

**AMENDMENT to ADMINISTRATIVE PLAN
PENINSULA REVOLVING LOAN FUND (PRLF) – Award #01-19-02000.01
To Accommodate new CARES Act Revolving Loan Fund Award #01-79-14981**

NEW FUND NAME: PENINSULA CARES ACT FUND (PCAF)

Our nation's small businesses are facing an unprecedented economic disruption due to the Coronavirus (COVID-19) outbreak. To assist small businesses during the COVID-19 pandemic, the PCAF was created with guidelines very similar to the PRLF, but allows for even greater flexibility. The PCAF flexibility is being made available to Newport News and Hampton businesses during the disbursement phase, the first 24 months or until the funds have been fully disbursed. The new PCAF will aim to alleviate sudden and severe economic dislocation caused by the coronavirus (COVID-19) pandemic, to provide permanent resources to support economic resiliency, and to further the long-term economic adjustment objectives of the region.

The Board of the Peninsula Industrial Finance Corporation (PIFC) shall govern the PCAF as it does the PRLF and the PCAF policies shall mirror those of the PRLF as reflected in the attached Administrative Plan with the following exceptions:

FINANCING POLICIES

Allowable Lending Activities, which may be undertaken with the PCAF loan shall include:

- Acquisition and installation of machinery and equipment
- Building rehabilitation costs
- Certain refinancing of existing loans (1)
- Facility remediation and cleanup costs
- Gap financing
- Infrastructure costs
- Marketing
- Other costs contributing to the value of a project's fixed assets, such as sales and use taxes, and interest on interim construction financing
- Working capital, including inventory

- (1) Refinancing of existing loans shall only be considered in situations where the business could potentially be forced to cut back or close without PCAF loan assistance.

Loan Size – The minimum loan amount shall be \$7,500 and the maximum loan amount shall not exceed \$375,000 and shall be determined based on the loan selection criteria.

Interest Rates - The interest rate on loans will generally be as deemed appropriate by the PIFC Board. Fixed rates for the PCAF fund will generally be between 0% and 2%. These interest rate terms will be followed during the disbursement phase (the first 24 months or until the funds have been fully disbursed) under this program. Then, once the revolving phase begins, the interest rate will be in accordance with 13 CFR 307.15(c). In no event shall the interest rate be less than the lower of four percent or 75 percent of the prime rate listed in the Wall Street Journal.

PCAF Loan Type Exclusion - No adult entertainment businesses

PCAF LOAN FUND SELECTION CRITERIA

Loans selected for PCAF fund consideration will be vetted by staff from each of the city's economic development departments. A loan evaluation will be provided to the PIFC Board along with a recommendation. The evaluation shall strive to apply the following guiding principles and review aspects and how the project benefits the local economy.

Will it stabilize and support the business?

Does it support innovation or increase productivity?

Does it result in job retention and/or creation of new jobs?

Will it enhance an existing or emerging industry cluster?

Is there a creation of taxable assets?

Additional Flexibilities

The PRLF Administrative Guidelines will be further relaxed as it relates to the PCAF loan funding during the disbursement phase, the first 24 months or until the funds have been fully disbursed:

- Application fee shall be waived
- Applicants need not demonstrate that credit is not otherwise available. The credit not otherwise available requirement is waived during the disbursement phase. Then, once the revolving phase begins, credit not otherwise available will be in accordance with 13 CFR 307.15(b)(2)(viii) which requires evidence demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed.
- Applicants shall not be required to satisfy the PRLF leveraged capital requirements. The Private Sector Leverage requirement is waived during the disbursement phase. Then, once the revolving phase begins, Private Sector Leverage will be in accordance with 13 CFR 307.15(d) which requires a minimum ratio of \$2 in private financing for every \$1 in RLF financing, for the portfolio overall.
- The PIFC Board at its discretion, may defer payment of principal and interest for a period not to exceed twelve (12) months, however interest shall still accrue, if applicable
- 100% of loan request can be used for working capital
- The job/cost ratio for PCAF loans shall generally be maintained as established for existing RLFs (\$30,000 of PCAF funds for each job created or retained with an increase to \$35,000 if the project is in an Enterprise Zone).
- Collateral will generally be required
- Flexibility of liens on assets will be allowed
- To expedite loan approvals, the PIFC Board may set up a loan sub-committee to work collaboratively with the full Board to consider loan recommendations in order to provide the most flexibility for loan approvals. All activity will be reported to the PIFC Board on a regular basis.
- Each City's Economic Development Department staff may be assisted with loan underwriting, servicing, collections, etc. by an external firm or contractor but final approval will rest with the loan sub-committee or the PIFC Board.

The PIFC Board shall meet monthly, if needed or at least quarterly, until the PCAF grant funds are fully disbursed.

All other terms and conditions included in the existing PRLF Administrative Plan will be applicable and will govern the newly established PCAF.

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