



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 Other Projects – Local Economic Development 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 costs include: Planning, engineering, construction, land and easement acquisition, legal, and inspection fees.

Section 4 – Loan Terms

- 4.1 Maximum loan amount is \$7,500,000 per project, dependent upon available funds
- 4.2 Term
 - Maximum of 30 years
- 4.3 Loan Administration Fee
 - 0.35% of the loan amount or \$400 minimum.
- 4.4 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.

4.5 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 less 0.70% with a minimum interest rate of 1% for 20- years and 1.5% for 30-years.
- 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 Capitalized Interest Rate

- Same rate as the contract interest rate
- Accrues on disbursed loan amount until 6 months prior to the first repayment date

4.7 Repayment

- Begins 12-months after the project is in service on January 1 or July 1
- Payments due January 1 and July 1 of each year during the repayment period

4.8 Repayment Rate

- Choice of equal annual repayments or equal annual principal with amortized interest repayments

4.9 Late Payment Penalty

- 5 day grace period
- Payments received less than 30 days after the payment date:
 - will be charged the default rate (contract interest rate 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:
 - will be charged the default rate (contract interest rate 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 30days

4.10 Prepayment of loan

- No prepayment penalty.
- If project is serving undeveloped land, prepayment may be required as land is developed per the terms of the loan agreement.

4.11 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 OWDA application requirements:

- Employment information for the project including current jobs, jobs created, and jobs retained
- Certified engineer’s itemized cost estimate to determine eligibility

- 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

5.2 Board presentation and approval

- OWDA will invite the Applicant to present their project to the OWDA Board prior to loan approval.

Section 6 - Authorization

Ohio Revised Code	Section 6121.01
OWDA Board Action	Resolution 45-95 Motion September 28, 2017 Motion July 29, 2021