

**EGYPTIAN ELECTRIC COOPERATIVE ASSOCIATION
POLICY BULLETIN NO. 309**

SUBJECT: EECA RURAL ECONOMIC DEVELOPMENT PROGRAM

I. PURPOSE

The purpose of the Egyptian Electric Cooperative (EECA) Rural Economic Development Program is to provide funding for rural projects through loans to businesses within the local area. Funding is provided through the USDA Rural Economic Development Loan and Grant Program (REDLG).

- A. Loans: USDA provides zero-interest loans to qualified local utilities, such as EECA, which in turn, passes through to local businesses (the ultimate recipients) for projects that will create and retain employment in rural areas. The ultimate recipient repays EECA (the intermediary), and EECA is responsible for repayment to USDA.
- B. Grants: USDA provides grant dollars to local utilities to use those funds, as well as funds matched by EECA, to establish a Revolving Loan Fund (RLF). Loans are made from the RLF to projects that will create or retain rural jobs at a zero to minimal interest rate.

II. POLICY

This policy establishes the lending parameters for REDLG project loans and revolving loan funds.

III. ELIGIBILITY

Businesses within the local area are eligible to apply for loans under these programs. All applications will be considered on a case-by-case basis.

IV. PROCEDURE

The EECA Board of Directors shall have sole authority and discretion to approve loans under these programs. EECA staff shall be responsible for providing completed applications to the EECA Board of Directors and verify the following criteria has been met:

- Evaluate the impact of the loan on EECA's financial position;
- Evaluate compatibility with loan fund program's objectives;
- Evaluate compliance with all state and federal regulations and laws that apply to loans under the REDLG Program;
- Project's impact on the community;
- Evaluation of borrower's ability to repay debt, including credit worthiness of applicant and adequate collateral coverage;
- Leveraging of other funding sources (20% minimum);
- Job creation and/or retention;
- Viability of business plan;
- Evaluation of project's probability of success; and
- Project readiness.

V. REPAYMENT AND FEES

The repayment of all funds associated with the EECA Rural Economic Development Program will be defined in the written agreements made with each ultimate recipient. Funding of REDLG projects, shall be consistent with the current rules and regulations set forth by USDA. Funding

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amounts may be adjusted on a case-by-case basis by the Board.

The EECA Board of Directors may elect to charge a nominal interest rate for RLF loans based on the terms and conditions of the USDA funding program. A servicing fee may be charged for RLF funds that is defined in the EECA RLF Plan filed with USDA.

For zero-percent loans, the ultimate recipient will reimburse the Cooperative for all loan closing costs, auditing costs, and legal fees incurred in connection with said loan based on terms and conditions approved.

Repayment terms for all loans shall not exceed ten (10) years in accordance with the REDLG program guidelines.

VI. RESPONSIBILITY

EECA staff shall administer the loan fund program in accordance with all state and federal regulations and laws that apply to loans under the REDLG program.

The General Manager/Executive Vice President shall ensure implementation of this policy. It is the responsibility of all employees and the EECA Board of Directors to comply with this policy and report concerns in accordance with this policy. The General Manager shall periodically review this policy.

Adopted: 12/18/2017
Amended: 05/28/2024
Amended: 8/27/2024

Attested: Paul Hicks, Secretary
Attested: Kevin Liefer, Vice President
Attested: Kevin Bame, Secretary