resources to execute a successful program.

Many of the possible steps were suggested several years ago, just as the transition took place to Alan, a new relationship with the County was established and the former County Administrator was on his way out. There was little energy left to tackle a more aggressive posture for the EDA.

A program might include the following actions.

1. Decide on specific criteria for selecting targeted industries and companies.
2. Review the major study conducted for strategic economic development for the region (for which we paid \$10,000) and decide which target markets/industries and companies might be pursued by us. Rank the targets.
3. Assist the County in creating a robust data base of current businesses.
4. Engage a good marketing professional to help define an appropriate market positioning.
5. Based on the knowledge so gained, supplemented with additional research, define the details of a marketing program. Create a strong marketing package, that has statistical data and targeted marketing messages, and might also include a professionally made video on DVD, for distribution to target companies.
6. Provide a travel and entertainment budget that would provide for Alan's expenses to go to visit targeted companies and make a serious presentation.
7. Test the prototype program and adjust as necessary.

### **Meanwhile**

Back at home, we should have three efforts.

- Continue to support Alan in all the fine work he is doing now.
- Lobby the Board of Supervisors to consider a program of more generous incentives that Alan can offer the companies that express interest in his pitch.
- Push for high speed internet to support Dale Herring's efforts.

## **The Greene County Economic Development Authority**

### **Mission Statement**

The Greene County Economic Development Authority (EDA) strives to promote economic development in Greene County by creating an enabling environment for commerce for the economic vibrancy, health, safety, welfare and prosperity of the community and its citizens.

The objectives of the Economic Development Authority shall be focused on the following:

- To execute any and all authorities granted to the locality by the Commonwealth of Virginia in §15.2-4900 (*et seq.*), which grants industrial development authority powers to the locality. Among other powers, this authority specifically permits the EDA to issue bonds for the purpose of carrying out the economic development of the community.
- To manage the affairs of the Greene County Industrial Park and any assets, including real estate, that are owned or might be purchased by the EDA.
- To establish and manage a revolving loan fund that might be used for the expansion of existing businesses, assisting prospective businesses to relocate to Greene County, and to finance promising new ventures.
- To support the Economic Development Director, when requested, by such means as: attending meetings with new business prospects, defining attractive industry sub-segments appropriate for Greene, assisting with the design of effective marketing programs, and helping to fund selected marketing initiatives.

All activities of the EDA are aimed at enhancing the image of Greene County as a business friendly community with an educated workforce that is eager to participate in the growth of our local economy.

**BUSINESS ASSISTANCE LOAN MATRIX**

NAME OF PROJECT: \_\_\_\_\_  
 LOCATION OF PROJECT: \_\_\_\_\_  
 NAME OF APPLICANT: \_\_\_\_\_  
 NAME OF REVIEWER: \_\_\_\_\_  
 ROLE OF REVIEWER: \_\_\_\_\_  
 DATE OF EVALUATION: \_\_\_\_\_  
 PROJECT DESCRIPTION: \_\_\_\_\_

CONTACT/EMAIL: \_\_\_\_\_  
 CONTACT/EMAIL: \_\_\_\_\_  
 DATE DECISION NEEDED BY: \_\_\_\_\_

**I. FIT CONSIDERATIONS**

1. IS PROJECT'S NATURE (SIZE, INDUSTRY, PRODUCT(S), LOCATION, ECONOMIC AND ENVIRONMENTAL IMPACTS) CONSISTENT WITH COUNTY'S COMPREHENSIVE PLAN & DESIGNATED GROWTH AREA?
- 2A. IS PROJECT'S INTENDED LOCATION USE-APPROPRIATE FOR EXISTING ZONING?
- 2B. IF NOT, IS THE REZONING NEEDED EASILY ACCOMPLISHED?
- 3A. IS THE PROPOSED USE CONSIDERED TO BE BY RIGHT?
- 3B. IF NOT, IS SPECIAL USE PERMIT LIKELY TO BE OBTAINED?
4. AESTHETICS OF PROJECT WOULD BLEND WITH ADJACENT COMMUNITY?
5. PROJECT FULFILLS A COMMUNITY NEED?
6. PROJECT LIKELY TO BE FAVORABLY RECEIVED BY NEIGHBORS?
7. HOW MANY EDUS/HOOKUPS OF WATER ARE ESTIMATED AS A REQUIREMENT OF THE PROJECT?
8. HOW MANY EDUS/HOOKUPS OF SEWER ARE ESTIMATED AS A REQUIREMENT OF THE PROJECT?

	YES (25 POINTS)	NO (-25 POINTS)	N/A	TOTAL POINTS
	YES (10 POINTS)	NO (-5 POINTS)	N/A	
	YES (10 POINTS)	NO (-5 POINTS)	N/A	
	YES (10 POINTS)	NO (-5 POINTS)	N/A	
	YES (10 POINTS)	NO (-5 POINTS)	N/A	
	YES (10 POINTS)	NO (-5 POINTS)	N/A	
	YES (5 POINTS)	NO (0 POINTS)	N/A	
	YES (5 POINTS)	NO (0 POINTS)	N/A	
<b>QTY:</b>		UP TO 5 POINTS	N/A	
<b>QTY:</b>		UP TO 5 POINTS	N/A	

**II. ECONOMIC CONSIDERATIONS**

1. WHAT INDUSTRY DOES THIS PROJECT MOST REPRESENT? \_\_\_\_\_
2. IS THIS INDUSTRY ECONOMICALLY VOLATILE OR TOURISM BASED?
3. WILL PROJECT ACCOMMODATE MORE THAN ONE BUSINESS ENTERPRISE?
4. WHAT IS THE BEST GUESS AT NUMBER OF JOBS CREATED AT EACH SALARY RANGE BELOW:  
 <\$30,000  
 \$30,000-\$59,000  
 \$60,000-\$100,000  
 >\$100,000
5. WHAT IS THE ESTIMATED TAX INCOME TO THE COUNTY FROM MACHINE AND TOOL TAX?
6. WHAT IS THE ESTIMATED TAX INCOME TO THE COUNTY FROM SALES TAX?
7. WHAT IS THE ESTIMATED CONSTRUCTION VALUE OF THIS PROJECT?
8. ARE THERE OTHER LONG TERM FINANCIAL BENEFITS TO THE COUNTY?
9. PLEASE ATTACH A LIST OF ANY INTANGIBLES YOU BELIEVE WILL RESULT IN COMMUNITY BENEFIT FROM THIS PROJECT, I.E., INCREASED PROPERTY VALUE, INFRASTRUCTURE UPGRADES, ETC.
10. WHAT IS LIKELIHOOD THAT SUPPLIERS OF RAW MATERIALS, GOODS OR SERVICES WILL MOVE INTO THE COMMUNITY TO SUPPORT THIS PROJECT?
11. IS THIS PROJECT INNOVATIVE OR UNIQUE TO THE COUNTY?
12. IS THIS PROJECT SITE SPECIFIC OR COULD IT BE APPLIED TO MORE THAN ONE SITE IN THE COUNTY?
13. SWAT ANALYSIS ATTACHED?
14. PORTER ANALYSIS ATTACHED?

	YES (-5 POINTS)	NO (5 POINTS)	N/A	
	YES (5 POINTS)	NO (-5 POINTS)		
<b>QTY:</b>		1 POINT EACH/MAX 20	N/A	
<b>QTY:</b>		2 POINTS EACH/MAX 20	N/A	
<b>QTY:</b>		4 POINTS EACH/MAX 20	N/A	
<b>QTY:</b>		5 POINTS EACH/MAX 20	N/A	
		UP TO 10 POINTS	N/A	
		UP TO 10 POINTS	N/A	
		UP TO 10 POINTS	N/A	
		UP TO 10 POINTS		
		UP TO 5 POINTS	N/A	
	LIKELY (10 POINTS)	UNLIKELY (0 POINTS)	N/A	
	YES (5 POINTS)	NO (0 POINTS)	N/A	
	SINGLE SITE (0 POINTS)	MULTIPLE SITES (5 POINTS)		
	YES (5 POINTS)	NO (0 POINTS)	N/A	
	YES (5 POINTS)	NO (0 POINTS)	N/A	

**III. FINANCIAL & OTHER CONSIDERATIONS**

- 1A. IS PROJECT FULLY FUNDED?
- 1B. IF NOT, ARE INVESTORS OR OTHER FINANCING OPTIONS IN PLACE?
2. IS A LOAN OR AID PACKAGE FROM THE EDA OR COUNTY NECESSARY FOR THIS PROJECT TO GO FORWARD?
3. IS LOAN OR GRANT REQUESTED OF EDA?
4. IF FINANCIAL INCENTIVES ARE REQUIRED OF THE COUNTY, DO YOU EXPECT THEM TO BE IN THE FORM OF A LOAN OR A GRANT?
5. HOW LONG HAS APPLICANT BEEN IN BUSINESS?
- 6A. HAVE YOU DONE OTHER PROJECTS SIMILAR TO THE ONE NOW PROPOSED?
- 6B. IF YES, PLEASE GIVE EXAMPLES: \_\_\_\_\_
7. WHAT LEVEL OF EXPERIENCE DOES APPLICANT HAVE IN THIS FIELD?
8. HAS APPLICANT EVER DEFAULTED ON A LOAN?
9. HAS APPLICANT EVER BEEN CONVICTED OF FRAUD?
10. HAS APPLICANT EVER FILED FOR BANKRUPTCY?
11. DOES APPLICANT OWE MONEY FOR DELINQUENT TAXES (FEDERAL AND/OR STATE GOVERNMENT)?
11. IS COLLATERAL BEING OFFERED TO SECURE THIS LOAN OR FINANCIAL AID?

	YES (20 POINTS)	NO (-5 POINTS)	N/A	
	YES (10 POINTS)	NO (-5 POINTS)	N/A	
	YES (-10 POINTS)	NO (10 POINTS)	N/A	
	YES (-20 POINTS)	NO (0 POINTS)	N/A	
	LOAN (-5 POINTS)	GRANT (-10 POINTS)	N/A	
	<5 YRS (-5 POINTS)	>5 YEARS (5 POINTS)	N/A	
	YES (10 POINTS)	NO (-5 POINTS)	N/A	
	<5 YRS (-5 POINTS)	>5 YEARS (5 POINTS)	N/A	
	YES (-5 POINTS)	NO (0 POINTS)	N/A	
	YES (-20 POINTS)	NO (0 POINTS)	N/A	
	YES (-10 POINTS)	NO (0 POINTS)	N/A	
	YES (-10 POINTS)	NO (0 POINTS)	N/A	
	YES (-10 POINTS)	NO (0 POINTS)	N/A	
	YES (0 POINTS)	NO (-10 POINTS)	N/A	

**IV. ADDITIONAL INFORMATION**

1. PRESENTATION BY CANDIDATE OR OTHER RESOURCES
2. DOES APPLICANT APPEAR TO HAVE A THOROUGH UNDERSTANDING OF THE PROPOSAL?

1-10 SCALE W/ 10 BEING HIGHEST	N/A	
1-10 SCALE W/ 10 BEING HIGHEST	N/A	

**TOTAL POINTS SCORED**

280 AND ABOVE--RECOMMEND APPROVE PROJECT INVOLVEMENT  
 240-279--REQUEST APPLICANT RESUBMIT WITH SUPPLEMENTAL DATA WHEN AVAILABLE  
 <239--RECOMMEND DECLINE PROJECT INVOLVEMENT

**0**

**RECOMMENDATION**

SIGNATURE OF REVIEWER \_\_\_\_\_

## **Greene County Economic Development Authority**

### **Proposed Revolving Loan Fund**

#### **Draft Internal Administration Procedures**

The proposed revolving loan fund is planned as a significant contribution by the Greene County Economic Development Authority (EDA) to high-quality economic development in Greene County. However, its administration will place an extra burden on the organization.

#### **Administration**

The loan program will be administered by the EDA Board, the Loan Review Committee of the EDA board (the Committee), the EDA's Executive Director and EDA staff. In order to provide privacy and protection of intellectual properties of applicants, all meetings will be conducted in Executive Session (TBD).

#### ***Origination***

The EDA Executive Director will be responsible for assisting the applicant in making a successful application.

- The Executive Director will review loan applications, meet with the applicant(s) and provide a preliminary assessment of the loan. The Director will assist the applicant in filling gaps in documentation. For example, the Director might recommend that the applicant should obtain assistance in preparing or improving the business plan from SBA or SCORE.
- If the Executive Director finds sufficient merit for making the loan, he/she will prepare a written report arguing for its acceptance. The application and the report must be supplied to the Committee no later than one week before its next scheduled meeting.
- The Executive Director will offer the applicant the option of making his/her own presentation to the Committee or having the Director make the presentation on behalf of the applicant. In the event the applicant opts for the Director to make the presentations he/she will still have the right to attend the presentation.
- Applicants for loans of \$15,000 and over will be required to meet with the Committee and the EDA Board.

#### ***Virginia Department of Business Assistance***

The Virginia Department of Business Assistance offers a variety of assistance programs that could complement the Greene County Economic Development Authority loan program. The programs include:

- Economic Development Loan Fund – loans between \$50,000 and \$500,000
- Small Business Microloan Program – loans of less than \$10,000, based on credit scores

- Loan Guarantee Program – deficiency guarantee of lines of credit up to \$750,00
- Child Care Financing Program - \$150,000 for centers and \$10,000 for home providers
- Virginia Capital Access Program – loan guarantees with approved banks
- The Virginia Small Business Environmental Compliance Assistance Fund – loan funding for compliance equipment of up to \$100,000.

The Executive Director will review these programs with the applicant and jointly decide whether the applicant should apply for a VDBA loan and/or a GCEDA loan. The Director will assist the applicant in making application under either or both programs. VDBA and the GCEDA Loan Review Committee will be fully informed on both applications.

### ***Loan Review Committee Decision***

The Committee will make the assessment of the loan and decide the terms that should be offered. This process is designed to be an objective and consistent as possible.

- The Committee will meet at least quarterly.
- The Committee will make an independent assessment of the loan application at its next scheduled meeting. In the event that a loan decision is required between meetings, the Executive Director will call a special meeting of the Committee at the earliest date a quorum is available.
- Based on the presentation and the application, each Committee member will score the loan against the agreed criteria. The Total Score results will be averaged. Those applications not achieving an average score that meets or exceeds an agreed threshold will be rejected.
- The Committee can agree to waive or adjust terms and conditions for special situations as it deems appropriate.
- The Committee will then set the terms for the loan, including the interest rate and duration. They will also suggest a rationale for their decision. The loan approval and the terms must be approved unanimously.
- Loans of \$15,000 or more will require the additional approval of the EDA Board at a regularly scheduled or special meeting. The Committee may also refer other loans to the full Board.
- The Executive Director will give a quarterly report to the Committee covering
  - Applications in progress
  - Applications rejected
  - Applications proposed for approval
  - Loan status on each outstanding loan
  - Collection status on loans in default
- As needed, and at least annually, the Committee will consider opportunities to improve the loan program.

### ***EDA Board Approval***

The EDA Board will provide final approval on large loans and others where the Committee wishes the Board to make the final decision.

- The full Board will be sent copies of all documentation relevant to the loan request, including: the application, the report of the Executive Director, the scoring sheets and averages, the recommended terms and the minutes of the Committee meeting.
- The Board can accept, reject or modify the recommendation of the Committee. It will provide a rationale for its decision in order to provide future guidance about its priorities to the Committee.
- Twice a year the Executive Director will give a status update to the full EDA Board. Non-Board members of the Committee will be invited to attend.

### ***Administrative Action***

The Executive Director will be responsible for the administrative action that ensures the integrity of the Revolving Loan Fund.

- All Revolving Loan funds (including the balance of the \$100,000 not loaned and paid principal, interest and net fees) will be maintained in a segregated account and will be audited annually.
- Funds will be made available immediately after approval of the loan and closing on the loan documentation.
- The EDA staff will ensure that all loan payments and financial reports are received on time. If penalties become due the EDA staff will obtain the Executive Director's approval before communicating them to the borrower. If the Executive Director is not available, the Committee's Chair will review the request.
- Collection action will be initiated by the Executive Director with Committee request.
- All loan documentation will be maintained in a secure and fireproof location (perhaps this should be in a Greene County safe).
- Decisions made by the Executive Director or the Committee can be appealed to the full board of the EDA.
- Minutes will be prepared for all meetings by the EDA staff.

### ***Organization***

The Committee will be appointed by the EDA Board and will be governed by an approved set of rules.

- The Committee will have five members appointed by the EDA Board. A minimum of two members will also be members of the full board. Up to three members can be appointed from the Greene community.
- The Committee will meet at least quarterly and more often as the demand for loan application decisions requires.
- A quorum of three is required for all meetings, with at least one of the three being a member of the full board.
- Each year the full Board will appoint a Committee Chair.
- The Committee will elect a Vice Chair and Secretary/treasurer.

## **Greene County Economic Development Authority**

### **Revolving Loan Fund**

#### **Draft Description – October, 2012**

##### **Purpose**

To encourage economic development in Greene County as a means for generating additional tax revenues, enhancing the reputation of Greene County as a business-friendly location, and/or providing additional skilled jobs for local residents, the Greene County Economic Development Authority (EDA) has established a revolving loan fund of \$100,000. The loans can be used for the expansion of existing businesses, assisting businesses from outside the County to locate in Greene, and financing promising new ventures.

The revolving loan fund is intended to support applications either where the applicant is unable to obtain financing from commercial sources, or where having the EDA loan can assist the applicant to obtain other financing. Every effort will be made to ensure that the fund's integrity is maintained – through fees, interest and principal payments, and when necessary through vigorous collection action – so that it can benefit other business applicants in the future.

In addition to providing assistance from its own funds, the EDA will also provide assistance to applicants who might be eligible for one or other of the loan programs of the Virginia Department of Business Assistance (VDBA).

##### **Description**

Each loan will be for a minimum of \$5,000 up to a maximum of \$25,000. However the EDA Board will have authority to waive these limits for special situations. For administrative purposes the EDA will limit the number outstanding loans at any time to ten (10). Loans will be considered on a first come, first served basis. Interest, principal and net fees will be returned to the fund for use as future loans. EDA staff will assist applicants with understanding the loan requirements and will assist the applicant with preparing appropriate documentation.

When the EDA Director is comfortable with the readiness of the loan application, it will be presented to a Loan Review Committee (the Committee) for approval. The Committee will score the application against a set of weighted criteria (see attached Loan Application Scoring Sheet). Applications failing to achieve an adequate score will be rejected. The Committee members attending the review meeting must cast a unanimous affirmative vote or the application will be rejected. The Committee will assign an interest rate and other terms to the loan.

Larger loans will be approved by the full EDA Board. Applicants will have the right, and in some situations the obligation, to present the business case to the Committee and the EDA Board.

The interest rate assigned to the loan will depend on the perceived quality of the loan. In some circumstances we may be willing to defer the start of monthly payments, but this will be decided case by case. If payment start is deferred, we may wish to charge a somewhat higher interest rate since it does increase the risk.

## **Eligibility**

All businesses must be operated within Greene County. Each application will be scored on the following criteria:

### *Individual*

- Prior business experience of the applicant
- Credit scores and track record of the applicant
- Evidence that the EDA loan will not be larger than the equity investment of the applicant, excluding “sweat equity” and in-kind investments not having a formal appraisal
- Evidence the applicant has no delinquent debt to local, state or federal governments. Applicants will be asked to identify all business affiliations where they have more than a 10% equity stake.
- The applicant will authorize the EDA to conduct any reference check it believes appropriate.

### *Business*

- A credible business and marketing plan – the applicant may obtain assistance with this through such organizations as PVCC’s Workforce Services, SCORE, Central Virginia Small Business Development Center
- Supportable financial forecasts for the term of the loan – including cash flow projections that indicate ability to repay the loan
- Evidence that the business is registered, the premises are available and the business is not a personal residence
- Evidence that the business has adequate hazard insurance

### *Economic Impact*

- Clear evidence that the loan will make a substantial difference to the viability of the business and not cover operating losses
- The nature of the business relative to the EDA’s current priorities - e.g., manufacturing, high technology versus those that are already well-established or are unattractive
- The number, skill type and salary level of people to be employed, and whether they are full- or part-time

## **Loan Terms**

Loan terms will vary with the type of business, the duration of the loan, and the size of the loan, including:

1. The loans will be for a minimum of \$5,000 and a maximum of \$25,000. To limit administrative complexity, the EDA will limit the program to a maximum of 10 loans of \$10,000 or less and any given time.
2. Start-up businesses will be limited to loans for \$5,000.
3. Loans will be amortized by equal monthly payments of principal and interest during the life of the loan. There will be no penalty for pre-payment.
4. Interest rates will vary with current interest benchmarks e.g. the Prime Rate, the assessed risks and the number of years of repayment. For example, an approved loan with a high score might have an interest rate of Prime plus 2% and a lower scoring loan might have an interest rate of Prime plus 5%.
5. Monthly payments must be in the form of electronic auto-draft transfers. Late fees will be charged (see below).
6. Smaller loans will be made for up to 2 years. Larger loans will be made for up to 5 years.
7. An application fee of \$250 to cover EDA costs will be required at time of the application.
8. The applicant will also be responsible for all fees related to credit confirmation, background checks and exceptional legal work. These fees will be added to the principal amount of the loan.
9. Loans will be secured by a lien on business assets and personal guarantees.
10. The applicant must provide source documentation to show that the money was expended in the manner described in the application.
11. Borrowers who have met all commitments will be eligible for additional loans.

### **Monitoring**

Borrowers must submit quarterly financial reports to the EDA. These must be certified by the accountant, bookkeeper or owner of the business and must be received by the EDA within 21 days of the end of the quarter. If sufficient reason for late receipt of the financials is not provided, the borrower will be put on a 'red list' and may be subject to penalties or default. To assist EDA administration, use of a common electronic bookkeeping system where reports can be sent by email will be requested, but not be required.

Borrowers will be expected to meet or exceed the results that were projected when the loan was originated. The borrower will commit to providing the EDA with a prompt explanation for major shortfalls in revenue, profit or cash flow.

### **Penalties**

Penalties will be imposed for late payment of principal and interest, including:

- Fifty dollars (\$50.00) or one percent (1%) of the outstanding balance, whichever is greater, for payments thirty (30) days overdue.
- One hundred and fifty dollars (\$150.00) or three percent (3%) of the outstanding balance, whichever is greater, for payments sixty (60) days overdue.
- The loans will be declared in default if any outstanding principal, interest or penalty payments are unpaid after ninety (90) days.
- Default will require immediate payment of all outstanding balances, penalties and legal expenses related to collection.

- Failure to provide timely reports for two consecutive quarters will result in a \$100 penalty. Failure to provide to timely reports for three consecutive quarters will place the loan in default.
- Borrowers who have defaulted on their loans are ineligible for future EDA loans.

### ***Virginia Department of Business Assistance***

The Virginia Department of Business Assistance offers a variety of assistance programs that could complement the Greene County Economic Development Authority loan program. The programs include:

- Economic Development Loan Fund
- Small Business Microloan Program
- Loan Guarantee Program
- Child Care Financing Program
- Virginia Capital Access Program
- The Virginia Small Business Environmental Compliance Assistance Fund.

The Executive Director will review these programs with the applicant and jointly decide whether any of these programs, either separately or in conjunction with the EDA Loan, could help the applicant build a stronger and more viable business. If appropriate, the Director will assist the applicant in making an application to the VDBA for relevant assistance.

### **Responsibilities**

Both the EDA and the applicant have responsibilities:

- The EDA will keep confidential all information provided by the applicant, unless having written approval for releasing it.
- The EDA will promptly notify the borrower of penalties and default with a clear explanation of the reasons.
- The borrower will certify that all information provided at the time of application and in the quarterly reports is truthful, including personal and businesses status and finances.
- The borrower will promptly pay principal, interest and outstanding balances when requested by the EDA, even if contesting these requirements.
- The EDA will not be required to provide any justification for turning down a loan application.

**GREENE COUNTY ECONOMIC DEVELOPMENT AUTHORITY**

**LOAN APPLICATION SCORING SHEET**

Applicant \_\_\_\_\_

Applying Officer \_\_\_\_\_

GCEDA Privacy Code \_\_\_\_\_

Industry Code \_\_\_\_\_

Date / /

PRIMARY CRITERIA	FACTORS TO CONSIDER	WEIGHT	SCORE	COMMENTS
Soundness of the Business Plan	Does the applicant have a business plan that indicates an understanding of the customers, market and competition, and leads to credible three year financial projections –especially cash flow for loan	5		
Relevant Experience of Owners	There is ample evidence that businesses require leaders who understand the critical factors for success in the business segment. This is a measure of the relevant experience and expertise of the owners.	4		
Commitment of the Owners	The applicant(s) must demonstrate their personal commitment to the business through more than “sweat equity,” either by cash investments and/or appraised ‘in-kind’ assets greater than the loan.	4		
Potential for Tax Revenues	Economic development and our loans should create tax revenues (sales, real estate and property) for Greene County. Five year totals should exceed the loan value. Secondary tax effects can be considered.	3		
Expected Employment	Credit should be given for the creation of jobs. Ten or more full time skilled jobs should receive the maximum score. Five FTE unskilled, near-minimum wage, seasonal jobs would score lowest.	3		
Business Segment	GCEDA wishes to target businesses in specific industry segments. These segments are identified in its strategy. Businesses in unattractive segments will receive low scores.	3		
Perceived Risk of Failure	Some businesses are inherently risky e.g. restaurants, which would get a low score. Some businesses are much less so e.g. dentists, which would get a high score. Evaluators will make a judgment call for each.	3		
Security Provided	Taking a security position backed by collateral can be tenuous. If the business grows and can borrow from a bank, the bank will take first position. Also, the EDA would not want to repossess a house or car.	3		
Amount and Terms Requested	Smaller loans with shorter terms will receive higher score while larger loans with long terms will score lower. If first payments are deferred for some period this will lower the score further.	2		
<b>TOTAL SCORE</b>	The total of the criteria weights times the criteria scores. The maximum score for each criterion is ‘5’, the total weight is ‘30’ and therefore the potential score is 150 points.	30		

Score: 5 being highest, 0 being lowest – e.g., an applicant with no business plan, no understanding of the target market and no financial projections would score zero (0)