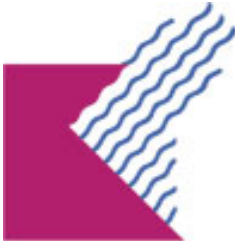


# **Ohio Water Development Authority**

## Loan Application Instructions



## **OWDA Fresh Water Loan Program Overview:**

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The Ohio Water Development Authority (OWDA) offers local government agencies (LGAs) in Ohio a means of financing the local share of the costs of water and wastewater projects. LGAs that may borrow from the OWDA include all political subdivisions of the State that have the authority to acquire, construct or operate water or wastewater facilities. OWDA loans are revenue obligations (not general obligations) of the LGAs, payable from the revenues of the systems that are improved with OWDA loans and from LGA special assessments that relate to those improvements.

The OWDA Fresh Water program can be used to obtain loan funding for planning, design and construction costs related to publicly owned drinking water, wastewater, and stormwater infrastructure projects.

Examples of eligible projects include:

- Development or acquisition of potable water sources
- Construction/expansion of water and wastewater treatment facilities
- Installation or improvement of water distribution and wastewater collection systems
- Well-head protection planning studies
- Stormwater management facilities

Loans are approved at the board meetings each month, with the exception of November. After loan approval, the LGA and OWDA enter into a standard loan agreement called a Cooperative Agreement. The Cooperative Agreement provides for OWDA to disburse the loan proceeds by making direct payment to the LGAs' construction contractor for eligible project costs the LGA has approved for payment. OWDA disburses directly to the LGA for eligible project costs the LGA has paid directly (such as engineering, legal and inspection costs).

OWDA charges a one-time administrative fee of 0.35% (0.0035) of the total estimated loan amount, which is included in the loan principal. The final amount of the OWDA loan is determined once OWDA has made all disbursements for the project. The loan amount equals the total of the disbursements plus the interest accrued on the disbursements made until six months preceding the first principal payment date.

OWDA construction loans may not be prepaid or refinanced; however loans may be prepaid with a one-time cash payment of special assessments for the project.

OWDA planning and design loans have a 5 year term with balloon payment due at the end of term. Semiannual payments (January 1 and July 1) will be equal to 1/40th of the loan amount. There is no prepayment penalty on Planning/Design loans. LGAs have the option to make equal payments; however, loans will be amortized as a 5 year balloon loan with payments equal to 1/40<sup>th</sup> of the loan amount.

## **General Application Instructions:**

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Please read the instructions carefully and fill out the form in its entirety. Failure to do so may result in delay of loan approval.

Information requested in the application should be specific to the system related to the project. For example, if the Local Government Authority (LGA) is applying for a water project, the application should only contain information on the water system. Please do not combine water and sewer data in the application and attachments.

Please provide the information requested in the application and include additional information if applicable. Do not enter "See Attached" in the required information fields. Do not alter the application form. If additional space is required, please include additional documentation.

### **Section 1.0: Local Government Agency (LGA) information**

**LGA Applicant:** Enter the name of the City, Village, County, Regional Water and Sewer District (ORC 6119), Sewer District (ORC 6117), or Conservancy District (ORC 6101) that will be responsible for the loan.

**County:** Enter the county in which the project is located.

**Date of Application:** Enter the date the application is being completed.

**LGA Population:** Enter the LGA population obtained from the United States Census Bureau American Fact Finder page located at: [http://factfinder.census.gov/faces/nav/jsf/pages/community\\_facts.xhtml](http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml). On the Fact Finder website, select the most current ACS 5-year Population Estimate from the drop down menu for the LGA.

**LGA Median Household Income:** Enter the LGA Median Household Income (MHI) obtained from the United States Census Bureau American Fact Finder page located at: [http://factfinder.census.gov/faces/nav/jsf/pages/community\\_facts.xhtml](http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml)

**Communities Served:** List the names of the communities served by the system.

**Population of Area Served:** Enter the total population served by the system.

### **Section 2.0: Project Name and Proposed Loan Terms**

**Project Name:** Enter the name of the project.

**Loan Amount:** The loan amount autofills from the Section 7.0 Cost Data "OWDA Loan" column on Page 2. The loan administration fee is included in the loan amount financed. The loan fee is 0.35% of the amount financed. The minimum loan fee is \$400.

**Interest Rate:** Enter the interest rate used to calculate the annual payment in the Projection Schedule. Check OWDA's website for the current rate.

**Interest Rate Consideration:** Discounts, including Community Assistance, are only applicable for construction loans. Planning/Design loans are market rate only.

**Community Assistance:**

\$5,000,000 is the maximum for a project from the Community Assistance Fund.

To qualify the LGA must have population less than 5,000 or residential users less than 2,000; and the projected annual cost of the project per residential user is greater than:

- 1.1% of MHI for Drinking Water,
- 1.5% of MHI for Wastewater; or
- 2.6% of MHI for combined system user charge.

**Market Rate Discounts:**

Maximum discount for borrowed funds by LGA in a calendar year:

- 1.0% for up to \$15 million borrowed
- 0.5% for borrowing \$15 million to \$25 million
- No discounts for borrowing greater than \$25 million

The following discounts are available for construction loan requests. Each of the following represents a 0.5% discount that will be deducted from the interest rate (discount not to exceed 1%). Discounts are only approved if the required documentation is provided:

- Community has borrowed from OWDA previously (no documentation required).
- Community under OEPA Findings and Orders, Consent Decree, documented health risks (documentation must be provided).
- Connecting to existing treatment system where community does not own system (copy of service agreement required).
- Communities purchasing another system (copy of purchase agreement).
- Compliance with a Balanced Growth Plan certified by the State (copy of plan must be provided)

## Section 3.0: Funding Type

**Planning/Design Loan:**

- All planning/design loans have a 5 year term with balloon payment due at the end of term. Semiannual payments (January 1 and July 1) will be equal to 1/40th of the loan amount.
- There is no prepayment penalty on Planning/Design loans. LGAs have the option to make equal payments; however, loan will be amortized as a 5 year balloon loan with payments equal to 1/40th of the loan amount.
- First Payment due will be 12 months after loan award.
- Planning/Design loans are market rate only (no discounts).
- Planning/Design loans can be rolled into construction loan.
- If planning and design funds are both required for a project, both should be requested in the same loan. OWDA will not roll a planning loan into a design loan (See Supplemental Loan section for additional information).

**Construction Loan:**

In order to apply for a construction loan, the LGA must have:

1. Plan approval by OEPA or obtained Permit-to-Install; and
2. Bid the project or will have bid tabs available to submit prior to approval of the loan; and
3. Adopted legislation to charge rates for the system that will generate sufficient revenue to cover the OWDA loan payment after the LGA has paid the system's operating expenses and the debt service for the system.

**Requested Term:** The minimum loan term is 5 years; maximum loan term is 30 years. LGAs are not able to prepay construction loans. Payments must be made for the full term of the loan.

**Equal Payments:** Equal semi-annual payments through the term of the loan.

**Equal Principal Payments:** Equal semi-annual principal payments with amortized interest repayments; the loan payment amount would decrease over the term of the loan.

**First Payment Date:** The first payment date must occur 12 months after substantial completion for construction loans. If the LGA would like the repayment to begin earlier, please indicate a date. Payments are due semiannually: January 1 and July 1.

**Supplemental Loan:**

If additional loan funds are required for an existing planning/design loan or a construction loan, the funds should be requested as a supplemental loan. The supplemental loan will have the same end term as the original loan. The interest rate will be the current rate plus any applicable discounts. The loan administration fee will be included for the supplemental loan amount.

OWDA will roll planning and design loans into construction loans. OWDA will not roll planning loans into a design loan. If a planning loan was awarded and additional funds are required for design, the LGA will need to submit a supplemental loan request to add funds to the original planning loan.

For the supplemental loan application, only include the supplemental loan amount. Do not include the original loan amount.

**Section 4.0: Project Type**

Indicate project type by checking: Water, Sewer, or Stormwater

**Section 5.0: Permits Issued**

If a permit is required, please indicate the permit number. A construction loan should only be requested once the necessary permits have been obtained and the project has been bid or bids will be received prior to the board meeting in the month the loan will be approved.

**Section 6.0: Project Description**

**Project Bid Date:** Enter date project was bid or will be bid.

**Estimated Time of Construction:** Enter timeframe for construction in terms of months.

**Estimated date that project facilities will be fully operational:** Enter date.

**Project Description:** Please provide a description of the project being completed in this application, the reason for project (such as findings and orders, aging infrastructure, increase capacity, etc.), and a brief description of the existing system. For supplemental loans, provide description of work that will be completed with the supplemental funds and reason for the additional funds (such as change orders).

## Section 7.0: Cost Data

Enter the costs pertaining to the project next to the appropriate activity (Technical Services, Construction, Other). For Construction Costs, enter the Contractor's name. The loan administration fee automatically calculates and the loan amount required from OWDA will automatically populate on Page 1. *Note: If the LGA would like to pay the loan administration fee directly instead of including the fee in the loan amount, please contact OWDA.*

When appropriate, funding for the category should show other funding sources. Use the drop down box at the top of the columns to select other funding sources.

For a supplemental loan request, only include the supplemental loan amount. Do not include original loan amount in the calculation.

For construction loan request, please indicate below if the project has a previously awarded OWDA planning/design loan.

- The planning/design loan will be closed once the construction loan is approved. If funds have been disbursed from the planning/design loan, the payoff balance will be rolled into the construction loan.
- If no funds or partial funds have been disbursed from the planning loan and planning and/or design funds are needed, please include a line item for planning and/or design in the construction loan request.
- Contact OWDA for the planning loan payoff to include in the application.

Example below:

7.0 Cost Data					
Select Other Funding Sources From Dropdown Box Below					
Activities		OPWC	Local Funds	OWDA Loan	Total Project Cost
<b>Technical Services</b>					
Planning					-
Design					-
Land/ROW Acquisition					-
Planning Loan Payoff				304,205.00	304,205.00
Administration					-
Construction Management					-
Equipment					-
Force Account					-
Other					-
					-
<b>Construction</b>					
<i>(Please enter Contractor's name below)</i>					
					-
ABC Construction LLC		2,000,000.00	869,432.45	1,538,602.15	4,408,034.60
					-
					-
					-
					-
					-
<b>Other Costs</b>					
Contingency					-
					-
<b>Subtotal</b>	-	<b>2,000,000.00</b>	<b>869,432.45</b>	<b>1,842,807.15</b>	<b>4,712,239.60</b>
Application Fee	Fee is 0.35% of OWDA total loan amount. Minimum fee of \$400.			6,450.00	6,450.00
<b>Total Estimated Costs</b>	-	<b>2,000,000.00</b>	<b>869,432.45</b>	<b>1,849,257.15</b>	<b>4,718,689.60</b>

## Section 8.0: Contractor Payment

Indicate with the check box if the LGA would like OWDA to pay the Contractors on the project directly or if payments should be sent to the LGA. Technical Services line items will only be made payable to the LGA.

For payments to the LGA, provide wiring or mailing instructions on Page 5 in Section 13.0 “Contact Information”.

Contractors receiving funds directly from OWDA must submit a completed Contractor Payment Instruction Form to OWDA. This form is located on our website [www.owda.org](http://www.owda.org) under QUICK LINK – Forms – Disbursement Forms.

## Section 9.0: Source of Pledged Revenues

To obtain a loan from OWDA, the LGA is required to pledge revenues derived from the ownership and operation of their system as payment for the loan. The revenues, after deductions for the operating and maintenance and previous debt obligations, must be able to support the repayment of the loan requested. However, unless prohibited by law, the LGA can choose to repay the loan with any of its general resources. (Reference Section 4.1, Paragraph 3 of OWDA Cooperative Agreement).

Indicate the intended source of repayment by checking the appropriate box. More than one source can be used.

*Note: The Projection of Revenues (required attachment) must show user charge revenue only, regardless of the source of repayment selected in this section.*

## Section 10.0: Revenue Analysis

For the revenue analysis section, enter the revenues for the system related to the project type in the application. Do not combine revenue for both water and wastewater. Enter the revenue for the type of project in the application only (water project = water revenue; sewer project = sewer revenue).

For storm sewer projects: If the LGA has established a storm sewer fund, only enter the financials for the storm sewer fund. If the LGA does not have a storm sewer fund, the LGA would pledge the sewer revenues for repayment of the loan.

*Note: The Total Revenue should match the “User Revenues to System” column on Projection of Revenues spreadsheet.*

**Current Revenues:**

**Year:** Enter year of last audit

**# of Service Accounts:** Enter actual number of active service accounts.

**Average Annual Revenue per Service Account:** This field auto calculates.

**Total Revenue:** Enter the total annual revenue.

Current Revenues (Last Audit Year):			Year
			2015
Range of Use	# of Service Accounts	Average Annual Revenue per Service Account	Total Revenue
Residential	23,391	373.81	8,743,896.64
Commercial	1,123	5,578.34	6,264,470.73
Industry / Gov.		#DIV/0!	
Other		#DIV/0!	
<b>TOTAL</b>	<b>24,514</b>		<b>15,008,367.37</b>

*Total Revenue should reconcile to "User Revenues to System" column on the Projection Schedule*

Current Average Monthly Residential User Rate \$ 31.15

**Projected Revenues:**

**Year:** Enter year following completion of the project.

**# of Service Accounts:** Enter number of service accounts or anticipated number of service accounts if project is increasing service area.

**Average Annual Revenue per Service Account:** This field auto calculates.

**Total Revenue:** Enter the projected total annual revenue.

Projected Revenues for first year following project completion			Year
			2017
Range of Use	# of Service Accounts	Average Annual Revenue per Service Account	Total Revenue
Residential	24,000	468.18	11,236,306.07
Commercial	1,239	4,267.74	5,287,724.11
Industry / Gov.		#DIV/0!	
Other		#DIV/0!	
<b>TOTAL</b>	<b>25,239</b>		<b>16,524,030.18</b>

*Total Revenue should reconcile to "User Revenues to System" column on the Projection Schedule*

Projected Average Monthly Residential User Rate \$ 39.01

**Ten Largest Customers:**

Enter the ten largest customers (or less if applicable) and the percentage of the total revenue each provides.

**Section 10.1: Revenue Analysis Continued**

**3-Year Revenue Allocation:** Enter data from the last 3 audits for the following:

**System Revenue** – Enter user revenues only.

**Operating Expenses** – Do not include depreciation.

**Debt Service Payments** – Enter debt that is paid using revenues from the system.

*Note: The information provided in this section should be consistent with the information provided on the OWDA Annual Financial Information Form that is required from previous borrowers.*



**Debt Outstanding:** Enter current debt balances, annual payment amounts, and date when the debt expires. Do not combine water and sewer debt. Enter the debt for the system that pertains to the project.

**Future Debt Requirements:** Enter loans that LGA knowingly has in progress for the future, such as OPWC loans that are not yet in billing.

### Section 11.0: LGA Credit Rating

Please provide the credit rating for the LGA for General Obligation and Water and Sewer Revenues.

### Section 12.0: Rate Schedule

Please provide the following information:

**Year of last rate increase:** Enter the year of the last rate increase.

**% of increase of the last rate increase:** Enter the percentage of the rate increase

**Planned rate increases over the next 2 years:** The planned rate increases should match the information provided in the Projection of Revenues. If applicable, attach additional documentation.

### Section 13.0: Capital Improvement Plan

**Description of Major Projects:** Provide a brief description of major projects for the system.

**Ten Year Capital Improvement Plan:** Enter the projected capital improvement needs for the system during the next 10 years.

### Section 14.0: Contact Information

Please provide contact information for the following. If the contact info is the same, please enter “see above” or “N/A” if it is not applicable.

- **Authorized Representative to Execute Contracts:** This contact should match the official listed in the authorizing legislation.
- **Address to Mail Cooperative Agreement** (If different than Authorized Representative):
- **Loan Repayment Invoices:** Indicate the address to send billing notices for semi-annual loan repayments.
- **Disbursements** (Local Government representative to contact regarding disbursement): Indicate a contact at the LGA for questions or concerns regarding disbursements requests.
- **LGA Wiring Information – Wires to the LGA should be sent to:** Provide wiring or mailing information for disbursements that are sent to the LGA.
- **Consulting Engineer:** If applicable, provide contact information for consulting engineer.

## Section 15.0: Application Check List

All applicable documents are required to review the application for approval.

**Application:** Complete in its entirety.

**Projection Schedule of Revenues and Expenses:** Template is included in the application.

The spreadsheet must be completed for the loan term requested and should begin with the year of the most recent audit. A Pro Forma cannot be submitted in lieu of the Projection Schedule. The intent of this spreadsheet is to show the applicant's ability to repay the loan and to be used as a tool to identify when rate increases may be necessary. Please see detailed instructions for completion at the end of this document.

**Legislation Authorizing Rates:** Provide certified copy of legislation authorizing current rates/tap in fees. OWDA may request certified copy of minutes evidencing the passage thereof for system pertaining to the project type in the application.

**Current Budget:** Provide copy of current budget for system pertaining to the project type in the application.

**General Certificate:** Template available on OWDA website.

**Legislation Authorizing LGA to enter into agreement with OWDA:** Provide certified copy of legislation authorizing LGA to enter into a Cooperative Agreement with OWDA. OWDA may request certified copy of minutes evidencing the passage thereof.

**Cooperative Agreement:** OWDA requires one original executed Cooperative Agreement.

- If the LGA would like an original signature, provide an additional signature page with original signatures.
- Exhibit A – PROJECT FACILITIES DESCRIPTION: This page should contain a description of facilities to be constructed as described in the project application.
- Schedule I – TERM SHEET: The term sheet will be emailed to the LGA for signature once the loan has been approved by the Board.

**Legal Procedure Letter:** Template available on OWDA website.

**Consent Order/Findings & Orders/Health Risk Documentation:** Provide copies of documentation if applicable to project.

**Water and Sewer District Court Order:** If applicant is a water or sewer district, provide a certified copy of the final court order declaring the district to be organized.

**Special Assessments:** If Applicant is using special assessments to cover any portion of the OWDA loan payments, attach a certified statement from the legal officer stating the status of the assessment proceedings, resolutions or ordinances, and notices.

**Construction Loans – Bid Tabs or Engineer’s Estimate:** If application is for construction loan, provide the following:

- Certified Engineer's Estimate for project costs if application is being submitted prior to bid date.
- Bid tabs are required to be submitted prior to project approval.
- Provide a detailed estimate for Equipment and Force Account if applicable.
- Provide a copy of the engineering agreement if engineering costs are included in the construction loan

**Planning & Design Loan – Engineering Agreement:** If application is for planning and/or design, provide a copy of the engineering agreement.

### Section 16.0: Preparer Information

Enter the information for the preparer of the application. This should also be the point of contact for any questions on the information provided in the application.

### Section 17.0: Authorized Representative Approval

Application should be signed by the person authorized in legislation to sign the Cooperative Agreement with OWDA.

## Instructions Projection Schedule of Revenues and Expenses:

Template is included in the application. The spreadsheet must be completed for the loan term requested and should begin with the year of the most recent audit. A Pro Forma cannot be submitted in lieu of the Projection Schedule. The intent of this spreadsheet is to show the applicant's ability to repay the loan and to be used as a tool to identify when rate increases may be necessary.

The instructions below correspond with the column headers on the spreadsheet. The document will need to be printed on legal sized paper.

### **Year**

- Year auto-populates from Section 10.0 "Current Revenues (Last Audit Year) on Page 3.

### **User Revenues to System Only column**

- Cell B9 auto-populates from Section 10.0 "Current Revenues (Last Audit Year) on Page 3.
- For the remaining cells -only enter the revenues collected from users for the system pertaining to the project type in the application.
  - Revenue should only include user charges, surcharge, special assessments.
  - Do not combine revenue for both water and wastewater. Enter the revenue for the type of project in the application only (water project = water revenue; sewer project = sewer revenue).
- For storm sewer projects: If the LGA has established a storm sewer fund, only enter the financials for the storm sewer fund. If the LGA does not have storm sewer fund, the LGA would pledge the sewer revenues for repayment of the loan.
- Current year revenue and revenue following the first year following project completion should match the total revenue provided in "Section 10.0 Revenue Analysis" on Page 3 of the application.
- Revenue and Operation & Maintenance must be for entire system. Exception: Counties or Systems that charge different rates for different areas (documentation must be provided).

### **Operations & Maintenance column**

- This column should only show O&M costs for entire system.
- Do not include debt repayment or depreciation as part of these costs.

### **Debt Service paid from Revenues to the System**

Enter debt that has the pledged user revenues as repayment.

- Existing OWDA & OEPA loans
- OPWC loans
- USDA Loans
- Revenue Bonds
- General Obligation paid with Revenue to System
- Other – Please clarify "Other" in the NOTES box below.

### **OWDA New Loan Repayment column**

- This column is for the repayment of the loan requested in the application only.
- Do not include preexisting OWDA/EPA loans in the column.

**Total Expense to the System**

- The cell will auto-calculate. This cell totals Operations & Maintenance, all the Debt Service cells, and OWDA New Loan Repayment.

**Annual Surplus**

- The cell will auto-calculate. This cell subtracts the Total Expense to the System from the User Revenues to the System.

**Cumulative Surplus**

- The cell will auto-calculate. This cell adds the Annual Surplus to the previous year's Cumulative Surplus

**Cumulative Surplus Carryover box**

- If applicable, enter the cumulative surplus carryover in the yellow box.

**NOTES**

- This box can be used for comments on projected rate increases, explanation of special circumstances on O&M costs, "Other" Debt Service, etc.