

## **SOLID WASTE LOAN PROGRAM**

### *Program Guidelines*

#### **Section 1 – Program Description**

- 1.1 The Ohio Water Development Authority created the Solid Waste Loan Program in 1990 pursuant to Ohio Revised Code Section 6123 for the purposes of providing financial assistance for the acquisition, and construction of solid waste facilities (as defined in Ohio Revised Code Section 6123.01) such as materials recovery facilities, compost facilities, transfer stations, landfills, and incinerators.
- 1.2 Program is funded from the Strategic Initiatives Fund, dependent upon available funds.

#### **Section 2 – Eligible Borrowers**

- 2.1 Local government agencies and solid waste districts that meet the following criteria:
  - Own or control the eligible solid waste facility located within the State of Ohio
  - Authorized to incur debt and enter into legally binding agreements
  - Financially sound and have the ability to repay the loan
  - Currently in environmental compliance
  - Solid Waste Management Plan approved by Ohio EPA
  - Current on all taxes, loan payments, or other indebtedness to the State of Ohio or any political subdivision
- 2.2 The borrower must demonstrate that it possesses all necessary legal access to the property to complete the project.

#### **Section 3 – Eligible Project Costs**

- 3.1 Eligible costs include the following: purchase of the project site, demolition of existing structures on the project site, easements, engineering and design fees, construction costs, 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 solid waste project.

#### **Section 4 – Loan Terms**

- 4.1 The maximum loan amount is \$5,000,000.
- 4.2 Term
  - Planning Loans
    - 5 years
  - Construction Loans
    - Minimum 5 years

- Maximum of 30 years or the useful life of the facility
- 4.3 Loan Administration Fee
- 0.35% of the loan amount or \$400 minimum
- 4.4 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
- 4.5 Capitalized Interest Rate
- Same rate as the contract interest rate
  - Accrues on disbursed loan amount until 6 months prior to the first repayment date.
- 4.6 Repayment
- Payments due January 1 and July 1 of each year during the repayment period
  - 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
- 4.7 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
- 4.8 Prepayment of loan
- Planning Loans:

- No prepayment penalty on planning loan
- Construction Loans:
  - No prepayment penalty on construction loan

4.9 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 6123

OWDA Board Action

- Resolution 56-90
- Resolution 13-92
- Motion July 29, 2010
- Motion October 27, 2016
- Motion June 30, 2022