



**Peninsula Industrial Finance Corporation (PIFC)  
Peninsula Cares Act Fund (PCAF)  
Newport News & Hampton**

**What is PCAF?**

To assist small businesses during the COVID-19 pandemic, the City of Newport News has applied for and received funding through a United States Department of Commerce Economic Development Administration (US EDA) CARES Act Recovery Assistance Grant to capitalize and administer a new Revolving Loan Fund (RLF). This RLF will provide loans, with flexible rates and terms, to coronavirus-impacted businesses in the Cities of Newport News and Hampton.

The Board of the Peninsula Industrial Finance Corporation (PIFC) shall govern the new RLF, the Peninsula Cares Act Fund (PCAF). The day-to-day operation and administration of the PCAF will be the primary responsibility of staff from the Newport News Department of Development in collaboration with the City of Hampton's Department of Development staff and PIFC legal counsel. Each City's staff will receive PCAF loan applications for their respective cities and present them to PIFC for a determination.

PCAF has been established in order to alleviate sudden and severe economic dislocation caused by COVID-19, to provide permanent resources to support economic resiliency and to further the long-term economic adjustment objectives of the region. PCAF activities will be primarily through direct loans to businesses in amounts not to exceed \$375,000. The minimum loan amount is \$7,500. Only one PCAF loan is allowed per business entity (only applicable until all the funds have been disbursed or June 30, 2022, whichever occurs first).

**Loan Conditions**

- There must be reasonable assurance of repayment of the loan, giving full consideration to special impacts of the objectives of the Program.
- Personal guarantees of the borrower(s) and/or principal(s) will customarily be required.
- Applicant will be required to comply with the PIFC/US EDA reporting requirements.
- Collateral will generally be required and must have documented value sufficient to protect the interest of the PIFC.
- Liability, hazard and real estate insurance, as applicable, are required.

**Loan Terms**

- The term of a fixed asset loan is ordinarily not greater than the weighted average useful life of the fixed asset(s) of the project; however, in no case may a fixed asset loan be made for a term of more than ten (10) years.
- The term of a full working capital loan or a loan where a majority of the proceeds are used for working capital cannot exceed four (4) years.
- Project funding is expected to result in job creation or job retention, with the goal of one job created or retained for each \$30,000 of RLF investment.
- The interest rate on loans will generally be determined by PIFC Directors based on the applicant and risk. Fixed rates for PCAF loans will generally be between 0% and 2% (only applicable until all the funds have been disbursed or June 30, 2022, whichever occurs first).

**Loan Requirements**

- Proposed project(s) must be located within the Cities of Newport News or Hampton.
- Uses of Revolving Loan Funds must be consistent with the economic development plan for the

area.

- The project must provide more than a temporary alleviation of underemployment within the area of project impact.
- Projects involving construction or renovation must be in compliance with state, local, federal codes and regulation, including the Davis-Bacon Act.

### **Eligible Use of Funds**

- Acquisition and installation of machinery and equipment
- Building rehabilitation costs
- 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

### **Ineligible Use of Funds**

- No adult entertainment businesses are eligible to apply
- No proceeds will be used to assist a business for relocation of an existing business from one jurisdiction to another. However, companies expanding to Newport News or Hampton from another location are eligible.

### **Fees**

- Origination Fee—a fee equal to 1% of loan amount, due at time of closing.
- Legal Fee—fees payable to PIFC legal counsel for review and processing of loan documents.

### **Questions?**

#### **Hampton**

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