

2010  
INTENDED USE PLAN  
CLEAN WATER STATE  
REVOLVING FUND

Prepared by the  
Georgia Environmental Finance  
Authority  
September 30, 2010



**INTENDED USE PLAN – 2010  
GEORGIA ENVIRONMENTAL FACILITIES AUTHORITY  
CLEAN WATER STATE REVOLVING FUND**

**Table of Contents**

**Contents** **Page #**

**PART I - SECTION 606 REQUIREMENTS**

INTRODUCTION .....	4
CLEAN WATER SRF FUNDING LIST (§212 Projects).....	4
CLEAN WATER SRF GREEN PROJECTS (Green Projects) .....	5
LAND CONSERVATION FUNDING LIST (§319 Projects) .....	6
CWSRF DISBURSEMENT SCHEDULE .....	7
TERMS AND CONDITIONS OF FINANCING .....	7
CWSRF NON-PROGRAM INCOME .....	8
4% ADMINISTRATION SET-ASIDE .....	9
CRITERIA AND METHOD FOR DISTRIBUTING FUNDS .....	9
CWSRF GOALS AND OBJECTIVES .....	9
20% STATE MATCH REQUIREMENT.....	10
ASSURANCES AND SPECIFIC PROPOSALS .....	10
PUBLIC PARTICIPATION .....	11

**PART II - ATTACHMENTS**

ATTACHMENT 1 - 2010 FUNDING LIST (§212 Project) .....	12
ATTACHMENT 2 - 2010 FUNDING LIST (Green Projects).....	21
ATTACHMENT 3 - 2010 FUNDING LIST (§319 Projects).....	23
ATTACHMENT 4 - 2010 Estimated Disbursement Schedule.....	25
ATTACHMENT 5 - 2010 ASAP CWSRF Payment Schedule .....	26
ATTACHMENT 6 - Projected Sources and Uses .....	27
ATTACHMENT 7 – CWSRF 4% Administrative Funds .....	28
ATTACHMENT 8 – Non-Program Income Work Plan.....	29
ATTACHMENT 9 – Ranking Criteria for CWSRF Project (§212 Projects) .....	30
ATTACHMENT 10 – Ranking Criteria for CWSRF Project (Green Projects) .....	33
ATTACHMENT 11 - CWSRF Public Participation Summary .....	36
ATTACHMENT 12 - CWSRF Program Policies.....	37

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**CLEAN WATER STATE REVOLVING FUND  
INTENDED USE PLAN  
2010**

**INTRODUCTION**

Section 606(c) of the Water Quality Act of 1987 requires each State to annually prepare an Intended Use Plan (IUP) identifying the use of funds from the Clean Water State Revolving Fund (CWSRF) for as long as monies exist within the Fund. Section 606 also requires capitalization grant recipients to describe how they will support the goals of the CWSRF. This document serves as the Georgia Environmental Facilities Authority's (GEFA) IUP and details how the State of Georgia will allocate the 2010 Title VI allotment of \$34,449,000 for the budget period beginning June 1, 2010 through June 30, 2014 as indicated in the CWSRF Capitalization Grant Application.

The Georgia Environmental Facilities Authority (GEFA) was created by the Georgia General Assembly in 1986 as the successor agency to the Georgia Development Authority Environmental Facilities Program. GEFA serves as the central State component for assisting local governments in financing the construction, extension, rehabilitation and replacement and securitization of public works facilities. The Governor of Georgia appoints eight members to the GEFA Board of Directors and three ex-officio members designed by the Authority's enabling legislation. Through an interagency agreement with the Georgia Environmental Protection Division (EPD) certain construction management and professional services are provided by EPD to administer the CWSRF Program. These services include, but are not limited to: project reviews and approvals; planning; project development; information tracking; updating files; information gathering and development of the CWSRF Fundable List; project ranking; issuing Notices of No Significant Impacts (NONSI); construction management; MBE/WBE requirements; project inspections, assistance with the National Information Management System (NIMS) and completion of the CWSRF Environmental Benefits "one-pager."

**CLEAN WATER SRF FUNDING LIST (§212 Projects)**

The Clean Water SRF Funding List contains all eligible §212 projects submitted in response to GEFA's 2010 SRF Project Solicitation, ranked in descending order according to score. This list replaces the separate Comprehensive and Fundable Lists found in prior GEFA Intended Use Plans. The list is divided into three tiers:

1. ***Tier One*** includes projects eligible to receive loans with principal forgiveness (FY2010 capitalization funds). GEFA guarantees these applicants may receive a loan with principal forgiveness as long as the applicant: (1) is fully compliant with GEFA minimum requirements by 9/30/2010 (compliance requirements include: Qualified Local Government status, Service Delivery Strategy requirements, State Audit requirements and Metropolitan North Georgia Water Planning District plans, if

applicable); and (2) issues a Notice to Proceed for the project listed in Tier One of the CWSRF Funding List by 12/31/2010. Any Tier One project that does not meet these requirements will lose its Tier One status and its guarantee of principal forgiveness.

2. **Tier Two** includes projects for which GEFA guarantees the availability of base CWSRF financing (3% annual interest rate, 2% closing fee and no principal forgiveness). These applicants may either pursue base CWSRF financing for the project or wait to see if the opportunity opens up for its project to move up to Tier One due to attrition of higher ranked projects. Projects will be eligible to move up to Tier One based on priority order. On 12/31/2010, GEFA will make a final determination of all projects eligible for Tier One status with principal forgiveness. All projects in this category, whether eligible for Tier One financing or pursuing regular CWSRF financing, must issue a Notice to Proceed by 3/31/2011 to maintain their guarantee of CWSRF financing.
3. **Tier Three** includes projects that are eligible to apply for base CWSRF financing on a first-come-first serve basis. Until 3/31/2011, GEFA will have available approximately \$50 million of base CWSRF financing for Tier Three projects. After 3/31/2011, GEFA will also make available any reserved financing not used by Tier One and Tier Two projects.

In order to develop the CWSRF Funding List, GEFA initiated a project solicitation on March 30, 2010. GEFA allowed prospective applicants until April 29, 2010 to submit pre-applications. GEFA e-mailed the solicitation notice to a stakeholder list containing more than 1,300 e-mail addresses and coordinated with relevant trade and local government associations to further disseminate the project solicitation. GEFA made available project solicitation packets that contained detailed information about financing terms, available financing and the scoring system for project prioritization. GEFA accepted DWSRF pre-applications through an online pre-application form available through the GEFA website. GEFA used the pre-application information to score all submitted projects and ranked the projects on the CWSRF Funding List in descending order according to score. All ties were broken by giving higher priority to those projects with the earlier Notice to Proceed date provided in the pre-application submission.

The CWSRF Funding list contains total of 108 projects with a total need of \$547,931,303. The Funding List appears in Attachment 1. The Funding List includes the name of the applicant, the score of the project, the total project cost and associated financing breakdown, the estimated binding commitment date, estimated construction start date and estimated project completion date and a description of the project.

#### **CLEAN WATER SRF GREEN PROJECTS (Green Projects)**

The Clean Water SRF Green Project Reserve (GPR) Funding List contains all eligible CWSRF GPR projects submitted in response to GEFA's 2010 SRF Project Solicitation, ranked in descending order according to score. The list is divided into two tiers:

1. **GPR Tier One** includes projects eligible to receive Green Project Reserve loans with principal forgiveness (FY2010 capitalization funds). GEFA guarantees these applicants may receive a loan with principal forgiveness as long as the applicant (1) is fully compliant with GEFA minimum requirements by 9/30/2010 (compliance requirements

include: Qualified Local Government status, Service Delivery Strategy requirements, State Audit requirements and Metropolitan North Georgia Water Planning District plans, if applicable); and (2) issues a Notice to Proceed for the project listed in Tier One of the Green Project Funding List by 12/31/2010. Any GPR Tier One project that does not meet these requirements will lose its Tier One status and its guarantee of principal forgiveness.

2. **GPR Tier Two** includes all other submitted Green Project Reserve projects. The applicants with projects in GPR Tier Two may either pursue base CWSRF financing for the project (3% annual interest rate, 2% closing fee and no principal forgiveness) or wait to see if the opportunity opens up for the project to move up to GPR Tier One due to attrition of higher ranked projects. Projects will be eligible to move up to GPR Tier One based on their score. On 12/31/2010, GEFA will make a final determination of all projects eligible for Tier One status with principal forgiveness.

In order to develop the CWSRF Green Project Reserve Funding List, GEFA initiated a project solicitation on March 30, 2010. GEFA allowed prospective applicants until April 29, 2010 to submit pre-applications. GEFA e-mailed the solicitation notice to a stakeholder list containing more than 1,300 e-mail addresses and coordinated with relevant trade and local government associations to further disseminate the project solicitation. GEFA made available project solicitation packets that contained detailed information about financing terms, available financing and the scoring system for project prioritization. GEFA accepted Green Project pre-applications through an online pre-application form available through the GEFA website. GEFA used the pre-application information to score all submitted projects and ranked the projects on the Green Project Funding List in descending order according to score. All ties were broken by giving higher priority to those projects with the earlier Notice to Proceed date provided in the pre-application submission.

The CWSRF Green Project Reserve Funding list contains total of 11 projects with a total need of \$25,687,695. The Green Project Reserve Funding List appears in Attachment 2. The Funding List includes the name of the applicant, the score of the project, the total project cost and associated financing breakdown, the estimated binding commitment date, estimated construction start date and estimated project completion date and a description of the project.

The 2010 Appropriations language requires that, to the extent there are sufficient eligible project applications, not less than 20% of the total allotment of funds must be used to address water or energy efficiency, green infrastructure or other environmentally innovative activities. GEFA will meet the 20% Green Project Reserve requirement of \$6,889,800 via funding projects in Tier One of the Green Project Funding List.

#### **LAND CONSERVATION FUNDING LIST (\$319 Projects)**

The Georgia Land Conservation low interest loan program funded from the CWSRF has grown in popularity since its inception in April 2005. This program is slated to continue using CWSRF funds to purchase land or conservation easements on land to promote water quality in nearby water bodies. During the 2010 Georgia Legislative session, legislation was introduced and passed that improves the scope and efficiency of the Georgia Land Conservation Program by

allowing these CWSRF dollars to be loaned in a 'bridge' capacity to non-governmental organizations (NGOs) such as The Nature Conservancy, the Trust for Public Land and The Conservation Fund in addition to local governments. This legislative change will serve to broaden the use of this program and provide for more loans for land purchases across the state.

The GEFA Board has also approved a policy change that offers a 2% interest rate on CWSRF Land Conservation Loans to projects in 143 of Georgia's 156 counties. These counties correspond to the "eligible" and "conditionally eligible" areas identified by the One Georgia Authority – an economic development financial body of the Georgia Department of Community Affairs. All lands purchased with CWSRF funds whether loaned to local governments or NGOs will preserve water quality in accordance with EPA requirements. The §319 Georgia Land Conservation Comprehensive List (Attachment 3) shows 9 projects totaling \$27,630,000 in land purchases throughout the state which will improve Georgia's water quality.

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## **CWSRF DISBURSEMENT SCHEDULE**

An estimated disbursement schedule for those projects listed on both the §212 Funding Lists and the Green Project Funding List is located in Attachment 4. This disbursement schedule was created based on the eight quarters identified in the CWSRF payment schedule located in Attachment 5 which indicates the timeframe for drawing the CWSRF allotment from EPA's Automated Standard Application for Payments (ASAP) System. Some of the projects listed on the disbursement schedule are one phase of a larger project. Disbursement to these projects may extend past the 8 quarters listed in the disbursement schedule.

The only type of assistance provided by the CWSRF Program will be loan financing to local government entities. Loans made with FY2010 capitalization funding will include some level of principal forgiveness as required in H.R. 2996 (the Department of the Interior, Environment, and Related Agencies Appropriations Act, 2010). Loans from the CWSRF Program must be repaid within 20 years of construction completion. Assistance will be provided to municipalities, inter-municipal, interstate or State agencies and non-governmental organizations (NGO) for the construction, expansion and improvements to publicly-owned wastewater treatment facilities, the implementation of a non-point source pollution projects, and the purchase of land within Georgia resulting in the improvement of water quality. Capitalization grant funds for the construction of wastewater treatment facilities will include projects addressing secondary or advanced treatment or any cost-effective alternative, such as interceptors and appurtenances and infiltration/inflow correction. All projects must be designed to meet current NPDES permit limits and all other requirements needed to maintain water quality standards.

## **TERMS AND CONDITIONS OF FINANCING**

### ***Standard CWSRF Financing Terms***

GEFA currently provides CWSRF loans to local governments and authorities for up to 20 years at 3% annual interest rate with a 2% closing fee. GEFA may adjust the interest rate higher depending on the credit risk of each loan recipient. Those loan recipients which present a greater level of risk may be charged a higher interest rate or a repayment term shorter than the 20 year maximum allowed by program regulations. The 2% closing fee

is a one-time loan closing fee, charged on each loan when the contract is executed and paid within the first 12 months following contract execution. GEFA calculates the fee based on the total CWSRF financing provided for the project. GEFA deposits these funds into a separate non-project account. Program Income, generated from direct capitalization grant funds, and Non-Program Income, generated from repayment funds, will both be collected.

#### ***Additional Subsidization***

The 2010 Appropriations language requires that not less than \$5,159,367 be provided in the form of additional subsidization. To accomplish this additional subsidization requirement GEFA will provide loans with 50% principal forgiveness for Green Projects. GEFA plans to fund \$7,000,000 in Green Projects from the 2010 grant and provide 50% of that \$7,000,000 in the form of principal forgiveness. Additionally, GEFA will provide loans with 15% principal forgiveness for §212 Projects. This approach will allow GEFA to meet the \$5,159,367 additional subsidization target. All principal forgiveness dollars must accompany a 3% interest loan and the maximum 20 year repayment terms will apply. In order to move 2010 funds quickly through the Clean Water Program all projects that receive 2010 funding must issue a Notice to Proceed by December 31, 2010 or risk losing funding eligibility.

While GEFA recognizes that the H.R. 2996 Conference Committee Report (Report 111-316) states, “The conferees believe that priority for additional subsidies should be given to projects in communities that could not otherwise afford such projects...,” GEFA anticipates complying with the specific statutory requirement. The specific language of the appropriations act requires that not less than \$5,159,367 of the capitalization funding “shall be used by the State to provide additional subsidy to eligible recipients in the form of forgiveness of principal...” GEFA has two primary reasons for this position. First, based on GEFA’s history with providing Disadvantaged Community funding through its DWSRF program, GEFA understands that documenting and establishing financial need is a detailed, time-consuming process. Any documented financial need must be evaluated in light of the applicant’s historic utility management. GEFA believes this is a very high administrative burden to place on its base CWSRF program.

Second, GEFA believes there are excellent reasons to provide higher levels of additional subsidization to Green Project Reserve projects. Historically, local governments have not sought GEFA financing for “green projects,” showing a preference for traditional SRF projects. GEFA hopes higher levels of additional subsidization can help make innovative green projects more attractive. Unfortunately, GEFA’s experience to date has demonstrated that linking additional subsidization with affordability may well be mutually exclusive with providing higher levels of subsidization for green projects. Based on our experience with the ARRA, GEFA found that the vast majority of applicants interested in pursuing green projects would not qualify as “communities that could not otherwise afford such projects...”

#### **CWSRF NON-PROGRAM INCOME**

During the 2008 Legislative session, the state legislature passed and the Governor signed into law House Resolution 1022 adopting Georgia's statewide water management plan. The plan will guide Georgia in managing water resources in a sustainable manner to support the state's economy, to protect public health and natural systems and to enhance the quality of life for all citizens. The plan lays out statewide policies, management practices and guidance for regional planning. As a member of the governing structure, GEFA will assist with both funding and implementing this very important endeavor.

State officials and GEFA staff have identified the use of non-program income generated on loans made from the CWSRF repayment account as a potential source of funding for many water quality related activities of the statewide water management plan. Attachment 8 goes into great detail as to the types of activities to be accomplished with this non-program income. Additionally, in the Projected Sources & Uses table in Attachment 6 there are preliminary estimates of the amount of non-program income to be generated from repayment dollars and an estimate of when those dollars will be spent over the eight quarters identified in this IUP.

#### **4% ADMINISTRATION SET-ASIDE**

Georgia intends to use 4% of the capitalization grant for administrative purposes. Based on the available 2010 allocation of \$34,449,000, \$1,377,960 will be reserved for administrative support to manage and operate the CWSRF Program. A detailed account of the personnel costs associated with the 4% account can be found in Attachment 7.

#### **CRITERIA AND METHOD FOR DISTRIBUTING FUNDS**

Attachment 9 explains Georgia's criteria and method used to score and distribute funds for §212 Projects while Attachment 10 explains the criteria and method used to score distribute funds for Green Projects.

Only those municipalities that have been designated as a "Qualified Local Government" and are in compliance with the Service Delivery Act of 1999 (House Bill 489), and appear on the State's Funding List may receive a CWSRF loan commitment. Also, only those communities within the Metro North Georgia Water Planning District which are in compliance or making a good faith effort toward compliance with the Metro North Georgia Water Planning District plans are eligible for CWSRF funding. Eligible project costs include planning, design, engineering construction, and in some limited cases, land acquisition costs attributed to the project. Land acquisition costs for land purchases for conservation through the Land Conservation Revolving Fund will also be eligible. Ineligible costs include maintenance and operation expenditures.

#### **CWSRF GOALS AND OBJECTIVES**

The CWSRF program has three short term goals for the program during the budget period:

1. The program will work toward increasing its pace in comparison to the national average. As a result of the FY 2009 NIMS database, Georgia's CWSRF program had an 89% rate for the pace indicator of "SRF Assistance as a Percent of Funds Available." To accomplish this goal, Georgia has implemented new processes to promote a greater level of assistance and has executed many "phased-type" contracts in an effort to keep funds flowing in and out of the CWSRF Program.
2. The CWSRF program hopes to fund a greater number of Non-Point Source (NPS) projects. GEFA and EPD see the funding of NPS projects as an important step toward improving water quality in the state. Using CWSRF loan funds as supplemental financing for many of the §319 grant applications may help to fund more non-point source projects across the state.
3. The CWSRF will meet the two new objectives of the 2010 Appropriations language with respect to the 20% Green Project Reserve requirement and minimum additional subsidization requirement. GEFA has put forth great effort to ensure compliance with these new provisions of the program.

### **20% STATE MATCH REQUIREMENT**

Under the provisions of the Water Quality Act of 1987, the State is required to deposit an amount equal to 20% of the total capitalization grant into the CWSRF Program. The capitalization grant request for 2010 totals \$34,449,000. Therefore, the amount of state match funds required is \$6,889,800. In addition to the CWSRF Program, GEFA administers a companion state-funded loan program funded with proceeds from the sale of General Obligation bonds. Exactly \$6,889,800 from this state program will be reserved as a match for the 2010 CWSRF Capitalization Grant award. Georgia will disburse these state bond funds along with Federal direct capitalization grant funds in a manner that is proportionate to ensure the proper match on each loan disbursement. These state funds will be held outside the CWSRF until the disbursement is made. Once these state dollars are disbursed to a Federal CWSRF project, those funds and the interest paid on those funds by the community will become CWSRF funds and return to the program.

### **ASSURANCES AND SPECIFIC PROPOSALS**

In addition to the assurances that accompany the capitalization grant application (Standard Form 424) for 2010 funds, the CWSRF Program further agrees to adhere to all the certifications covered within our Operating Agreement with the Regional EPA office. The specific certifications are:

1. Capitalization Grant Acceptance
2. Payment Schedule
3. State Matching Funds
4. Commitment of 120 percent in One Year
5. All Funds - Timely Expenditure
6. Enforceable Requirements of the Act

7. Title II Requirements
8. Cross Cutting Issues
9. State Law and Procedures
10. State Accounting and Auditing Procedures
11. Recipient Accounting and Auditing Procedures
12. Annual Report
13. Limitations on Eligibility
14. Maintain the Fund
15. Perpetuity
16. Types of Assistance
17. Limitations of Double Benefits
18. Consistency with Planning Requirements
19. Comprehensive List of Potential Loan Recipients
20. Eligibility on Non-Federal Share of Grants Projects
21. Annual Audit
22. Annual Federal Oversight Review and Technical Assistance
23. Corrective Action
24. Transfer of Funds between SRF Program

As in previous years, CWSRF Program Managers will continue to coordinate with the Regional EPA office on items such as quarterly and annual reports, annual reviews, National Need Surveys, collection of NIMS data, training opportunities, and attendance at regional and national conferences, workshops, and various administrative program efforts.

#### **PUBLIC PARTICIPATION**

This IUP is subject to review and comment by the public prior to incorporation into the 2010 Capitalization Grant Agreement. A public notice was placed in the *Fulton County Daily Report* on Friday April 16, 2010 announcing a public meeting on the CWSRF IUP on Friday, May 21, 2010 at 11:00 am in GEFA's Boardroom. A summary of the public meeting can be found within Attachment 11.

**ATTACHMENT 1**

**ATTACHMENT 1 - 2010 FUNDING LIST (§212 Project)**

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**ATTACHMENT 1  
COMPREHENSIVE LIST OF POTENTIAL LOAN RECIPIENTS**

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**ATTACHMENT 1  
COMPREHENSIVE LIST OF POTENTIAL LOAN RECIPIENTS**

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COMPREHENSIVE LIST OF POTENTIAL LOAN RECIPIENTS**

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COMPREHENSIVE LIST OF POTENTIAL LOAN RECIPIENTS**

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COMPREHENSIVE LIST OF POTENTIAL LOAN RECIPIENTS**

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**ATTACHMENT 2**

**ATTACHMENT 2 - 2010 FUNDING LIST (Green Projects)**

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**ATTACHMENT 3**

**ATTACHMENT 3 - 2010 FUNDING LIST (§319 Projects)  
(319 Projects)**

CLEAN WATER STATE REVOLVING FUND 2010 FUNDING LIST (§319 Projects)									
Community	Population	Total Project Cost	Project Description	Category A New & Plant Expansion	Category B Combined Sewers	Category C Transport Systems	Category D Sewer Rehabilita- tion	Category E Non-Point Source	Category F Non-Point Source Land Purchases
City of St Simons (via St Simons Land Trust)	13,761	\$ 1,200,000	Black Banks - Acquire and preserve 5 acres of coastal marshland on Saint Simons Island for addition to local park and trail system						X
Clinch County (via The Conservation Fund)	6,878	\$ 7,000,000	Suwanee River Rayonier Tract - Acquire a conservation easement and partial fee-title interest in 3,754 total acres of timberland on the Suwannee River to maintain water quality and wildlife habitat near Okefenokee National Wildlife Refuge						X
Houston County/Twiggs County/Bleckley County	110,765	\$ 8,000,000	Ocmulgee WMA - Acquire 10,000+ acres along Ocmulgee River as permanent Wildlife Management Area						X
Walker County (via Lookout Mountain Conservancy)	61,053	\$ 1,000,000	Lookout Mountain Tracts - Acquire 75 acres on Lookout Mountain to protect headwater streams and intact hardwood forestland						X
Jackson County (via Elachee Nature Science Center)	41,589	\$ 1,000,000	Acquire & permanently protect land for eventual use as a wetland mitigation bank						X

Wayne County/Glynn County (The Nature Conservancy)	10,847	\$ 5,000,000	Sansavilla - Acquire large tract along Altamaha River for addition to existing Wildlife Management Area						X
City of Saint Simon's (via St. Simon's Land Trust)	13,761	\$ 3,000,000	Acquisition of 630-acre tract of coastal marshlands						X
City of Euharlee	4,121	\$ 180,000	Acquisition of 16-acre tract on Etowah River & Euharlee Creek						X
South Fulton Botanical Gardens	1,014,932	\$ 1,250,000	Acquisition of conservation easement and/or fee-title ownership of 44-acre tract with pond & feeder creek for Botanic Gardens and water quality improvement demonstration areas						X
		\$ 27,630,000							

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**ATTACHMENT 4**

**ATTACHMENT 4 - 2010 Estimated Disbursement Schedule  
(Green Projects)**

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**ATTACHMENT 5 - 2010 ASAP CWSRF Payment Schedule**  
**CLEAN WATER STATE REVOLVING FUND**  
**2010 ASAP PAYMENT SCHEDULE**

<b>Payment No.</b>	<b>Federal Fiscal Year Quarter</b>	<b>Date</b>	<b>Amount (\$)</b>
<b>1</b>	<b>1<sup>st</sup> Quarter,</b>	<b>7/2010 - 9/2010</b>	<b>\$8,612,250</b>
<b>2</b>	<b>2<sup>nd</sup> Quarter,</b>	<b>8/2010 - 12/2010</b>	<b>\$8,612,250</b>
<b>3</b>	<b>3<sup>rd</sup> Quarter,</b>	<b>1/2011- 3/2011</b>	<b>\$8,612,250</b>
<b>4</b>	<b>4<sup>th</sup> Quarter,</b>	<b>4/2011- 6/2011</b>	<b>\$8,612,250</b>
<b>5</b>	<b>1<sup>st</sup> Quarter,</b>	<b>7/2011- 9/2011</b>	<b>-\$0-</b>
<b>6</b>	<b>2<sup>nd</sup> Quarter,</b>	<b>10/2011- 12/2011</b>	<b>-\$0-</b>
<b>7</b>	<b>3<sup>rd</sup> Quarter,</b>	<b>1/2012- 3/2012</b>	<b>-\$0-</b>
<b>8</b>	<b>4<sup>th</sup> Quarter,</b>	<b>4/2012- 6/2012</b>	<b>-\$0-</b>
<b>Total</b>			<b>\$34,449,000</b>

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**ATTACHMENT 6 - Projected Sources and Uses  
GEFA  
CLEAN WATER STATE REVOLVING FUND  
SOURCES & USES**

**To Be Added**

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**ATTACHMENT 7 – CWSRF 4% Administrative Funds  
2010 CWSRF 4% ADMINISTRATIVE FUNDS**

The CWSRF Program allows 4% of the Capitalization Grant to be use for the administration of the CWSRF Program. The table below displays how this \$1,377,960 will be spent to administer the funds in this application as well as ongoing projects. Existing funds from previous grants will be used to supplement any costs incurred above and beyond the \$1,377,960 in this grant application.

**4% Administration (2010 - \$1,377,960)**

<b>Set-Aside Activity</b>	<b>Activity</b>	<b>Cost</b>	<b>Comments</b>
CWSRF Administration	EPD activities include project reviews and approvals; planning; project development; information tracking; information gathering and development of the National Needs Survey; project ranking; issuing Notices of No Significant Impacts (NONSI); construction management; MBE/WBE requirements; project inspections; and assistance with the National Information Management System (NIMS).	Engineering and Technical Support Program  Contract: \$502,000  GEFA-CWSRF Program \$750,000	Any remaining funds will be banked to administer the CWSRF Program in future years.  Any additional funds needed above the \$1,377,960 will be used from previous capitalization grants rolled forward.
	<b>Total</b>	<b>\$1,252,000</b>	

**ATTACHMENT 8 – Non-Program Income Work Plan  
GEFA  
CWSRF WORKPLAN FOR USE OF NON-PROGRAM INCOME**

**To be Added**

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**ATTACHMENT 9 – Ranking Criteria for CWSRF Project (\$212 Projects)  
2010 CWSRF Project Solicitation  
Project Ranking Criteria**

**(Maximum Point Total - 100 Points)\***

Projects will be rated in five categories to determine their eligibility and selection for funding under the CWSRF Program.

**CLEAN WATER SRF**

**CLEAN WATER TRADITIONAL PROJECTS SCORING SYSTEM – SUMMARY**

1. Readiness To Proceed (maximum of 30 points)
2. Organizational and Technical Capacity (maximum of 10 points)
3. Compliance Benefit (maximum of 25 points)
4. Environmental Benefit / Performance (maximum of 20 points)
5. Other Applicant or Project Attributes (maximum of 15 points)

**CLEAN WATER TRADITIONAL PROJECTS SCORING SYSTEM – DETAILED BREAKDOWN**

1. **Readiness To Proceed** (maximum of 30 points)  
*HIGHEST LEVEL BELOW THAT APPLIES*
  - a. Plans and specs approved by EPD 30  
pt  
s
  - b. Plans and specs that meet the minimum P&S requirements submitted to EPD 25  
pt  
s
  - c. State Environmental Review Process complete – NONSI or CE approved. 20  
pt  
s
  - d. State Environmental Review Process progress – NONSI or CE issued 15  
pt  
s
  - e. State Environmental Review Process planning documents submitted to EPD 10  
pt  
s
  - f. Project received initial Environmental Acceptability determination by EPD 5  
pt  
s
  
2. **Organizational and Technical Capacity** (maximum of 10 points)  
*ANY BELOW THAT APPLY*
  - a. Applicant has debt service coverage ratio > 120% 2  
pt  
s
  - b. Applicant maintains a central asset inventory (with descriptive information about assets such as age, size, construction materials, location, installation date, condition, remaining useful life) and a complete water system map 3  
pt  
s

- c. Applicant maintains long-term water and/or sewer Capital Improvement Plan (covering at least the next 5 years) 2  
pt  
s
- d. Applicant funds a dedicated capital improvement reserve from current revenues (i.e., creates an asset annuity) 3  
pt  
s

**3. Compliance Benefit** (maximum of 25 points)

*HIGHEST LEVEL BELOW THAT APPLIES*

- a. Project is needed to fully address deficiencies documented in Emergency or Administrative Order (Order #: \_\_\_\_\_) 25  
pt  
s
- b. Project is needed to achieve compliance with final effluent limitations and applicant is under enforceable order from EPD to construct project 20  
pt  
s
- c. Project is needed to achieve / maintain compliance with applicable permit (NPDES, LAS, Industrial Pretreatment) 15  
pt  
s
- d. Project is needed to fully address deficiencies documented in an enforcement action 10  
pt  
s
- e. Project is needed to achieve / maintain compliance with Georgia's Nonpoint Source Management Plan 5  
pt  
s

**4. Environmental Benefit / Performance** (maximum of 20 points)

*ANY BELOW THAT APPLY*

- a. Receiving stream segment affected by the project is on either the 303(d) list or the 305(b) list 15  
pt  
s
- b. Project will eliminate leaking / failing septic systems 10  
pt  
s
- c. Loan applicant is a current or pending MS4 permittee and the project is a component of its storm water management program 5  
pt  
s
- d. Project is a non-point source pollution control activity recommended in a watershed assessment study required by EPD or initiated by the applicant 5  
pt  
s
- e. ....A 5  
significant portion of the project involves the construction of structural non-point source pollution controls. pt  
s

*Note – total points available in category above exceed 20, but maximum possible score is 20*

**5. Other Applicant or Project Attributes** (maximum of 15 points)

*ANY BELOW THAT APPLY*

- a. Applicant uses increasing block rate pricing for residential customers to encourage conservation (includes tiers below 25,000 gallons per month) 2  
pt
- b. Applicant has a Water Reuse System in Place or Planned 3  
pt
- c. Project benefits more than one system or community (e.g. sewer interconnection) 3  
pt
- d. Applicant has never borrowed money from GEFA / applicant is a new GEFA client 2  
pt
- e. Project entails assuming control of another system (public or private) which is noncompliant, on the verge of noncompliance or otherwise does not operate effectively and efficiently. 3  
pt
- f. Project entails the use of new, promising technology or represents an innovative approach to achieving excellent water quality results. 5  
pt

*Note – total points available in category above exceed 15, but maximum possible score is 15*

\*In an effort to reduce the effort on the part of the applicant, various questions scored within the CWSRF ranking criteria are not asked within the pre-application but instead are determined by GEFA in-house.

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**ATTACHMENT 10 – Ranking Criteria for CWSRF Project (Green Projects)  
2010 Green Project Solicitation  
Green Project Ranking Criteria**

**(Maximum Point Total - 100 Points)\***

Projects will be rated in six categories to determine their eligibility and selection for funding under the CWSRF Program.

**SRF GREEN PROJECT RESERVE PROJECTS**

**GREEN PROJECT RESERVE PROJECTS SCORING SYSTEM – SUMMARY**

1. Readiness To Proceed (maximum of 30 points)
2. Organizational and Technical Capacity (maximum of 10 points)
3. Water Efficiency Benefit / Performance (maximum of 20 points)
4. Energy Efficiency Benefit / Performance (maximum of 15 points)
5. Green Infrastructure Benefit / Performance (maximum of 15 points)
6. Other Applicant or Project Attributes (maximum of 10 points)

**GREEN PROJECT RESERVE PROJECTS SCORING SYSTEM – DETAILED BREAKDOWN**

**1. Readiness To Proceed** (maximum of 30 points)

*HIGHEST LEVEL BELOW THAT APPLIES (UNDER EITHER CATEGORY – NOT BOTH)*

***Construction Projects***

- |                                                                              |     |
|------------------------------------------------------------------------------|-----|
| a. Plans and specs approved by EPD                                           | 30  |
|                                                                              | pts |
| b. Plans and specs that meet the minimum P&S requirements submitted to EPD   | 25  |
|                                                                              | pts |
| c. State Environmental Review Process complete – NONSI or CE approved.       | 20  |
|                                                                              | pts |
| a. State Environmental Review Process progress – NONSI or CE issued          | 15  |
|                                                                              | pts |
| d. State Environmental Review Process planning documents submitted to EPD    | 10  |
|                                                                              | pts |
| e. Project received initial Environmental Acceptability determination by EPD | 5   |
|                                                                              | pts |

***Non-Construction Projects***

- |                                                                                         |     |
|-----------------------------------------------------------------------------------------|-----|
| a. Project design complete, all permits secured and project able to proceed in 45 days  | 30  |
|                                                                                         | pts |
| b. Project design complete, all permits secured and project able to proceed in 90 days  | 20  |
|                                                                                         | pts |
| c. Project design begun (preliminary engineering report or business plan or equivalent) | 10  |
|                                                                                         | pts |

**2. Organizational and Technical Capacity** (maximum of 10 points)

*ANY BELOW THAT APPLY*

- |                                                                                                                                                                                                                                       |     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| a. Applicant has debt service coverage ratio > 120%                                                                                                                                                                                   | 2   |
|                                                                                                                                                                                                                                       | pts |
| b. Applicant maintains a central asset inventory (with descriptive information about assets such as age, size, construction materials, location, installation date, condition, remaining useful life) and a complete water system map | 3   |
|                                                                                                                                                                                                                                       | pts |
| c. Applicant maintains long-term water and/or sewer Capital Improvement Plan (covering at least the next 5 years)                                                                                                                     | 3   |
|                                                                                                                                                                                                                                       | pts |

- d. Applicant funds a dedicated capital improvement reserve from current revenues (i.e., creates an asset annuity) 2 pts

**3. Water Efficiency Benefit / Performance** (maximum of 20 points)

PROVIDE RESPONSES TO EACH STATEMENT (NUMERIC RESPONSES WILL BE EVALUATED ON A CURVE)

- a. Leak detection and correction (leak detection & pipe replacement) 7 pts
- i. Annual water savings that will result from proposed project: \_\_\_MG (per year)
  - ii. Dollar per annual gallon saved (total project cost / gallons saved per year): \_\_\_\_\_
  - iii. Annual cost savings due to lower treatment volumes that will result from proposed project: \$\_\_\_ (per year)
- b. Metering (reduction of apparent losses) 4 pts
- i. Estimated annual revenue increase that will result from proposed metering project: \$\_\_\_ (per year)
  - ii. Percentage reduction in system's rate of non-revenue water: \_\_\_%
  - iii. Estimated simple payback period for project (total project cost / annual revenue increase that results from project): \_\_\_\_\_
- c. Water Fixture or Irrigation System Retrofit or Rebate Program/Project 5 pts
- i. Annual water savings that will result from proposed project: \_\_\_MG (per year)
  - ii. Dollar per annual gallon saved (total project cost / gallons saved per year): \_\_\_\_\_
  - iii. Annual cost savings due to lower treatment volumes that will result from proposed project: \$\_\_\_ (per year)
- d. Water Reuse / Water Recycling 4 pts
- i. Annual amount of reused or recycled water that will be made available to customers and will displace equivalent demand for tap-quality treated water: \_\_\_MG (per year)
  - ii. Dollar per annual gallon reused/recycled (total project cost / gallons reused/recycled per year): \_\_\_\_\_

**4. Energy Efficiency Benefit / Performance** (maximum of 15 points)

PROVIDE RESPONSES TO EACH APPLICABLE STATEMENT

- a. Pump / Motor / Blower Replacement and Treatment Improvements (Drinking & Clean Water) 6 pts
- i. Percentage reduction in annual energy usage that will result from proposed project: \_\_\_%
  - ii. Annual kilowatt-hour reduction that will result from project: \_\_\_kWh(per year)
  - iii. Assuming 10¢ per kWh, annual dollar savings that will result from proposed project: \$\_\_\_(per year)
  - iv. Will the project include operator training on energy efficient equipment?
- b. On-site renewable energy production at water utility facility 6 pts
- i. Annual kilowatt-hours of electricity that will be generated on-site as a result of proposed project: \_\_\_kWh (per year)
  - ii. Annual therms of process heating that will be generated and used on-site as a result of proposed project: \_\_\_therms (per year)
- c. Metering (reduction of apparent losses) 3 pts

- i. Estimated annual fuel savings that will result from proposed project:  
\_\_\_\_\_gallons (per year)
- ii. Estimated annual cost savings from fuel use reduction that would result  
from proposed project: \$\_\_\_\_\_ (per year)

**5. Green Infrastructure Benefit / Performance** (maximum of 15 points)

PROVIDE RESPONSES TO EACH STATEMENT (NUMERIC RESPONSES WILL BE EVALUATED ON A CURVE)

- a. Estimated annual pollutant loading / runoff reduction into receiving waterway that will result from proposed project: \_\_\_\_\_lbs. (per year) 5 pts
- b. Estimated annual stormwater kept out of sewer system: \_\_\_\_\_gals (per year) 2 pts
- c. Estimated annual cost savings due to lower wastewater treatment volumes that will result from proposed project: \$\_\_\_\_ (per year) 2 pts
- a. Receiving stream segment affected by the project is on either the 303(d) list or the 305(b) list 5 pts
- b. Loan applicant is a current or pending MS4 permittee and the project is a component of its storm water management program 1 pts
- c. Project is a non-point source pollution control activity recommended in a watershed assessment study required by EPD or initiated by the applicant 1 pts
- d. Project is a part of a watershed-wide or regional approach to addressing non-point source pollution 2 pts
- e. Applicant has developed a watershed assessment that documents location and extent of point and non-point source pollution inflows to receiving waterways. 2 pts  
*Note – total points available in category above exceed 15, but maximum possible score is 15*

**6. Other Applicant or Project Attributes** (maximum of 10 points)

ANY BELOW THAT APPLY

- a. Applicant has never borrowed money from GEFA / applicant is a new GEFA client 2 pts
- b. Additional “Green” Impact Statement – GEFA will evaluate a short statement of impact from each applicant that addresses at least the following impact metrics: project is highly visible and/or provides strong opportunity for public education, project will support other environmental goals of the city, county or state (e.g. removal of invasive species, project will create recreational opportunities, project will achieve superior environmental performance (beyond that required for federal or state permits), etc. This information should be *in addition* to information otherwise provided. (300-word limit) 8 pts

\*In an effort to reduce the effort on the part of the applicant, various questions scored within the Green Project ranking criteria are not asked within the pre-application but instead are determined by GEFA in-house.

**ATTACHMENT 11 - CWSRF Public Participation Summary**  
**CLEAN WATER STATE REVOLVING FUND**  
**PUBLIC PARTICIPATION SUMMARY**

On Friday May 21, 2010, at 11:00 a.m. the Georgia Environmental Facilities Authority (GEFA) will hold a public meeting on the 2010 Intended Use Plan for the Clean Water & Drinking Water State Revolving Funds. The meeting will take place in the GEFA Board Room located on the 9<sup>th</sup> Floor of the Harris Tower at 233 Peachtree Street, Atlanta, Georgia 30303. GEFA will post the draft 2010 Clean Water Intended Use Plan on its website two days prior to the public meeting and notify all stakeholders that the IUP is available for public review. The draft IUP will include the Clean Water State Revolving Fund Funding Lists.

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**ATTACHMENT 12 - CWSRF Program Policies**  
**CLEAN WATER STATE REVOLVING LOAN PROGRAM POLICIES**  
**(WATER QUALITY PROJECTS)**

**POLICY 1: QUALIFIED LOCAL GOVERNMENTS AND STATE AUTHORITIES**

Only those counties and municipalities certified as Qualified Local Governments by the Department of Community Affairs, the water and sewer authorities within those certified governments, and state authorities may receive GEFA loan commitments. In addition, only borrowers within counties that have current DCA-certified Service Delivery Agreements may receive GEFA loan commitments, and the project(s) proposed for financing must be consistent with the verified strategy. Communities within the Metro North Georgia Water Planning District must be certified by the Director of the Environmental Protection Division as either being in compliance or making a good faith effort to comply with all District Plans.

GEFA provides loans to local governments and other state entities, including authorities. GEFA's general policy is to obtain adequate revenues to ensure repayment of GEFA debt:

- 1) Dedicated source of revenue - in the event of insufficiency, GEFA may compel the Borrower to raise rates to increase its revenue stream, and
- 2) Other alternative revenue streams - in the event of insufficiency, GEFA may compel the Borrower to raise ad valorem rates, viz. its full faith and credit pledge. An authority's ability to raise rates serves to satisfy the first of these requirements. In the event of no or insufficient taxing power, the authority must partner with a relevant local county or city. Specifically, GEFA requires an inter-governmental agreement between the local county or city and the authority in which the local county or city (or both) provides an assignment of revenue from its taxing power to the authority for the repayment of GEFA debt. In certain limited circumstances, GEFA may waive this requirement in lieu of other security interest provisions it deems sufficient

**POLICY 2: PROGRAM PARTICIPATION**

The review process for any new project shall include an evaluation of the progress made on the implementation of any previous project(s). The phasing of projects over multi-years is an acceptable practice. However, each project application must identify a "stand-alone" project that will be "environmentally acceptable" immediately upon the completion of construction. The Environmental Protection Division (EPD) of the Georgia Department of Natural Resources (DNR) will be responsible for determining environmental acceptability. Applications will not be approved if they are contingent upon obtaining any future funding. Jurisdictions proposing to use additional funds from other sources to complete a project, must identify the source and provide proof of its availability in such form as GEFA may require. Every qualified local government will be allowed to participate regardless of need.

**POLICY 3: PROCUREMENT**

Procurement of construction contracts, construction services, materials, and equipment in GEFA financed projects must be public, open, and competitive, as defined by both state and federal law and the procurement requirements of GEFA funding contracts. Funded construction must meet the requirements of both state and federal law and GEFA funding contracts.

**POLICY 4: RATING AND SELECTION CRITERIA - PRIORITY POINT SYSTEMS**

GEFA-CWSRF will use the rating and selection criteria priority point system to rank all projects in order of priority. These criteria were established by the Georgia EPD and meet the requirements of the Federal Clean Water Act, as amended and subsequent regulations. The rating system outlined in Exhibit A will

be used for traditional water quality (wastewater or sewer) projects. The rating system outlined in Exhibit B will be used for Non-point Source Projects. The principal elements of the rating system are: Facilities Planning Requirements, Project Readiness; Environmental Benefit; Compliance Bonus and State Match. No funding commitment will be made to a project until sufficient environmental review and financial requirements have been met. Projects will be ranked against all other projects competing for funds. Any ties will be broken by the project that is the most ready to proceed with construction.

The principal elements of the rating and selection criteria for Non-point Source projects are Planning Requirements, Environmental Benefit; and Bonus Points. A project must have 400 priority points in order to be considered for financial assistance under the GEFA-CWSRF. The funding of Non-point Source Projects will come from the repayments of Clean Water Act CWSRF loans. Projects will be ranked against all other projects competing for funds. Any ties will be broken by the project that is the most ready to proceed with construction.

**POLICY 5: CWSRF LOAN PROGRAM FUNDING MAXIMUM**

The maximum loan amount per community for water projects per calendar year under the GEFA-CWSRF Loan Program is \$25,000,000.

The maximum amortization period is 20 years.

**POLICY 6: INTEREST RATE**

The interest rate for GEFA-CWSRF funds will be at a fixed rate of 3.0% for water infrastructure projects unless the GEFA Board of Directors sets a higher rate and/or different term in the event that GEFA is unable to obtain both a dedicated source of revenue and a full faith and credit pledge from the Borrower. The interest rate for GEFA-CWSRF funds will be at a fixed rate of 2.0% for land conservation projects when the project is located in a One Georgia Authority eligible county.

**POLICY 7: CONSTRUCTION PERIOD INTEREST RATE**

Interest accrued during the construction period of the project will accrue only on the portion of funds disbursed beginning on the date in which the disbursement was made. Interest will be billed monthly and will be due and payable by the 15<sup>th</sup> of the month following. The interest will be based upon simple interest and will fluctuate according to the changes in balance and the number of days in the month and will be calculated according to the Note's provisions. There will be only one interest rate applicable during both the construction period and the amortization period.

**POLICY 8: LOAN CLOSING FEE**

A loan closing fee of two percent (2%) of the principal loan amount will be charged to each borrower for water infrastructure projects. Loan closing fees for land conservation projects will be 0.25% for loans with a term of 2 years or less, 0.5% for loans with a term of 2-5 years, 1% for loans with a term of 5-10 years, and 2% for loans with a term of greater than 10 years. These loan closing fees are payable on the dates specified by the GEFA with no less than thirty (30) days prior written notice.

**POLICY 9: ENTERPRISE FUND ANALYSIS**

For most applications, GEFA's financial capacity analyses are based primarily on the soundness of the coverage ratios of the enterprise fund that services the water/sewer system. Additional consideration is given to GEFA loan history, operating efficiency and capital structure. The enterprise fund is the primary source of fiscal support for operating the system and servicing of the system debt. While the enterprise fund may be supported by transfers (subsidies) from other funds of the city or county, it is the revenues of the system that constitute the main source of repayment of the GEFA loan. In some instances, there may not be an enterprise fund for GEFA to analyze; in those cases GEFA will consider all relevant financial

capability of the applicant in determining their ability to repay the note and may need to alter normal loan rates and term or require special conditions for receiving the loan.

The revenue coverage analysis will extend to four (4) years history as well as four (4) years projected revenues and expenses, including potential revenue from proposed rate increases, population growth, increased operating expenses from the proposed new facility, and increased debt service required to defray new GEFA and/or other debt (including required capital lease payments). Financial history is derived from audit reports of the applicant. Projected years' cash flows are based on information in the applicant's loan application, engineering reports, historical trends, population growth projections, discussions with community representative, and new ordinances.

Audit reports having adverse opinions by the applicant's auditor may subject the application to denial. An applicant with an audit report containing any significant audit findings may not be offered a loan until the applicant provides written, corroborated documentation that the audit finding has been rectified. An applicant will not be offered a loan if they are not in compliance with the State Department of Audits' requirement to complete an audit within six months of the applicant's fiscal year end or a letter from the Department of Audits granting an extension.

If revenues are projected to be insufficient to adequately cover the operating expenses plus debt service into the future, the applicant may not be offered a loan without qualification. Qualifications which may be required include, but are not limited to, a required increase to water and/or sewer rates, creation of a debt service reserve account, or curtailment of transfers out of the fund.

The minimum requirement for satisfaction of the financial capacity threshold is a pro forma coverage ratio of at least 105% in the first full year of loan repayment. Where applicable, system revenues constitute a substantially higher level of importance than general fund soundness.

GEFA recommends that in the event a Local Government does not meet typical Debt Service Coverage of 105%, the loan may be approved by the Board under the following conditions:

1. The Board feels there are extenuating circumstances which would permit the Local Government to meet its repayment obligations, or
2. The Board would approve the loan based upon the condition that the Local Government raise rates sufficient to generate revenue which would cause the Debt Service Coverage to exceed 105% by the time the Local Government's loan would go into repayment, or
3. The Board accepts a letter of credit with GEFA a named beneficiary on the Letter Of Credit or other suitable credit enhancement, which, in combination with Local Government's revenue stream would meet the Debt Service Coverage requirement of 105%. Refer to GEFA's "Letter of Credit (LOC)" policy for specific details related to the requirements of this policy.

#### **POLICY 10: GEFA WATCH LIST**

GEFA will maintain a "Watch List" to include those borrowers that: fall below the required debt service coverage (DSC) ratio as established in the GEFA loan agreement; have recent late payments; fail to pay their GEFA debt service or violate any covenant of the loan agreement.

GEFA requires that any Borrower on the Watch List either be removed from the list prior to any additional loan commitment(s) or provide GEFA with its plan to become compliant according to the GEFA loan agreement.

In the event GEFA must take action against a Borrower that fails to maintain adequate DSC or fails to make its payments or any other default condition, GEFA will require the Borrower to raise rates sufficient

to meet its payment obligations; failing that GEFA may also require the Borrower to raise ad valorem taxes in an amount to meet its debt obligations to GEFA. While GEFA reserves its rights under the loan agreement to take whatever enforcement action it deems prudent in such circumstances, generally, it would look first to the Borrower to raise rates sufficiently for the respective enterprise fund to meet GEFA debt obligations or otherwise to improve cash flow sufficient to meet its debt obligations.

#### **POLICY 11: RELEASE OF GEFA FUNDS**

GEFA will pay out its funds in accordance with the project budget in the loan agreement on a reimbursement basis. Drawdown requests will not be paid until a notice to proceed has been issued. GEFA may, at its option and on request by the Borrower, pay out funds for eligible land acquisition before the notice to proceed has been issued, but after the award of construction contracts. In all loan drawdowns, GEFA's payment will reflect the same anticipated total percentage relationship that GEFA-CWSRF funds bear to the total cost of any particular item as contained in the approved project budget, unless otherwise agreed upon by GEFA, EPD and the Borrower. EPD will monitor construction and endorse GEFA payments in accordance with observed progress. Payments will be conditional on compliance with loan agreement requirements and applicable project approvals issued by EPD. To allow monitoring, the Borrower must notify EPD prior to commencing construction.

#### **POLICY 12: MONTHLY DRAWDOWN OF LOAN FUNDS DOCUMENTATION**

Borrowers may request a payout of funds on a monthly basis, with only one draw request permitted per calendar month. Requests must be submitted on GEFA drawdown forms. All requests must be accompanied with appropriate support documentation (i.e. invoices).

#### **POLICY 13: LOAN AGREEMENT POLICIES**

Refer to the loan agreement and promissory note for specific details related to the items below:

1. If the loan agreement and/or promissory note are not executed within six months (180 days) from the date of the Board commitment, GEFA reserves the right to terminate its commitment and request the Borrower to provide, in writing, a reason why the loan agreement has not been executed.
2. If the Borrower does not draw funds within six months (180 days) of the date the loan agreement is executed by GEFA, the Borrower will incur a Loan Continuation Fee”.
3. All Borrowers are required to repay only the amount actually disbursed according to the terms of the loan documents. Monthly payments will be made by ACH debit, unless otherwise agreed to by both parties.
4. Repayment of the loan will begin on the first day of the calendar month following the earlier of: a) “Completion Date” defined as the date in which funds have been fully disbursed or EPD certifies that the project is complete; b) “Commitment Expiration” established by GEFA as an estimation of the completion date of the project via the loan agreement’s construction schedule; or c) Once the loan is fully disbursed.

#### **POLICY 14: ALLOWANCE FOR LOAN LOSS**

It shall be the policy of GEFA to require the establishment of an allowance for loan loss whenever:

1. The total GEFA loan commitment(s) for a Borrower exceed 10% of the total loan commitments to all GEFA borrowers, or
2. In the event a Borrower becomes 6 months delinquent.

With respect to #1 above, the Borrower must establish a specific reserve for the repayment of GEFA debt as a result of its cumulative obligation to GEFA exceeding 10% of GEFA’s total portfolio commitment. The reserve will equal or exceed at all times the lesser of an amount equal to the actual amount (upcoming

calendar year basis) debt service coverage (“DSC”) or 20% of the annual DSC when the Borrower is fully funded with all executed commitments to date.

#### **POLICY 15: LOAN SERVICE FEES**

GEFA will assess certain fees to its Borrowers:

1. GEFA will assess a “Late Fee” on all late payments.
2. GEFA will assess a “Late Processing Fee” in the event the Borrower fails to have sufficient funds in its designated ACH account at the time the payment is due. The Late Processing Fee will be assessed in addition to the Late Fee identified above.
3. GEFA will assess all out-of-pocket administrative or legal costs to the Borrower associated with restructuring, refinancing or modifying a loan.
4. In the event the Borrower fails to draw funds within six (6) months of loan agreement execution, GEFA will assess a “Loan Continuation” Fee as published in the Lender Fee Schedule. The “Loan Continuation” Fee will be assessed every month thereafter until the Borrower makes an initial draw of funds from the loan for the project.

Refer to the most recently published “Lender Fee Schedule” for specific details related to these fees.

#### **POLICY 16: NO FORCE ACCOUNT LABOR**

GEFA will not allow force account labor costs to be paid with GEFA-CWSRF funds. Force account labor, for the purposes of this policy, is defined as any employee labor costs by employees of the jurisdiction receiving the loan.

#### **POLICY 17: ENGINEERING, LEGAL AND ADMINISTRATIVE COSTS**

GEFA-CWSRF funds may be utilized for engineering, design, administrative costs, facilities planning, and land acquisition provided that these costs are necessary for the construction of the project defined by the scope of work and identified in the budget of the approved loan agreement. GEFA will not fund projects solely for the purpose of planning, conducting studies, design, engineering, or administration. GEFA will not reimburse engineering, design, or planning related expenses for projects, or portions of projects, that are not constructed by the community. GEFA-CWSRF funds should not be applied to such costs in greater proportion than GEFA-CWSRF funds are applied to construction costs. GEFA and EPD will monitor project budgets to ensure that to the maximum extent feasible, GEFA-CWSRF funds are utilized in construction.

#### **POLICY 18: PURCHASE OF EXISTING SYSTEMS**

An application that proposes to purchase an existing water or wastewater system must be accompanied by a certification of the value of the system by a registered professional engineer. GEFA will request other information as needed to document the content and costs of the purchase.

#### **POLICY 19: WATER CONSERVATION CODES**

In order to be eligible for a GEFA-CWSRF loan, applicants receiving commitments after April 1, 1992 are required to submit copies and proof of adoption of local construction codes which mandate the use of certain water saving devices as outlined in O.C.G.A. §8-2-1 to 8-2-3.

#### **POLICY 20: REFINANCING/RESTRUCTURING**

Applications to refinance outside GEFA debt will not be considered under the CWSRF Program. Refinancing refers to the payoff of outside debt with CWSRF funds. This is due in part to the federal requirements surrounding refinancing using CWSRF funds. However, GEFA will consider a community’s request for restructuring its CWSRF indebtedness on a case-by case basis. Restructuring refers to any revisions to the original terms or conditions of CWSRF commitments. A community

seeking to restructure its CWSRF indebtedness must demonstrate financial hardship, defined as a situation where two of the following conditions are present:

1. The debt service coverage ratio has fallen below 85% and the community has exhausted all means to boost revenues from rate increases or raising of ad valorem taxes.
2. There is an emergency or exigent situation beyond the control of the community imposing a severe financial hardship.
3. There is a documented history of prudent fiscal and operational management and expense control.

In the event that GEFA grants a concession or alters the term(s) of the loan agreement and/or promissory note, GEFA reserves the right to make such concession for a limited period of time and to revert to the original term(s) of both documents at its sole discretion.

Under no circumstances will the existing note be extended beyond 20 years or the existing principal be forgiven.

**POLICY 21: AMERICAN RECOVERY AND REINVESTMENT ACT**

For the purpose of implementing the American Recovery and Reinvestment Act of 2009 (ARRA), GEFA approves and authorizes limited availability financing terms and conditions that include, but are not limited to, additional subsidization as described in the ARRA and support of green infrastructure projects, water and energy efficiency projects at eligible facilities and other environmentally innovative activities. This policy expires when the relevant financing terms and conditions cease to apply.

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