

GOVERNOR'S OPPORTUNITY FUND GUIDELINES

Purpose - The Governor's Opportunity Fund provides either grants or loans to localities to assist in the creation of new jobs and investment in accordance with criteria established by legislation.

Project Eligibility - A minimum private investment of \$10 million, creating at least 100 jobs, is required. In localities with a population of 50,000 to 100,000, however, a minimum private investment of \$5 million, creating at least 50 jobs, is required. For localities of less than 50,000 population, a minimum private investment of \$2.5 million creating 25 jobs is required. Central cities or urban cores will be treated for eligibility purposes the same as communities of 50,000 to 100,000 population. The intent of this lower threshold is to reduce the stringency of the requirements for cities with blighted cores. Each locality's identification of its central city/urban core will be reviewed on a case-by-case basis. Criteria such as vacancy and unemployment rates in the immediate area of the proposed site will be considered in the review. In those cases where the project involves job preservation, "jobs saved" will be used to help determine the amount of the grant; however, the project still must meet the minimum job creation listed above. For projects where the average wage of the new jobs is at least twice the prevailing wage, excluding benefits, for that locality or region, the required job creation figures above for that locality may be halved, at the Governor's discretion.

Use - Monies may be used for such things as public and private utility extension or capacity development on and off site; road, rail, or other transportation access costs beyond the funding capability of existing programs; site acquisition; grading, drainage, paving, and any other activity required to prepare a site for construction; construction or build-out of publicly-owned buildings; grants or loans to an Industrial Development Authority, Housing and Redevelopment Authority, or other political subdivision pursuant to its duties or powers; training; or anything else permitted by law. If funds are made available for site development and a party other than the industry creating the employment also benefits from the grant, the locality must demonstrate how that financial benefit will be passed along to the industry.

Grant Requests - Applications should be sent to the Executive Director of the Virginia Economic Development Partnership, using the following format, by the chief appointed official of any county, city, town, or any other political subdivision and include the following information:

- Description of the project
 - company name
 - type of operation (i.e., manufacturing, distribution, etc.)

- Location of project
 - community
 - population
 - unemployment rate (current)

- Private investment, including but not limited to the market value of capital leases (within 30 months of a locality receiving a grant payment), or other private investments of capital that add to the local tax revenues. [Opportunity Fund award, other governmental grants, and working capital cannot be included in the investment figure.]
- Jobs created (within 30 months of a locality receiving a grant payment)
- Amount requested
- Use of grant
- Local financial participation - specific new monies to be allocated to project and how those funds will be used
- Average salary level or total yearly payroll of jobs created
- Average prevailing wage for locality or region, as applicable
- Employment impact on current operations in Virginia
- Other public funds that have been or will be expended for the project. (Examples would be training or past public expenditures for road, utility, or site development)
- Affirmation that other sources of funds are unavailable on a timely basis to accomplish the planned use of the Opportunity Fund grant
- Summary statement presenting the importance of the project to the community and why support from the Opportunity Fund is being sought
- If the project for which Opportunity Funds are being requested involves a relocation of a business from one Virginia locality to another, the community applying for the Opportunity Fund grant must officially notify the community from which the business is moving. For such projects, a statement must be included in the Governor's Opportunity Fund application that this notification has taken place.
- Any other current or background information pertinent to the project, that might assist the Governor in making an informed decision based on complete knowledge. Communities are obliged to disclose any information that could reflect negatively on the project.

Documentation Required by Company (on Company letterhead)

- Documentation from the business that without support from the Opportunity Fund there is a possibility that the project could be located outside of Virginia and that only one site in Virginia is under consideration for the project
- Documentation from the business indicating the number of jobs to be created, payroll/salary level, and the amount to be invested within 30 months of receipt of the grant

The General Assembly has stated its intention that state funds not be used to help a company relocate or expand its operations in one or more Virginia communities when the same company is simultaneously closing facilities in other Virginia communities. Therefore, affirmation that the company is not currently considering being a party to a merger or acquisition which would alter the nature of its corporate entity, as well as affirmation that the proposed project will not result in a closing, loss of jobs, consolidation, or change to any existing operations in Virginia for the next 12 months is required. If a company applying for a Governor's Opportunity Fund grant has existing operations/facilities in Virginia and has closed, downsized, consolidated, or laid off employees within the past 30 months, the community's application may not be approved, or the company may be requested to provide additional assurances regarding the new facilities and jobs.

- The Executive Director of the Virginia Economic Development Partnership may request company financial information for the past three years. Additionally, financial information and evidence of a company's financial stability may be requested before a grant or loan is approved.

Guiding Principles

Grants are made at the discretion of the Governor with the expectation that grants awarded to a locality will result in a favorable decision for Virginia. Grants will only be awarded for basic projects, i.e., projects that would bring additional income into the Commonwealth. Grants will not be made for projects which have been publicly announced prior to the Governor's approval and public announcement of a locality's Governor's Opportunity Fund request.

Localities may now receive more than one GOF grant during a fiscal year. Grants are considered made in the fiscal year in which the Governor approved them and not in the year in which the grant is paid. In order for a locality to receive more than two (2) GOF grants during a fiscal year, it must demonstrate either unemployment rates, poverty levels, or other acceptable indicia of fiscal stress or need significantly higher than the state averages. A locality may, however, demonstrate exceptional need for or benefit from a third GOF grant using other acceptable factors besides traditional fiscal stress.

As a minimum, localities are required to match with local funds on at least a dollar-for-dollar basis the amount requested from the Governor's Opportunity Fund. Previously invested local funds, grants or loans from other government sources, and contributions from private interests which benefit from the project's location may not be counted as local match. Local matches may not be spread out over more than five years to be considered. Local enterprise zone incentives may be counted towards the local match where the locality makes actual expenditures within the first five years after the project is announced to benefit the specific project. Grants to the locality from the Tobacco Region Opportunity Fund may be used as up to one-half of the matching funds by localities experiencing fiscal stress, as determined by the Governor in his discretion. For localities experiencing extraordinary fiscal stress, as demonstrated by unemployment rates at least twice the statewide average for six or more consecutive months, the requirement of matching funds can be reduced by up to 50%, or delayed, in the discretion of the Governor.

In determining grant amounts, the following will be considered: employment, investment, area unemployment, community fiscal stress, community commitment, and industry or company growth potential. In no case shall the grant exceed ten percent of the Governor's Opportunity Fund appropriation, except that for projects with an unusually high benefit for the Commonwealth and/or the locality, the Governor may waive this limit on a transactional basis, by increasing it to a maximum of \$3 million per grant. Grants may only be made from current appropriations and may not be committed from anticipated future appropriations.

Upon approval of a Governor's Opportunity Fund grant or loan, neither the locality nor the company shall announce or confirm the proposed project without coordination with the Virginia Economic Development Partnership. It is important to note that both the employment and investment figures used in the application commit the company to reaching these figures within 30 months of receiving a grant. In addition, these figures will be used in the press release when the public announcement is made. If the committed numbers are not used for the public announcement of the project, the grant award is subject to being reduced or withdrawn.

Since the grant is made to the community, the community is required to enter into a performance agreement with the company before receipt of the grant to ensure that the job and investment levels as stated in their application and as agreed to by the company are met. The community will be held responsible for returning the grant monies to the Commonwealth if the performance agreement criteria are not met.

Any questions regarding the preparation of an application should be directed to: John B. Sternlicht, General Counsel and Director of Legislation and Planning, Virginia Economic Development Partnership, P.O. Box 798, Richmond, Virginia 23218-0798 (Phone 804/371-8106) (e-mail: jsternlicht@yesvirginia.org).

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