

WATER POLLUTION CONTROL LOAN FUND

Program Guidelines

Section 1 – Program Description

- 1.1 The Ohio Water Development Authority (OWDA) and the Ohio Environmental Protection Agency (OEPA) created the Water Pollution Control Loan Fund (WPCLF) to provide financial assistance for planning/design and/or construction of projects such as wastewater treatment facilities, sewers, combined sewer overflow control systems and storm water management facilities.
- 1.2 Program is funded from OWDA revenue bonds, federal capitalization grants and surplus funds.
- 1.3 The program is administered by the OWDA and the OEPA.

Section 2 – Eligible Borrowers

- 2.1 Eligible borrowers include cities, villages, counties, and sewer districts that have a place on the WPCLF priority list, fundable status according to the current WPCLF Program Management Plan, permit-to-install obtained from (OEPA)
- 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, legal and inspection fees.

Section 4 – Loan Terms

- 4.1 Loan Amount
 - No minimum or maximum limit
- 4.2 Term
 - Planning Loans
 - 5 year loan
 - Construction Loans
 - Minimum 5 years
 - Maximum of 45 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 cannot be included in the total loan amount
 - Due when the loan agreement is executed and before the first disbursement.
- 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 0.95% for 20-year loans, less 1.0% for 30-year loans, and less 0.85% for 45-year loans.
 - Borrowers may qualify for the Small System Interest Rate or the Hardship rate as determined by OEPA.
 - Borrowers may qualify for discounts to the contract interest rate as determined by OEPA.
- 4.6 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
- 4.7 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 construction loan
 - Construction Loans
 - First payment date must occur within 12 months after substantial completion
 - First payment begins maximum of 29 months from loan 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
- 4.8 Repayment Amortization Methods
- Planning Loans
 - Equal semi-annual payments through the term of the loan
 - 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

4.9 Prepayment of loan

- Planning Loans:
 - No prepayment penalty on planning loan
 - Equal semi-annual installment payments beginning on the date specified in the loan agreement.
 - Planning loan can be rolled into construction loan
- Construction Loans:
 - The borrower is not able to prepay construction loan.
 - Payments must be made for the full term of the loan.

4.10 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 OEPA per the requirements of the WPCLF Program Management Plan.

5.2 Planning and Design Loan application requirements

- Pass legislation authorizing signing of the loan 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 loan 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

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| Ohio Revised Code | Section 6111.036 |
| OWDA Board Action | Resolution 44-89 Resolution 06-96 Resolution 57-02 Motion May 27, 2010 Motion July 29, 2010 Motion October 27, 2010 Motion January 29, 2015 Motion February 28, 2019 |