

DAM SAFETY LOAN PROGRAM

Program Guidelines

Section 1 – Program Description

- 1.1 The Ohio Water Development Authority 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.
- 1.2 Program is funded from the OWDA Other Projects 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.

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, and legal and inspection fees.
- 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 The maximum loan amount is \$7,500,000.
- 4.2 Term
 - EAP, OMI, and Planning Loans
 - 5 years
 - Construction Loans
 - Minimum of 5 years
 - Maximum of 30 years
- 4.3 Application Fee
 - No application fee

- 4.4 Loan Administration Fee
- 0.35% of the loan amount or \$400 minimum
- 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 will be due no later than 12 months after loan award
 - Loan is due 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 must occur within 12 months after substantial completion
 - First payment begins maximum of 29 months from Cooperative Agreement date or 6 months after final completion date.
 - LGAs that have both a cumulative outstanding loan value of \$500 million or greater and have a water or sewer revenue bond rating of AA1 or AA+ or higher from a nationally recognized rating agency at the time of loan award shall have the option of the following repayment terms:
 - January 1 and July 1 (invoice mailed approximately November 15 and May 15)
 - April 1 and October 1 (invoice mailed approximately February 15 and August 15)
 - Written notification to OWDA at the time of the loan or repayment term will default to January 1 and July 1
- 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
 - Loan balance is due in full, the earlier of 5 years or at the time construction begins
 - 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 Loan
- EAP and OMI Loans
 - No prepayment penalty
 - Planning Loans
 - No prepayment penalty
 - Construction Loans
 - No prepayment penalty
- 4.11 Late Payment Penalty
- Payments received greater than 5 days and 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 office 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 proposal
- 5.3 Construction Loan Application Requirements
- Receive bids and tentatively approve contract awards
 - 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.
 - Detailed estimate for Equipment and Force Account costs, if applicable
 - Inspection reports and Plan approval by Ohio Department of Natural Resources
 - 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 – 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