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## Title 13 – Business Credit and Assistance

### Chapter III – Economic Development Administration, Department of Commerce

#### Part 304 Economic Development Districts

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## PART 304—ECONOMIC DEVELOPMENT DISTRICTS

**Authority:** 42 U.S.C. 3122; 42 U.S.C. 3171; 42 U.S.C. 3172; 42 U.S.C. 3196; Department of Commerce Organization Order 10-4.

**Source:** 71 FR 56675, Sept. 27, 2006, unless otherwise noted.

### § 304.1 Designation of Economic Development Districts: Regional eligibility.

Upon the request of a District Organization (as defined in § 304.2), EDA may designate a Region as an Economic Development District if such Region:

- (a) Contains at least one geographic area that is subject to the economic distress criteria set forth in § 301.3(a)(1) of this chapter and is identified in an approved CEDS;
- (b) Is of sufficient size or population and contains sufficient resources to foster economic development on a scale involving more than a single geographic area subject to the economic distress criteria set forth in § 301.3(a)(1) of this chapter;
- (c) Has an EDA-approved CEDS that:
  - (1) Meets the requirements under § 303.7 of this chapter;
  - (2) Contains a specific program for intra-District cooperation, self-help, and public investment; and
  - (3) Is approved by each affected State and by the Assistant Secretary;
- (d) Obtains commitments from at least a majority of the counties or other areas within the proposed District, as determined by EDA, to support the economic development activities of the District; and
- (e) Obtains the concurrence with the designation request from the State (or States) in which the proposed District will be wholly or partially located.

[71 FR 56675, Sept. 27, 2006, as amended at 79 FR 76131, Dec. 19, 2014]

## § 304.2 District Organizations: Formation, organizational requirements and operations.

- (a) **General.** A "District Organization" is an entity that satisfies the formation and organizational requirements under paragraphs (b) and (c) of this section.
- (b) **Formation.** A District Organization must be organized as one of the following:
  - (1) A public organization formed through an inter-governmental agreement providing for the joint exercise of local government powers; or
  - (2) A public organization established under State-enabling legislation for the creation of multi-jurisdictional area-wide planning organizations; or
  - (3) A non-profit organization incorporated under the applicable non-profit statutes of the State in which it is incorporated.
- (c) **Organization and governance.**
  - (1) Each District Organization must meet the requirements of this paragraph (c) concerning membership composition, the maintenance of adequate staff support to perform its economic development functions, and its authorities and responsibilities for carrying out economic development functions. The District Organization's board of directors (or other governing body) also must meet these requirements.
  - (2) The District Organization must demonstrate that its governing body is broadly representative of the principal economic interests of the Region, which may include the private sector, public officials, community leaders, representatives of workforce development boards, institutions of higher education, minority and labor groups, and private individuals. In addition, the governing body must demonstrate the capacity to implement the EDA-approved CEDS.
  - (3) The District Organization must be assisted by a professional staff drawn from qualified persons in economic development, planning, business development or related disciplines.
  - (4) The governing bodies of District Organizations must provide access for persons who are not members to make their views known concerning ongoing and proposed District activities in accordance with the following requirements:
    - (i) The District Organization must hold meetings open to the public at least twice a year and also shall publish the date and agenda of such meetings sufficiently in advance to allow the public a reasonable time to prepare in order to participate effectively.
    - (ii) The District Organization shall adopt a system of parliamentary procedures to assure that board members and others have access to an effective opportunity to participate in the affairs of the District.
    - (iii) The District Organization shall provide information sufficiently in advance of decisions to give the public adequate opportunity to review and react to proposals. District Organizations should communicate technical data and other material to the public so they may understand the impact of public programs, available options and alternative decisions.
    - (iv) The District Organization must make available to the public such audited statements, annual budgets and minutes of public meetings, as may be reasonably requested.

- (v) The District Organization and its board of directors must comply with all Federal and State financial assistance reporting requirements and the conflicts of interest provisions set forth in § 302.17 of this chapter.

(d) **Operations.**

- (1) The District Organization shall engage in the full range of economic development activities listed in its EDA-approved CEDS. These activities may include:
  - (i) Coordinating and implementing economic development activities in the District;
  - (ii) Carrying out economic development research, planning, implementation and advisory functions identified in the CEDS; and
  - (iii) Coordinating the development and implementation of the CEDS with other local, State, Federal and private organizations.
- (2) The District Organization may at its option contract for services to accomplish the activities listed in paragraphs (d)(1)(i) through (iii) of this section.

[71 FR 56675, Sept. 27, 2006, as amended at 79 FR 76131, Dec. 19, 2014; 82 FR 57054, Dec. 1, 2017]

### § 304.3 District modification and termination.

- (a) **Modification.** Upon the request of a District Organization and with the concurrence of the State or States affected (unless such concurrence is waived by the Assistant Secretary), EDA may modify the geographic boundaries of a District, if it determines that such modification will contribute to a more effective program for economic development.
- (b) **Termination.** EDA may, upon 60 days prior written notice to the District Organization, member counties, and other areas determined by EDA and each affected State, terminate a Region's designation as an Economic Development District when:
  - (1) A District or District Organization no longer meets the requirements of §§ 304.1 or 304.2; or
  - (2) EDA determines that the District Organization fails to execute its CEDS according to the development, implementation and other performance measures set forth therein; or
  - (3) A District Organization has requested termination.
- (c) Prior to terminating a District Organization under paragraph (b)(2) of this section, EDA will consult with the District Organization and consider all facts and circumstances regarding the District Organization's operations. EDA will not terminate a District's designation based on circumstances beyond the control of the District Organization (e.g., natural disaster, plant closure, overall economic downturn, sudden and severe economic dislocation, or other situation).
- (d) EDA may further modify or terminate a Region's designation as a District according to the standards set forth in an FFO.

[71 FR 56675, Sept. 27, 2006, as amended at 79 FR 76131, Dec. 19, 2014]

### § 304.4 Performance evaluations.

- (a) EDA shall evaluate the management standards, financial accountability and program performance of each District Organization within three years after the initial Investment award and at least once every three years thereafter, so long as the District Organization continues to receive Investment Assistance. EDA's evaluation shall assess:
  - (1) The continuing Regional eligibility of the District, as set forth in § 304.1;
  - (2) The management of the District Organization, as set forth in § 304.2; and
  - (3) The implementation of the CEDS, including the District Organization's performance and contribution towards the retention and creation of employment, as set forth in § 303.7 of this chapter.
- (b) For peer review, EDA shall ensure the participation of at least one other District Organization in the performance evaluation on a cost-reimbursement basis.

*[71 FR 56675, Sept. 27, 2006, as amended at 79 FR 76131, Dec. 19, 2014]*