

**Rural Development
Working for Rural Communities**

Terence McGhee, CPA, MBA, M.Ed
Regional Coordinator

Who we are

- United States Department of Agriculture
- Celebrating 150 years of service

On May 15, 1862, Abraham Lincoln signed into law an act of Congress establishing "at the seat of Government of the United States a Department of Agriculture." Two and one-half years later, in what was to be his last annual message to the Congress, Lincoln said: "The Agricultural Department, under the supervision of its present energetic and faithful head, is rapidly commending itself to the great and vital interest it was created to advance. It is precisely the people's Department, in which they feel more directly concerned than in any other. I commend it to the continued attention and fostering care of Congress."

USDA Rural Development Agency

Mission Statement

Rural Development is committed to helping improve the economy and quality of life in all of rural America by providing financial programs to support essential public facilities and services as water and sewer systems, housing, health clinics, emergency service facilities and electric and telephone service. Rural Development promotes economic development by providing loans to businesses through banks and community-managed lending pools, while also assisting communities to participate in community empowerment programs.

Rural Health Care

- 45% of USDA Rural Development Community Facilities Programs' portfolio is invested in Rural Health Care.
- In FY 13 \$640 Million was invested in 130 rural health care facilities across rural America impacting 3.2 million rural residents.
- Investments included: critical access hospitals, rural health clinics, assisted living facilities, nursing homes, psychiatric hospitals, mental health care facilities, group homes for people with disabilities, and vocational and medical rehabilitation facilities

Community Facility Programs

- Direct Loan Program
- Grant Program
- Guarantee Loan Program

Types of Projects

- Hospital/Clinic Renovation
- Building Expansion
- New Facility Construction
- Work Station on Wheels
- Mammography equipment
- MRI, CT Scans and other diagnostic equipment
- Debt refinancing (Must be less than 50% of funding request)
- Health Information Technology Equipment

Direct Loan Program

Programs

- **Direct Loan Program**
 - Facility must be located in a community of 20,000 or less (Based on 2010 Census)
 - Eligible loan purposes include: construct, enlarge, extend or other wise improve essential community facilities
 - Eligible entities include: municipalities, counties, special purpose districts, nonprofit corporations and federally recognized Indian tribes

Programs

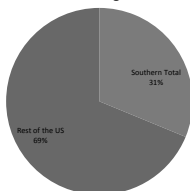
- **Direct Loan Program**
 - **Terms**
 - Up to 40 years (based on useful life of project)
 - Fixed interest rate
 - Payment options: monthly, semi annual or annual

Programs

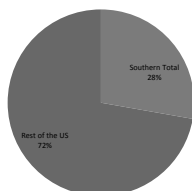
Direct Loan Funding 2013

– Program Total \$2.2 Billion

Community Facilities Direct Obligation FY 2013 - \$1.3 Billion



Community Facilities Direct Program FY 2013 Projects - 504

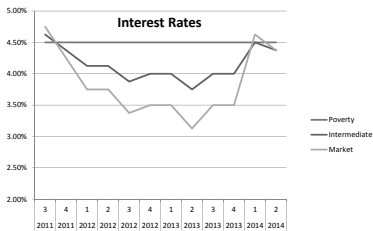


Interest Rates

- Fixed interest rate
- No prepayment penalty
- At time of closing if interest rate is lower than at obligation phase we can offer the lower interest rate with no additional fee

Interest Rate

- **Poverty**
The median household income of the service area is below the poverty line for a family of four or below 80 percent of the Statewide nonmetropolitan median household income. Project must address health and sanitary issues.
- **Intermediate**
Apply to loans that do not meet the requirements for the poverty line rate and for which the median household income of the service area is below the poverty line or not more than 100 percent of the nonmetropolitan median household income of the State
- **Market**
The market rate will apply to all loans that do not qualify for poverty or intermediate interest rates



Grant Program

Grant Program

The approval official must determine that the applicant is unable to finance the proposed project from its own resources, or through commercial credit at reasonable rates and terms, or other funding sources without grant assistance.

Grant assistance is limited and will be provided on a graduated scale with smaller communities with the lowest median household income being eligible for projects with a higher proportion of grant funds. Grant assistance is based on availability of funds, project service area median household income and population of applicant's location.

All projects financed under the provisions of the community facility program must be based on satisfactory sources of revenue. The amount of Community Facilities grant assistance must be the minimum amount sufficient for feasibility purposes. The applicant's available excess funds must be used to supplement eligible project costs

Grant Program

Grant Funding 2013
– Program Total \$22 Million

Grant Program

- 75 Percent of total project cost
 - Located in a community with a population up to 5,000
 - Median household income of the population served by the proposed facility is below the higher of the poverty line or 60 percent of the State Non-metropolitan median household income
- 55 Percent of total project cost
 - Located in a rural community with a population up to 12,000
 - Median household income of the population served by the proposed facility is below the higher of the poverty line or 70 percent of the State Non-metropolitan median household income

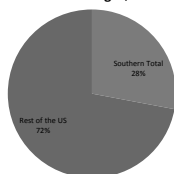
*Grant assistance is based on availability of funds

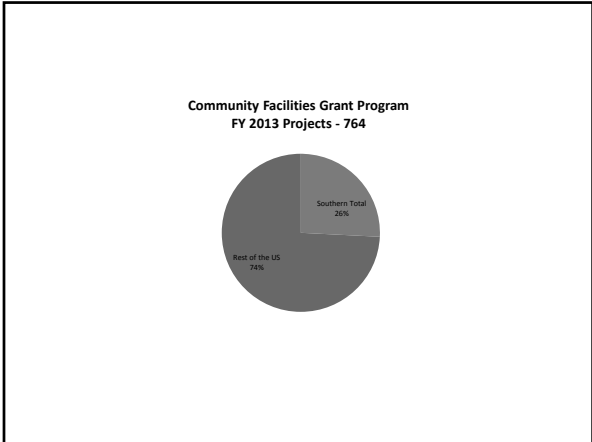
Grant Program

- 35 Percent of total project cost
 - Located in a rural community with a population up to 20,000
 - Median household income of the population served by the proposed facility is below the higher of the poverty line or 80 percent of the State Non-metropolitan median household income
- 15 Percent of total project cost
 - Located in a rural community with a population up to 20,000
 - Median household income of the population served by the proposed facility is below the higher of the poverty line or 90 percent of the State Non-metropolitan median household income

*Grant assistance is based on availability of funds

Community Facilities Grant Program
FY 2013 Funding - \$22 Million





Guarantee Program

Guarantee Program

- **Guarantee Program**
 - Facility must be located in a community of 20,000 or less (Based on 2010 Census)
 - Eligible loan purposes include: construct, enlarge, extend or other wise improve essential community facilities
 - Eligible entities include: municipalities, counties, special purpose districts, nonprofit corporations and federally recognized Indian tribes

Guarantee Program

Guarantee Loan Funding 2013
– Program Obligation \$101 Million

*Interest rates and terms are set by commercial lender

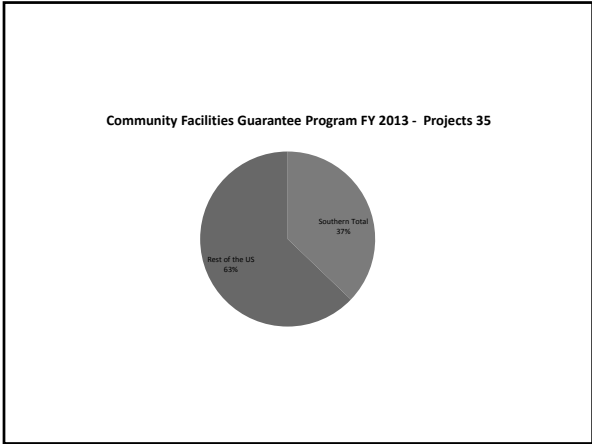
Guarantee Program

- **Guarantee Program**
 - Loan is guaranteed up to 90% by Rural Development
 - Mitigates risk for lender
 - Lender must be unwilling to make the loan without obtaining the loan guarantee
 - Guaranteed portion of loan does not count against legal lending limits
 - Expanded project opportunities

*Great program to utilize when there is an established relationship with local lender

**Community Facilities Programs Guarantee
Funding FY 2013 - \$101 Million**

| Region | Percentage |
|----------------|------------|
| Southern Total | 47% |
| Rest of the US | 53% |



- ### Projects
- River View Primary Care Facility – Dental Clinic - AR
 - Hospital Authority of Candler County – Renovations - GA
 - North Caddo Hospital Service District – New Hospital - LA
 - Greenwood Leflore Hospital – Equipment - MS
 - Mississippi Band of Choctaw Indians – Hospital – MS
 - J Arthur Doshier Memorial Hospital – Renovations – NC
 - Rural Health Services Consortium – Renovation - TN

Public Private Partnership

- USDA Rural Development, through its Community Facilities Programs, has taken a leadership role in facilitating and strengthening Public Private Partnerships to ensure that rural residents have the opportunity for a brighter future with good schools, quality health care and adequate public safety facilities and services.
- CF published a notice in the Federal Register on December 2011 seeking institutional investors and the capital credit markets that are interested in long term investment opportunities in rural community/social infrastructure which will improve rural America's access to capital and leverage resources to better manage credit risk.
- In FY13, with a significant reduction in staff, CF invested in 181 Public Private Partnership community/infrastructure projects across rural America in 41 States. This is compared to FY12's record performance where USDA invested in 100 public private partnerships in 31 states.
- CF leveraged \$910,482,647 in CF direct loan funds with \$500,287,233 in funds from institutional investors and the capital credit markets.

Process Overview

- Clearly identify your need
- Contact your local USDA Rural Development Office with your need
- Local office will determine if your need fits one of our programs

Process Overview

- Local office will request the following:
 - Organizational documents
 - Financial documents (audit/financial statements)
 - Cost estimate
 - Other items as required

Funding Challenges

- Organizational documents include restrictive language
- Financial documents disclose commercial credit is available
- Project is in a community above 20,000

How to Apply

Contact your local USDA Rural Development Office

Agency Contact

| States | Program Director | Phone |
|----------------|-------------------|--------------|
| Alabama | Allen Bowen | 334-279-3615 |
| Arkansas | Stephen Lagasse | 501-301-3265 |
| Florida | Michael Langston | 352-338-3485 |
| Georgia | Jack Stanek | 706-552-2568 |
| Kentucky | Vernon Brown | 859-224-7415 |
| Louisiana | Richard Hoffpauir | 318-473-7965 |
| Mississippi | Bettye Oliver | 601-965-5460 |
| North Carolina | Garland Burnette | 919-873-2063 |
| South Carolina | Michele Cardwell | 803-253-3425 |
| Tennessee | Keith Head | 615-783-1345 |

Typical Questions

- Where do we start?
- What information do you need?
- What is an SF 424?
- Who will you need to meet with?

Relationship Building Is Key



Key Points

- Local presence
- Not paid on commission
- Internal goal is to fulfill our mission statement
- The more organizations assisted the better the quality of life becomes in Rural America
- Fiscal year begins October 1st and ends September 30th

Questions

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Contact Information

Terence McGhee, Regional Coordinator
terence.mcghee@wdc.usda.gov
615-783-1349
