

Title 6: Economic Development

Part 11: Mississippi Gulf Coast Restoration Fund Grant Program

Part 11 Chapter 1: GCRF Grant Program Rules & Regulations

Rule 1.1 Program Objective.

- A. The Mississippi Gulf Coast Restoration Fund (GCRF) Grant Program administered by the Mississippi Development Authority (MDA), is designed for making grants to finance projects to promote economic growth in the Gulf Coast region as defined by the federal RESTORE Act, or twenty-five (25) miles from the northern boundaries of the three (3) coastal counties of Harrison, Hancock, and Jackson, but not to expand beyond the boundaries of Hancock, Harrison, Jackson, Pearl River, Stone, and George counties. If a county is included in the coastal zone, then the county seat and the land lying to the east, west, and south within that county would be considered a part of the coastal zone.
- B. The Mississippi Gulf Coast Restoration Fund Grant Program is authorized under Miss. Code Ann. § 57-119-1, *et seq.* (the “Act”). Funding for grants to eligible applicants is derived from appropriations or funds otherwise made available by the State Legislature.
- C. Section 7 of the Act requires an application by an eligible applicant which will be compiled and scored by MDA, with advice from the Gulf Coast Restoration Fund Advisory Board. MDA’s recommendations will be presented to the Legislature no later than December 1 of each year. The Legislature shall determine the projects that will be funded in an upcoming appropriation bill.
- D. Section 8 of the Act provides that MDA shall receive an annual appropriation to make grants to eligible applicants throughout the year.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.2 Eligible Applicants. Eligible applicants include, but are not limited to, local units of government, nongovernmental organizations, institutions of higher learning, community colleges, ports, airports, public-private partnerships, private for-profit entities, private non-profit entities, and local economic development entities.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.3 Eligible Projects. The intent of the Act is to stimulate growth and economic development in Pearl River, Stone, George, Jackson, Harrison, and Hancock counties. The GCRF Grant program is designed to support projects that will impact the competitiveness of these coastal counties and have a significant economic benefit on the region. Per the Act, projects must have the potential to generate increased economic activity in the region. The Act directs MDA to give priority to projects that meet the following criteria:

- A. Projects that will impact the long-term competitiveness of the region and may result in a significant positive impact on tax base, private sector job creation and private sector investment in the region;
- B. Projects that demonstrate the maximum long-term economic benefits and long-term growth potential of the region based on a financial analysis such as a cost-benefit analysis or a return-on-investment analysis;
- C. Projects that demonstrate long-term financial sustainability, including clear performance metrics, over the duration of the project;
- D. Projects that leverage or encourage leveraging of other private sector, local, state and federal funding sources with preference to projects that can demonstrate contributions from other sources than funds from the BP settlement;
- E. Projects that are supported by multiple government or private sector entities;
- F. Projects that can move quickly and efficiently to the design, engineering, and permitting phase;
- G. Projects that enhance the quality of life/place and business environment of the region, including tourism and recreational opportunities;
- H. Projects that expand the region's ability to attract high-growth industries or establish new high-growth industries in the region;
- I. Projects that leverage or further enhance key regional assets, including educational institutions, research facilities, ports, airports, rails, and military bases;
- J. Projects that are transformational for the future of the region but create a wider regional impact;
- K. Projects that enhance the marketability of existing industrial properties;
- L. Projects that enhance a targeted industry cluster or create a Center of Excellence unique to the region;
- M. Infrastructure projects for business retention and development;
- N. Projects that enhance research and innovative technologies in the region; and
- O. Projects that provide outcome and return on investment measures, to be judged by clear performance metrics, over the duration of the project or program.

Source: Miss. Code Ann. § 57-119-1, et seq.

Rule 1.4 Approval Process for Section 7 Grants. MDA, with advice from the Gulf Coast Restoration Fund Advisory Board, shall review, compile, and score all timely received applications submitted under Section 7 of the Act and shall present the applications and its recommendations for assistance to individual projects under Section 7 to the Legislature no later than December 1 of the year. The Legislature shall determine individual projects that will be funded by separate line items in an upcoming appropriation bill.

Source: Miss. Code Ann. § 57-119-1, et seq.

Rule 1.5 Approval Process for Section 8 Grants. MDA shall review all applications received during the appropriated year for consideration under Section 8 of the Act and shall make a determination, based on the statutory priorities listed above, regarding which eligible projects are

to be funded. The Legislature will provide MDA with an appropriated amount of funds for use in funding these projects.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.6 Match Requirements. All eligible applicants must provide a match from other non-State funds. All projects must provide a match of at least 20% of the total project costs. In-kind services cannot count toward the match requirement.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.7 Administrative Costs. No more than 10% of GCRF funds are allowed to pay administrative or “soft costs” such as engineering and legal fees. GCRF funds may not be used to pay grant administrator costs. MDA reserves the right to recover from applicants and recipients of GCRF funds a portion of the costs associated with administering assistance provided under the Act.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.8 Registering with the Secretary of State. All business applicants must be licensed to do business in the State by the Secretary of State’s Office, as required by state statute.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.9 Mississippi Employment Protection Act. All grant recipients entering into contracts with the Mississippi Development Authority must represent and warrant that they will ensure compliance with the Mississippi Employment Protection Act and will register and participate in the status verification system of all newly hired employees.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

1.10 Repayment of Funds. Contracts executed by MDA shall have provisions for the repayment of funds by eligible applicants if the grant provided by MDA was based upon fraudulent information provided by the applicant or the applicant is not meeting performance requirements as described in the contract.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.11 Applications. To apply for the Mississippi Gulf Coast Restoration Fund Grant Program, applicants for funding under both Section 7 and Section 8 of the Act must submit a completed application that includes the following:

- A. The name, address, and contact information of the applicant and the benefiting entity, if different;
- B. A detailed description of the project and a narrative explaining how the project relates to

- the statutory priorities of the Act;
- C. Current employment levels at the project site and an estimated increase, if any, as a result of the project (if applicable);
 - D. A description of the applicant's investment in the project and all public and/or private sources of funding that have been secured and that will be utilized exclusively for the project;
 - E. Cost estimate: a cost estimate must be submitted by an engineer, architect, or appropriate official;
 - F. Timeline for implementation and completion of the project;
 - G. Budget sheet;
 - H. Executed copy of the local unit of government's resolution of authorization to apply for grant funds (if the applicant is a public entity);
 - I. Executed copy of the local unit of government's resolution committing matching funds to the project (if the applicant is a public entity);
 - J. Documentation of additional funds, if applicable (all matching funds must be committed and in place with documentation at the time of application);
 - K. Supporting documentation, such as pictures, company commitment letters, letters of support from stakeholders, etc., if applicable; and
 - L. Proof that E-Verification systems are in place, if applicable.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.12 Submitting Applications for Funding under Section 7. Applications for funding under Section 7 of the Act must be submitted to MDA via web portal prior to the application deadline each year. Applications must include a completed application form (available on MDA's website) and all necessary supporting documentation and must be submitted in Portable Document Format (.pdf) via the web portal, which can be accessed from MDA's website, www.mississippi.org.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.13 Submitting Applications for Funding under Section 8. Applications for funding under Section 8 of the Act will be accepted on a rolling basis; there is no application deadline to apply for Section 8 funding. Applications for funding under Section 8 must include a completed application form and all necessary supporting documentation. Any application submitted for funding under Section 8 that does not contain information sufficient for review will not be considered for funding. Applications can be mailed to:

Mississippi Gulf Coast Restoration Fund Grant Program
Mississippi Development Authority
Financial Resources Division
501 North West Street
Jackson, MS 39201

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.14 Award Process. Upon being awarded a GCRF grant, a binding contract will be executed between the Mississippi Development Authority and the recipient for the specific amount awarded and for the particular activity selected by the applicant. Construction may not begin prior to an effective grant award date. Any expenses incurred before the effective date of the grant agreement will not be reimbursed by MDA.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.15 Procurement. All contracts and purchases must be made in accordance with normal bid and purchase laws of a local unit of government or other public entity if the grant is for a public purpose.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.16 Minority and Women Owned Business Enterprises. MDA encourages the maximum opportunity for increased participation by minority and women-owned business enterprises in the procurement of goods and services. MDA's Minority Business Division and the Mississippi Procurement Technical Center can assist with minority and women-owned business enterprise outreach efforts. See www.mnbr.org or www.mspsc.com for more information.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.17 Disbursement of Funds.

- A. All funds awarded must be spent for improvements within the scope of the original project description as stated in the grant application.
- B. MDA will release GCRF program funds for services rendered, on a reimbursement basis, for approved eligible costs incurred for the project. For grants made to businesses, invoices and proof of payment are needed in order for payments to be processed.
- C. All funded projects are required to begin within 12 months of the award date. Where the project has not commenced within 12 months, the applicant must satisfactorily demonstrate that the project is proceeding or the award may be de-obligated.
- D. Recipients will have two (2) years from the date of the grant agreement to request reimbursement for GRCF funds. Failure to implement and complete the project within that time frame may result in the de-obligation of funds.

- E. Adequate invoices and other certified documentation must be submitted with a Request for Payment form for funds to be disbursed. A copy of the Request for Payment form and detailed instructions for submitting payment requests will be provided after an application is approved.
- F. An Authorized Signatory Letter must be sent on letterhead prior to or no later than with the first Request for Cash and at any time there is a change in designated signatory officials.
- G. All forms submitted must be accurately completed or the request cannot be processed and will be returned to the recipient. Forms submitted with errors will delay the process and greatly impact the turnaround time for funds being released because all information must be verified and approved for payment prior to submission to the Department of Finance and Administration. According to state statute, 45 days is allowed for the processing of cash requests. If after the 45th day payment has not been received, recipients should contact MDA to check on the status of their request.
- H. Requests for Cash overlapping the State's fiscal year (June 30th) or the sub-recipient's fiscal year must be separated into two separate requests.
- I. All requests for reimbursement of construction expenses must include an itemized invoice approved by the engineer/architect.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.18 Contract Modifications.

- A. MDA must approve any request for a contract amendment, modification, or extension. GCRF grant recipients must submit correspondence and documentation associated with the request, signed under the original signature of the chief elected official, appointed executive officer, or officer of any private entity supporting the need for the change(s) or extension.
- B. MDA must approve any changes to the original budget. Failure to have approval may result in an ineligible activity which may result in the repayment of grant funds to MDA.
- C. No approved applicant will be allowed to use excess funds to pay for project costs not accounted for in the original project description. Additionally, if a recipient completes a project for less than the amount awarded, excess funds can be requested for additional project work as long as there is no change from the scope of the original project.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.19 Reporting. To comply with the Act's reporting requirements, GCRF grant recipients must submit a report in writing to MDA no later than September 1 of every year. This report must include a status of progress, the project's start date, the project's anticipated completion date, benchmark achievements, and any modifications to the original application since having been approved for assistance by MDA.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.20 Monitoring.

- A. Funds provided under the GCRF are subject to audit by the Mississippi State Auditor's office. Additionally, MDA will also monitor all projects to ensure compliance with the original application submitted. All recipients must comply with requests from MDA regarding information required by the Legislature.
- B. During the life of the project or at project completion, MDA will contact the grant recipient to determine a date for a monitoring visit.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.21 Close-Out Process.

- A. Close-out packages bearing the original signatures of the designated signatory officials are due to MDA within 30 days after completion of the project or 60 days from the termination date of the contract.
- B. The close-out process encompasses a series of activities to verify that GCRF funds have been properly spent and the project has been completed in a timely and acceptable manner.
- C. The tasks involved in closing out a grant include resolution of all monitoring findings; submission of a close-out report (one original copy); and submission of a Certificate of Completion (two original signed copies).
- D. The close-out process should begin when the following criteria have been met or will be met shortly:
 - (i.) All costs to be paid with program funds have been paid, including any unsettled third-party claims.
 - (ii.) The recipient has fulfilled all of its responsibilities under the grant agreement. This includes injection of all matching funds, all private investment, and all job creation/retention commitments (where applicable).
- E. Delays in completing close-out can result in the denial of future funding requests from MDA.
- F. All monitoring findings must be resolved before the close-out can be finalized.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.22 File Maintenance. Maintaining an efficient filing system is critical to the administration and monitoring of a GCRF grant. A successful monitoring experience hinges on the quality with which the recipient maintains its filing system and the ease of obtaining information from those files. When establishing a file system, grant recipients should consider using two categories to set up their files, grant files, and project files. The grant files should contain documentation and information that relate to the overall funding and administration of

the project. The project files should contain specific documentation and information pertaining to the GCRF project and should be maintained for a minimum of five (5) years from grant closeout or for the period required as specified by governing regulations.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 1.23 Waiver. These guidelines may be amended by MDA at any time. MDA, at its discretion, may temporarily waive any requirement of the guidelines to the extent that the result of such waiver is to promote the public purpose of the Act and is not prohibited by State Law.

Program Contacts. With questions or to request more information regarding the GCRF grant program, contact:

Mississippi Development Authority

Governmental Affairs

P.O. Box 849

Jackson, Mississippi 39205

601.359.3449

Title 6: Economic Development

Part 11: Gulf Coast Restoration Fund Loan Program

Part 11 Chapter 2: GCRF Loan Program Rules & Regulations

Rule 2.1 Program Objective.

- A. The Mississippi Gulf Coast Restoration Fund (GCRF) Loan Program administered by the Mississippi Development Authority (MDA) is designed for making loans to finance projects to promote economic growth in the Gulf Coast region as defined in the federal RESTORE Act, or twenty-five (25) miles from the northern boundaries of the three (3) coastal counties of Harrison, Hancock, and Jackson, but not to expand beyond the boundaries of Hancock, Harrison, Jackson, Pearl River, Stone, and George counties. If a county is included in the coastal zone, then the county seat and the land lying to the east, west, and south within that county would be considered a part of the coastal zone.
- B. The Mississippi Gulf Coast Restoration Fund Loan Program is authorized under Miss. Code Ann. § 57-119-1, *et seq.* (the “Act”). Funding for loans for eligible applicants is derived from appropriations or funds otherwise made available by the State Legislature.
- C. Section 7 of the Act requires applicants to submit applications to the Mississippi Development Authority (MDA), which will then compile and score the applications received, with advice from the Gulf Coast Restoration Fund Advisory Board. MDA’s recommendations will be presented to the Legislature no later than December 1 of each year, and the Legislature then shall determine the projects that will be funded in an upcoming appropriation bill.
- D. Section 8 of the Act provides that MDA shall receive an annual appropriation from the Legislature to make loans to eligible applicants throughout the year.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.2 Eligible Loan Purposes and Uses. The intent of the Act is to stimulate growth and economic development in Pearl River, Stone, George, Jackson, Harrison, and Hancock counties. The GCRF Loan Program is designed to support projects that will impact the competitiveness of these coastal counties and have a significant economic benefit on the region.

To be eligible for a GCRF loan, projects must have the potential to generate increased economic activity in the region, and MDA will give priority to projects that meet the following objectives established by the Act:

- A. Projects that will impact the long-term competitiveness of the region and may result in a significant positive impact on tax base, private sector job creation, and private sector investment in the region;

- B. Projects that demonstrate the maximum long-term economic benefits and long-term growth potential of the region based on a financial analysis such as a cost-benefit analysis or a return-on-investment analysis;
- C. Projects that demonstrate long-term financial sustainability, including clear performance metrics, over the duration of the project;
- D. Projects that leverage or encourage leveraging of other private sector, local, state and federal funding sources with preference to projects that can demonstrate contributions from other sources than funds from the BP settlement;
- E. Projects that are supported by multiple government or private sector entities;
- F. Projects that can move quickly and efficiently to the design, engineering, and permitting phase;
- G. Projects that enhance the quality of life/place and business environment of the region, including tourism and recreational opportunities;
- H. Projects that expand the region's ability to attract high-growth industries or establish new high-growth industries in the region;
- I. Projects that leverage or further enhance key regional assets, including educational institutions, research facilities, ports, airports, rails, and military bases;
- J. Projects that are transformational for the future of the region but create a wider regional impact;
- K. Projects that enhance the marketability of existing industrial properties;
- L. Projects that enhance a targeted industry cluster or create a Center of Excellence unique to the region;
- M. Infrastructure projects for business retention and development;
- N. Projects that enhance research and innovative technologies in the region; and
- O. Projects that provide outcome and return on investment measures, to be judged by clear performance metrics, over the duration of the project or program.

GCRF loan funds can be used to finance long-term fixed assets, including land, buildings, and equipment and other real property improvements.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.3 Ineligible Loan Purposes and Uses. Under the program, loan funds may not be used for the following purposes:

- A. Refinancing existing debt
- B. Financing the acquisition, construction, improvement, or operation of real property, which is to be held primarily for sale or investment, such as commercial real estate ownership
- C. Financing any business engaged in lending, directly or indirectly
- D. Repaying delinquent federal or state income taxes

- E. Reimbursing funds owed to any owner, including any equity injection
- F. Financing working capital
- G. Financing rolling stock

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.4 Qualified Borrowers.

- A. Companies – including, but not limited to, nongovernmental organizations, private for-profit entities, and private non-profit entities. The company must be financially sound, present evidence that it can repay the debt, and must not have defaulted on any previous loan from the state or federal government.
- B. Governmental Entities and Economic Development Organizations – including, but not limited to, local units of government, institutions of higher learning, ports, airports, public-private partnerships, and public, local economic development entities.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.5 Registering with the Secretary of State. All business applicants must be licensed to do business in the State by the Secretary of State’s Office, as required by state statute.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.6 Mississippi Employment Protection Act. All loan recipients entering into contracts with the Mississippi Development Authority must represent and warrant that they will ensure compliance with the Mississippi Employment Protection Act and will register and participate in the status verification system of all newly hired employees.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.7 Loan Terms and Conditions.

- A. The borrower must inject a minimum of ten percent (10%) equity into the project.
- B. The minimum loan amount is \$250,000.
- C. The term of the loan shall be the determined useful life of the asset to be financed or up to twenty (20) years, whichever is less.
- D. The rate of interest on the loan will be at a fixed rate. MDA will determine the interest rate of a loan on a project-by-project basis based on a review of the application.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.8 Repayment. Principal and interest payments will be due on a monthly basis, with a fixed amount to be paid over the life of the loan.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.9 Liens. Each loan will be secured by a lien to provide adequate security for MDA to recover its investment in case of default on the loan. Liens may be in the form of, but are not limited to, personal guarantees, liens on equipment installed, or a security interest in other assets.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.10 Guaranties. For business applicants, individuals or entities with twenty percent (20%) or more ownership in the company will be required to provide personal guaranties and life insurance.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.11 Applications. Applications from Companies, Governmental Entities and Economic Development Organizations must include:

- A. A detailed description of the project;
- B. A cost estimate for the project, as well as a detailed breakdown of all public or private sources of funding;
- C. Information regarding the purpose of the proposed loan, including the activities to be funded with loan proceeds and the cost of each;
- D. Documentation on how the proposed loan relates to the priorities outlined in the Act; and
- E. The time schedule for implementation and completion of the project evidencing an expeditious completion of the project.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.12 Application Fee. A \$5,000 application fee is due when an application is filed with MDA.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.13 Applying for Funding under Section 7.

- A. All applicants requesting GCRF loan funding under Section 7 of the Act must submit a completed application to MDA via web portal prior to the application deadline each year. Applications must include a completed application form (available on MDA's website)

and all necessary supporting documentation and must be submitted in Portable Document Format (.pdf) via the web portal, which can be accessed from MDA's website, www.mississippi.org.

- B. Applicants who are Companies may be asked to submit the following to MDA upon request:
 - (i.) Company balance sheets, income statements, and statements of cash flow for the previous three (3) fiscal years and current statements dated within ninety (90) days of application and/or three (3) years of tax returns;
 - (ii.) A two (2) year business plan for the project; and
 - (iii.) A list of principal stockholders, partners, or parties who have ownership of twenty percent (20%) or more in the Company. If the applicant is a new Company, each of these individuals must provide personal financial statements for the past three years and current statements dated within (90) days of application, as well as three (3) years of tax returns.
- C. Applicants who are Governmental Entities and Economic Development Organizations may be asked to submit the following to MDA upon request:
 - (i.) Certified proof of publication of the Resolution of Intention of the governmental entity to apply for the GCRF Loan Program. The Resolution must be published once a week for at least four (4) consecutive weeks in a newspaper having general circulation in the county. Upon receiving the results of the publication of the Resolution of Intention, the governmental entity may need to provide MDA with an executed Resolution of No Protest.; and
 - (ii.) Most recent audited financial statements.
- D. MDA may require additional information as needed.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.14 Applying for Funding under Section 8.

- A. Applications for funding under Section 8 of the Act will be accepted on a rolling basis; there is no application deadline to apply for Section 8 funding. All applicants requesting GCRF loan funding under Section 8 must submit a completed application form and all necessary supporting documentation.
- B. After an initial application review, MDA will ask applicants who are Companies to submit the following:
 - (i.) Company balance sheets, income statements, and statements of cash flow for the previous three (3) fiscal years and current statements dated within ninety (90) days of application and/or three (3) years of tax returns;
 - (ii.) A two (2) year business plan for the project; and
 - (iii.) A list of principal stockholders, partners, or parties who have ownership of twenty

percent (20%) or more in the Company. If the applicant is a new Company, each of these individuals must provide personal financial statements for the past three years and current statements dated within (90) days of application, as well as three (3) years of tax returns.

- C. After an initial application review, MDA will ask applicants who are Governmental Entities and Economic Development Organizations to submit the following:
 - (i.) Certified proof of publication of the Resolution of Intention of the governmental entity to apply for the GCRF Loan Program. The Resolution must be published once a week for at least four (4) consecutive weeks in a newspaper having general circulation in the county. Upon receiving the results of the publication of the Resolution of Intention, the governmental entity will need to provide MDA with an executed Resolution of No Protest.; and
 - (ii.) Most recent audited financial statements.
- D. MDA may require additional information as needed.
- E. Applications can be mailed to:
 - Mississippi Gulf Coast Restoration Fund Grant Program
 - Mississippi Development Authority
 - Financial Resources Division
 - 501 North West Street
 - Jackson, MS 39201

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.15 Section 7 Loan Approval Process. Loans requested under Section 7 of the Act are subject to approval by the Legislature. MDA, with advice from the Gulf Coast Restoration Fund Advisory Board, shall review, compile, and score all timely received loan applications submitted under Section 7 of the Act and shall present the applications and its recommendations for assistance to individual projects under Section 7 to the Legislature no later than December 1 of each year. The Legislature shall determine individual projects that will be funded by separate line items in an upcoming appropriation bill, and the Legislature will determine the timing of the loan and if MDA needs to provide additional due diligence.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.16 Section 8 Loan Approval.

MDA shall review all GCRF loan applications received during the appropriated year for consideration under Section 8 of the Act, and all completed loan applications will be presented for consideration to MDA's GCRF Loan Review Committee. If a loan has been applied for under Section 8 of the Act and the review committee has approved a loan application, the loan commitment is valid for ninety (90) days. If the loan has not closed within ninety (90) days,

updated information may be required and the loan will be resubmitted to the review committee for approval before the loan can proceed to closing.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.17 Loan Closing.

- A. Based upon the terms and conditions established by MDA, MDA will have all security and loan documents, including but not limited to the loan agreement and promissory note, prepared by outside counsel. Prior to disbursement of any funds, all loan documents must be fully executed.
- B. The borrower will also be responsible for paying for all costs associated with the closing of the loan, including document preparation, attorney's fees, title searches and filing fees.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.18 Administrative Costs. MDA reserves the right to recover from applicants and recipients of GCRF funds a portion of the costs associated with administering assistance provided under the Act.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.19 Disbursement Process. MDA will release loan funds on a reimbursement or services rendered basis for approved eligible costs of the project as incurred. The borrower shall certify to MDA that the expenses were incurred and were in accordance with the project as approved by MDA. Funds will be released periodically upon receipt of supporting documentation from the borrower based upon a schedule established by MDA.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.20 Reporting/Monitoring. To comply with the Act's reporting requirements, borrowers must submit a report in writing to MDA no later than September 1 of every year. This report must include a status of progress, the project's start date, the project's anticipated completion date, benchmark achievements, and any modifications to the original application since having been approved for assistance by MDA.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.21 Audit. Funds provided under the GCRF Loan program are subject to audit by the Mississippi State Auditor's office. Additionally, MDA will also monitor all projects to ensure compliance with the original application submitted. All borrowers must comply with requests from MDA regarding information required by the Legislature.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 2.22 Waiver. These guidelines may be amended by MDA at any time. MDA, in its discretion, may temporarily waive any requirement of the guidelines to the extent that the result of such waiver is to promote the public purpose of the Act and is not prohibited by State Law.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Contact Information. Program inquiries should be directed to:
Mississippi Development Authority
Governmental Affairs
P.O. Box 849
Jackson, Mississippi 39205
601.359.3449

Title 6: Economic Development

Part 11: Mississippi Gulf Coast Restoration Fund Loan Guaranty Program

Part 11 Chapter 3: GCRF Loan Guaranty Program

Rule 3.1 Program Objective.

- A. The Mississippi Gulf Coast Restoration Fund (GCRF) Loan Guaranty Program administered by the Mississippi Development Authority (MDA) is designed for making loan guaranties to finance projects that promote economic growth in the Gulf Coast region as defined by the RESTORE Act, or twenty-five (25) miles from the northern boundaries of the three (3) coastal counties of Harrison, Hancock, and Jackson, but not to expand beyond the boundaries of Hancock, Harrison, Jackson, Pearl River, Stone, and George counties. If a county is included in the coastal zone, then the county seat and the land lying to the east, west, and south within that county would be considered a part of the coastal zone. Funding for loan guaranties is derived from appropriations or funds otherwise made available by the Mississippi Legislature.
- B. The Mississippi Gulf Coast Restoration Fund Loan Guaranty Program is authorized under Miss. Code Ann. § 57-119-1, *et seq.* (the “Act”).
- C. Section 7 of the Act requires eligible applicants to submit applications to the Mississippi Development Authority (MDA), which will then compile and score the applications received, with advice from the Gulf Coast Restoration Fund Advisory Board. MDA’s recommendations will be presented to the Legislature no later than December 1 of each year. The Legislature shall determine the projects that will be funded in an upcoming appropriation bill.
- D. Section 8 of the Act provides MDA with an appropriation to make loan guaranties to eligible applicants throughout the year.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.2 Eligible Borrowers. Eligible borrowers may include:

- A. Mississippi new or existing small businesses with up to 250 employees and less than \$7,000,000 in gross revenues or \$1,000,000 in profit after taxes.
- B. Mississippi nonprofit organizations, when the financing is for a “business purpose.”

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.3 Eligible Financial Institutions. All financial institutions must be preapproved by MDA before participating in the program. Eligible participating Financial Institutions must have operations in Mississippi and may include:

- A. Commercial banks
- B. Savings banks
- C. Federal land banks
- D. Farm credit banks, agricultural credit associations, or other farm credit agencies
- E. Mississippi Planning and Development Districts
- F. Community development corporations
- G. Community development financial institutions

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.4 Eligible Loan Purposes. GCRF loan guaranty projects must have the potential to generate increased economic activity in the Gulf Coast region, and MDA will give priority to loan guaranty projects that meet the following objectives established by the Act. Loans must be for a business purpose and may be for the following activities:

- A. Construction
- B. Remodeling or renovation
- C. Leasehold improvements
- D. Purchase of land, buildings, machinery and equipment
- E. New business start-up costs
- F. Working capital

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.5 Lender Participation.

- A. An eligible financial institution must be approved for participation in the GCRF Loan Guaranty Program by MDA. To be approved for participation in the program, an eligible financial institution must submit an *Application for Participation* to MDA. The application document and list of required attachments will be reviewed by MDA and considered for approval for participation in the program.
- B. An MDA-approved financial institution will be required to enter into the GCRF *Loan Guaranty Program Agreement*. This agreement establishes the terms and conditions of the program and obligates the lender to meet program requirements.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.6 Borrower Application.

- A. The borrower must be a new or existing Mississippi small business (or business locating in Mississippi). The borrower may be a Mississippi nonprofit entity, if the loan is for an eligible “business purpose.”
- B. The borrower must have fewer than 250 employees.

- C. If the borrower is an existing business, it must have earned less than either \$7,000,000 in gross revenues or less than \$1,000,000 in profit after taxes in the most recent completed fiscal year.
- D. All borrowers must be credit worthy and demonstrate the ability to repay the loan, must be in compliance with all state and federal regulatory agencies, and must not be in default on any previous debt or obligation with the state or federal government.
- E. All borrowers must identify a financial institution willing to serve as a lender and participate in the GCRF Program and its parameters. MDA staff may provide a list of lenders who have previously participated in the program upon request.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.7 Ineligible Borrowers.

- A. The borrower may not be an executive officer, director, or principal shareholder of the partnering Financial Institution or a member of the immediate family of an executive officer, director, or principal shareholder of the partnering Financial Institution. Immediate family is defined as spouse, parent, child, or sibling of the applicant.
- B. The borrower may not earn more than half its annual net revenue from lending activities and may not be a business that is engaged in the following activities:
 - i. Speculative activities that develop profits from fluctuations in price rather than the normal course of trade
 - ii. Pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants
 - iii. Gambling enterprises
 - iv. Activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.8 Eligible Loan Types/Purposes. The intent of the Act is to stimulate growth and economic development in Pearl River, Stone, George, Jackson, Harrison, and Hancock counties. GCRF loan guaranty projects must have the potential to generate increased economic activity in the Gulf Coast region, and MDA will give priority to loan guaranty projects that meet the following objectives established by the Act:

- A. Projects that will impact the long-term competitiveness of the region and may result in a significant positive impact on tax base, private sector job creation and private sector investment in the region;
- B. Projects that demonstrate the maximum long-term economic benefits and long-term growth potential of the region based on a financial analysis such as a cost-benefit analysis or a return-on-investment analysis;
- C. Projects that demonstrate long-term financial sustainability, including clear performance

- metrics, over the duration of the project;
- D. Projects that leverage or encourage leveraging of other private sector, local, state and federal funding sources with preference to projects that can demonstrate contributions from other sources than funds from the BP settlement;
 - E. Projects that are supported by multiple government or private sector entities;
 - F. Projects that can move quickly and efficiently to the design, engineering, and permitting phase;
 - G. Projects that enhance the quality of life/place and business environment of the region, including tourism and recreational opportunities;
 - H. Projects that expand the region's ability to attract high-growth industries or establish new high-growth industries in the region;
 - I. Projects that leverage or further enhance key regional assets, including educational institutions, research facilities, ports, airports, rails, and military bases;
 - J. Projects that are transformational for the future of the region but create a wider regional impact;
 - K. Projects that enhance the marketability of existing industrial properties;
 - L. Projects that enhance a targeted industry cluster or create a Center of Excellence unique to the region;
 - M. Infrastructure projects for business retention and development;
 - N. Projects that enhance research and innovative technologies in the region; and
 - O. Projects that provide outcome and return on investment measures, to be judged by clear performance metrics, over the duration of the project or program.
- Loan proceeds must be used for a “business purpose.” A business purpose includes, but is not limited to, startup costs, working capital, equipment, and inventory, as well as the purchase, construction, renovation or tenant improvements of an eligible place of business that is not for passive real estate investment purposes.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.9 Ineligible Loan Types/Purposes. Under the program, loans made for the following uses or purposes are not eligible to apply:

- A. Financing the acquisition, construction, improvement or operation of real property, which is to be held primarily for sale or investment, such as commercial real estate ownership
- B. Financing any business engaged in lending, directly or indirectly
- C. Financing a nonbusiness purpose
- D. Repaying delinquent federal or state income taxes
- E. Reimbursing funds owed to any owner, including any equity injection

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.10 Guaranty Percentage. The percentage of the loan guaranty will be determined by the type of loan and the risk profile of the loan.

- A. Working capital, lines of credit, and accounts receivable loans will be eligible for a loan guaranty of up to fifty percent (50%).
- B. Loans to finance fixed assets, such as equipment and real estate, will be eligible for a loan guaranty of up to eighty percent (80%), based on the risk associated with the loan.

To determine the percentage of guaranty approved for each loan, the guaranty application will be reviewed by MDA's GCRF Loan Guaranty Review Committee. The committee will consider credit history, experience, and history of the borrower, collateral coverage, and job creation in its evaluation and will set the guaranty percentage based on these factors.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.11 Loan and Guaranty Amount.

The amount of the loan guaranty will not exceed eighty percent (80%) of the loan amount or \$500,000, whichever is less. The minimum amount for a GCRF-eligible loan will not be less than \$50,000.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.12 Guaranty Terms.

- A. Working capital, lines of credit, and accounts receivable loans will have a maximum guaranty term of five (5) years.
- B. Loans to finance fixed assets, such as equipment and real estate, will be eligible for a guaranty term of up to fifteen (15) years. The term will not exceed the useful life of the assets securing the loan or being financed, with a maximum term of fifteen (15) years.
- C. The term of the GCRF guaranty shall match the term of the financial institution's loan, up to the maximum of fifteen (15) years. (Amortization may exceed the loan term).

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.13 MDA Reserve. MDA shall keep the amount of each guaranty in the proper fund in the State Treasury until the loan has been repaid early, there has been a default, or the term of the loan has expired and the loan has been closed.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.14 Interest Rate.

No specific interest rate is required under the program. Interest shall be charged on the GCRF-guaranteed loan, and payment terms are negotiated between the lender and the borrower.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.15 Application Process for Loan Guaranties Submitted under Section 7.

- A. A prospective borrower must submit a completed application to MDA via web portal prior to the application deadline each year. Applications must include:
 - i. A completed application form (available on MDA's website) and all necessary supporting documentation required by the application form.
 - ii. A statement addressing confirming the business meets the GCRF Loan Guaranty Program's requirements relating to employment levels and revenue and/or profit levels.
 - iii. The name and contact information of a financial institution willing to participate in the program as a lender and adhere to the program's parameters.
- B. Applications for funding under Section 7 of the Act must be submitted to MDA in Portable Document Format (.pdf) via web portal, which can be accessed from MDA's website, www.mississippi.org.
- C. Loan guaranties requested under Section 7 of the Act are subject to approval by the Legislature. MDA, with advice from the Gulf Coast Restoration Fund Advisory Board, shall review, compile, and score all timely received loan guaranty applications submitted under Section 7 of the Act and shall present applications and its recommendations for assistance to individual projects under Section 7 to the Legislature no later than December 1 of each year. The Legislature shall determine individual projects that will be approved for loan guaranties by separate line items in an upcoming appropriations bill.
- D. After any loan guaranty is approved, the financial institution may be asked to provide to MDA, in writing, all required information for the preparation of any GCRF Guaranty Program loan closing documents, as well as a Servicing Agreement Letter certifying to act as the collection and service agent for the guaranteed loan and agreeing to program terms and conditions.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.16 Application Process for Loan Guaranties Submitted under Section 8.

- A. A borrower must first identify a partnering financial institution willing to participate in the GCRF Program and its parameters. MDA staff may provide a list of lenders that have previously participated in the program.
- B. The financial institution will originate the guaranty application for an eligible borrower

and a loan in support of that business and must submit all required documentation, including a loan narrative describing the project, an overview of the business, the purpose of the loan, and the proposed use of the loan proceeds, to MDA. Applications for loan guaranties submitted under Section 8 of the Act will be accepted on a rolling basis; there is no application deadline to apply for guaranties under Section 8.

- C. With each guaranty application submitted under Section 8, the financial institution also must provide MDA with a Servicing Agreement Letter certifying to act as the collection and service agent for the guaranteed loan and agreeing to program terms and conditions.
- D. All completed loan guaranty applications requested under Section 8 of the Act will be presented for consideration to MDA's GCRF Guaranty Review Committee. The committee will review each application and determine the guaranty percentage for the loan, based on credit history, experience and history of the borrower, collateral coverage, and job creation.
- E. If a loan guaranty has been applied for under Section 8 of the Act and the review committee has approved a guaranty application and percentage, the guaranty commitment is valid for ninety (90) days. If the loan has not closed within ninety (90) days, updated information may be required and the loan will be resubmitted to the review committee for approval before the loan can proceed to closing.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.17 MDA Application Fee. There is a \$5,000 application fee that is due when an application is filed with MDA.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.18 Registering with the Secretary of State. All borrowers must be licensed to do business in the state by the Secretary of State's Office, as required by state statute.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.19 Mississippi Employment Protection Act. All borrowers must represent and warrant that they will ensure compliance with the Mississippi Employment Protection Act and will register and participate in the status verification system of all newly hired employees.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.20 Loan Closing. All closing documents must be properly executed and a copy provided to MDA upon loan closing. All exhibits to the closing documents must be filed and copies sent to MDA no later than thirty (30) days from the date of the closing.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.21 Lender Fee. The financial institution may charge the business a servicing fee, which may not exceed one percent (1%) of the GCRF Program loan guaranty amount. The fee will be a one-time charge collected at the loan closing. The fee may be paid directly by the business, deducted from the GCRF Program loan proceeds, or financed as part of the financial institution's loan.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.22 Loan Servicing. The financial institution will be responsible for underwriting and servicing the GCRF Program loan and will enforce the terms and conditions of all closing documents executed for the GCRF Program Loan.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.23 Reporting/Monitoring.

- A. Funds provided under the GCRF are subject to audit by the Mississippi State Auditor's office. Additionally, MDA will also monitor all projects to ensure compliance with the original application submitted. All financial institutions and borrowers must comply with requests from MDA regarding information required by the Legislature.
- B. To comply with the Act's reporting requirements, the financial institution must complete and submit an annual report to MDA on the status of the loan no later than September 1 of each year. The financial institution will submit a loan transaction history report summarizing the current balance, payments on principal to date, payments on interest to date, and any past due statements and any other information required by MDA. The annual report is due to MDA by September 1 of each year. Additionally, the lender will be required to report immediately any material change in the status of the borrower or collateral.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.24 Prepayment and Loan Default.

- A. The financial institution shall notify MDA in writing of any prepayments of the loan.
- B. The financial institution's loan and note are prohibited from being sold, assigned, conveyed, sub-participated, subdivided, encumbered, or otherwise transferred.
- C. MDA will consider any loan that has become delinquent in amount equal to the required payment to be in default. In the event of a loan default, the financial institution will submit a claim form on the guaranty once all required collection procedures have been performed. Guaranty payments will be calculated after all collateral has been applied to the outstanding balance.

D. The GCRF Program guaranty will reimburse the financial institution for its loss, up to the percentage of the GCRF Program guaranty.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Rule 3.25 Waiver. These guidelines may be amended by MDA at any time. MDA, in its discretion, may temporarily waive any requirement of the guidelines to the extent that the result of such waiver is to promote the public purpose of the Act and is not prohibited by State Law.

Source: Miss. Code Ann. § 57-119-1, *et seq.*

Contact Information. Program inquiries should be directed to:
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