

KENTUCKY INFRASTRUCTURE AUTHORITY
CLEAN WATER STATE REVOLVING FUND

Fact Sheet
Fall 2012



What is the Clean Water State Revolving Fund (CWSRF)?

This program provides low interest loan financing to local wastewater treatment and collection facilities that qualify under the U.S. Environmental Protection Agency (EPA) requirements as outlined in the Clean Water Act. In State Fiscal Year 2013, the Kentucky Infrastructure Authority (KIA) will have approximately \$80 million dollars to fund wastewater, stormwater and non point source infrastructure projects.

KIA is required to commit at least 10% of the federal capitalization funds (approximately \$1,798,700) towards projects with green infrastructure components.

What type of assistance is available?

- ❖ Fixed rate loans with 20-year terms (term of loan may be less depending on useful life of project being financed)
- ❖ Interest Rates will be offered at below-market interest rates based on the criteria below:

2.75%	System's with a Median Household Income (MHI) at or above the MHI of the Commonwealth (\$41,576)
1.75%	Offered to projects: (1) System's MHI is between \$41,576 and \$33,261; (2) Project assists the system to achieve compliance with an order or judgement addressing environmental noncompliance; or (3) Project meets the definition of regionalization per 200 KAR 17:050.
0.75%	if the system's MHI is at or below \$33,261

- ❖ Principal Forgiveness will be provided to system's who meet the below criteria. The principal forgiveness will show up as a credit on the loan amortization schedule. No project can receive more than \$1,200,000 in principal forgiveness.

10% Forgiveness	If the system's MHI at or below \$33,261
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- ❖ A 0.20% administration fee is charged to recover administrative expenses incurred over the life of the loan. The fee is calculated on the current outstanding balance of the loan and will be charged as a part of each semi-annual loan payment.
- ❖ A Replacement Reserve requirement is built into all loan approvals and equals 2.5% of the loan amount, funded over 10 years and held for the life of the loan. This is an annual amount that the system will be required to designate to cover the cost of any repairs needed to the project being financed.

What are the general requirements to be considered for CWSRF funding?

- ❖ Participants must design, permit, bid and close financings by a schedule provided by the SRF Loan Program
- ❖ All projects must undergo an Environmental Review
- ❖ Green Business Case required if the project is designated as a "Green" project
- ❖ Federal Davis-Bacon Wage Rates rules apply
- ❖ Disadvantaged Business Enterprise ("DBE") rules apply
- ❖ Monthly progress reports will need to be filed with the SRF Loan Program
- ❖ Annual audit submission throughout life of the loan

Financial Administration Process Highlights

- ❖ KIA will perform a full credit review of the application
- ❖ Loan approval must be obtained from KIA Board
- ❖ Borrower accepts Commitment Letter
 - Valid for 12 months with a provision for a ONE-TIME 6 month extension if extraordinary circumstances exist
- ❖ After bidding, a Loan Assistance Agreement will be executed
- ❖ Interest will be billed semi-annually in June and December on funds drawn during construction
- ❖ Principal and Interest Repayments are due June and December 1; payments begin within 1 year of the Initiation of Operation

Where can I get more information about SRF loans?

For more information about the SRF Loan Program process, please contact Sandy Williams at 502-573-0260 (sandy.williams@ky.gov) or visit the SRF Web page at <http://www.kia.ky.gov>