

DAM SAFETY LOAN PROGRAM *Program Guidelines*

Section 1 – Program Description

- 1.1 The Ohio Water Development Authority (OWDA) created the Dam Safety Loan Program to provide financing to borrowers for planning, design and construction of dam improvements and repairs as required by the Ohio Department of Natural Resources (ODNR).
- 1.2 Program is funded from the Strategic Initiatives Fund, dependent upon available funds.

Section 2 – Eligible Borrowers

- 2.1 Eligible borrowers include departments, divisions, or other units of state government, watershed districts, soil and water conservation districts, municipal corporations, counties, townships, and other political subdivisions, special water districts, including county and regional sewer and water districts, conservancy districts, sanitary districts, sewer districts, or any other public corporation or agency having the authority to acquire, construct, or operate wastewater or water management facilities.
- 2.2 Enacted local rate legislation to ensure revenues are adequate to make loan repayments

Section 3 – Eligible Project Costs

- 3.1 Eligible project costs include the following: emergency action plans (EAP), operation maintenance and inspection (OMI) manuals, planning, engineering, construction, land and easement acquisition, legal fees, and inspection costs.
- 3.2 In accordance with Ohio Revised Code section 4115, prevailing wage rates apply to all activities that are a part of the dam safety project.

Section 4 – Loan Terms

- 4.1 Loan Amount
 - The maximum loan amount is \$10,000,000, dependent upon available funds.
- 4.2 Term Length
 - EAP, OMI, and Planning Loans
 - Maximum of 5 years
 - Construction Loans
 - Minimum of 5 years
 - Maximum of 30 years

- 4.3 Application Fee
- No application fee
- 4.4 Loan Administration Fee
- The administration fee is equal to 0.35% of the total loan amount
 - Minimum loan administration fee is \$400
 - Fee can be included in the total loan amount
 - Due when the loan agreement is executed
- 4.5 Contract Interest Rate
- Calculated six weeks prior to each monthly Board meeting, based on previous 8-week average of the 20-Year and 30-Year MMD Aa Index plus 0.30% with a minimum interest rate of 1% for 20-year terms and 1.5% for 30-year terms.
 - Loans with a term of 20 years or less will receive the 20-year loan rate
 - Loans with a term of greater than 20 years will receive the 30-year loan rate
- 4.6 Interest Rate Discounts
- Each of the following represents a 12.5% reduction in the contract interest rate at the time of Board approval. A project may receive no more than two discounts.
 - Community has borrowed from OWDA previously
 - Community has a dam that needs to be repaired to reduce the risk to public safety or the community needs to prepare an EAP or OMI.
 - Maximum discount for borrowed funds by LGA in a calendar year:
 - 25% reduction in the contract interest rate for up to \$15 million borrowed
 - 12.5% reduction in the contract interest rate for borrowing \$15 million to \$25 million
 - No discounts for borrowing greater than \$25 million
 - Maximum reduction is 100 basis points from the contract interest rate at the time of approval.
- 4.7 Capitalized Interest Rate
- Same rate as the contract interest rate
 - Accrues on portion of loan disbursed until 6 months prior to the first payment date
- 4.8 Repayment
- Payments due January 1 and July 1 of each year during the repayment period
 - EAP, OMI, and Planning Loans
 - First payment date will be no later than 17 months after the date of loan approval
 - Loan balance is due in full the earlier of 5 years or at the time construction begins
 - Planning Loan may be rolled into subsequent OWDA construction loan
 - Construction Loans
 - First payment date will be no later than 48 months after the date of loan approval or 12 months after substantial completion, whichever is earlier
- 4.9 Repayment Amortization Methods
- EAP and OMI Loans
 - Equal semi-annual payments through the term of the loan

- Planning Loans
 - Planning loans will have a 5-year term with balloon payment due at the end of term
 - Semiannual principal payments (January 1 and July 1) will be equal to 1/40th of the loan amount
- Construction Loans
 - Equal semi-annual payments through the term of the loan; or
 - Equal semi-annual principal payments with amortized interest repayments; the loan payment amount would decrease over the term of the loan.

4.10 Prepayment of Loans

- No prepayment penalty on loans

4.11 Late Payment Penalty

- Payments received less than 30 days after the payment date: Charged the default rate (interest rate on loan plus 3%) on the default amount from the due date until the date of payment
- Payments received more than 30 days after the payment date: Charged the default rate (interest rate on loan plus 3%) on the default amount from the due date until the date of payment plus a late charge of one percent (1%) on the amount of each default; additional one percent (1%) for each additional 30 days

Section 5 – Application Process

5.1 Loan application and supporting documentation is due to OWDA by the deadline posted on the OWDA website.

5.2 EAP, OMI, and Planning Loan Application Requirements

- Pass legislation authorizing signing of the Cooperative Agreement
- Complete any necessary assessment, tap-in and/or rate legislation
- Prepare a projection schedule that shows user revenues, debt service obligations, and operation and maintenance costs over the contract term of the years of loan repayment to OWDA
- Copy of engineering agreement

5.3 Construction Loan Application Requirements

- Receive bids and tentatively approve contract awards
- Certified Engineer's Estimate for project costs if application is submitted prior to bid date. Bid tabs are required to be submitted prior to project funding
- Detailed estimate for Equipment and Force Account costs, if applicable
- Copy of Engineering agreement
- Inspection reports and Plan approval by ODNR
- Pass legislation authorizing signing of the Cooperative Agreement
- Complete any necessary assessment, tap-in and/or rate legislation
- Prepare a projection schedule that shows user revenues, debt service obligations, and operation and maintenance costs over the contract term of the years of loan repayment to OWDA

Section 6 – Modification and Interpretation

- 6.1 The project guidelines are subject to modification pending developments in federal, state, and OWDA policy. OWDA makes no representation that underwriting or competitive decisions from a prior year will be determinative in future application rounds. Identical year-over-year submissions may receive differing treatment, with or without notice to an applicant, due to new insights gained during prior review periods, shifts in policy, the need for consistent in-year interpretation, increased applicant competition, or any other reason OWDA deems necessary. The projects approved under these guidelines are made at the sole discretion of OWDA. OWDA will resolve all conflicts, inconsistencies, or ambiguities, if any, in these guidelines or which may arise in administering, operating, or managing the program. This includes the interpretation of requirements and guidelines. OWDA may modify or waive, on a case-by-case basis, any provision of these guidelines that is not required by law. All such modifications or waivers are subject to written approval by the OWDA Board.

Section 7 – Authorization

Ohio Revised Code	Section 6121.01, 6121.03
OWDA Board Action	Became available through OWDA Fresh Water Program Resolution 57-92 Motion July 29, 2010 Motion April 27, 2017 Motion February 23, 2023 Motion January 29, 2026