

FRESH WATER LOAN PROGRAM

Program Guidelines

Section 1 – Program Description

- 1.1 The Ohio Water Development Authority created the Fresh Water Loan Program to provide financial assistance for planning/design and/or construction of drinking water, wastewater, and storm water projects. Eligible projects include but are not limited to 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, or storm water management facilities.
- 1.2 Program is funded from OWDA revenue bonds and surplus 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 waste water 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: planning, engineering, construction, land and easement acquisition, and legal and inspection fees

Section 4 – Loan Terms

- 4.1 Loan Amount
 - No minimum or maximum limit
- 4.2 Term
 - Planning Loans
 - 5 year balloon loan
 - Construction Loans
 - Minimum 5 years
 - Maximum of 30 years

- 4.3 Application Fee
- No application fee
- 4.4 Loan Administration Fee
- 0.35% of the total loan amount
 - 0.175% of the total loan amount for loans between \$100 million to \$150 million; capped at \$150 million
 - Minimum loan 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%
 - 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
 - Discounts available for construction loans only
- 4.6 Construction Contract 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 under OEPA Findings and Orders, consent order, documented health risks
 - Connecting to existing treatment system where community does not own system
 - Communities purchasing another system
 - Compliance with a Balanced Growth Plan certified by the State
 - 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
 - Loan repayment Invoices will be mailed approximately May 15 and November 15 to loan recipients
 - Planning Loans
 - First payment will be due no earlier than 12 months after loan award
 - Loan is due the earlier of 5 years or at the time construction begins
 - 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:
 - April 1 and October 1 (invoice mailed February 15 and August 15)
 - January 1 and July 1 (invoice mailed November 15 and May 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

- Planning Loans
 - All planning/design 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

- Planning Loans:
 - No prepayment penalty on planning loan
 - Loan will be amortized as a 5 year balloon loan with payments equal to 1/40th of the loan amount; however LGA has option to make equal payments
 - Planning loan can be rolled into OWDA construction loan
- Construction Loans:
 - The LGA is not able to prepay construction loan.
 - Payments must be made for the full term of the loan.

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 office by the deadline posted on the OWDA website.
- 5.2 Planning and Design 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 being submitted prior to bid date. Bid tabs are required to be submitted prior to project approval.
- Detailed estimate for Equipment and Force Account if applicable
- Plan approval by OEPA and obtained Permit to Install
- 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
OWDA Board Action	Resolution 57-92 Resolution 120-97 Resolution 69-99 Resolution 82-00 Motion January 31, 2002 Resolution 104-05 Motion January 26, 2006 Motion May 31, 2007 Resolution 30-08 Motion April 30, 2009 Motion April 29, 2010 Motion May 27, 2010 Motion July 29, 2010 Motion May 26, 2011 Motion April 25, 2013 Motion February 27, 2014 Motion December 11, 2014 Motion January 28, 2016 Motion May 27, 2021