



USDA – Rural Development

Your Partner in Advancing Rural Prosperity



One RD Guarantee Regulation Update

Bruce Lammers, Administrator
Rural Housing Service, Rural Development

One RD Guaranteed Loan Regulation

• What is One RD Guaranteed Regulation?

➤ A standard RD regulation guaranteed loan making in four programs:

- Water and Waste
- Community Facilities
- Business and Industry
- Rural Energy for America

What are the benefits?



Supports OneUSDA Initiative



Standardize Documents Across Programs



Improved Program Delivery



Reduces Burden on Lenders, Applicants and Staff

Better Customer Experience

Notable Dates

- August 2019 Draft regulation ready to begin agency clearance
- October 2019 Legal Review
- Early 2020 OMB review
- Spring 2020 Expected Publication Date
- Fall 2020 Effective Implementation Date





Rural Business-Cooperative Service: Agency Update

Bette Brand, Administrator

Opportunities

RBCS National Office Reorganization

1. National Office Staff only
2. No change to States' Approval Authority/Field Delivery at this time
3. From Program to Critical Functions
4. Consistency, Capacity, Communications

OneRD Rule

1. Consistency across 4 major Guarantee programs – B&I, REAP, WEP, CF
 - a. Programs
 - b. Projects
 - c. States
2. Streamlining application process
3. Via Annual Notice – Flexibility to adjust the program to better meet the needs and demands of our Stakeholders

Department of Energy MOU

1. 6501 of the 2018 Farm Bill

- a) Facilitate energy-related investments
- b) Encouraging innovation and offering technical assistance to rural communities
- c) Strengthening energy related infrastructure
- d) Help export energy products and manufactured goods

2. Working Groups

- a) Develop/Expand energy and manufacturing-related businesses, industries in rural America
- b) Encourage investments in new/improved rural energy infrastructure
- c) Enhance capital access for energy-related businesses/industries
- d) Support rural community investments that anticipate growth due to energy investment
- e) Encourage/support/invest in cyber security initiatives/grid improvement

Department of Energy MOU

- **Lender interest**

- a) Capital Access Forum – Pittsburgh, Wheeling, WV
- b) Energy Efficiency Audits – Improve bottom line for small manufacturers
- c) Identification of high value products to be manufactured from coal/natural gas to make value added products
- d) Plant efficiency improvements
- e) Cyber Security training for utilities/Preparedness and Response

Small Business Administration MOU

1. Continued collaboration for outreach
2. Community sessions to connect small businesses/lenders/our programs
3. Utilization of Innovation Clusters/Association of Women's Business Centers
4. Energy efficiency improvements of rural small businesses

Biobased Markets Program

1. Transforming the marketplace for Biobased products through :
2. Enabling manufacturers of Biobased products to increase their market.

“Rural America at a Glance”

Economic Research Service (ERS), USDA – [Annual Report](#) highlighting recent social and economic conditions in Rural America, focusing on trends in population and employment.



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RBCS Guaranteed Lending: Program Updates

 Rural Development
U.S. DEPARTMENT OF AGRICULTURE

Aaron R. Morris, Assistant Deputy Administrator

B&I: 337 Loans, \$1,304,600,000

REAP: 56 Loans, \$206,300,000

BAP: 2 Loans, \$375,000,000

Rural Business - Cooperative Service FY 2019 Guaranteed Loan Obligations



Current 2020 Guaranteed Loan Funding



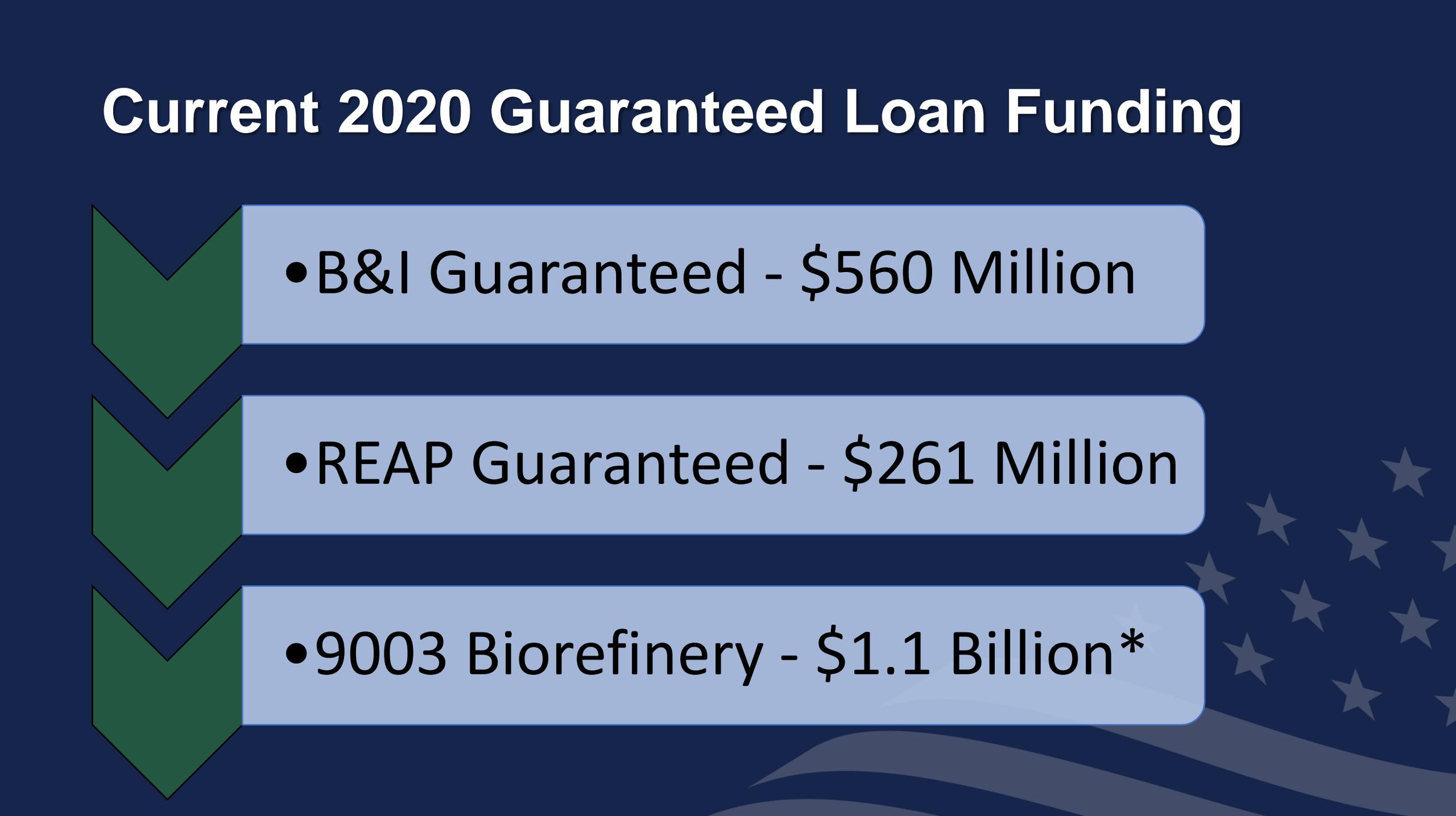
• B&I Guaranteed - \$560 Million



• REAP Guaranteed - \$261 Million



• 9003 Biorefinery - \$1.1 Billion*



Biorefinery, Renewable Chemical, and Biobased Products Manufacturing Assistance Program - 9003 Program

- Program Info - 7 USC 8103; 7 CFR 4279-C
- Purpose
- Assist in the development of new and emerging technologies for the development of advanced biofuels, renewable chemicals, and biobased product manufacturing.
- Phase 1 Application Deadlines – October 1 and April 1 each fiscal year.
- Letter of Intent required; due 30 days prior to each application deadline.
- Maximum loan request - \$250 million
- 2018 Farm Bill allows for stand-alone production of renewable chemicals and biobased manufactured products.

Our Principles

1. Clear and concise communication
2. Timeliness
3. Excellent customer service
4. Teamwork
5. Consistency
6. Leveraging Partnerships
7. Innovation



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United States
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Rural Development



Rich Davis
Deputy Administrator

Together, America Prospers

Rural Development - Community Facilities Program

2019 NATIONAL RURAL LENDERS' ROUNDTABLE

Community Facilities Overview

Community Facilities Programs

- **Direct loans, loan guarantees and grants to provide funds to develop or improve essential public services and facilities.**
- **These services help increase the competitiveness of rural communities in attracting and retaining businesses.**
- **These facilities improve the basic quality of life, and assist in the development and sustainability of rural America.**



Community Facilities Overview

Essential Community Facilities

- Public Safety Facilities, Public Buildings & Equipment
- Health Care Facilities & Equipment
- Education & Cultural Facilities

Eligible Applicants

- Public Bodies, Non Profits or Indian Tribes

Eligible Locations

- Direct loans & grants: Communities \leq 20,000 residents
- Guaranteed loans: Communities \leq 50,000 residents (eff. 12/2/19)



Changes to CF Guaranteed Loan Program

(published in Fed Reg 10/3/2019)

CF Guaranteed Loan Program Population Limits

Prior to Dec 2	Dec 2 and after
$\leq 20,000$	$\leq 50,000$ However, funds are reserved for communities $\leq 20,000$ as follows: 100% of first \$200 MM 50% of next \$200 MM 25% of all amts $> \$400$ MM

Community Facilities Overview

Eligible Purposes

- **Construct, expand, renovate, or improve facilities**
- **Purchase vehicles and major equipment**
- **Associated project expenses (i.e. legal fees, interest expense)**
- **Refinancing when less than 50% of the total project cost**
- **Acquire existing real estate**

Community Facilities Overview

CF Direct Loan Rates and Terms

- **Interest rates currently at 3.0%**
- **40 year term or useful life**
- **Adequate security to protect the interest of the Govt**
- **Repayment ability**
- **Unable to obtain other commercial credit**

Community Facilities Overview

CF Grant Programs

- **CF Grants – regular, EII & Tribal**
 - **Limited funds available for the most needy communities**
 - **Same eligible purpose as direct loans and guarantees**
- **Rural Community Development Initiative Grants (RCDI)**
 - **Technical assistance for capacity building**
- **Technical Assistance & Training Grants (TAT)**
 - **For the benefit of developing an essential community facility**

Community Facilities Overview

CF Guarantee Rates, Terms, and Fees

- **Interest rate set by lender (fixed or variable)**
- **Term set by lender (max. 40 year term or useful life)**
- **Adequate security to protect the interest of the Govt**
- **Repayment ability**
- **Lender must be unable to make loan without guarantee**
- **Up to a 90% guarantee on loss**
- **Up front fee of 1.50% payable upon issuance of Loan Note Guarantee, and 0.50% annual renewal fee (eff. 12/2/19)**

Changes to CF Guaranteed Loan Program

(published in Fed Reg 10/3/2019)

CF Loan Guarantee Fees

	Prior to Dec 2	Dec 2 and after
Upfront	1.0%	1.5%
Annual	0%	0.5%

Community Facilities Overview

CF Program: Policies

- **Credit Elsewhere**
 - **Documentation that commercial credit is not a viable option**
- **Acquisitions (purchase of existing facilities)**
 - **Eligible purpose ONLY if the purchase is necessary to either improve or prevent the loss of service (documentation required)**
 - **Ineligible if purpose is primarily to retire the debt of the seller.**

OneRD Guarantee Rule: RBS, WEP, and CF

One Rule for RD Guarantee Loan Programs

- **New Rule will provide consistency between RD's guar programs (RBS, WEP, and CF).**
- **CF will make its Direct and Guar loan programs consistent to extent possible.**

Also:

- **Adding a priority scoring system.**
- **Adding an annual renewal fee.**
- **Issuing the Loan Note Guarantee prior to construction.**

Community Facilities Funding

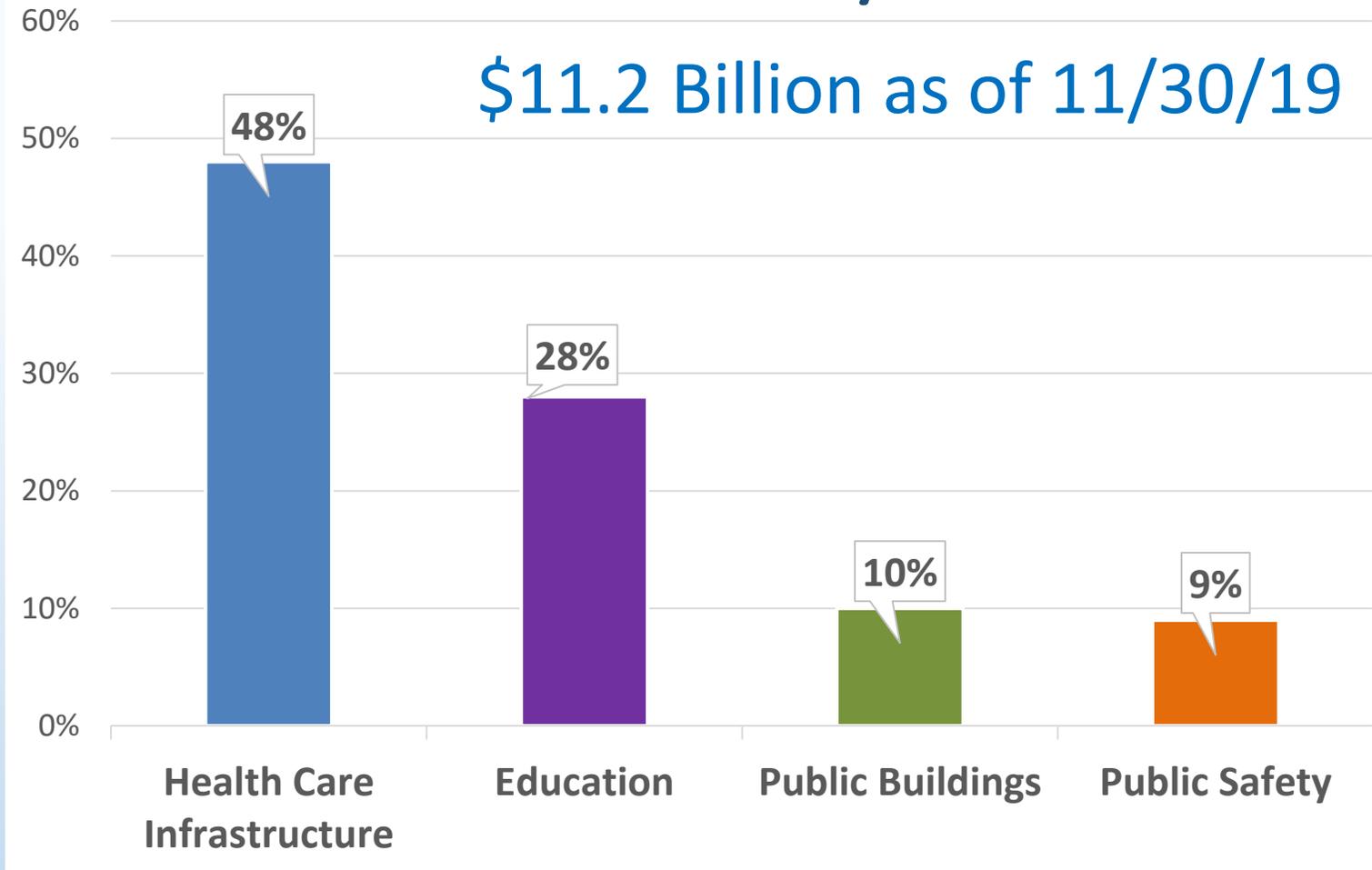
CF Program Funding Levels

	FY 2017 Approp.	FY 2018 Approp.	FY 2019 Approp.	FY 2020 Approp.
CF Direct Loan	\$2.6 billion	\$2.8 billion	\$2.8 billion	Cont. Res.
CF Guar Loan	\$148.3 million	\$148.3 million	\$148.3 million	Cont. Res.
CF Grants (all)	\$43.7 million	\$43.7 million	\$45.7 million	Cont. Res.
TOTAL:	\$2.8 billion	\$3.0 billion	\$3.0 billion	Cont. Res.

Community Facilities Programs

Community Facilities Portfolio

\$11.2 Billion as of 11/30/19



Remaining 5% are other investments

Nisqually Indian Tribe Youth and Community Center

Nisqually Indian Community State of Washington

- \$2.5 million CF Direct and \$9.8 million in CF Guaranteed loans
- 24,000 sq ft Youth and Emergency Services Center, includes:
 - Classrooms, computer room, gym, and large kitchen
- The Center also provides a place of shelter during disasters and storage for emergency supplies. It contains beds, water, food, and a large back-up generator.



Trinidad Area Health Association

Mt. San Raphael Hospital Trinidad, Colorado

- \$25.7 million CF Direct and \$7 million CF Guaranteed Loans
- Obligated in June 2019 for renovation and expansion
- The project included a 14-bed medical and surgical unit and a new Emergency Room for this Critical Access Hospital



Community Facility Program Resource Tools



<https://www.rd.usda.gov/programs-services/all-programs/community-facilities-programs>

Provides links to:

- Community Facilities Guidance Book for Applicants
- Community Facilities Infrastructure Toolkit
- CF Rural Transportation Infrastructure: Information and Guidance

Community Facilities Guidance Book for Applicants



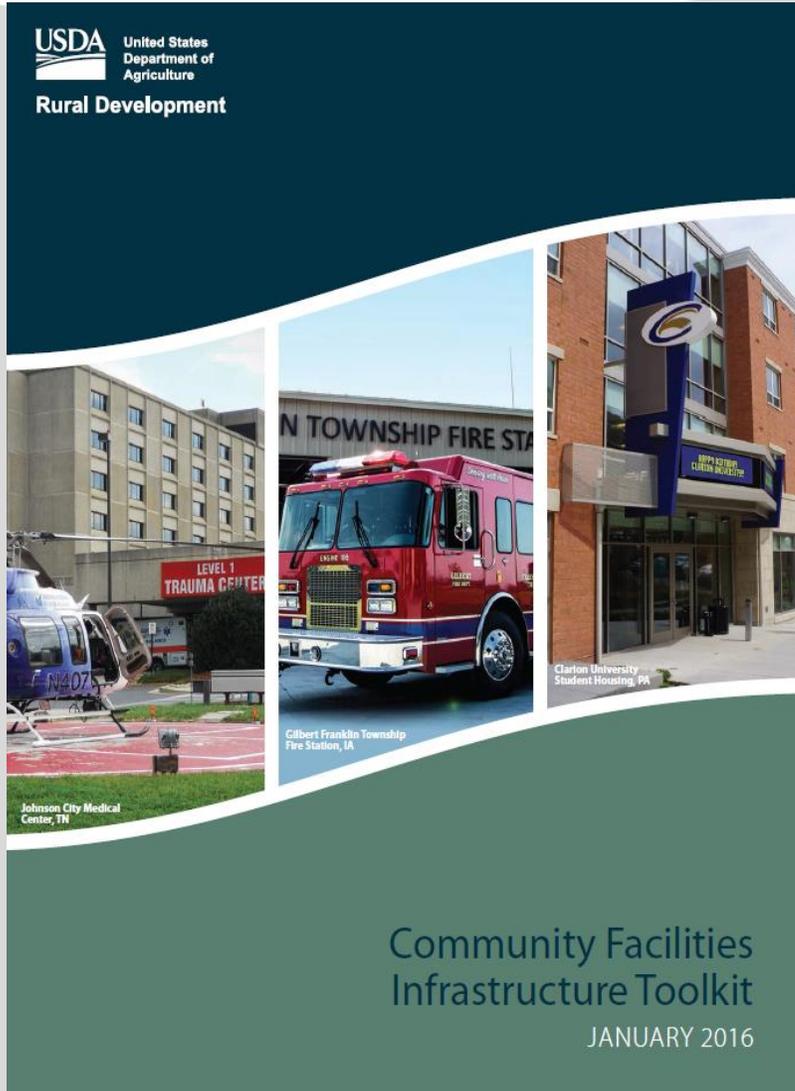
Community Facilities
Direct Loan Program
Guidance Book
for Applicants

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The *Community Facilities Guidance Book for Applicants* is a step-by-step guide to help applicants apply for a Community Facilities Direct loan. This guide book outlines the application process, financial feasibility requirements, construction and closing of an essential community facility for small towns and rural areas

Community Facilities Guidance Book for Applicants Link:
https://www.rd.usda.gov/files/508_RD_RHS_CF_DirectLoanGuidanceBook_090919.pdf

Community Facilities Infrastructure Tool Kit

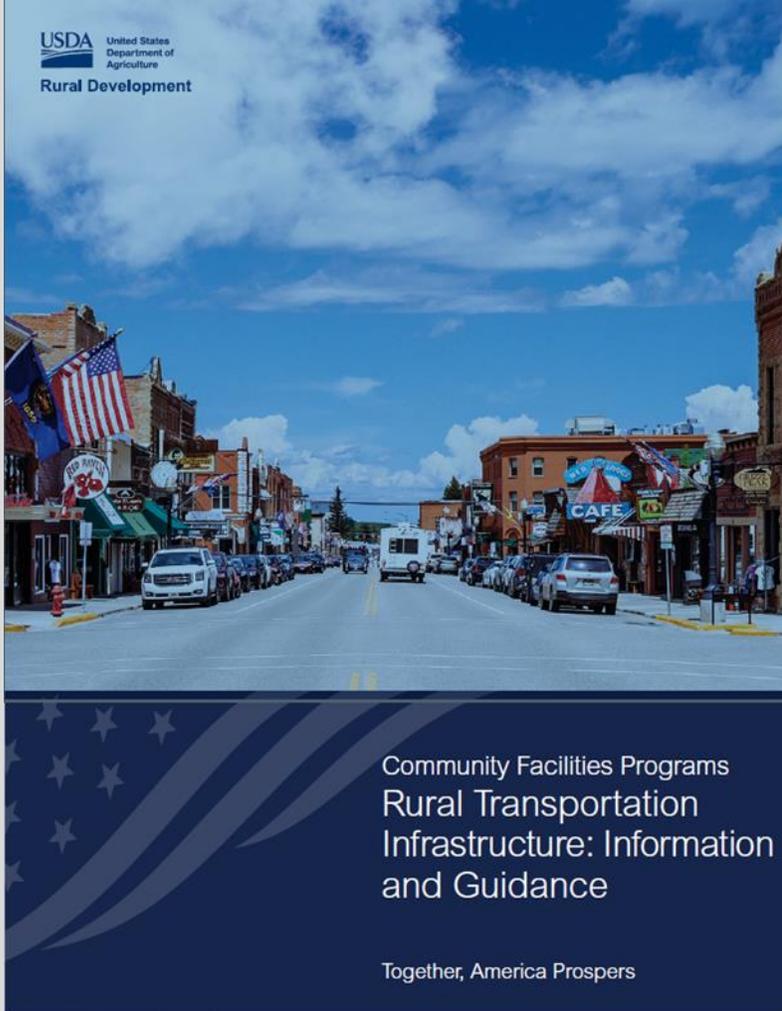


The *Community Facilities Infrastructure Toolkit* can be used as a guide to help organizations and community leaders better understand the complex process that is required to successfully develop and construct a new facility.

Community Facilities Infrastructure Tool Kit Link:

http://www.rd.usda.gov/files/RDCFIToolkit_Jan2016.pdf

Community Facilities Rural Transportation: Information and Guidance

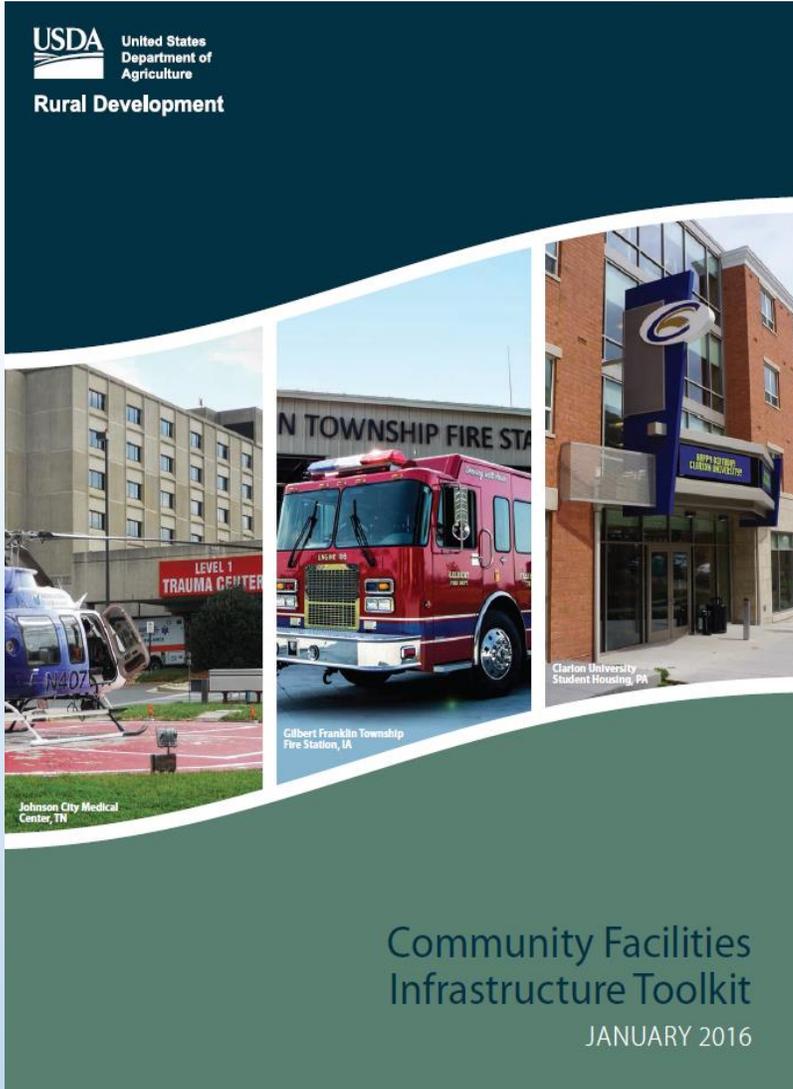


The *Community Facilities Rural Transportation: Information and Guidance* resource provides information on how the Community Facilities Program can support rural transportation infrastructure.

Community Facilities Rural Transportation Link:

https://www.rd.usda.gov/files/508_RD_CFRuralTransportation_Guide916193.pdf

Rural Development Resources



Rural Development Home Page:

<http://www.rd.usda.gov/>

Rural Development Fact Sheets:

<https://www.rd.usda.gov/publications/fact-sheets>

Rural Development State Offices:

<https://www.rd.usda.gov/contact-us/state-offices>



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THANK-YOU

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P3 Water and Waste Infrastructure Investments in Small and Rural Communities

National Rural Lenders' Roundtable

December 4, 2019

Edna Primrose
Rural Utilities Service
Water & Environmental Programs



Water and Environmental Programs (WEP) Overview

- \$2.9 billion available in FY 2019
- WEP finances acquisition, construction or improvement of:
 - Drinking water sourcing, treatment, storage and distribution
 - Sewer collection, transmission, treatment and disposal
 - Solid waste collection, disposal and closure
 - Storm water collection, conveyance and disposal
- WEP serves populations of 10,000 or less – **except for the Loan Guarantee Program, which has a 50,000 limit.**
- WEP is administered in partnership with 47 State Offices and hundreds of field offices throughout rural America.
- Engineering & Environmental Staff (EES) provides support to WEP, Telecom, and Electric Programs.

WEP Recipient Type



Public Bodies
Represent 80%
of borrowers



Non-Profit
Organizations
Represent
18% of borrowers



Native American
Tribes and
Organizations
Represent 2% of
borrowers

Congressional and Other Set-Aside Funds for Special Programs and Populations

- Native American/Colonias
- Rural and Native Alaskan Villages
- Technical Assistance and Training Programs
- Solid Waste Management
- Household Water Well Systems
- Revolving Loan Funds
- Emergency Community Water Assistance Grants (ECWAG)
- Regional Economic Development (SECD and REAP)
- Special Evaluation Assistance for Rural Communities & Households (SEARCH)
- Predevelopment Planning Grants (PPG)



WEP Water and Waste Disposal Programs' Impact FY 2009 – FY 2019

- **2,187** counties served in all 50 states and 4 territories
- **26,100,883** rural residents received new or improved water and waste disposal service
- **9,666,994** households and businesses benefited by improved service
- **Average** annual household income of population served = **\$37,067**
- Rural communities served:
 - 83% 5,000 or less population
 - 69% 2,500 or less population
 - 54% 1,500 or less population
 - 44% 1,000 or less population
- **19.9 billion invested to build new or improved infrastructure**
 - 66% loan; 34% grant -- 24% leveraged with other funding sources (\$4.8 billion)
- **\$134 Million in Guaranteed Loans with private lenders**
- **\$288 million in technical assistance funds provided to rural communities**
 - 941,599 technical assistance visits



Water and Environmental Programs' Funding Portfolio

- **15,224** Outstanding Loans
- **7,388** Borrowers
- **7,385** projects funded, 2009-2019
 - 4,156 water (56%)
 - 2,802 waste (38%)
 - 427 combo (6%)

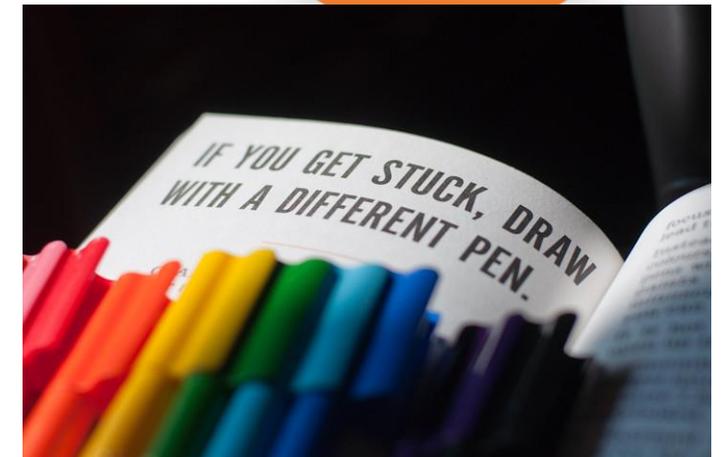
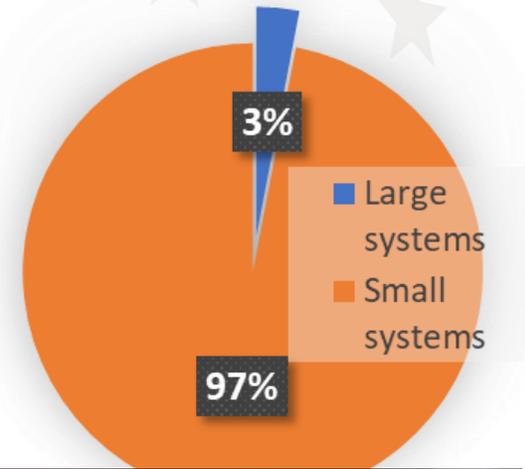
FY 2019 Guaranteed Loan Performance

- Citizens National Bank of Texas
 - CoBank
 - First Choice Bank
 - Great Southern Bank
 - Live Oak Bank
- *12 loans*
 - *\$11,192,000*



Lender Opportunities: WEP Loan Guarantee Program

- The Farm Bill increase of the population limit to 50,000 opens up new opportunities for Public-Private Partnerships.
- WEP provides co-funding to leverage public-private funds:
 - ✓ Guaranteed loans can be combined with USDA's direct loan program.
 - ✓ Blended rate for borrowers and greater affordability for users.
 - ✓ Guarantee of 90%; 1% guarantee fee to lenders (no annual fee)
- Interim construction financing by commercial lenders.
- Graduation of current borrowers to private capital.
- Refinance to improve interest rates/loan terms/liquidity.
- RD Apply, WEP's on-line application system, and the ePreliminary Engineering Report (ePER) make it easier to do business with WEP.



American Iron and Steel (AIS) Requirements

Section 746 of Title VII of:

- Consolidated Appropriations Act of 2017 (Public Law 115-31)
- Consolidated Appropriations Act of 2018 (Public Law 115-141)
and *subsequent domestic preference requirements*.

Requires that iron and steel products used in projects funded by the Water and Waste Disposal programs be produced in the United States. WEP may allot up to .25% of program funds to support AIS administrative, outreach and monitoring activities

Executive Order 13788, “Buy American and Hire American” April 18, 2017. Requirements include:

- Implement Buy American laws
- Monitor compliance
- Report
- Minimize waivers

Executive Order 13858 of January 31, 2019, Strengthening Buy-American Preferences for Infrastructure Projects

- Encourages recipients to maximize use of Iron and Steel (as well as aluminum, cement, and other manufactured products) produced in the U.S.
- Applies to of all types of federal assistance
- Report

For More Information:

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Water and Environmental Programs

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Rural Development's Website – Water and Environmental Programs

<https://www.rd.usda.gov/programs-services/all-programs/water-environmental-programs>

Rural Development's Website – Link to State Offices

<https://www.rd.usda.gov/about-rd/leadership/state-directors>

<https://www.rd.usda.gov/browse-state>

