

EDA RESOLUTION NO. 1, 2025

A RESOLUTION OF THE ECONOMIC DEVELOPMENT AUTHORITY OF THE TOWN OF WISE, VIRGINIA ESTABLISHING A TOWN OF WISE ECONOMIC DEVELOPMENT AUTHORITY REVOLVING MICROLOAN PROGRAM

WHEREAS, the Town of Wise Economic Development Authority is committed to providing financial incentives to private property owners for the economic revitalization of businesses located within the boundaries of the central business district of the Town of Wise; and,

WHEREAS, the Town of Wise Economic Development Authority believes that it is in the public's interest to attempt to remove impediments to economic growth and to stimulate investment in businesses in order to help create and retain jobs in the community; and

NOW, THEREFORE, BE IT RESOLVED, by the Town of Wise Economic Development Authority of the Town of Wise, Virginia that it hereby establishes a Revolving Microloan Fund to facilitate economic revitalization in the project area. The goals of this loan fund are to:

1. Promote an economically viable corridor that attracts and provides for the needs of businesses, institutions, residents, and shoppers.
2. Encourage economic development by making available adequate and affordable credit to existing businesses or new businesses that locate or expand commercial operations in the project area.
3. Provide financial assistance to reduce the turnover rate caused by the failure of businesses due to inadequate start-up or expansion capital.

BE IT FURTHER RESOLVED AS FOLLOWS;

SECTION I. STAFFING & RESPONSIBILITIES

The Revolving Microloan Program will be administered by the Town of Wise Economic Development Authority. Loan servicing will be handled by the Town of Wise Economic Development Authority.

SECTION II. LOAN POLICIES

Area of Operation: The Revolving Microloan Program will operate within the boundaries of the designated Town of Wise Corporation Limits of the Town of Wise, Virginia.

Type of Financing & Interest Rate: The interest rate will be set at time of closing.

Terms: The term of the loan can be from one year to ten years. Scheduled amortization shall not exceed ten (10) years. The borrower must have an equity interest in the business or building and may be required to provide adequate marketable collateral to secure the loan. Collateral may include first or second lien positions or a deed of trust on assets financed. At the discretion of the Town of Wise Economic Development Authority, other forms of marketable collateral including marketable stocks or bonds, US Government securities, letters of credit may be considered if the value of the marketable

collateral is sufficient to protect the interest of the Town through the term of the loan. The loan must be repaid according to the terms of the loan agreement. There is no prepayment penalty.

The borrower of program funds is required to execute a legally binding agreement with the Town of Wise Economic Development Authority. The Town of Wise Economic Development Authority will require the borrower to provide appropriate assurances that the loan proceeds are expended as proposed.

The owner of a building may apply for a loan under this program and assume responsibility for the amount of jobs to be created within the grant period. If at the end of the initial grant period the actual number and type of jobs created does not meet those required under the terms of the loan, then the building owner must immediately refund the amount of the loan, or the outstanding balance, not covered by qualified jobs.

Amount: The minimum loan amount is \$10,000 and the maximum loan amount is \$30,000 per individual business. A building owner may apply for a loan for each business or projected business within their building. The finance committee must review the loan application to ensure that the jobs being created are realistic. Funds may be used for the acquisition and/or rehabilitation of existing properties in the project area. The Town of Wise Economic Development Authority reserves the right to review and approve loans of larger or smaller amounts as evaluated on a case by case basis.

Uses: Allowable uses of funds which are received from the revolving loan fund include: building and land acquisitions, leasehold and site improvements, new construction and rehabilitation costs, purchase of fixtures, machinery, equipment and associated installation costs, working capital, and business acquisition.

Prohibited Uses:

- Public or private schools
- Organizations that discriminate on the basis of race, culture, gender, sexual orientation, age, or religion

Eligibility Requirements:

Any new commercial business or building owner that locates in the Town of Wise or an existing commercial business or building owner that is located in or expanding in the Town of Wise and which meets the following eligibility requirements may apply for a loan through the Revolving Microloan Fund.

The eligibility requirements for the Revolving Microloan Fund include:

1. Provide proof that the business or building is located and has a permanent physical address in the project area. Provide proof that the building is not the borrower's place of residence.
2. Provide proof of collateral, if required. Assets used as collateral may include cash, land buildings or equipment. Proof of hazard insurance in a sufficient amount to protect the collateralized asset will also be required.

3. Provide proof of sufficient equity interest in business or building.
4. Provide a business plan.

Costs & Fees: Application, credit report costs, origination fees and closing costs will be charged to the borrower. Applicants are also responsible for loan closing costs and settlement fees.

Non-Discrimination: In the Revolving Microloan Fund Program there will be no discrimination on basis of race, color, religion, national origin, sex (including sexual orientation), marital status, disability, or age in any of its policies, procedures or practices.

SECTION III. APPLICATION PROCESS AND DOCUMENTATION

The Town of Wise Economic Development Authority will accept applications from eligible businesses or building owners on a first-come, first-served basis. At the EDA's discretion, submission of the applications for assistance may be limited to certain windows of time (rounds of funding). The Revolving Microloan Fund Program will apply all procedures in a uniform manner.

Completed applications and required documentation will be reviewed by the Town of Wise Economic Development Authority. Following approval of the loan application by the Economic Development Authority, the EDA will prepare the necessary loan contract documents.

All applications must be submitted with complete documentation of eligibility. Applications must be made on forms provided by the EDA and must be signed by all the business owners. The application submission must include the following items in order to be considered for financial assistance. The Town of Wise Economic Development Authority may waive or request additional information at its discretion.

Information Required from Applicants:

1. Completed and signed application.
 - a. Loan Request Worksheet
 - b. Personal Financial Statements
 - c. Credit Authorization Form
 - d. Signed Tax Returns (two fiscal years) (for applicant, business, & guarantor)
 - e. Balance Sheet, Profit & Loss Statement (AP & AR for current 90 day period)
 - f. Disclosure Statement(s)
 - g. Business Lease/Deed
2. Current three-year business plan
3. Current eighteen-month financial projections (including Profit & Loss, cash flow, owner compensation)
4. Personal/Business credit reports as appropriate
5. Three business references
6. Copy of collateral offered & current market value (title, deed, security paper, etc.)
7. Copy of certificates of insurance
8. Current list of owner/partners, officers/directors, and staff with contact information/resumes of chief executives

9. Copy of contractor's estimates or copy of quotes for equipment
10. Copy of business license
11. Affidavit stating the purpose of the loan in detail

SECTION V: COMPLAINTS AND APPEALS PROCEDURE

Oral complaints of any nature and by any party shall be documented and resolved by the Town Manager as informally and quickly as possible.

Written complaints received by the Town of Wise will be resolved and documented in consultation with the Economic Development Authority. The person making the complaint will be notified in writing of the decision. All written complaints will be addressed within thirty (30) days and documentation retained for review. Barring a resolution of the complaint by the Economic Development Authority, the complaint may be taken to the Town Council where a non-legal resolution is final. Beyond this step, the complainant may seek a legal remedy in the local court of jurisdiction at the complainant's own cost.

SECTION VI. RECORDKEEPING

The Economic Development Authority Secretary will be responsible for keeping the minutes of its meetings. The minutes will be archived in the Town of Wise office. The Economic Development Authority will be responsible for tracking the information as required to ensure compliance with Revolving Microloan Program requirements, including data on the businesses submitting applications, businesses approved for financing, loan servicing and accounting records.

Documentation that loan proceeds are expended as proposed may be provided either through source documentation (such as invoices, construction contracts, etc.) or through affidavit made by the Economic Development Authority and submitted to the Town of Wise.

All documentation will be kept on file at a secure location as required to ensure compliance with the Economic Development Authority requirements and will be kept at the Town offices.

SECTION VII. PROGRAM DESIGN AMENDMENTS

During implementation of the Revolving Microloan Fund Program, the EDA may find it necessary to make minor changes and refinements as the program proceeds. If a major alteration to this design is deemed necessary to better achieve the intent of the program, the Economic Development Authority will adopt the changes upon approval of the proposed change by the Economic Development Authority.

SECTION VIII. SEVERABILITY & AMENDMENTS

1. Any portion of this Program Design found to be inconsistent or incompatible with applicable laws, or regulations, shall be deemed to be severed from the Program Design without effect to the remaining provisions.
2. The Town of Wise Economic Development Authority may amend this Program Design as necessary and appropriate to ensure compatibility and compliance with all applicable laws, ordinances, and regulations.

SECTION IX. CONFLICT OF INTEREST

1. All applicants, agents, and representatives of the Town of Wise shall be bound by and adhere to Chapter 22 of the Virginia State Code regarding Conflict of Interest, Section 2.1-348 through Section 2.1352 and by Code Section 13.139.1.

BE IT FURTHER RESOLVED AND ADOPTED, by the Town of Wise Economic Development Authority of the Town of Wise, Virginia that this Resolution shall take full force and effect immediately upon its adoption.

VOTING AYE: Jennifer Sturgill-Millins, Cory Dotson, Valerie Lawson, Bill Thompson, Bonnie Aker,
Lalaine Baylor.

VOTING "NAY": None

ABSENT: Brandi Cox

ABSTENTIONS: None

ADOPTED AND EFFECTIVE THIS THE 10th DAY OF APRIL, 2025.

TOWN OF WISE ECONOMIC DEVELOPMENT AUTHORITY

ATTEST: 
SECRETARY


CHAIRMAN