

STAFFORD COUNTY, VIRGINIA ECONOMIC DEVELOPMENT AUTHORITY BUSINESS FINANCING & INCENTIVES

Policy & Program Description

Approved November 9, 2018

Revised July 12 2019

Contents

Stafford EDA Business Incentives..... 2

 Startup or Expansion Grant..... 3

 Loan Program..... 4

 Major Incentive Program 5

Authorizing Approval 6

Stafford EDA Business Incentives

The Economic Development Authority of Stafford County, Virginia (the “EDA”) offers the following business incentives to finance, or assist with financing, start-up and/or operations of new or expanding business in Stafford County. Any of these programs may require additional underwriting, collateral, or additional documentation.

- Startup or Expansion Grant
- Financing (Loan) Program
- Major Investment Program

Eligible applicants for any of the above programs must complete a standard application. Applicants for Financing (loan) program must complete additional application materials as outlined in the EDA Loan Program Application and Credit Policy Manual. Applicants for Major Investment Program will supply additional information as required by the EDA on a case-by-case basis.

Startup or Expansion Grant

This program offers a limited number of funds to a new or existing business in Stafford County. This is a limited grant program to support business in retaining or creating employment. Grants are intended to provide necessary capital when funds are not elsewhere available or as “leverage” to other financial institution applications.

The Startup or Expansion Grant is to support entrepreneurs and small companies who are pursuing expansion or infusion of capital to retain or expand their sales, and thus employment. Not-for-profit organizations are also eligible. Primary preference is given to business operations that are in need and provide a unique case for that need including, but not limited to education, training or workforce development, conservation or restoration of historic structures, technology research, or innovation. Secondary preference is given to requests that offer new or innovative solutions to their own business matters, new or further investment in technology, or are exploring new markets to expand their business.

Grants will be awarded as our grant reserve allows and applications are received and reviewed.

Grants may be used to support activities such as education and training programs, capital investment, business plan development, intellectual property filings, market analysis, or technology transfer activities out of research institutions. Grant projects must have clearly defined deliverable outcomes and endpoints for the specifically funded scope of work not to exceed six months in duration. Each grant requires a 1:1 match consisting of actual cash, salaries, staff time, or equipment directly attributable to the proposed project. Additional requirements are as follows:

- Grants shall be limited to funds budgeted on an annual basis by the EDA and approvals are subject to available funds
- Individual grant awards shall be limited to \$25,000. The Board may make exception to this as part of its Major Investment Program or in unique circumstances with unanimous vote.
- Grant requests and amounts will be evaluated on a case by case basis as applications are reviewed
- Applicant shall provide matching funds of 1:1 for grants over \$5,000
- Application materials must include clear objectives to be met in six months
- Grant requests must complete the standard EDA application
- Grant request must complete application narrative
- Grant conditions must be met or subject to pay back to the EDA
- May not be used to refinance debt

Notwithstanding anything to the contrary under this policy initiative, no grants will be guaranteed and the EDA reserves the right to terminate or expand the program at any time.

Loan Program

The EDA has established a business financing (loan) program (the “Loan Program”) as outlined in its Credit Policy and Program (a separate document). The Loan Program, at this time, includes two financing options.

The EDA Loan Program offers two lending opportunities.

- A. Micro-Loans. A micro-loan ranges from a minimum of \$5,000 and a maximum loan amount of \$25,000. Micro Loans above \$15,000 require an additional cash contribution by the applicant or another lender of at least 10% of the EDA loan amount
- B. Gap Financing Loans. Gap financing is designed to facilitate securing additional financing from the commercial market, for those borrowers that a lender may need additional coverage. EDA gap financing ranges from a minimum of \$15,000 and a maximum of \$150,000. EDA gap financing requires additional applicant cash or additional commercial financing of at least 50% of the total project costs, including minimum applicant contribution of 10%. The Loan Committee and Board will encourage higher percentage of applicant or commercial financing and may adjust interest rates to reflect lower percentage of non-EDA participation.

In addition, special financing terms under each of the two programs are available for agricultural and home-based business in Stafford rural areas.

Additional details and application materials for the EDA Loan Program are included in the EDA Credit Policy Manual.

Major Incentive Program

The Major Incentive Program (“MIP”) is designed to facilitate and assist in the investment of a significant private, nonprofit, or institutional expansion of existing or new operations in Stafford County. MIP status may be granted for investments of any size. The Board, at its discretion, may identify a project of “significance” if it finds that the project is significant to the overall community well-being or economic development in Stafford County. MIP funds may be used as an incentive to secure significant private investments. Funds may be used for infrastructure improvements, relocation assistance, or other uses approved by the Board on a case-by-case review.

Applicants to the MIP are required to meet to discuss their project with staff from the Stafford County Economic Development & Tourism Office and a member of the EDA Board. Proposals for MIP will be developed and presented on a case-by-case basis. In addition to the standard application, the Board may require additional documentation as part of the application and for approval.

Authorizing Approval

Attachment A provides a copy of the Authorizing Authority for this Incentive Program.

ATTACHMENT A

Authorizing Authority