

DEPARTMENT OF NATURAL RESOURCES

FOREST MANAGEMENT DIVISION

FOREST AND MINERAL RESOURCE DEVELOPMENT FUND PROGRAM

(By authority conferred on the forest and mineral resource development fund board, department of natural resources, by section 6 of Act No. 188 of the Public Acts of 1988, being S299.256 of the Michigan Compiled Laws)

R 299.2651 Definitions.

Rule 1. (1) As used in these rules:

- (a) "Act" means Act No. 188 of the Public Acts of 1988, being S299.251 et seq. of the Michigan Compiled Laws.
 - (b) "Administratively complete" means an application for a grant or loan which satisfies all of the conditions of the act and these rules and which has been accepted by the board.
 - (c) "Allowable costs" means costs which are necessary and reasonable for the proper and efficient execution of the project and are in accordance with the grant or loan project agreement and the approved project budget.
 - (d) "Applicant" means a person who applies for a grant or loan under the act.
 - (e) "Funding cycle" means the fiscal year in which funds are to be appropriated by the legislature.
 - (f) "Match" means that portion of the total project cost that is to be paid or secured from another source by a person who applies for a grant or loan.
 - (g) "Project agreement" means the contract between the state and an applicant that details the terms of the project to be undertaken.
 - (h) "Recipient" means a person who receives a grant or loan award under the act.
 - (i) "Special legislative appropriation" means an appropriation from the state general fund for the purpose of providing funds for a specific project which meets the requirements of the act and these rules.
- (2) Terms defined in the act have the same meanings when used in these rules.

History: 1991 AACS.

R 299.2652 Notification procedure.

Rule 2. (1) The board shall prepare and maintain a mailing list of all persons who may be interested in applying for a grant or loan under the program.

(2) The board shall prepare a list of publications, trade journals, periodicals, newsletters, and other means of information dissemination through which the grant and loan information can be distributed to the general public.

(3) The board shall annually publish and distribute grant and loan information to all interested persons by direct mailing and general publication. The information shall provide all of the following:

- (a) The legislative authority for the grant and loan program.
- (b) A statement about the purposes for which a grant or loan shall be awarded.
- (c) Procedures to obtain application materials.
- (d) A statement that all applications for a grant or loan shall be submitted by August 1 of each year.
- (e) Other information the board deems appropriate.

(4) At the time the information is mailed, the board shall also prepare a news release announcing the availability of funds for grants and loans.

History: 1991 AACS.

R 299.2653 Application process.

Rule 3. (1) An application for a grant or loan authorized under the act shall be made on a form prescribed by the board.

(2) On or enclosed with the application form, the applicant shall provide all information necessary to determine whether the application meets the eligibility requirements set forth in R 299.2654 and information necessary to evaluate the project under the criteria set forth in R 299.2655 and R 299.2656, including all of the following information:

- (a) The name, address, and telephone number of the applicant.
- (b) The applicant's affiliation with a firm, company, university or college, corporation, association, or governmental unit or agency of a governmental unit, if applicable.
- (c) The general area under which the application is being submitted--either forestry or minerals.
- (d) A short narrative classifying the proposal in 1 or more of the project categories described in section 6(5) of the act.
- (e) A description of how the proposal fulfills 1 or more of the criteria delineated in section 6(7) of the act.
- (f) A detailed project proposal which includes all of the following information:
 - (i) A statement that the proposal is for a grant or loan.
 - (ii) The purpose of the proposal.
 - (iii) A narrative description of the technology or methodology to be used in the project.
 - (iv) Specifications of equipment relative to the project needs, if applicable.
 - (v) A statement that, to the best knowledge of the applicant, the proposal shall not duplicate existing or past research efforts.
 - (vi) A legal description of the project area, if applicable.
 - (vii) Anticipated short and long-term economic impacts, and the potential for creating new jobs or retaining current jobs within this state.
 - (viii) Feasibility studies if required pursuant to the provisions of R 299.2655(3).
 - (ix) An action plan that specifies the times and dates of completion of the various phases of the project.
 - (x) The projected staffing needs of the project and details on how the staffing needs and costs will be met.
 - (g) The total cost of the project and the amount of the grant or loan requested, including both of the following:
 - (i) A grant or loan budget that is itemized to show the total budget of eligible items. Budget items shall include projected costs of equipment and other eligible expenditures of the project as documented through written quotations or bids. The grant or loan budget shall not include ineligible project costs pursuant to R 299.2657.
 - (ii) The rationale for expenditures relative to each item in the grant or loan budget.
 - (h) The length of time the grant or loan is being applied for.
 - (i) Information on matching funds that the applicant is prepared to contribute or has secured from other sources.
 - (j) The signature of the authorized representative, which shall be notarized and dated and which attests that all statements on the application form are true, complete, and accurate to the best of the representative's knowledge.

(3) All proposals shall be submitted to the board's executive assistant for initial review and screening. An application shall be determined to be administratively complete before it can be considered by the board. All proposals that do not meet the application requirements shall be returned to the applicant.

(4) To be considered by the board for funding in the current funding cycle, the administratively complete application for a grant or loan shall be submitted by the date specified in the provisions of R 299.2652(3)(d). Applications postmarked later than this date shall not be accepted for consideration in the current funding cycle, but can be resubmitted for the following funding cycle.

(5) If an application is determined to be administratively complete and has been submitted by the date specified in the provisions of R 299.2652(3)(d), the board shall officially accept the application for consideration, pursuant to the provisions of R 299.2660(4), at the next scheduled meeting of the board.

(6) If an application is determined to be administratively complete and is accepted by the board and additional information is requested, the application shall not be returned to the applicant. The board shall allow the applicant to provide the information as an addendum to the existing application and the board shall not complete their evaluation of the application until the requested information is received.

(7) A person may submit more than 1 application in a funding cycle.

History: 1991 AACCS.

R 299.2654 Eligibility requirements.

Rule 4. (1) For the board to formally consider and take action on an application, an applicant shall be a person as defined in section 2(e) of the act and shall be a resident of or shall be conducting business within the state of Michigan.

(2) An applicant shall provide to the board, as part of the application, documentation to demonstrate that the applicant has the expertise and facilities to carry out to completion the proposal for which the grant or loan is requested.

(3) An applicant shall provide assurances to the board that if a match is available and that if the grant or loan is awarded, major obstacles to the successful and timely commencement and completion of the project do not exist. The match shall not consist of other state grant or loan funds that include special legislative appropriations and shall be otherwise consistent with statutory requirements.

History: 1991 AACCS.

R 299.2655 General selection provisions.

Rule 5. (1) From among the applications submitted pursuant to the provisions of R 299.2653, the board may have staff from the department of natural resources evaluate the proposals with respect to any of the following:

- (a) Technical completeness.
- (b) Environmental impacts.
- (c) Market potential.
- (d) Economic impacts.
- (e) Competitiveness.
- (f) Innovative technologies and procedures.

(2) The board may reject any proposal if there is a lack of supportive data or if the board believes the proposal is not in the best interest of the state.

(3) The board may require a feasibility study to be prepared by the applicant, with findings supportive of project initiation, on all proposals that involve a new technology or process.

(4) The board may solicit a scientific or technical review of a proposal from personnel at a Michigan or other institution of higher education.

(5) The board shall subject each proposal to an environmental review and require the preparation of an environmental impact statement or environmental assessment by the applicant pursuant to the provisions of Executive Order 1989-3, as amended.

(6) The board shall subject each proposal that may have an environmental impact on the Great Lakes or connecting waters to a review and require the applicant to prepare a Great Lakes impact analysis pursuant to the provisions of Executive Order 1990-7, as amended.

(7) The board may require 1 or more proposals submitted by the same applicant to be combined under a single grant or loan if it is deemed by the board to be in the best interest of the state.

(8) The board shall select projects for the awarding of grants or loans based on the following considerations:

(a) The evaluation of all major activities associated with the project which may have a significant impact on the environment or human life, as provided in subrule (4) of this rule, if applicable.

(b) The combination of grants and loans shall not be more than the total amount of monies in the fund.

(c) The allocation of funds shall be consistent with the provisions of section 5(2) of the act and result in, as near as possible, an even distribution of grants and loans to encourage the forestry and forest products industry and the mineral industry.

(d) The priority ranking of the projects listed pursuant to the provisions of R 299.2656(6).

History: 1991 AACCS.

R 299.2656 Selection and evaluation process.

Rule 6. (1) The board shall consider all of the following elements in determining the suitability of a proposal for the selection of a grant or loan:

(a) The probable impact on natural resources, human life, and environmental components that affect these values.

(b) The potential long and short-range economic impact on the economy of the state.

(c) The probable number of jobs that will be created or retained in Michigan.

(d) Improving technologies that will make Michigan forestry or mineral industries more competitive.

(e) The marketing potential and opportunities for utilizing Michigan products and goods related to the forest and mineral industries.

(f) The likelihood of the proposal reaching a successful conclusion.

(g) The overall monetary costs and time frame of the proposal to reach conclusion.

(h) Whether the proposal is for a grant or a loan.

(i) Previous success of the applicant in satisfactorily completing projects under previous grants or loans from the board or the department of natural resources or the department of commerce.

(2) All proposals that are submitted to the board shall be categorized under 1 or more of the following headings:

(a) Market development projects.

(b) Resource base information development projects.

(c) Feasibility study projects.

(d) Research projects.

(e) Development projects.

(f) Research and development projects.

(3) All grants and loans that are approved by the board shall be used to accomplish 1 or more of the following objectives:

(a) Encourage the innovative and competitively viable economic development of forestry-related or mineral-related industries.

(b) Stimulate and encourage the expansion of the forest product industry or the mineral extraction and utilization industry.

(c) Develop new technologies, improve existing technologies, or develop new procedures, products, or marketing techniques that will advance Michigan's forestry or forest products industry or the mineral extraction and utilization industry.

(4) Each of the proposals shall be rated exceptional, good, or fair. An exceptional rating shall be a score of 80 to 100; a good rating shall be a score of 60 to 79; and a fair rating shall be a score of 50 to 59.

(5) After the applicant has demonstrated, to the satisfaction of the board, that actions have been taken to assure that the environmental impacts associated with the proposal have been evaluated pursuant to the provisions of R 299.2655(5) and (6), the board shall use 5 factors to evaluate proposals. All factors are of equal importance in the evaluation of a proposal. The factors are as follows:

(a) The potential for the proposal to create jobs in the forest products industry or the mineral industry in Michigan.

(b) The potential for the proposal to provide growth and increase productivity in the forest products industry or the mineral industry in Michigan.

(c) If the proposal proposes the development of a new technology or product, the new technology or product shall be shown to enhance the competitiveness of the state forest products industry or the mineral industry.

(d) The potential for the proposal to provide the basic data upon which responsible resource allocation and utilization decisions in the forest products industry or the mineral industry can be made.

(e) The applicant's ability to contribute the match provided pursuant to the provisions of R 299.2659(1).

(6) The board shall use the factors in subrule (5) of this rule to assign a numerical score to each proposal. The board shall then utilize this numerical score to rank the projects.

(7) The board shall award available monies for grants or loans according to the priority ranking.

(8) The board's decision on the priority ranking of projects for grants and loans shall be final.

(9) The only appeal of a decision of the board shall be pursuant to section 631 of Act No. 236 of the Public Acts of 1961, as amended, being S600.631 of the Michigan Compiled Laws.

History: 1991 AACCS.

R 299.2657 Ineligible project costs.

Rule 7. (1) With respect to all grants and loans awarded pursuant to the act and these rules, all of the following are ineligible project costs:

- (a) Grant or loan administration costs.
- (b) Taxes.
- (c) Fees.
- (d) Licenses or permits.
- (e) Vehicle registration.
- (f) Indirect or overhead expenses.
- (g) Office equipment.
- (h) Contingency funds.
- (i) Legal costs.
- (j) Land acquisition.

(2) Replacement of existing equipment shall not be an eligible project cost for a grant, but shall be an eligible cost for a loan.

History: 1991 AACCS.

R 299.2658 General loan requirements.

Rule 8. (1) The board may make loans as provided in section (5) of the act, the repayment of which may be secured by mortgages or security interests. The loans shall be secured or unsecured as determined by the board. If the loans are to be secured by mortgages or security interests, the board shall undertake commitments for the following purposes:

- (a) To make unsecured and secured loans.
- (b) Sell unsecured loans and secured loans at public or private sale.
- (c) Modify or alter loans and secured loans.
- (d) Discharge loans and secured loans.
- (e) Foreclose on any mortgage or security interest or commence an action to protect or enforce any right conferred upon the board by law, mortgage, security agreement, contract, or other agreement.
- (f) Bid for and purchase property which was the subject of a mortgage or security interest at any foreclosure or other sale, acquire or take possession of that property, and, in such event, complete, administer, pay the principal and interest on any obligations incurred in connection with the property, dispose of, and otherwise deal with, the property in a manner necessary or desirable to protect the interest of the board in the property.

(2) A subfund for the purpose of making loans and a subfund for awarding grants shall be established within the fund. The board may transfer monies from one subfund to the other.

(3) The following monies shall be paid into the subfund for making loans:

- (a) Any money appropriated and made available by the state for the purposes of the subfund and determined by the board to be utilized for loans.
- (b) Any money which the board receives in repayment of loans made from the subfund.
- (c) Any other money which may be made available to the board for the purpose of the subfund from any other source.

(4) Loans made from the subfund may be used for any intention consistent with the purposes and objectives of the fund and these rules.

(5) Loans made from the subfund may be made to any person, as defined in the act, organized for profit or not for profit. Loans made from the subfund shall be made consistent with the provisions of the act, these rules, and other applicable provisions of law.

(6) Loans from the subfund may be made on such terms and conditions as the board shall, in its sole discretion, determine to be reasonable, appropriate, and consistent with the purposes and objectives of the fund and the act, which terms and conditions may include any of the following:

- (a) The pledging of adequate security.
- (b) The establishment of an interest rate that is below the average effective prime lending rate for commercial banks as reported by the federal reserve system.

(c) The schedule for repayment of the loan.

(d) The date that repayment of the loan shall commence.

(7) A loan shall not be made from the subfund unless the minimum match required pursuant to the provisions of R 299.2659(1) is provided from private sector financial support associated with the economic development proposal related to forest and mineral resources.

(8) Loans made pursuant to this rule shall be made on the condition that the recipient of the loan shall utilize the money to assist economic development projects within this state related to forestry and mineral industries which have the potential for creating new jobs or retaining current jobs within this state.

History: 1991 AACS.

R 299.2659 Matching costs.

Rule 9. (1) A grant made under the program may require the posting of a match, the amount of which shall be determined by the board. A loan made under the program shall require a 25% minimum match to be posted by the recipient.

(2) Matching requirements may be satisfied by either of the following:

(a) Project-related allowable costs incurred and financed by the recipient.

(b) Project-related in-kind contributions made by third parties. To qualify for matching purposes, an in-kind contribution made by a third party shall be such that if the recipient had paid for it, the recipient would have incurred an allowable cost.

(3) Allowable costs incurred by the recipient to satisfy matching requirements may be financed from any source, except as provided in R 299.2654(3).

(4) A contribution shall not be counted more than once as a matching contribution. The same contribution shall not be counted toward 2 or more grants or loans.

(5) Contributions to satisfy matching requirements shall be documented by the recipient and may be subject to audit by the board or its authorized representative.

History: 1991 AACS.

R 299.2660 Award of grants and loans.

Rule 10. (1) A grant or loan may be awarded to an applicant on approval of the board if all of the following criteria have been met:

(a) The proposed project has met all applicable eligibility requirements as outlined in R 299.2654.

(b) The proposed project has met all applicable portions of the selection process as outlined in R 299.2655 and R 299.2656.

(c) The proposed project has been duly evaluated and prioritized at a level sufficient to warrant funding during the current funding cycle.

(d) The applicant has been presented, and has accepted, a final project agreement.

(e) Sufficient funds are available to the board to fund the project while maintaining the funding balance between the general areas of forestry and forest products industry and minerals industry.

(2) The board shall require, as part of the approval of the grant or loan, that an applicant obtain all necessary federal, state, or local permits and approval of the surface owners or mineral owners, or both, if applicable.

(3) Funding for any project may be discontinued by the board pursuant to the provisions of R 299.2665(5) if the board determines that the project is not progressing in a satisfactory manner.

(4) Any official action of the board on any grant or loan shall be by an affirmative vote of 4 or more of the board members.

History: 1991 AACS.

R 299.2661 Grant and loan administration procedures and responsibilities.

Rule 11. (1) After a project agreement for a grant has been entered into between a recipient and the board, and before any project costs are incurred, the recipient or project supervisor shall submit all of the following documents to the board:

- (a) Final project plans.
- (b) Work and project specifications.
- (c) Itemized cost estimates, including fees for consultants.
- (d) Documents for work to be done by contract, including any of the following:
 - (i) Advertisements for bids.
 - (ii) Bid proposals.
 - (iii) Instructions to bidders.
 - (iv) General conditions.
 - (v) Bid tabulations.
 - (vi) Awards.

(e) A completed professional services form which is provided by the board and which shows the names and state registration numbers, if applicable, of the responsible registered prime professional (engineer, geologist, architect, forester, or landscape architect), service contractor, and any professional subcontractor used in the design or execution of the project.

(f) All applicable permits and other required approvals. All sets of plans or specifications submitted to the board shall bear the seal or seals of the consultant or preparer.

(g) Any and all fiduciary or financial arrangements deemed necessary by the board.

(2) After a project agreement for a loan has been entered into between a recipient and the board, and before any project costs are incurred, the loan recipient shall submit to the board the documents required in subrule

(1) of this rule and all of the following information:

- (a) The amount, interest rate, and term of the loan.
- (b) The date of the initiation of the loan.
- (c) The proposed date of completion of the project.
- (d) The date of commencement of repayment of the loan.
- (e) A complete repayment schedule.

(3) It shall be the responsibility of the grant or loan recipient to assure that all plans, specifications, contract documents, and fiduciary and financial instruments submitted to the board are in compliance with applicable laws and regulations and with the provisions of the act and these rules.

(4) All records, data, maps, results, reports, samples, cores, analyses, and all other information generated as a result of a grant from the board shall, upon request, be the property of the state of Michigan and shall be made available to the board within 1 year from the date of completion of the project. The board may, at its discretion, require the records, data, maps, results, reports, and all other information generated to be made available to the board or its authorized representative for inspection during and following the term of the grant.

(5) All records, data, maps, results, reports, samples, cores, analyses, and all other information generated as a result of a loan from the board shall be the property of the loan recipient. If the recipient of a loan materially fails to comply with the terms of the loan and the loan is terminated pursuant to the provisions of R 299.2665(5)(b) and the loan recipient is required to repay the loan pursuant to the provisions of R 299.2665(6), all records, data, maps, results, reports, and all other information generated by the loan shall be the property of the state of Michigan. The board may, at its discretion, require that the records, data, maps, results, reports, and all other information generated be made available to the board or its authorized representative for inspection during the term of the loan to determine compliance with the terms of the loan.

(6) For a project agreement developed under a grant that involves research, developmental, experimental, or demonstration work that results in any discovery or invention in the course of the project completion, the board, on behalf of the state, shall have the authority to develop legal documents to share the rights granted by a patent or license with the grant recipient. The state shall share the rights granted by a patent or license in direct proportion to the amount of state funds that are utilized in the research, developmental, experimental, or demonstration project. All state revenues generated by a patent or license developed under a grant or loan entered into between the recipient and the board shall be deposited into the fund created by section 5(1) of the act and shall be expended as provided in the act.

(7) For a project agreement developed under a loan that involves research, developmental, experimental, or demonstration work that results in any discovery or invention in the course of the project completion, the loan recipient shall retain the sole ownership of any rights granted by a patent or license developed under the loan. If the loan recipient materially fails to comply with the terms of the loan and the loan is terminated pursuant to the provisions of R 299.2665(5)(b) and the loan recipient is required to repay the loan pursuant to the provisions of R 299.2665(6), all rights that are granted by a patent or license which is developed under the loan shall become the property of the state of Michigan.

(8) Project cost savings from one area of the grant or loan may be expended on other eligible project costs that are identified in the project application or on new eligible project costs if the grant or loan recipient has received written authorization from the board before making such expenditures.

History: 1991 AACCS.

R 299.2662 Contract requirements; notice to subcontractors of use of state funds.

Rule 12. (1) All contracts related to the project shall be in compliance with the project agreement entered into between the recipient and the board and shall be in compliance with all applicable state laws and rules.

(2) The recipient shall inform all subcontractors that state funds shall be used to assist in the project and that relevant state requirements shall apply.

History: 1991 AACCS.

R 299.2663 Disbursement of grant or loan monies.

Rule 13. (1) Funds shall not be disbursed before the execution of the project agreement.

(2) The board may authorize disbursement of up to 90% of the specified grant or loan amount, with the final 10% to be held until the project is completed and the final report submitted and accepted by the board.

(3) The 90% of the specified grant or loan amount shall be disbursed in 3 equal payments of 30%. The initial 30% payment shall be advanced to the recipient upon execution of the project agreement. The remaining 2 payments of 30% each shall be disbursed according to the payment schedule contained in the project agreement and upon receipt by the board of appropriate documentation that the funds from the previous payment advance have been expended on eligible project expenses and activities. Documentation requirements shall be specified on a standard form for requesting disbursement of grant or loan funds, as prescribed by the board.

(4) Upon receiving a request for disbursement of funds from a recipient, the board shall review the project agreement, including the financial information and timetable for completion, and verify that the project has been approved and can be completed according to the schedule contained in the project agreement. The board shall, before disbursement of each payment, do all of the following:

(a) Conduct a review of the project expenditures as reported on the standard form for requesting disbursement of grant or loan funds.

(b) Conduct a site or facilities inspection, if applicable.

(c) Verify that the matching funds, if applicable, have been secured or shall be secured from another source or sources.

(5) Advances shall be spent within 30 days of issuance or become subject to interest repayments, at the current prime interest rates, to the board in the form of deductions from grant or loan disbursements.

History: 1991 AACCS.

R 299.2664 Establishment by recipient of accounting system; performance report; notification of board of problems or delays; recipient to retain primary responsibility for performance.

Rule 14. (1) A recipient is required to establish and maintain an adequate system of accounting and internal controls and to ensure that an adequate system exists for each contractor or consultant for any delegated area of the project. The accounting system shall satisfy all of the following requirements:

(a) Provide the recipient with financial data for planning, control, measurement, and evaluation required for efficient and economical operation of the grant or loan funded project.

(b) Provide sufficient controls to ensure that the expenditure of funds is in conformance with any general or special conditions of the grant or loan.

(c) Ensure, by means of cost control and prudent management, that efficient use is made of the grant or loan funds.

(d) Meet the prescribed requirements for periodic financial reporting of operations.

(2) A recipient shall submit, at least annually, a performance report for each project, which presents all of the following information:

(a) A comparison of actual accomplishments to the goals established for the period.

(b) Reasons why established goals were not met.

(c) Other pertinent information, including, when appropriate, analysis and explanation of cost overruns.

(3) A recipient shall inform the board, as soon as possible, of problems or delays which materially affect the ability to attain project objectives, prevent the meeting of time schedules and goals, or preclude the attainment of project work units within established time periods. This disclosure shall be accompanied by a statement of the action taken or contemplated by the recipient.

(4) The recipient shall retain primary responsibility for performance under the grant or loan project agreement.

History: 1991 AACCS.

R 299.2665 Oversight responsibilities.

Rule 15. (1) The board shall do all of the following:

(a) Administer a grant and loan program.

(b) Establish uniform procedures.

(c) Make grant and loan allocations.

(d) Coordinate the operational activities associated with the grant and loan programs, including dissemination of information about grant and loan applications and awards.

(e) Process obligation documents.

(f) Review performance reports.

(g) Provide policy guidance.

(2) The board shall begin its oversight responsibilities upon award of a grant or loan.

(3) Once the grant or loan is awarded, the goals, the manner of performance, and the time period are fixed.

(4) The board shall review all projects which have been funded by a grant or loan to monitor and assure that time schedules and activities are being met, projected work units by time periods are being accomplished, and other performance goals are being achieved.

(5) When a recipient materially fails to comply with the terms and conditions of a grant or loan and does not appear to be taking steps to resolve the problem, the board may take any of the following actions, as deemed appropriate:

(a) After reasonable notice to the recipient, suspend the grant or loan and withhold future payments on any and all current grant or loan projects, if there are remaining funds to be disbursed. Any obligations incurred by the recipient under the suspended grant or loan shall not be allowed as an eligible expense. The suspension shall remain in effect until the recipient has taken corrective action.

(b) Terminate a grant or loan project, in whole or in part, any time before the date of completion, if it has been determined that the recipient has failed in a material way to comply with the terms and conditions of the grant or loan and resolution does not seem probable.

(c) Withhold action on all pending and future grant or loan applications by the recipient.

(d) Require other mitigation.

(6) A grant or loan recipient whose project is terminated pursuant to the provisions of subrule (5) of this rule shall repay the fund all monies received for the project. Money refunded pursuant to this subrule shall be placed in the appropriate subfund for grants or loans, respectively, and shall be available for the awarding of grants or loans during the next funding cycle.

History: 1991 AACCS.

R 299.2666 Retention of records.

Rule 16. A recipient shall retain all financial records, supporting documents, statistical records, and all other records pertinent to a grant or loan for a period of 6 years, with the following qualifications:

(a) If any litigation or audit is started before the expiration of the 6-year period, the records shall be retained for 6 years from the date of the audit report or until all litigation, claims, or audit findings involving the records have been resolved, whichever is later.

(b) Records for nonexpendable property acquired with the grant or loan funds shall be retained for 6 years after final disposition of the property.

(c) When records are transferred or maintained by the board, the 6-year retention requirement is not applicable to a recipient.

(d) The retention period starts from the date of submission of the final performance report for the grant or loan.

(e) The board may request, from a recipient, the transfer of certain records to its custody when it is determined that the records possess long-term retention value.

History: 1991 AACCS.