

**Policy for the West Virginia State Matching Program in
Coordination with the USDA Intermediary Re-lending Program**

ADOPTED : May 7, 2003

I. PURPOSE

The purpose of this program is to make West Virginia more competitive in obtaining federal dollars under the USDA Intermediary Re-Lending Program (“IRP”) by providing a means for matching the federal dollars on a 3 to 1 ratio and ultimately accessing funds to make loans to small businesses. The Infrastructure Council will set-aside amounts from the economic development funds as recommended by the Council for Community and Economic Development and approved by the Infrastructure Council.

This policy outlines the Infrastructure and Jobs Development Council (the Infrastructure Council) policy as it relates to requests for matching funds under the USDA IRP program.

II. DEFINITIONS

Intermediary	The entity requesting or receiving the IJDC and USDA IRP loans
Prime Rate	Prime Rate as published in <u>The Wall Street Journal</u> or similar publication.
Ultimate Recipient	An entity or individual that receives a loan from an Intermediary’s IRP

III. BACKGROUND

The USDA has established an IRP program designed to make funds available for loans to eligible intermediaries for the purpose of alleviating poverty and increasing economic activity and employment in rural communities. Ultimate Recipients use these funds for community development projects which establish new businesses, expand existing businesses and create employment opportunities and job retention.

The federal USDA IRP regulations are published in the federal register; Part 4274.

The regulations outline the federal requirements for the program including but not limited to the requirement that the Intermediaries must develop comprehensive workplans that consists of:

- a. the feasibility of the intermediaries ability to administer the program;
- b. documentation of the intermediaries ability to commit financial resources;

- c. demonstration for the need for the funds;
- d. identify the ultimate recipients of the funds;
- e. commitment of matching non federal funds;
- f. identify specific loan purposes, expected accomplishments; mechanics of loans to ultimate recipients
- g. provide goals, strategies and anticipated outcomes (i.e. jobs created); and
- h. demonstrate how technical assistance will be made available to the ultimate recipients

The USDA ensures the Intermediary has the legal authority to participate in the program and a proven record of a successful financing program.

The USDA program ranks the projects on a national level. The criteria used in ranking the projects consists of but is not limited to: Matching funds committed, Median Household income, unemployment rate and experience level of intermediary.

IV PROCEDURE

A. Infrastructure IRP Set-Aside Account

1. The Infrastructure Council will create an IRP account and set-aside amounts from the economic development funds as recommended by the Council for Community and Economic Development and approved by the Infrastructure Council.
2. All proceeds from this program such as repayments, gifts, appropriations, will be applied to the program.
3. The Infrastructure Council will incorporate and follows the regulations for this program set forth in the federal register to the extent that they do not conflict with the Infrastructure Council Rules and Regulations.

B. Eligibility Requirements.

The Intermediary must be a non-profit entity.

C. Infrastructure Council Application.

The Infrastructure Council authorizes the use of the USDA application as the IRP Program application. A copy of the completed application should be sent to:

Executive Secretary
Infrastructure & Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

D. Binding Commitments.

1. The Infrastructure Council will issue binding commitments on a first come first serve basis to the extent funds are available in the IRP Account.
2. The IRP Program binding commitment will have an expiration of the earlier of 12 months from the date of issuance or the date the State USDA office determines the application is not competitive and does not submit it to the federal level. These submissions are done quarterly.

E. Infrastructure Council Loan

1. Purposes. The Infrastructure Council funds must be bound to the Intermediary's IRP revolving fund for the purposes defined in the USDA approved workplan.
2. Loan Limits. The Infrastructure Council loan shall be limited to the amount needed to match the USDA IRP program in an amount not to exceed 25% of the total application.
3. Loan Terms. The Infrastructure Council loan shall be for a term not to exceed 15 years.
4. Requirements. A letter of conditions from USDA committing its share must be presented prior to loan closing.
5. Interest Rate. The Infrastructure Council loan shall bear an annual interest rate of 1%.
6. Security. Each loan shall be secured by a promissory note issued by the Intermediary and secured on a parity with the note issued to USDA and secured by a shared first lien on a pro rata basis with USDA on the funds held in the Intermediary's IRP revolving fund.
7. Loans to Ultimate Recipients who are for-profit entities must be at an interest rate equal to or greater than Prime rate.
8. Disbursement Procedure. The Intermediary may only draw down funds for loan closings scheduled with the Intermediary and the Ultimate Recipient. To the extent possible these disbursements will be made by wire on the date of the closing.
9. Loan repayments by the Intermediary to the IJDC shall be made on a quarterly basis on each March 1, June 1, September 1 and December 1.

F. Post Loan Closing Requirements.

1. Audits must be submitted to the Infrastructure Council annually for the life of the Loan.
2. Reports in form required under USDA IRP regulations must be submitted to the Infrastructure Council for the life of the Loan.