ANNUAL BUSINESS MEETING

1. Call to Order  Paige Brown  
   GNRC President

2. Opportunity for Public Comment

3. Informational Items:
   a. Year in Review and Preview of Membership Luncheon  
      Michael Skipper  
      Executive Director

4. Business Items:
   a. Res. GNRC 2022-01 Adopting the FY 2022 Annual Work Program and Budget (A)  
      Joe Pitts  
      GNRC Treasurer
   b. Res. GNRC 2022-02 Setting the Membership Dues Rate at 35 Cents per Capita (A)  
      Michael Skipper
   c. Election of Officers for FY 2022 (A)  
      Michael Skipper
   d. Certification of Executive Board (A)  
      Michael Skipper
   e. Res. GNRC 2022-03 Amending the CARES Act Revolving Loan Fund Program Plan (A)  
      Angela Hubbard  
      Director of Economic and Community Development

5. Regular Reports:
   a. Chair’s Report  
      Paige Brown
   b. Executive Director’s Report  
      Michael Skipper

6. Other Business

7. Adjourn by 11:15 a.m. for Membership Luncheon

(A) Indicates an attachment is available in the packet

GNRC does not discriminate on the basis of race, color, national origin, limited English proficiency, gender, gender identity, sexual orientation, age, religion, creed or disability in admission to, access to, or operations of its programs, services, or activities. This policy applies to applicants for employment and current employees as well as sub-recipients and subcontractors of the GNRC that receive federal funding. Complaints should be directed to Grant Kehler, Non-Discrimination Coordinator, 220 Athens Way, Suite 200, Nashville, TN 37228, phone number 615-862-8828. GNRC meetings may be audio and video recorded.
Agenda Item 3a.

Year in Review

The **2021 Annual Report** will be available online **September 22, 2021** at [GNRC.org/AnnualReport](https://gnrc.org/AnnualReport).
Agenda Item 4a.

Annual Work Program and Budget for Fiscal Year 2022

The GNRC Bylaws charge the full membership of the Regional Council to adopt an annual work program and budget at its annual business meeting.

The proposed Annual Work Program and Budget for Fiscal Year 2021-2022 (FY 2022) is available online at www.GNRC.org/AnnualBudget

The proposed budget the FY 2022 Budget allocates more than $20 million in revenue generated from the following sources:

- Local government member dues at a rate of $0.35 per capita using estimated figures issued by the U.S. Bureau of the Census;
- State Development District funding appropriated by the Tennessee General Assembly as required by TCA 13-14-111;
- State and federal grant funding provided by the Tennessee Commission on Aging and Disability, Tennessee Department of Economic and Community Development, Tennessee Department of Transportation, Tennessee Department of Environment and Conservation, Tennessee Housing Development Agency, Tennessee Department of Tourist Development, Tennessee Arts Commission, U.S. Economic Development Administration, among others;
- Non-recurring grants provided by federal agencies as a result of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and other federal relief legislation;
- Program revenue generated through Aging and Disability programs and services, local planning and grant administration assistance, and the revolving loan fund;
• Earned interest on GNRC cash accounts.

The proposed budget will provide revenue to fund a range of programs and services that 1) keep the region in compliance with state and federal regulations, 2) ensure local government members maintain eligibility for various grant programs intended to aid in the delivery of social services, regional coordination and planning programs, and infrastructure improvements, and 3) support ongoing collaboration among mayors and county executives across Middle Tennessee with data, research, and facilitation.

**ACTION:** Adopt Resolution GNRC 2022-01.
RESOLUTION GNRC-2022-01

A RESOLUTION ADOPTING THE ANNUAL WORK PROGRAM AND BUDGET FOR FISCAL YEAR 2021-2022

WHEREAS, the Greater Nashville Regional Council (GNRC) was established in 1965 by the Tennessee General Assembly as a public body politic to serve as the development district for northern Middle Tennessee and further empowered as a regional council of governments in 1988 to enhance regional planning and coordination in preparation for anticipated growth and development of the region; and

WHEREAS, the GNRC serves as a forum for collaboration among county executives and mayors of 52 cities and 13 counties across Middle Tennessee and exists as a body to coordinate and administer programs related to aging and disability services, economic and community development, and community and regional planning; and

WHEREAS, the GNRC has developed an Annual Work Program (AWP) to describe the various activities scheduled to be performed by the agency during the 2021-2022 fiscal year on behalf of its local government members and partnering state and federal agencies; and

WHEREAS, the AWP includes activities related to Aging and Disability Programs, Community and Regional Planning, Economic and Community Development, Small Business Lending, Research and Analytics, Policy and Government Affairs, and the necessary administrative, legal, and fiscal management to support those activities; and

WHEREAS, implementation of the AWP helps keep the region in compliance with state and federal regulations to ensure that local government members maintain eligibility for various grant programs intended to aid in the delivery of social services, regional coordination and planning programs, and infrastructure improvements; and

WHEREAS, on June 16, 2021, the GNRC adopted a continuation budget to fund activities through September 30, 2021, and now seeks to adopt a full budget to provide funding for the entire fiscal year; and

WHEREAS, the FY 2022 Budget allocates more than $20 million in revenue generated from the following sources:

- Local government member dues at a rate of $0.35 per capita using figures issued by the U. S. Bureau of the Census;
- State Development District funding appropriated by the Tennessee General Assembly as required by Tennessee Code Annotated § 13-14-111;
- State and federal grant funding provided by the Tennessee Commission on Aging and Disability, Tennessee Department of Economic and Community Development, Tennessee Department of Transportation, Tennessee Department of Environment and...
Conservation, Tennessee Housing Development Agency, Tennessee Department of Tourist Development, Tennessee Arts Commission, and U.S. Economic Development Administration, among others;

- Non-recurring grants provided by federal agencies as a result of the Coronavirus Aid, Relief, and Economic Security Act, the American Rescue Plan Act, and other supplemental appropriations;
- Program revenue generated through Aging and Disability programs and services, local planning and grant administration assistance, and GNRC’s revolving loan fund for small business assistance; and
- Earned interest on GNRC cash accounts.

NOW, THEREFORE, BE IT RESOLVED, by the Greater Nashville Regional Council that the FY 2022 Annual Work Program and its implementing Budget are hereby adopted.

ADOPTED, this 22nd day of September 2021, the general welfare of the citizens of this Region requiring it.

APPROVED AS TO FORM AND LEGALITY:  
Candi Henry  
Chief Legal Counsel

APPROVED:  
The Honorable Paige Brown  
President

ATTEST:

Michael Skipper  
Executive Director and Secretary
**Agenda Item 4b.**

**Membership Dues Rate**

Each February, GNRC produces an estimate of need for general membership and program dues for the upcoming fiscal year. For FY 22, the Finance & Personnel Committee recommended an assessment of 35 cents per capita within each of the 52 municipalities and in the unincorporated areas of GNRC’s 13 counties.

GNRC general membership dues account for less than 4% of GNRC’s $20 million budget but are a critical part of securing significant levels of funding from State and federal grant programs that support local social services, infrastructure upgrades, and economic and community development projects.

In addition, communities participating in the Nashville MPO transportation planning program are assessed 28 cents per capita to generate the required matching dollars for federal grants made available by the Federal Highway Administration and Federal Transit Administration.

**General membership and program dues are an essential element of the GNRC budget and provide the following benefits to local governments across Middle Tennessee.**

- Dues provide required matching dollars to leverage more than $17 million in grant funds from the TN Dept of Economic and Community Development, TN Dept of Transportation, TN Commission on Aging and Disability, TN Arts Commission, TN Dept of Tourist Development, TN Housing Development Agency, U.S. Economic Development Administration, U.S. Dept of Agriculture, among others.

- Of GNRC’s $20 million budget, more than 50% of the funding is sent directly to local communities in order to 1) support senior
centers and to provide meals, transportation, and in-home services for older adults, 2) fund arts and culture, tourism marketing, and home repairs, and 3) provide technical assistance to municipal and county governments pursuing State and federal grant opportunities.

- Dues help pay for the programming that keeps local governments, TDOT, and transit agencies eligible for more than $260 million+ per year in federal transportation grants.
- Dues pay for GNRC expenses that are not reimbursable by State and federal grants.

The 4-cent per capita rate increase will allow GNRC to match its and grant programs and sustain its level of service despite rising costs. Dues are payable by members by the end of December 2021.

**ACTION:** Adopt Resolution GNRC 2022-02.
RESOLUTION GNRC-2022-02

A RESOLUTION AMENDING THE LOCAL ANNUAL DUES RATE

WHEREAS, the Greater Nashville Regional Council (GNRC) was established in 1965 by the Tennessee General Assembly as a public body politic to serve as the development district for northern Middle Tennessee, and further empowered as a regional council of governments in 1988 to enhance regional planning and coordination in preparation for anticipated growth and development of the region; and

WHEREAS, activities carried out by GNRC through its Annual Work Program ensure local governments remain in compliance with state and federal regulations and maintain eligibility for various grants intended to aid in the delivery of social services, economic and community development projects, and infrastructure improvements; and

WHEREAS, GNRC’s annual budget relies on local dues to be collected from its member jurisdictions in order to 1) provide the necessary matching funds for state and federal grants, 2) cover agency costs not reimbursed through grant funding, and 3) ensure adequate investment in the organization’s cash reserves, capital fund, and government affairs initiatives; and

WHEREAS, on September 27, 2017, the GNRC adopted the current annual dues rate of 31¢ per capita; and

WHEREAS, for Fiscal Year 2021, member dues generated approximately $630,000 dollars for GNRC; and

WHEREAS, while member dues account for less than four percent of total budgeted revenue for GNRC, member dues serve as required matching funds for state and federal programs and allowed the GNRC to leverage more than $20 million in funding during Fiscal Year 2021, providing essential support to deliver services, projects, and improvements to the region; and

WHEREAS, Tennessee Code Annotated § 13-14-111 permits GNRC to adjust the per capita assessment of member dues upon approval of its board; and

WHEREAS, the GNRC Finance and Personnel Committee has determined that it is necessary to adjust the per capita rate to ensure adequate funding is provided by its members to sustain the organization’s operations as matching fund requirements and the cost of delivering programs and services increase.

NOW, THEREFORE, BE IT RESOLVED, by the Greater Nashville Regional Council that the local annual dues rate is increased to 35¢ per capita and shall be assessed using the latest population figures of each jurisdiction published by the U.S. Census Bureau on or before July 1 of each year.
ADOPTED, this 22nd day of September 2021, the general welfare of the citizens of this Region requiring it.

APPROVED AS TO FORM AND LEGALITY:

Candi Henry
Chief Legal Counsel

APPROVED:

The Honorable Paige Brown
President

ATTEST:

Michael Skipper
Executive Director and Secretary
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# Greater Nashville Regional Council

## General Membership and MPO Program Dues - FY 2022 Budgeting Estimates

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<td>$20,488.16</td>
<td>$45,474.66</td>
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<tr>
<td><strong>Regional Totals</strong></td>
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<td><strong>1,765,986</strong></td>
<td><strong>$713,317.50</strong></td>
<td><strong>$494,476.08</strong></td>
<td><strong>$1,207,793.58</strong></td>
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</table>

**Important Notes**

Population figures derived from U.S. Census ACS 1-Year County Estimates (2019).

*County populations for MPO program purposes include all municipalities of 5,000 or less as of 2010 Census.

**Budgeting estimates only.** Dues adopted in September; payable by end of December. Total does not include Mayors Caucus dues or GNRC consultant fees for Local Planning Assistance or Special Projects.
Agenda Item 4c.

**Election of Officers**

The membership of the Greater Nashville Regional Council is set forth in Tennessee Code Annotated (TCA) 64-7-103 to include each county or metropolitan mayor within the region, each municipal mayor within the region; one person to represent issues related to business and commerce from each of the counties, one person to represent issues of social equity and inclusion from each of the counties, one member from the Tennessee House of Representatives, and one member from the Tennessee State Senate.

**TCA 64-7-103 requires the membership to elect a President, Vice President and Treasurer at its annual meeting. It provides that the executive director shall serve as Secretary.**

**Council Officers serve one-year terms and may be reelected.** It is tradition for each officer to serve two consecutive one-year terms before being considered for the next available position in the leadership pipeline. The current officers and years of service are listed below.

- President – Paige Brown, City of Gallatin Mayor (1 year)
- Vice President – Bob Rial, Dickson County Mayor (1 year)
- Treasurer – Joe Pitts, City of Clarksville Mayor (1 year)

**ACTION:** Nomination and election of Council President, Vice President, and Treasurer for FY 2022.
Agenda Item 4d.

Certification of the Executive Board

The Bylaws empower the Executive Board (formerly referred to as the “Executive Committee”) to act on behalf of the full 93-member regional council in implementing the approved work program and budget. The Executive Board meets monthly to conduct general business, adopt or endorse plans or programs, and to facilitate ongoing conversation among local, state, and federal leaders.

The Bylaws require that the membership of the Executive Board include the following subset of the full Council body:

- Council President, Vice President, Treasurer, and Secretary;
- A representative of large cities, appointed by the President;
- A representative of small cities, appointed by the President;
- Both members from the Council body who represent the TN General Assembly;
- The minority representative from each of the four counties with the highest proportion of minority populations; and
- A municipal or county representative from each of the 13 GNRC counties, as determined by through deliberation of the Council members from that county.

ACTION: Approval of motion to certify the executive board membership to act on behalf of the full Council body during FY 2022.
Agenda Item 4e.

Amendment to the CARES Act Revolving Loan Fund Program Plan

On October 21, 2020, the GNRC Executive Board approved a formal plan to administer a Revolving Loan Fund (RLF) Program with funding provided by the U.S. Economic Development Administration with appropriations from the CARES Act. The CARES Act RLF program aims to provide support to the regional economy and local businesses experiencing hardships as a result of the COVID-10 pandemic.

GNRC staff is proposing an amendment to the plan in order to help streamline the loan review and approval process. The plan requires approval of the GNRC governing body and the U.S. EDA.

ACTION: Adopt Resolution GNRC 2022-03.
RESOLUTION GNRC-2022-03

A RESOLUTION AMENDING THE ECONOMIC DEVELOPMENT ADMINISTRATION CARES ACT REVOLVING LOAN FUND PLAN

WHEREAS, the Greater Nashville Regional Council (GNRC) was established in 1965 by the Tennessee General Assembly as a public body politic to serve as the development district for northern Middle Tennessee and further empowered as a regional council of governments in 1988 to enhance regional planning and coordination in preparation for anticipated growth and development of the region; and

WHEREAS, on March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which appropriated $1.5 billion in supplemental funds to the U.S. Department of Commerce Economic Development Administration (EDA) to prevent, prepare for, and respond to the COVID-19 outbreak and associated pandemic and for responding to the economic injury resulting from the coronavirus; and

WHEREAS, because of the unusual and compelling urgency of the economic dislocations caused by the COVID-10 pandemic, EDA determined that it is in the public interest to make a portion of its supplemental CARES Act funding available to existing Revolving Loan Fund (RLF) grantees in good standing; and

WHEREAS, GNRC is an RLF grantee; and

WHEREAS, EDA made an award of CARES Act funding to GNRC in its capacity as an RLF grantee effective July 24, 2020; and

WHEREAS, on October 21, 2020, the GNRC adopted a CARES Act RLF Plan that includes a Revolving Loan Fund Strategy and Operational Procedures in accordance with EDA’s RLF Standard Terms and Conditions and Specific Award Conditions of the U.S. Department of Commerce EDA for the CARES Act Award; and

WHEREAS, EDA has provided additional guidance and instruction with respect to allowable uses of the Award; and

WHEREAS, on September 20, 2021, EDA provided conditional approval for proposed modifications to the CARES Act RLF Plan to allow GNRC to make credit more quickly and easily available to borrowers impacted by the pandemic; and

WHEREAS, EDA's conditional approval was contingent upon GNRC's final approval of the modifications; and
WHEREAS, the Mid-Cumberland Area Development Corporation (MADC) contracts with GNRC to review and provide guidance with respect to GNRC's Revolving Loan Funds; and

WHEREAS, the MADC recommended approval of the modifications to GNRC’s CARES Act RLF Plan by resolution adopted September 16, 2021.

NOW, THEREFORE, BE IT RESOLVED, that the GNRC governing body amends the CARES Act Revolving Loan Fund Plan to:

• Increase the maximum loan amount from $250,000 to $500,000;
• Eliminate the requirement that a business had to exist a full 12 months before the COVID-19 outbreak;
• Eliminate the requirement for certain historical documentation;
• Eliminate the requirement that a business could not change ownership; and
• Create a GNRC Loan Review Committee to review loan requests up to $100,000 that may be approved by the GNRC President.

IT IS FURTHER RESOLVED that Amendment 1 to the CARES Act Revolving Loan Fund Plan is adopted in its entirety, effective September 22, 2021.

ADOPTED, this 22nd day of September 2021, the general welfare of the citizens of this Region requiring it.

APPROVED AS TO FORM AND LEGALITY:  

_____________________________  
Candi Henry  
Chief Legal Counsel

APPROVED:

_____________________________  
The Honorable Paige Brown  
President

ATTEST:

_____________________________  
Michael Skipper  
Executive Director and Secretary
SMALL BUSINESS LENDING

U.S. Economic Development Administration
CARES Act Revolving Loan Fund Plan
AMENDMENT 1

Adopted September 2021
July 24, 2020 – July 23, 2022*

*The performance period for this Program ends July 23, 2022 or until all funds are disbursed, whichever is sooner.

Acknowledgments

Funding for this document was provided by the U.S. Department of Commerce Economic Development Administration as part of the Coronavirus Aid, Relief, and Economic Security Act.

Non-Discrimination Policy | Equal Employment Opportunity Employer

This document was prepared by the Greater Nashville Regional Council (GNRC). GNRC does not discriminate on the basis of race, color, national origin, gender, gender identity, sexual orientation, age, religion, creed or disability in admission to, access to, or operations of its programs, services, or activities. Discrimination against any person in recruitment, examination, appointment, training, promotion, retention, discipline or any other employment practices because of non-merit factors shall be prohibited. Complaints should be directed to Grant Kehler at gkehler@gnrc.org, 220 Athens Way Ste. 200, Nashville TN 37228 or phone number 615-862-8863. GNRC is an EEO employer.
# Table of Contents

**Introduction**  
- CARES Act RLF Plan Summary ................................................................. 1  
- Approvals ................................................................................................. 2  

**Part I: Revolving Loan Fund Strategy** .................................................... 3  
  - Business Development Objectives .......................................................... 3  
  - Lending Area .......................................................................................... 3  
  - Target Industry Sectors and Businesses ................................................. 3  
  - Financing Strategy, Policy, and Portfolio Standards ......................... 3  
    - Maximum Loan Size .......................................................................... 3  
    - Interest Rates .................................................................................... 3  
    - Terms .................................................................................................. 4  
    - Loan Origination and Other Fees ...................................................... 4  
    - Eligible RLF Activities ...................................................................... 4  
    - Ineligible RLF Activities .................................................................. 4  
    - Non-Duplication of Federal Support ............................................... 5  
    - Minimum Eligibility Criteria .......................................................... 5  
    - Loan Selection and Approval Process .......................................... 6  
    - Technical Assistance to Businesses .............................................. 7  

**Part II: New Reporting Requirements** ................................................. 8  
  - Project Progress Reports .................................................................... 8  
  - Federal Financial Report ...................................................................... 8  

**Appendix. Existing RLF Plan (2017)** .................................................... A-1
Introduction

I. CARES Act RLF Plan Summary

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which appropriated $1.5 billion in supplemental funds to the Department of Commerce, Economic Development Administration (EDA) to prevent, prepare for, and respond to the coronavirus and for responding to the economic injury resulting from the coronavirus. Because of the unusual and compelling urgency of the economic dislocations caused by the coronavirus pandemic, the EDA determined that it is in the public interest to make a portion of its supplemental CARES Act funding available for non-competitive awards through a letter invitation to the following existing EDA grant recipients with unique capacities to respond rapidly to the situation: current Partnership Planning, University Center, and Revolving Loan Fund (RLF) grantees in good standing.

As an existing RLF grantee in good standing, the Greater Nashville Regional Council (GNRC) was invited to apply for a single supplemental financial assistance award of (1) up to $2,490,000 to capitalize a new RLF to alleviate the sudden and severe economic dislocation caused by the coronavirus pandemic to serve the same lending area as its existing RLF and of (2) up to an additional ten percent of that amount to defray administrative costs necessary to establish the new RLF and to facilitate rapid and prudent lending to respond to the pandemic. The EDA made the Award to GNRC effective July 24, 2020, and GNRC must disburse/expend all funds under the initial Award (Disbursement Phase) no later than July 23, 2022. One of the conditions of the award requires GNRC to prepare an RLF Plan that includes a Revolving Loan Fund Strategy and Operational Procedures prior to disbursing loan funds in accordance with EDA’s RLF Standard Terms and Conditions (April 30, 2019) and Specific Award Conditions of the U.S. Department of Commerce EDA for the CARES Act Award.

The RLF Program is authorized under sections 209 and 703 of the Public Works and Economic Development Act (PWEDA) of 1965 (42 U.S.C. §§ 3149 and 3233), with implementing regulations found at subpart B of 13 CFR part 307. However, to make credit more quickly and easily available to borrowers impacted by the pandemic, the following three waivers apply until all initial funds are disbursed (Disbursement Period) or until July 23, 2022 (end of the performance period) whichever is earlier.

1. The minimum interest rate requirement (13 CFR § 307.15(b)(1)).
2. The leveraged capital requirement (13 CFR § 307.15(c)).
3. The requirement to demonstrate that credit is not otherwise available (13 CFR § 307.11(a)(1)(ii)(H)).

In addition, the Specific Award Conditions for the CARES Act Award impose new Performance Progress and Federal Financial reporting requirements during the Disbursement Phase of the Award.

GNRC prepared the CARES Act RLF Plan to incorporate these waivers and new reporting requirements, as well as to describe the Revolving Loan Fund Strategy for loans made under this Award. GNRC has prepared Amendment 1 to increase opportunities for existing and new small businesses to have access to the capital necessary to recover from the economic impact of the pandemic. During the Disbursement Phase of the Program, Administrative Costs will be covered by the Award rather than RLF income. These features are unique to the program and are to be distinguished from the provisions of the existing RLF Plan (2017). All other terms and conditions of the existing RLF Plan (see Appendix A) not included in this Plan remain in effect. Should any provisions of the CARES Act RLF Plan or the existing RLF Plan conflict with federal regulations or standard terms and conditions for RLF Programs, federal regulations and standard terms and conditions shall prevail.
II. Approvals

The CARES Act RLF Plan received conditional approval by the EDA on September 29, 2020. The MADC Board recommended the Plan’s approval on October 15, 2020, and the GNRC Executive Board approved the Plan on October 21, 2020. The EDA provided final approval on December 11, 2020.

EDA provided conditional approval for Amendment 1 on September 20, 2021. The MADC Board recommended approval of Amendment 1 on September 16, 2021, and the GNRC governing body approved the amendment on September 22, 2021. The EDA provided final approval of Amendment 1 on \textit{MONTH DAY}, 2021.
Part I: Revolving Loan Fund Strategy

I. Business Development Objectives

The CARES Act RLF loan funds will be used to restore and grow the small business community in Middle Tennessee by supporting industries, employers, and communities hardest hit by the pandemic with access to capital, thereby reducing the burden of uncertainty and helping to stabilize the small business ecosystem in Middle Tennessee. The hospitality, tourism and entertainment industries are dominant employers and an integral part of the unique character of the region; with mass cancellations of events and the closure of popular tourism venues, this is one of the hardest-hit sectors in the region.

In developing this RLF Program, GNRC surveyed small businesses throughout the region to assess the impact of the pandemic and the extent of financial need. GNRC partnered with the following organizations to distribute the survey to small businesses in their networks: MADC, Nashville Convention and Visitors Corporation, Middle Tennessee Tourism Council, Tennessee Chamber of Commerce, Launch TN, CEDS Advisory Board, Tennessee Affordable Housing Coalition, Middle Tennessee Council, and local economic development practitioners. From this effort, 103 small businesses responded, with 43% reporting a severe negative impact and 30% reporting a significant negative impact.

Lending Area
The RLF lending area is comprised of the following counties in northern Middle Tennessee: Cheatham, Davidson, Dickson, Houston, Humphreys, Montgomery, Robertson, Rutherford, Stewart, Sumner, Trousdale, Williamson, and Wilson.

Target Industry Sectors and Businesses
While the CARES Act RLF Program is open to any eligible small business (defined below) impacted by the COVID-19 pandemic, GNRC will target the following industry sectors and businesses:

- Accommodation and Food Services
- Arts, Entertainment, and Recreation
- Hospitality, Travel, and Tourism
- Minority Owned, Woman Owned, and Service-Disabled Veteran-Owned businesses.

II. Financing Strategy, Policy, and Portfolio Standards

The financing strategy, policy, and portfolio standards outlined in this Section apply only during the Disbursement Phase, which is the period of lending activity in which GNRC fully disburses the initial Award. The Disbursement Phase ends when all initial funds are fully disbursed or when the Award date ends (July 23, 2022), whichever is earlier. The Revolving Phase begins at the end of the Disbursement Phase and continues as long as the RLF exists. Since the provisions of the CARES Act Award are not applicable to loans made during the Revolving Phase, this Plan will be updated to reflect a new financing strategy, policy, and portfolio standards.

Maximum Loan Size
The maximum loan size is $500,000.

Interest Rates
Minimum interest rate requirements are waived, and loans will be interest-free during the first two years of the loan term. After the 24th monthly payment, GNRC will charge no less than the minimum allowable RLF interest rate, which is four (4) percentage points below the lesser of the current money center prime interest rate quoted
in the Wall Street Journal or the maximum interest rate allowed under State law. In no event will the interest rate be less than the lower of four (4) percent or 75 percent of the prime interest rate listed in the Wall Street Journal. Should the prime interest rate listed in the Wall Street Journal exceed fourteen (14) percent, the minimum RLF interest rate will not exceed ten (10) percent.

Proceeds from interest payments will be returned to the RLF for additional loans with the exception of the amount used for administrative purposes.

**Terms**

Loan terms will be determined on a case-by-case basis. The primary factor is the use of the funds.

**Loan Origination and Other Fees**

Loan origination and servicing fees are waived to encourage participation. Borrowers will be responsible for appraisal fees, closing costs, any attorney’s fees from outside counsel, and environmental review costs for construction activities.

**Eligible RLF Activities**

- Acquisition of owner-occupied building, office, condo, or land
- Construction or rehabilitation of facilities
- Site improvements/Utilities or Infrastructure
- Machinery and Equipment Purchase, with the exception of rolling stock
- Training related to ongoing operations
- Working Capital

**Ineligible RLF Activities**

The following activities are not eligible for funding under the CARES Act RLF:

- Acquiring an equity position in a private business.
- Subsidizing interest payments on an existing federal loan.
- Providing a loan to a borrower for the purpose of meeting the requirements of equity contributions under a Federal agency’s loan program.
- Enabling a borrower to acquire an interest in a business either through the purchase of stock or through the acquisition of assets.
- Providing funds to a borrower for the purpose of investing in interest-bearing accounts, certificates of deposit, or any investment unrelated to the RLF.
- Refinancing existing debt.
- Serving as collateral to obtain credit or any other type of financing (e.g., loan guarantees).
- Using capitalization funds to support operations or administration of GNRC.
- Undertake any activity that would violate EDA Property regulations found at 13 CFR part 314.
- Financing gambling activity, performances or products of a prurient sexual nature, or any illegal activity, including the cultivation, distribution, or sale of marijuana that is illegal under Federal law.
- Assisting efforts to induce the relocation or the movement of existing jobs from one region to another region in competition with those jobs.
- Reimbursing attorneys’ or consultants’ fees incurred in connection with obtaining investment assistance under PWEDA, such as, for example, preparing the Application. However, ordinary and reasonable attorneys’ and consultants’ fees incurred for meeting RLF Award requirements (e.g., conducting a title search) may be eligible costs and may be paid out of RLF Award funds, provided such costs are otherwise eligible.
- Lobbying the executive or legislative branches of the Federal Government in connection with the award. Lobbying includes attempting to improperly influence, meaning any influence that induces or tends to
induce a Federal employee or officer to give consideration or to act regarding a Federal award or regulatory matter on any basis other than the merits of the matter, either directly or indirectly. Costs incurred to improperly influence are unallowable.

Non-Duplication of Federal Support
RLF borrowers may combine RLF funds with other federal, state, and local funding; however, are prohibited from obtaining funding from multiple federal funding sources (including federal grants, federal loans, and federally guaranteed loans) for identical expenses. At a minimum, borrowers will be required to (1) disclose on the loan application all other federal funding sources that the applicant has applied for or received and the purpose and use of such funds and (2) certify that no RLF loan proceeds will be used to fund expenses for which the applicant has received other federal funding.

Should GNRC determine that a borrower has received federal funding from multiple sources for identical expenses, GNRC will demand immediate repayment of the portion of the RLF loan allocable to those expenses and may take any other action against the borrower permitted by the loan documents, the RLF plan, and applicable law, as GNRC deems appropriate for prudent management of the loan portfolio.

Minimum Eligibility Criteria
To qualify for a loan under this Program, businesses must meet the minimum requirements listed below and funds must be used for an eligible activity.

| 1. Small Business Qualification | All businesses must qualify as a small business as defined by the Small Business Administration (SBA) and meet the size standards for a small business, which are available at https://www.sba.gov/document/support--table-size-standards. |
| 2. Location | The business to be assisted must be located in the Lending Area (see list above). |
| 3. Documentation of Economic Loss due to COVID-19 Pandemic | At a minimum, businesses must:  
   i. For new businesses (businesses that have been in operation 6 months or less from the date of application):  
      □ demonstrate job creation (can include the owner/sole proprietor).  
      □ demonstrate how the pandemic prevented the business from starting or how the pandemic led to the creation of the new business.  
      □ provide a sound business plan.  
      □ provide detailed uses of the RLF loan proceeds.  
      □ disclose other current and past Covid related financing or modifications to existing financing and/or business contracts.  
   ii. For existing businesses (businesses that have been in operation longer than 6 months prior to the date of application):  
      □ document the change in business financials and operations is directly related to Covid-19.  
      □ provide an operational and financial plan for recovery. provide detailed uses for the RLF loan proceeds.  
      □ disclose other current and past Covid related financing or modifications to existing financing and/or business contracts. |
| **4. Minimum Credit Criteria** | Criteria described reflects a minimum threshold and will be evaluated along with other factors in making a credit decision.  
- In general, a minimum credit score of 650.  
- Minimum business and global debt service coverages of 1.20x projected. Assumptions used in projecting future financial performance will be required.  
- No judgements, bankruptcy filings, pending litigation, federal or state tax filings. Disclosure of any delinquencies and documentation of arrangements to address delinquencies required.  
- No prior loss to the federal government. |
| **5. Credit Not Otherwise Available** | Borrowers are not required to demonstrate that credit is not otherwise available. |
| **6. RLF Leveraging** | The requirement that RLF loans must leverage private investment is waived. |
| **7. Collateral** | Collateral and/or personal guarantees will be required. In projects involving direct working capital loans, GNRC will obtain collateral such as liens on inventories, receivables, fixed assets and/or other available assets of borrowers. In addition to the above types of security, the GNRC may also require security in form of assignments of patents, rents, and licenses; the acquisition of hazard and other forms of insurance; and such other additional security as GNRC determines is necessary to support the RLF’s exposure. Loan requests submitted by closely held corporations, partnerships, or proprietorships dependent for their continuing success on certain individuals may be expected to provide and assign life insurance on key persons. Personal guarantees will be required from principal owners. |
| **8. Loan Payments** | Borrowers must agree to make payments via ACH. |

**Loan Selection and Approval Process**

The GNRC Small Business Lending staff is responsible for reviewing and packing loans for approval, following the process outlined below:

1. **GNRC Loan Review Committee (LRC)**
   a. The LRC can consider requests for loans for working capital, training, and/or the purchase of equipment up to $100,000.
   b. The LRC may recommend approval to the GNRC President or may refer the loan to the Mid-Cumberland Area Development Corporation (MADC) Board of Directors for further review. The LRC cannot deny a loan.
   c. Members of the LRC are comprised of the GNRC Executive Director or designee, the GNRC Economic and Community Development Director or designee, and the GNRC Finance Director or designee.
   d. Minutes of LRC Committee meetings will be maintained and made available upon request.

2. **Mid-Cumberland Area Development Corporation Board of Directors (MADC)**
   a. The MADC Board will consider (1) all requests for loans to acquire real property and for construction activities, regardless of the amount requested; (2) loan requests for working capital, training, and/or
the purchase of equipment that exceeds $100,000; and (3) loan requests referred from the GNRC LRC.

b. The MADC may deny a loan request or recommend approval to the GNRC President. Denials may be appealed to the GNRC Executive Board.

(3) All loans must be approved by the GNRC President.

**Technical Assistance to Businesses**

GNRC will advertise and make accessible any technical assistance offered to businesses as intended beneficiaries under this Award as widely and as reasonably permitted. Further, GNRC will maintain documentation of any technical assistance offered and/or provided to businesses benefitting under this Award.
Part II: New Reporting Requirements

I. Project Progress Reports

GNRC must provide the Project Officer with project progress reports, communicating the important activities and accomplishments of the project, on a semiannual basis during the period of performance of this Award (through the Authorized Award End Date). The report must be submitted within 30 calendar days of the midpoint and end of GNRC’s fiscal year.

Project progress reports must be submitted to EDA in an electronic format no later than the due date; be in a clear format, not exceeding six pages; and:

a. Provide a concise overview of the activities undertaken during the semi-annual reporting period;

b. Document accomplishments, benefits, and impacts of the project. GNRC will identify activities that have led to specific outcomes, such as job creation/retention, private investment, increased regional collaboration, engagement with historically excluded groups or regions, enhanced regional capacity, or other positive economic development benefits;

c. Identify any upcoming or potential press events or opportunities for collaborative press engagements to highlight the benefits of the EDA investment;

d. Compare progress on the project with the targeted schedule, explaining any departures, identifying how those departures will be remedied, and projecting the course of work for the next semi-annual reporting period;

e. Outline challenges impeding or that may impede progress on the project over the next semi-annual reporting period and identify ways to address those challenges;

f. Outline any areas in which EDA assistance is needed to support the project; and

g. Provide any other information that would be helpful for your EDA Project Officer to know.

Final Project Reports may be posted on EDA’s website, used for promotional materials or policy reviews, or otherwise shared. Therefore, GNRC will not include any copyrighted or other sensitive business information in these reports. There is no page limit for Final Project Reports; however, such reports should concisely communicate key project information and should:

a. Provide a high-level overview of the activities undertaken;

b. Explain how the project activities have prevented, prepared for, or responded to the coronavirus pandemic and advanced economic development;

c. Document the expected and actual economic benefits of the project as of the time the report is written;

d. Detail lessons learned during the project that may be of assistance to EDA or other communities undertaking similar efforts; and

e. Provide any other information necessary to understand the project and its impacts.

II. Federal Financial Report

GNRC must submit the Federal Financial Report (Form SF-425) on a semiannual basis during the period of performance of this Award (through the Authorized Award End Date). The Report must be submitted within 30 calendar days of the midpoint and end of GNRC’s fiscal year. Form SF-425 and instructions for completing the Form are available at: https://www.grants.gov/web/grants/forms/post-award-reporting-forms.html.
A final Form SF-425 must be submitted no more than 90 calendar days after the Award End Date specified on the Form CD-450 (or any subsequently executed Form CD-451). Final Financial Reports should follow the instructions for submitting mid-term financial reports but should ensure that all fields accurately reflect the total outlays for the entire project period and that all matching funds and program income (if applicable) are fully reported. Determination of the final grant rate and final balances owed to the government will be determined based on the information on the final Form SF-425.
Appendix. Existing RLF Plan (2017)
ECOOMIC DEVELOPMENT ADMINISTRATION

REVOLVING LOAN FUND PLAN

GREATER NASHVILLE REGIONAL COUNCIL
Nashville, Tennessee

2017
SECTION I: REVOLVING LOAN FUND STRATEGY

Name of the RLF Organization & Lending Territory

Greater Nashville Regional Council (GNRC) /Mid-Cumberland Area Development Corporation’s (MADC) lending territory is comprised of an area that covers thirteen counties: Cheatham, Davidson, Dickson, Houston, Humphreys, Montgomery, Robertson, Rutherford, Stewart, Sumner, Trousdale and Wilson [and Williamson].

A. Region’s Comprehensive Economic Development Strategy (CEDS)

The Comprehensive Economic Development Strategy (CEDS) is a federally-required document that serves as a regional blueprint for creating a stronger, more diverse economy. GNRC serves as the economic development district for northern Middle Tennessee and works on behalf of 13 counties, 52 municipalities across a diverse region which includes metropolitan, urban, suburban and rural areas connected by a single regional economy.

The CEDS provides information to serve decision makers as they determine the region’s economic development goals and appropriate plans for action. It allows business and government leaders throughout the region to set priorities for investments in both physical and human capital to solidify how the area as a whole will adapt to a constantly changing global economy.

Development of the region’s CEDS is guided by an Advisory Board. Representatives on this committee are invited to attend based on recommendations by local elected officials and partner organizations throughout the region. They represent the main economic interests of the area and include business owners, economic development professionals, educators, workforce development boards, minority representatives, and elected officials. The Advisory Board guides the discussion, develops the goals and priorities, suggests data-driven measures, and ultimately approves the document.

The CEDS Action Plan is set forth and designed to produce goals and projects that are focused upon alignment with EDA’s mission and priorities. The CEDS Action Plan identifies and outlines investment priorities of the Greater Nashville Regional Council and the initiatives set forth by our partner, The United States Department of Commerce’s Economic Development Agency. It is GNRC’s belief that the only way to ensure regional success of our CEDS goals is to strategically align our CEDS process with EDA’s primary economic drivers, innovation and regional collaboration.

Some of these primary goals and objectives in the GNRC/MADC region is to promote public-private partnerships and regional outreach:

- Identify regional driven ventures that engage in collaborative innovation.
- Facilitate opportunities that support regional development which maximizes existing resources.
- Identify economic growth opportunities for existing industries as well as high growth clusters.
• Increase coordination between rural and urban public/private entities including federal, state, and local governments, universities and regional employers.
• Assist communities in understanding the impact and importance of small business development to the long-term sustainable development of their local economies.
• Increase new sustainable job creation opportunities and stimulate private investment.
• Provide information and support for initiatives that encourage job growth and business expansion.
• Work with lenders, governmental, and private entities to ensure new development has access to capital for small, medium-sized, and ethnically diverse enterprises.

B. Business Development Objectives

The RLF is designed to assist in achieving the following economic development objectives and benefits for each of the 13 counties served by the Greater Nashville Regional Council:

• Create or retain permanent employment, at a minimum, one job for every $40,000 (or less) of RLF funds lent. This requirement applies to the portfolio as a whole and not to individual loans. For job creation projects, a thirty-six-month period for the creation of the new jobs is allowed.
• Stimulate increased tax base.
• Encourage growth of the region’s existing business and industry.
• Overcome specific gaps in local capital markets that inhibit firms from obtaining suitable credit.
• Stabilize and diversify business expansion by providing employers with capital for startup and/or expansion of locally owned businesses.
• Complement other State and Federal economic development loan programs, including the USDA Rural Development and SBA 504 loan programs that are administered by MADC
• To leverage other public and private investment in order to achieve the maximum number of jobs per RLF dollar.
• Aid businesses owned and operated by minorities, females and veterans.
• One of the primary sources of new jobs is the development of new, local business. GNRC/MADC will encourage entrepreneurship by reaching out to the local incubators, SCORE and the small business development centers.

Targeting criteria for the RLF will be based on four job development facts:

• A large majority of new jobs are generated by small business.
• Most business operations that locate or expand in the GNRC/MADC Area are classified as small businesses.
• Existing industry created more jobs than new industry.
• Small firms have the greatest difficulty in finding financing at a reasonable cost.

RLF resources will be targeted toward: (1) the expansion of existing small businesses, and (2) the location of new small business operations.

C. RLF Strategy

MADC uses an accounting firm to conduct annual audits and adheres to Generally Accepted Accounting Principles (GAAP) rules and regulations.

Prudent Management of RLF’s:

1. RLFs shall operate in accordance with generally accepted accounting principles (GAAP)
as in effect from time to time in the United States and the provisions outlined in OMB Circular A-133 and the Compliance Supplement, as applicable.

2. In accordance with GAAP, a loan loss reserve may be recorded in the RLF Recipient’s financial statements to show the fair market value of an RLF’s loan portfolio, provided this loan loss reserve is non-funded and represents non-cash entries.

D. RLF Financing Policies

In order to achieve the economic objectives of the RLF and address the financial issues of the area, certain standards have been adopted. These policies include the following:

RLF Portfolio Standards/Eligible for RLF Loan Funds

1. **Size of Loan**: The maximum loan size will be $250,000.

2. **Working Capital**: It is estimated that no more than 40% of RLF dollars will be used for working capital purposes, with the remainder being used for fixed asset financing.

3. **Private Leveraging**:
   a. RLF loans must leverage private investment of at least two dollars for every one dollar of such RLF loans. This leveraging requirement applies to the RLF portfolio as a whole rather than to individual loans and is effective for the duration of the RLF’s operation. To be classified as leveraged, private investment must be made within twelve (12) months of approval of an RLF loan, as part of the same business development project, and may include:
      i. Capital invested by the borrower or others;
      ii. Financing from private entities; or
      iii. 90% of any guaranteed federal loan program and 100% of any other non-guaranteed loan program.

   b. Private investments shall not include accrued equity in a borrower’s assets.

4. GNRC/MADC will review the impacts of prospective loan proposals on the physical environment and will ensure that the applicant is in compliance with applicable environmental laws and other regulations as set forth by EDA.

5. GNRC/MADC will ensure that prospective borrowers are aware of and comply with the federal statutory and regulatory requirements that apply to activities carried out with RLF loans. RLF loan agreements shall include applicable Federal requirements to ensure compliance and will adopt procedures to diligently correct instances of non-compliance, including loan call stipulations.

6. A letter from a private lender documenting that the project would not be feasible and/or meet the private lender’s requirements without the participation of the EDA RLF funds will be required.

7. All loan documents must be generated by the MADC closing legal counsel, using the standard loan document which must include at a minimum, the following: Loan Application; Loan Agreement; Promissory Note; Deed of Trust; Security Agreement and Agreement of Prior Lienholder (as applicable).

8. **Interest rates**:
   a. **General rule.** An RLF Recipient may make loans to eligible borrowers at interest rates and under conditions determined by the RLF Recipient to be appropriate in achieving the goals of the RLF. The minimum interest rate an RLF Recipient may charge is four (4) percentage points below the lesser of the current money center prime interest rate quoted in the Wall Street Journal, or the maximum interest rate allowed under State law. In no event shall the interest rate be less than the lower of four (4) percent or 75 percent of the prime interest rate listed in the Wall Street Journal.

   b. **Exception.** Should the prime interest rate listed in the Wall Street Journal exceed fourteen (14) percent, the minimum RLF interest rate is not required to be raised above ten (10) percent if doing so compromises the ability of the RLF Recipient to implement its financing strategy.
9. The loan term and interest rate on an RLF loan are determined on a case-by-case basis. The primary factors are the collateral, personal credit scores, debt service ratio, business background, and financial strength of the applicant. The personal credit scores play a large role in determining the interest rate since it reflects whether the applicant is repaying debt in a timely manner.

10. The terms of existing loans may be modified or extended to enhance the capability of the RLF in achieving program objectives.

11. RLF will continue to consider loan guarantees as an eligible activity.

12. All proceeds from interest payments will be returned to the RLF for additional loans with the exception of the amount used for administrative purposes.

13. Loan origination fees and other such charges may be waived to encourage participation.

14. GNRC uses an accounting firm to conduct annual audits and adheres to Generally Accepted Accounting Principles (GAAP) rules and regulations.

15. A loan loss reserve is in place in accordance with GAAP.

16. Revolving Loan Fund semi-annual report and Income and Expense Statement:
   a. Frequency of reports. All RLF Recipients, including those receiving Recapitalization Grants for existing RLFs, must complete and submit a semi-annual report in electronic format, unless EDA approves a paper submission.
   b. Report contents. RLF Recipients must certify as part of the semi-annual report to EDA that the RLF is operating in accordance with the applicable RLF Plan. RLF Recipients also must describe any modifications to the RLF Plan to ensure effective use of the RLF as a strategic financing tool.
   c. RLF Income and Expense Statement. An RLF Recipient using either fifty (50) percent or more (or more than $100,000) of RLF Income for administrative costs in a six-month (6) Reporting Period must submit to EDA a completed Income and Expense Statement (Form ED-209I or any successor form) for that Reporting Period in electronic format, unless EDA approves a paper submission.

17. Priority of payments on defaulted RLF loans. When an RLF Recipient receives proceeds on a defaulted RLF loan that is not subject to liquidation such proceeds shall be applied in the following order of priority:
   First, towards any costs of collection;
   Second, towards outstanding penalties and fees;
   Third, towards any accrued interest to the extent due and payable; and
   Fourth, towards any outstanding principal balance.

18. Conflicts of Interest:
   a. General: It is EDA's and the Department's policy to maintain the highest standards of conduct to prevent conflicts of interest in connection with the award of Investment Assistance or its use for reimbursement or payment of costs (e.g., procurement of goods or services) by or to the Recipient. A conflict of interest generally exists when an Interested Party participates in a matter that has a direct and predictable effect on the Interested Party's personal or financial interests.
   A conflict may also exist where there is an appearance that an Interested Party's objectivity in performing his or her responsibilities under the Project is impaired. For example, an appearance of impairment of objectivity may result from an organizational conflict where, because of other activities or relationships with other persons or entities, an Interested Party is unable to render impartial assistance, services or advice to the Recipient, a participant in the Project or to the Federal government. Additionally, a conflict of interest may result from non-financial gain to an Interested Party, such as benefit to reputation or prestige in a professional field.
   b. Prohibition on direct or indirect financial or personal benefits:
      i. An Interested Party shall not receive any direct or indirect financial or personal benefits in connection with the award of Investment Assistance or its use for payment or reimbursement of costs by or to the Recipient.
ii. An Interested Party shall also not, directly or indirectly, solicit or accept any gift, gratuity, favor, entertainment or other benefit having monetary value, for himself or herself or for another person or entity, from any person or organization which has obtained or seeks to obtain Investment Assistance from EDA.

iii. Costs incurred in violation of any conflicts of interest rules contained in this chapter or in violation of any assurances by the Recipient may be denied reimbursement.

c. Special rules for Revolving Loan Fund, RLF, Grants. In addition to the rules set forth in this section:

i. An Interested Party of a Recipient of an RLF Grant shall not receive, directly or indirectly, any personal or financial benefits resulting from the disbursement of RLF loans;

ii. A Recipient of an RLF Grant shall also not lend RLF funds to an Interested Party;

iii. Former board members of a Recipient of an RLF Grant and members of his or her Immediate Family shall not receive a loan from such RLF for a period of two (2) years from the date that the board member last served on the RLF’s board of directors; and

iv. The MADC Board may not consist of a member who is also a member of the GNRC Board.

Ineligible for RLF Loan Funds

RLF Loans shall not be used to:

1. Acquire an equity position in a private business;

2. Subsidize interest payments on an existing RLF loan;

3. Provide for borrowers' required equity contributions under other Federal Agencies' loan programs;

4. Enable borrowers to acquire an interest in a business either through the purchase of stock or through the acquisition of assets, unless sufficient justification is provided in the loan documentation. Sufficient justification may include acquiring a business to save it from imminent closure or to acquire a business to facilitate a significant expansion or increase in investment with a significant increase in jobs. The potential economic benefits must be clearly consistent with the strategic objectives of the RLF;

5. Provide RLF loans to a borrower for the purpose of investing in interest-bearing accounts, certificates of deposit or any investment unrelated to the RLF; or

6. Refinance existing debt, unless:

   a. The RLF Recipient sufficiently demonstrates in the loan documentation a sound economic justification for the refinancing (e.g., the refinancing will support additional capital investment intended to increase business activities). For this purpose, reducing the risk of loss to an existing lender(s) or lowering the cost of financing to a borrower shall not, without other indicia, constitute a sound economic justification; or

   b. RLF Capital will finance the purchase of the rights of a prior lien holder during a foreclosure action which is necessary to preclude a significant loss on an RLF loan. RLF Capital may be used for this purpose only if there is a high probability of receiving compensation from the sale of assets sufficient to cover an RLF’s costs plus a reasonable portion of the outstanding RLF loan within a reasonable time frame approved by EDA.

The GNRC/MADC staff will utilize other state and federal program funding whenever feasible in conjunction with RLF Funds.

In addition to making loans, GNRC/MADC helps direct business development and benefit unemployed workers through the following forms of assistance and services:

1. Technical & Management Assistance: Referrals will be made for potential borrowers that
need assistance with business plans, developing market feasibility studies, conducting labor and resource surveys, making environmental impact assessments and other appropriate information needed. The SBA-supported Small Business Development Centers and SCORE centers have been very supportive of our mission and, they reciprocate with GNRC/MADC with potential borrowers that now have a viable plan for review.

2. Loan Packaging and Referral Services: The MADC staff has experience in packaging SBA 504 Loans. This same professional staff will assist RLF applicants’ package their loans so as to enhance private sector participation. All applicants, whether or not qualified for RLF monies, will be referred to additional sources of funding such as SBA, Rural Development, TVA or the Tennessee Department of Economic and Community Development for funding. When appropriate, applicants will be referred to qualified financial advisors such as bankers or accountants.

3. The GNRC/MADC staff intends to connect with Chambers of Commerce, SBA and other associations to provide workshops and information regarding our programs and process. Presentations and workshops will also be made available to lenders and CPA groups to continue to strengthen the awareness of the RLF Program.
SECTION II: OPERATIONAL PROCEDURES

I. OVERVIEW OF THE ORGANIZATIONAL STRUCTURE

The RLF Program will be administered by the Mid-Cumberland Area Development Corporation (MADC) through contract with GNRC. MADC is an adjunct non-profit corporation formed in 1983 by GNRC’s Board of Directors, with the purpose of fostering public/private ventures in the Mid-Cumberland Region. In 1983, MADC was designated by SBA as a Certified Development Company (CDC) having the authority to participate in SBA’s 504 Loan Program.

The MADC Board is comprised of 2 members from all 13 counties, balanced with members from government, business, economic development and banking. MADC is governed by 13 Board of Directors. All loans are recommended for approval by MADC, with final approval given from the GNRC President and will be in compliance with the goals, policies, and procedures as set forth in this Revolving Loan Fund Plan.

All loans must first be reviewed by MADC credit staff. The credit staff will advise the MADC Board of Directors on each loan’s fiscal soundness and feasibility.

Sufficient safeguards are built into the Bylaws of the GNRC and MADC to avoid any legal conflicts of interest. The GNRC Board President has been given final authority over the loan recommendations provided by the MADC Board.

II. LOAN SELECTION AND APPROVAL PROCESS

The GNRC/MADC staff will be responsible for publicizing the availability of the Revolving Loan Fund program using email blasts, flyers, and promotional brochures. Visits and meetings will be scheduled with area bankers, accountants, chamber of commerce personnel, industrial development authority personnel and local government officials. GNRC will assist in the process of publicizing and soliciting eligible applicants.

The GNRC/MADC staff will also be responsible for reviewing and packaging loans for submission to the MADC Board of Directors. Loan packaging is a simple process as follows:

1. Meeting and interviewing the applicant to gain an understanding of the project and its parameters, the principals and potential structure of the deal. The goals of this initial interview are to give the applicant specific information about the RLF Program, to determine whether the proposed project meets goals of the RLF program.
2. An application will be completed by the applicant and a credit memo will be prepared by MADC staff to be presented to the MADC Board for their recommendation of approval. Typically, the credit memo will address the following: purpose of the loan, sources and uses of all project funds, background of business and owners, management ability, financial analysis based on historical and/or projected financials of the business, collateral, environmental issues and expected economic impact of the project including job creation and/or retention. The GNRC Executive Board President has final authority in approving the loan request.
3. In order to encourage financial participation in a direct or fixed asset loan project by other lenders and investors, the lien position of the RLF may be subordinated and made inferior to liens or liens securing other loans made in connection with the project.
4. In projects involving direct working capital loans, the RLF will normally obtain collateral such as liens on inventories, receivables, fixed assets and/or other available assets of borrowers. Such liens may be subordinate only to existing liens of record and other loans involved in the project.
5. In projects involving guaranteed loans, the lending institution ordinarily will be required to maintain a collateral position, to which the RLF is subordinate, in the assets of the borrower and/or principals of the borrower such as by taking liens on inventories, receivables, fixed assets, and/or available assets of borrowers.

6. In addition to the above types of security, the RLF Program may also require security in form of assignments of patents, rents, and licenses; the acquisition of hazard and other forms of insurance; and such other additional security as the grantee determines is necessary to support the RLF’s exposure.

7. RLF loan requests submitted by closely held corporations, partnerships, or proprietorships dependent for their continuing success on certain individuals will ordinarily be expected to provide and assign life insurance on key persons. Personal guarantees may also be required from principal owners.

III. LOAN SERVICING

The GNRC/MADC staff is responsible for the administration, monitoring, and the servicing of the loan from loan disbursement through full payment. The staff will make periodic visits to the borrowers’ business, monitor the loan agreement for defaults in covenants, and maintain a loan payment schedule. The loan payment schedule will be kept up to date with payments posted as to principal and interest by the GNRC staff.

Delinquent Account Process: In the event the business is in default on any of the terms and conditions of the loan agreement, all sums due and owing, including penalties, shall become due and payable. To exercise this option, GNRC shall prepare a written notice to the business. The notice shall specify the following:

1. The default.
2. The action required to cure the default.
3. A date by which the default must be cured to avoid other corrective action.
4. Any penalties incurred as a result of the default.

If full payment is not received within:

- 15 days - a 5% penalty can be added to the amount due and a late notice is sent.
- 30 days - a second letter is sent reminding the borrower of his or her overdue payment and warning them of actions to be taken for non-payment.
- 60 days – a second letter is sent by MADC’s Attorney informing the borrower that they are in default and immediate payment must be made.
- 90 days – a certified letter from MADC’s attorney is sent for the demand of payment in full.

In the case of a Bankruptcy filing, the MADC attorney will file any required documentation and wait for the final determination on the case.

Unresolved delinquencies will be declared as a loan default, and foreclosure procedures will be initiated. GNRC/MADC will work to ensure all efforts to recover funds in the foreclosure sale of property and/or FF&E are completed. The first mortgage lender will initiate sale of the property. GNRC will receive the remaining proceeds following deduction of costs from the sale. If GNRC is in the first lien position, sale of property or FF&E will be handled by reputable Real Estate Agent or Auction Company.

GNRC/MADC may depart from the collection policy if a hardship can be documented and recommendation is made by the MADC board. The final determination of whether a hardship exists
shall be at the sole discretion of the GNRC Board President. MADC should maintain a copy of any departure from the foregoing policy in the borrower’s file.

**Loan Write Off Policy:** When all efforts have failed in the collection process and it is apparent there is not a remedy to the situation in the near future, the MADC staff will present this information to the MADC Board of Directors who will provide their recommendation the loan be charged off. The GNRC Board President will provide the final approval of this action in coordination with the accounting office and the accounting firm working with GNRC will be advised. In the event of a charge off, legal efforts will continue to collect loan funds.

If a write off is the final action, GNRC will send a 1099C that requires the borrower to pay taxes on the amount of the write off.

**IV. SOURCES OF FUNDING TO COVER ADMINISTRATIVE COSTS**

The GNRC staff will be reimbursed for administration of the Revolving Loan Fund program. The sources of funds for these reimbursements will include interest earned on RLF loans and service fees generated through the SBA Section 504 Loan Program staffed by GNRC.

**V. OTHER REQUIREMENTS**

**Civil Rights:** The assurance of equal opportunity in lending will be put into effect by the following means: loan opportunities will be advertised through an outreach program including release of information to news media, special contacts made with existing businessmen in the area, and dissemination of information through local minority-oriented development groups. The Office of Minority Business Enterprise will assist in locating potential minority participants and these same groups and methods will be used to insure increased opportunities for women also.

No applicant or potential applicants will be discouraged from applying for, or denied a loan on the basis of race, color, national origin, religion, sex, or handicapped. All applicable statutes, executive orders, requirements and regulations pertaining to non-discrimination will be adhered to.

**Environmental Considerations:** GNRC/MADC will assess the significance of all environmental impacts of activities to be financed in compliance with the National Environmental Policy Act of 1969 and other Federal environmental mandates, as per the Assurances (SF 424D as revised) executed with the Economic Development Administration. No activity shall be financed which would result in a significant adverse environmental impact unless the impact is to be mitigated to the point of insignificance. When necessary to ensure compliance, any required mitigation shall be made part of the loan conditions.

No project shall be approved which would result in the alteration of or have an adverse impact on any wetland or jurisdictional water without prior consultation with the US Army Corps of Engineers, and, if applicable, obtaining a section 404 permit and completing applicable mitigation requirements set forth in the section 404 permit.

No project shall be approved which would result in potential loss of federally protected species or their critical habitat. The determination regarding potential loss of federally protected species will be made by reviewing the list of federally protected species in the county of the project (available at the US Fish and Wildlife Service website) and comparing the preferred habitat of each species with the existing habitat(s) at the project site. If any potential to affect habitat of federally protected species exists, consultation shall be initiated with the US Fish and Wildlife Service (FWS). Determination for critical habitat shall be made by viewing the Critical Habitat Mapper at the FWS website. If any potential habitat or critical habitat exists on the proposed project site, no activity shall be financed.
without prior concurrence from FWS and completion of any and all mitigation recommended by FWS.

Generally, no project shall be approved which would result in new above-ground development in a 100-year flood plain. This determination will be made by reviewing FEMA Flood Insurance Rate Maps. If a detailed, written analysis of alternatives performed by GNRC/MADC clearly demonstrates that no practicable alternative to above-ground development in the 100-year flood plain exists, the project may proceed. Flood insurance is required for federally-assisted construction or acquisition in flood-prone areas for all insurable structures.

The State Historic Preservation Officer (SHPO) shall be notified of each loan proposal that involves new construction or expansion and asked to submit comments on the effect of the proposed activity on historic and archaeological resources. GNRC/MADC shall work with SHPO and EDA in cases where SHPO has recommended actions or determined an adverse impact. No construction activity shall be initiated or financed prior to concurrence from the SHPO and completion of any and all mitigation recommended by SHPO.

GNRC/MADC must comply with the provisions of the Clean Air Act (42 U.S.C. § 7401 et seq.), Clean Water Act (42 U.S.C. § 1251 et seq.) and Executive Order 11738, and shall not use a facility on the Environmental Protection Agency’s (EPA) List of Violating Facilities (this list is incorporated into the Excluded Parties List System located at https://www.sam.gov/portal/public/SAM/) in performing any Award that is nonexempt under 2 C.F.R. § 1532, and shall notify the Federal Project Officer in writing if it intends to use a facility that is on EPA’s List of Violating Facilities or knows that the facility has been recommended to be placed on the List.

All loan applicants shall be requested to provide information indicating whether or not there was hazardous materials such as EPA-listed (see 40 CFR 300) hazardous substances, leaking underground storage tanks, asbestos, polychlorinated biphenyls (PCB), or other hazardous materials on site that have been improperly handled and have the potential of endangering public health. If deemed necessary, loan applicants may be required to perform or provide evidence of a Phase I site assessment to identify possible sources of contamination, a Phase II site assessment to test soil and/or groundwater samples, and a Phase III site remediation involving mitigation of applicable contaminants. In cases where there are unresolved site contamination issues, GNRC/MADC shall work with the loan applicant and the appropriate state environmental agency to resolve these outstanding issues.

No project shall be funded for actions within a Coastal Barrier System or the National Wild and Scenic Rivers system without written permission from EDA.

No project shall be funded if it will result in a disproportionally high and adverse human health or environmental effects on low income and minority populations.

Written records of the determinations and consultations described above shall be maintained in the loan file by GNRC/MADC.

Non-Relocation Prohibition: No portion of the loan funds shall be used in any way to assist in a transfer of jobs relocating from one labor market area to another.

Flood Hazard Insurance: Borrowers will obtain required flood hazard insurance, when applicable. Insurance must be applied for prior to the loan closing or disbursement.

Access for the Handicapped: If the borrower finances a construction project through the RLF, he must provide assurances for accessibility to the handicapped.

RLF Income
General requirements. RLF Income must be placed into the RLF Capital base for the purpose of making loans or paying for eligible and reasonable administrative costs associated with the RLF’s operations. RLF Income may fund administrative costs, provided:

1. Such RLF Income and the administrative costs are incurred in the same six-month (6) Reporting Period;
2. RLF Income that is not used for administrative costs during the six-month (6) Reporting Period is made available for lending activities;
3. RLF Income shall not be withdrawn from the RLF Capital base in a subsequent Reporting Period for any purpose other than lending without the prior written consent of EDA; and
4. The RLF Recipient completes an RLF Income and Expense Statement.

Compliance Guidance

When charging costs against RLF Income, RLF Recipients must comply with applicable federal cost principles and audit requirements as found in:

1. 2 CFR part 225 (OMB Circular A-87 for State, local, and Indian tribal governments), 2 CFR part 230 (OMB Circular A-122 for non-profit organizations other than institutions of higher education, hospitals or organizations named in OMB Circular A-122 as not subject to such Circular), and 2 CFR part 220 (OMB Circular A-21 for educational institutions); and
2. OMB Circular A-133 for Single Audit Act requirements for States, local governments, and non-profit organizations and the Compliance Supplement, as appropriate.

Loan Documentation

Prior to the disbursement of any EDA funds, the RLF Recipient shall certify that standard RLF loan documents reasonably necessary or advisable for lending are in place and that these documents have been reviewed by its legal counsel for adequacy and compliance with the terms and conditions of the Grant and applicable State and local law. The standard loan documents must include, at a minimum, the following:

1. Loan application;
2. Loan agreement;
3. Board of directors' meeting minutes approving the RLF loan;
4. Promissory note;
5. Security agreement(s);
6. Deed of trust or mortgage (as applicable);
7. Agreement of prior lien holder (as applicable); and
8. Signed bank turn-down letter demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed. EDA will permit the RLF Recipient to accept alternate documentation only if such documentation is allowed in the Recipient's EDA-approved RLF Plan.

Records and Retention

Closed Loan Files and Related Documents:

1. The RLF Recipient shall maintain Closed Loan files and all related documents, books of account, computer data files and other records over the term of the Closed Loan and for a three-year (3) period from the date of final disposition of such Closed Loan. The date of final disposition of a Closed Loan is the date:
a. Principal, interest, fees, penalties and all other costs associated with the Closed Loan have been paid in full; or
b. Final settlement or discharge and cessation of collection efforts of any unpaid amounts associated with the Closed Loan have occurred.

2. Administrative records. RLF Recipients must at all times:
   a. Maintain adequate accounting records and source documentation to substantiate the amount and percent of RLF Income expended for eligible RLF administrative costs.
   b. Retain records of administrative expenses incurred for activities and equipment relating to the operation of the RLF for three (3) years from the actual submission date of the last semi-annual report that covers the Reporting Period in which such costs were claimed.

3. Make available for inspection retained records, including those retained for longer than the required period. The record retention periods described in this section are minimum periods and such prescription does not limit any other record retention requirement of law or agreement. In no event will EDA question claimed administrative costs that are more than three (3) years old, unless fraud is at issue.