



# Revolving Loan Fund De-federalization – Implementation of the RLF Act

February 16, 2021

# WELCOME

**Welcome from NADO Executive Director  
Joe McKinney**



# INTRODUCTION

## Remarks from Craig Buerstatte, Deputy Assistant Secretary for Regional Affairs

- With the addition of recent CARES Act RLF awards, the EDA RLF portfolio consists of:
  - about 810 RLFs nationwide
  - a combined EDA investment of over \$1.2 billion
- From the current RLF portfolio, RLF recipients have:
  - Made over 24,000 loans for about \$2.4 billion
  - Leveraged over \$11.6 billion of capital
  - Created or retained over 421,000 jobs

# WEBINAR OVERVIEW

## EDA Implementation of RLF Act

- Introductions
  - Mitchell Harrison, EDA – Performance and National Programs
  - Patrick Waggoner, EDA – Denver Regional Office
- EDA RLF Basics
- RLF Act Summary
- RLF Act Implementation (“de-federalization”, “local control”)
  - Release Agreement
  - Summary of Policy and Procedures
  - Information and Documentation to include in release request
- Questions and Answers

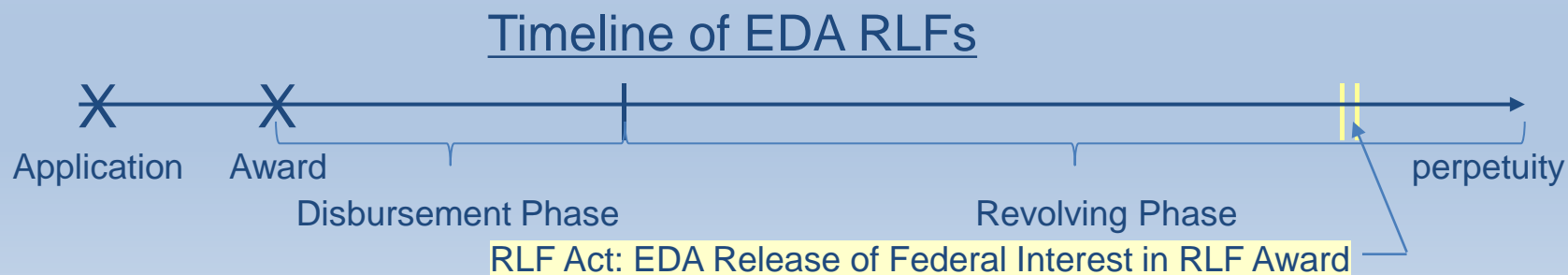
*Reminder: \*participants are invited to submit questions in chat panel throughout presentation\**

# EDA REVOLVING LOAN FUND (RLF)

## EDA RLF Basics

[www.eda.gov/RLF](http://www.eda.gov/RLF)

- EDA makes grants to eligible entities
- RLF award is a grant from EDA, matched with local funds
  - Capitalize RLF to make loans to eligible borrowers
  - Repaid loans enable RLF to make additional loans
  - RLF Income ‘subsidizes’ cost of operating RLF
- Terms and Conditions
- RLF Plan: RLF Strategy & Operational Procedures
- Financial Report, Audit and Risk Rating



# RLF ACT SUMMARY

## Reinvigorating Lending for the Future Act (RLF Act)

Public Law 116–192  
116th Congress

An Act

To amend the Public Works and Economic Development Act of 1965 to provide for the release of certain Federal interests in connection with certain grants under that Act, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**  
This Act may be cited as the “Reinvigorating Lending for the Future Act” or the “RLF Act”.

**SEC. 2. RELEASE OF CERTAIN INTERESTS.**

Oct. 30, 2020  
[S. 4075]

Reinvigorating  
Lending for the  
Future Act.  
42 USC 3121  
note.

<https://www.congress.gov/bill/116th-congress/senate-bill/4075>

- Enables EDA to release Federal Interest in RLF award
- RLF Recipient makes written request for release
- EDA makes determination in 180 days\*
- Section 602 (Davis-Bacon) requirements continue to apply

\* RLF Act enables EDA an additional 180 days if necessary

# RLF ACT SUMMARY

***On written request from an RLF recipient, EDA shall release its federal interest in an RLF award, if:***

- More than seven years have passed since the final EDA disbursement of award funds to the RLF recipient;
- The RLF recipient has complied with the terms and conditions of the RLF award; and
- The RLF award funds will be used to carry out one or more activities that continue the economic development purposes of the Public Works and Economic Development Act of 1965 (PWEDA).
- Request describes how funds will be used.

# RLF ACT IMPLEMENTATION

## EDA Implementation of RLF Act

- Invitation letters sent to RLFs
- Webinar introduces EDA RLF de-federalization policy
- EDA Regional Offices planning ‘conference calls’ to work through more specific procedural questions
- EDA receives and processes requests for release
  
- From EDA’s portfolio of over 810 RLFs,
  - About 450 RLFs are likely eligible for release of Federal interest
  - Over 300 RLFs are CARES Act RLF awards
- Renewed interest in EDA grant funding for capital access?



# RLF ACT IMPLEMENTATION

## Release Agreement

- EDA agrees to release its federal interest in the Award.
- EDA's reversionary interest in the Award will cease to exist as of the effective date of this agreement.

Recipient's use of Award Funds no longer needs to comply with, among other things, the following authorities:

- OMB regulations at 2 CFR part 200, including the Compliance Supplement
- EDA regulations at 13 CFR chapter III, including the RLF-specific regulations at part 307, subpart B (including the requirement at 13 CFR § 307.14 to submit Form ED-209 RLF Financial Report to EDA)
- Terms and conditions attached to the Award, including the Department of Commerce's Standard Terms & Conditions, the EDA RLF Standard Terms & Conditions, and any Special or Specific Award Conditions.
- The EDA-approved RLF Plan (or any other documentation governing the Award)
- This release of the EDA federal interest in the Award does not extend to or include a release of any other entity's interest in the RLF capital base, including another federal agency's interest in the RLF capital base such as a Community Development Block Grant from HUD.

# RLF ACT IMPLEMENTATION

## Policy: Use of the Released Award Funds

Recipient agrees to use Award Funds for one or more activities that continue to carry out the economic development purposes of PWEDA.

- Operate an RLF that makes loans to for-profit organizations
- Investments that support construction, non-construction, planning, technical assistance, and revolving loan fund projects <https://www.eda.gov/funding-opportunities/>
- Contract with for-profit entities for goods and services for activities that continue to carry out the economic development purposes of PWEDA
- Shall not construct schools, community centers, municipal buildings, or pay general costs of government

## Policy: Use of the Released Award Funds

Recipient agrees to use Award Funds for one or more activities that continue to carry out the economic development purposes of PWEDA.

- Must be used in a manner consistent with EDA's non-relocation policy.

*not intended to assist efforts to induce the relocation or the movement of existing jobs from one region to another region in competition with those jobs*

- Used in accordance with section 602 of PWEDA

*Davis-Bacon, prevailing wages*

- Provide timely and accurate responses to EDA inquiries regarding Recipient's use of the Award Funds

## Procedures: Request/Release

- RLF recipients submit requests to EDA Regional Office, including:
  - Summary of RLF award
  - Proposed use of RLF award funds
- EDA reviews and processes request
- Release of EDA Federal interest documented by an agreement between EDA and the RLF recipient
  - RLF recipient continues to operate loan fund, or
  - Carries out project that meets economic development objectives of PWEDA.

# RLF ACT IMPLEMENTATION

## Required Documentation (*information*)

1. Organization name and contact information
2. Identifying award information, including:
  - award number, date of award, federal investment rate,
  - evidence final disbursement occurred more than seven years ago
3. Value of the RLF capital base
4. Proposed use of RLF award funds:
  - continued operation of the RLF
  - one or more activities that continue to carry out the economic development purposes of PWEDA
5. Certification by your organization that it has complied with the terms and conditions of the RLF award.

# RLF ACT IMPLEMENTATION

## Required Documentation (*documents*)

5. Resolution/letter from your organization Board of Directors, (or agency leadership if your organization is a public entity or otherwise does not have a Board of Directors):  
*supporting the request to release EDA's federal interest and committing to using the RLF for one or more activities that continue to carry out the economic development purposes of PWEDA in compliance with on-going restrictions required by the Act as articulated in the release agreement;*
6. Final RLF Financial Report (Form ED-209); and
7. Most recent Single Audit for your organization, if available. (If a recent Single Audit is not available, the most recent audit or audited financial statements for your organization, if available.)

Note: If you seek a release of EDA's federal interest for more than one RLF award, this information must be submitted separately for each RLF award.

# RLF ACT QUESTIONS

## Questions & Answers

1. What if we don't know the date of award?
2. What if we don't have evidence of final disbursement?
3. How do you calculate the federal investment rate?
4. How do we calculate the value of the RLF Capital Base?
5. What factors are considered to determine whether the RLF recipient has complied with the terms and conditions of the award?
6. Can the request for release information (items 1 - 5) be included in the resolution (item 6) or does it need to be a separate document?

# RLF ACT QUESTIONS

## Questions & Answers

7. Can the Executive Director sign the request or does it need to be from the Board of Directors?
8. Do we have to submit a final ED-209 if we just sent one for December 2020?
9. Can the audit be submitted via link or do you need to audit (pdf) attached to the request?
10. Can we use the released funds to pay for administration of our organization/personnel costs?



# RLF ACT QUESTIONS

## Questions & Answers

11. Are there continuing requirements that apply to RLF funds after the release of EDA's federal interest?
12. What is the timeline for EDA to release its federal interest?
13. What factors will EDA consider when reviewing a request for release of EDA's federal interest?

# WEBINAR QUESTIONS

## Additional Questions & Answers



Further Questions?

- [www.eda.gov/rlf](http://www.eda.gov/rlf)
- [www.eda.gov/contact/](http://www.eda.gov/contact/)
- EDA Regional Offices to host additional conference calls

*Recording of webinar will be made available.*