TRRC Revolving Loan Fund

As required by revisions in 2015 to the Commission's enabling legislation, a revolving loan fund has been established in partnership with the Virginia Resources Authority. The objective is to create a long-term mechanism to fund revenue-generating economic revitalization projects in the tobacco region, and to recycle loan repayments to assist future projects. Grant, loan or grant+loan requests may be submitted by eligible applicants (governmental entities and IRS-designated nonprofits) through the Commission's regularly-announced grant cycles, and the Commission will select projects to be sent to VRA for credit analysis prior to a potential loan offer. It is anticipated that, for certain projects, for-profit entities may be eligible users of funds loaned to eligible applicants. Below is more information on the requirements, priorities and process for the Loan Fund.

Project Eligibility

Any economic development project that is consistent with the Commission's Strategic Plan, and from which there is an identifiable revenue stream sufficient to repay the loan (e.g. the design, acquisition, construction, and/or management of utility systems including electricity, gas, water, waste, communications, transportation), tourism venues, or educational facilities serving residential or commercial users within the tobacco region of Virginia, as the same is defined by the Commission).

Project Priority

The following priorities shall be used as a guide:

- Projects for which the loan term is 20 years or less
- Projects with high job creation potential
- Projects with potential to result in an increase in the tax base
- Projects with potential to result in private capital expenditure
- Projects that primarily serve commercial entities

Loan Guidelines

Interest Rates: Interest rates will be based upon the AA GO Tax-Exempt spot rate and the loan term. The interest rate will be established using current market rates when a commitment letter is provided to a Fund applicant. Interest shall be calculated based upon the amount of funds drawn by the borrower.

Term: The term shall not exceed the useful life of the project and all loans must be fully amortized within 20 years or less after the expected project completion date.

Payments: The first payment of interest only, will be scheduled approximately six months after the expected project completion date. Principal and interest will be due on the loan semi-annually thereafter.

Minimum Loan Amount: Loan proceeds requested by an applicant of the Fund shall not be less than $250,000.

Fees and Charges: Legal expenses incurred by the Fund will be passed-through to the applicant regardless of whether or not the loan closes. An origination fee may be charged by the Fund at loan closing to offset costs incurred by the Authority in making the loan and payable at closing.

Collateral Security: The Authority will determine adequacy of collateral security, lien structure, covenants, conditions, and documentation requirements on a loan-by-loan basis. If the borrower is not a city, county, or town ("Locality"), at least one Locality will be required to provide a Moral Obligation pledge for the loan.

Loan Process Flow Chart

Applicant files an online grant application with the Commission

Commission Staff Recommends Grant or Loan to Committee

Committee Recommends Grant or Loan to Commission*

Commission votes

if a Grant	if a Loan
to Staff and Treasury for processing	To VRA for loan application, processing, and closure (with final disposition notice to the Commission) and to Treasury to provide funding prior to disbursements

* If a loan, Committee must concurrently recommend a transfer of money

from its budget to VRA upon approval by Commission