



LOCAL ECONOMIC DEVELOPMENT
LOAN PROGRAM
Program Guidelines

Section 1 – Program Description

- 1.1 The Ohio Water Development Authority (OWDA) created the Local Economic Development Program to provide financial assistance for water and sewer projects for industries making a significant investment in the state and creating new jobs.
- 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, 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 the following: 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 being funded through the local economic development loan.

Section 4 – Loan Terms

- 4.1 Loan Amount
 - The maximum loan amount is \$10,000,000 per project, dependent upon available funds
- 4.2 Term Length
 - 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 OWDA Legal Fees
- The applicant will be responsible for up to \$15,000 of OWDA legal fees beginning at the time of application submission.
 - Termination of the potential loan does not relieve the applicant of the obligation to cover these legal fees.
 - If the applicant alters the proposed structure or security for the loan after Board approval, then the applicant will be responsible for additional legal fees incurred by OWDA.
- 4.6 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 less 0.70% 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
- 4.7 Capitalized Interest Rate
- Same rate as the contract interest rate
 - Accrues on disbursed loan amount until 6 months prior to the first repayment date
- 4.8 Repayment
- Payments due January 1 and July 1 of each year during the repayment period
 - 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
- 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
 - If project is serving undeveloped land, prepayment may be required as land is developed per the terms of the loan agreement.
- 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

- 4.12 Commencement
 - The loan agreement must be executed within six months of Board approval. If the loan agreement is not executed, the applicant will need to reapply.

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 Application Requirements:
 - Employment information for the project including current jobs, jobs created, and jobs retained
 - Certified Engineer’s Estimate for project costs if application is submitted prior to bid date.
 - Copy of engineering agreement
 - Financial documents to evaluate loan repayment and security
 - Proposed project schedule
 - Pass legislation authorizing signing of the loan agreement
 - Complete any necessary assessment, tap-in and/or rate legislation
 - Prepare a projection of revenues and expenses that shows user revenues, debt service obligations, and operation and maintenance costs over the contract term of the years of loan repayment to OWDA
- 5.3 Board Presentation and Approval
 - OWDA will invite the Applicant to present their project to the OWDA Board prior to loan approval.

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
OWDA Board Action	Resolution 45-95 Motion September 28, 2017 Motion July 29, 2021 Motion January 29, 2026