

Eligibility Requirements

Applicants:

- ✓ **Non-Profit Organizations**
- ✓ **Public Bodies**
 - Municipalities, counties, and special purpose districts and authorities

Project:

- ✓ **Rural areas or incorporated communities with up to 10,000 population**

Trumbull County Village of Beach City
Shannon Road Sewer Project Wastewater Treatment Plant

Buckeye Water District
Installation of Ohio River Intake Line

Village of Loudonville
Storm Sewer Installation





Legal/Financial Requirements

- Legal capacity to borrow and repay loans, pledge security, and operate facilities
- Applicant is unable to secure other funding at reasonable rates/terms
- At least three years of successful operating history (existing systems)

(Cont)

Legal/Financial Requirements



- Assured repayment sources – taxes, assessments, income taxes, user charges, etc.
- Possess financial, technical, and managerial capabilities necessary to comply with Federal and State requirements

When can we apply?

- Applications are accepted anytime, at all area offices
- Fiscal year begins October 1, followed by annual funding allocation by the National Office

(Cont)



Will our project get funded immediately?

- Applications are ranked by priority, which is determined by:
 - Facility corrects a health or safety hazard to meet regulatory law
 - Regional or multi-community effort
 - Amount of leveraged funds
 - Percentage of guaranteed funds
 - Amount of USDA funds needed



Applicants must:

- Publish public notice of intent to file USDA application
- Hold public meetings to discuss the project
- Provide certification that they are unable to obtain other credit at reasonable rates and terms
- Possess the legal authority to undertake the project, issue security, and repay the debt

(Cont)



Applicants must:

- Keep accurate and acceptable financial and statistical records, including required audits
- Adhere to all federal laws, (i.e. fair housing, equal opportunity, civil rights, etc.)

How much can we borrow?

- Rural Development does not determine the maximum size of a project.
- Limitations and/or project scope are based on maximum affordable rates and if the project is considered modest in design, size, and cost

Terms

- 40 years maximum - State Statute OR useful life of facility, whichever is less
- No prepayment penalty
- For new systems, principal payments can be deferred for 2 years (use 38-year amortization factor)

Interest Rates

Interest rates change quarterly, BUT all loans receive a **FIXED** rate throughout term of loan. This equates to receiving the lower of the interest rate in effect at either funds obligation or loan closing

WWD Grant Program

- Cannot be considered as a major part of the project cost
- Grants are made in conjunction with loans
- Grant funding is primarily determined by the amount needed to achieve rates of similar communities and by availability of grant funds in Ohio

Reserve Requirements

- 10% of total annual RD debt service must be placed in a separate, restricted account each year
- Annual deposits required until amount reaches one full annual payment
- Not required for G.O. or assessment bonds

Security

Public Bodies:

- ✓ **General Obligation Bonds**
- ✓ **Assessment Bonds**
- ✓ **Revenue Bonds**

Use of Assessments

- USDA funding (all or part) can be secured using Assessment Bonds.
- The Assessment portion of the loan may or may not be used in the rate calculation but is part of the underwriting used to determine project grant eligibility

Security

Non-Profit Organizations:

- ✓ **Mortgages**
- ✓ **Promissory Notes**
- ✓ **Financing Statements**

Typical Sources of Funds (Partners)

- Rural Development
 - Loan/Grant Combination
 - Grant cannot be considered as a major part of the project cost
 - Extremely limited state-wide allocation of grant funding

(Cont)



Wastewater Treatment Plant
Upgrades – Village of Orwell

City of Columbiana
WWTP – Before
Improvements



Typical Sources of Funds (Partners)

County CDBG Formula Funds =
Competitive pool of Grant funds
distributed by the State of Ohio to
individual counties.

Applicant Contribution:

- Tap Fee
- User Surcharge
- Cash Reserve

How can we use these loans?

- Legal, engineering, architectural services, fiscal advisory, recording, archaeological surveys, and planning fees
- Interest on loans until facility is self supporting
- Initial operating expenses
- Construction
- Contingencies during construction
- Purchase of equipment to directly serve the project

Preliminary Engineering Report (PER):

- PER must be submitted to complete the application
- PER = in depth study and assessment of the total project and includes the project planning area and existing facilities
- PER discusses all alternatives and recommends the most feasible choice
- The best alternative information will include project design, land requirements, construction problems, potential funding sources, cost estimate, and the number of users the system will service

Environmental:



- Environmental Report (ER) must be submitted to complete application.
- Applicants must not demolish any existing structures, clear land, begin construction, advertise for bidding, purchase property, or enter into any binding agreements until the ER is approved by RD.
- Any actions which limit the range of alternatives to be considered may jeopardize RD funding.

What should we expect of our engineer?

- Preliminary Engineering Report (PER) & Environmental Report (ER)
- Basic Design and Contract Administration
- Resident Inspection Services
- Additional Services

(Cont)

What can we expect of our attorney?

- Legal
 - Attorney/Solicitor/Legal Counsel - title work, recording fees, easements, etc...
Bond Counsel must be used where bond issues are required as security
 - Attorney for Non-Profit Organization –
Title work and recording fees

(Cont)

What goes into an application?

- Standard Form - SF 424, “Application for Federal Assistance”.
- Project Information Sheet, including a site map.
- Evidence of Public Intent to File Application (published within 60 days of filing of application). A sample is enclosed.
- “Certification of Compliance with Federal Requirements/Laws”
- Preliminary Engineering Report (2 copies) prepared in accordance with appropriate RUS Bulletin.
- Environmental Report (2 copies) prepared in accordance with RUS Bulletin 1794A-602, “Guide for Preparing the Environmental Report for Water and Waste Projects”. Current “Balance Sheet” using Form RD 442-3 or similar form.
- **For Public Bodies:** Evidence of the amount of unvoted and voted general obligation bonding capacity.
- Financial reports (audits) for the last three years.
- Current rate schedule and rate schedule(s) in effect for each of the last three years.



Application, continued:

- **For non-profit corporations:** **Certified** copy of original Articles of Incorporation, any amendments thereto, certified copy of Bylaws and Certificate of Incorporation, Certification of Good Standing from the Secretary of State.
- **For special purpose districts:** Copy of legislation and court order, including petition or referendum, evidencing organization and authority.
- Letter from the applicant's attorney stating the applicant "is legally formed, in continued existence, and has the legal authority to undertake the proposed project.
- Applicant's certification regarding the non-availability of affordable commercial credit to meet financing needs, including rates and terms currently available.
- It is the applicant's responsibility to submit project information to the local planning commission for clearance. Evidence of planning commission concurrence or documentation that the project has been submitted for review is required in your application to Rural Development.
- All Federal applicants must provide a Data Universal Numbering System (DUNS) number



Points of Contact

Christine Crowell - Marietta Area Office

21330 State Route 676, Suite A

Marietta, OH 45750

Phone: (740) 373-7113, ext. 216 – Monday | Fax: (740) 373-4838

Phone: 740-458-1647 – Tuesday, Thursday, Friday

Phone: 330-830-7700, ext. 154 –Wednesday (Massillon Office)

Laura Sattler - Massillon Area Office

2650 Richville Drive SE, Suite 102

Massillon, OH 44646

330-830-7700 ext 155

