

# **RHODE ISLAND CLEAN WATER FINANCE AGENCY**

## **LOAN POLICIES AND PROCEDURES II**

*Loan Policies and Procedures established to govern the lending activities  
of the Drinking Water State Revolving Fund.*

Revised September, 2001

**AUTHORITY:** Policies and Procedures adopted in accordance to Chapter 46-12.8 of the General Laws of Rhode Island and the Safe Drinking Water Act Amendments of 1996.

## **RHODE ISLAND CLEAN WATER FINANCE AGENCY**

### **LOAN POLICIES AND PROCEDURES II**

- I. PURPOSE:** The within Loan Policies and Procedures of the Rhode Island Clean Water Finance Agency (Agency) have been established to govern the lending activities of the Drinking Water State Revolving Fund (DWSRF) in accordance with Chapter 46-12.8 of the General Laws of Rhode Island, and the Safe Drinking Water Act Amendments of 1996.
- II. DEFINITIONS:** The words and phrases used within these Loan Policies and Procedures have the same meaning as the words and phrases have in Chapter 46-12.8 of the General Laws of Rhode Island and the Safe Drinking Water Act Amendments of 1996.
- III. FINANCIAL ASSISTANCE:** The objective of these Policies and Procedures is to provide financial assistance from the DWSRF to those borrowers certified as eligible participants by the Rhode Island Department of Health, Drinking Water Quality Division (DOH).

Application for debt refinancing, guarantee or purchase of insurance for local debt obligations or for other non-construction activities such as planning and design will be considered by the Agency based on the projects' rank on DOH's Project Priority List. DOH's rank will be based on the original purpose of the project for which the funding is being requested. Refinancing of privately organized water suppliers is not allowed under the DWSRF program.

In the event that the Agency receives more requests for loans than it has funds available in federal fiscal year, it will award loans first to those eligible applicants who rank highest in chronological order on the Project Priority List.

- IV. LOAN APPLICATION:** Request for financing should be submitted in writing by the Chief Executive Officer of the water supplier to the Executive Director of the Agency. The written request must include:
  - 1) A description of the project(s) to be financed with the projected construction and completion schedule.
  - 2) A description of the dedicated source of loan repayment, i.e. general revenues from property taxes or water system revenues from user fees.
  - 3) Legal authority or authorities to construct, finance and operate the project, if applicable.
  - 4) The past five years Audited Financial Statements in accordance with Generally Accepted Government Accounting Standards or Generally Accepted Accounting Principals; or some other source of historical information that the Agency, as a lender, deems appropriate.
  - 5) A copy of the Infrastructure Replacement Plan component of the Water Supply Management Plan if applicable.
  - 6) An application that proposes to purchase an existing water system must be accompanied by a certification of the water system's integrity by a registered professional engineer. A certification as to the appraised value of the system must also be provided. The Agency reserves the right to review this certification and request further data for analysis.

**V. LOAN APPROVAL PROCESS:** Project approvals are subject to the issuance and terms of Certificate of Approval by the DOH. Prior to loan approval, the Agency will conduct a financial capability analysis based primarily on the soundness of the operating and coverage ratios of the water system.

The following basic criteria shall be applied by the Agency during the loan approval process:

- 1) availability of DWSRF funds;
- 2) completeness of application including required documents;
- 3) accuracy of information, and;
- 4) creditworthiness of applicant pursuant to these regulations.

For the determination of creditworthiness, the Agency will require the following information to make its financial capability assessment:

sources of revenue and financial liquidity;  
historical and projected financial operating results;  
present and future debt service requirements;  
current assignment of water rates and other revenues generated from user fees;  
ability to increase water rates and/or secure alternative revenue sources;  
cost of the project and estimated completion schedule;  
long term capital replacement planning for entire system;  
socioeconomic conditions and trends;  
board, management and ownership structure, qualifications and experience;  
presence of regulator control;  
a Consulting Engineer's Water Facility and Financial Feasibility Report, if applicable;  
history of applicant/system;  
any other information that the Agency or its Board of Directors may require.

Refer to Attachment A for more information regarding the financial capability analysis to be performed by this Agency prior to DWSRF loan approval.

Those publicly owned community water systems that have market experience will provide to the Agency the same information as asked for above, and their most recent Official Statement. The minimum requirement for satisfaction of the financial capacity threshold is a proforma coverage ratio of at least 125%. The Agency will also examine historical debt service coverage ratios.

The Agency will individually assess the ability of Privately Organized Community Water Suppliers to provide loan security and meet debt service requirements of a DWSRF loan. The Agency reserves the right to limit the amount of financings to Privately Organized Community Water Systems to 5% of the total loans outstanding in the DWSRF.

If the financial capability analysis indicates that the applicant has the capacity to meet its obligations over the loan term, the Board of Directors of the Agency will vote to approve the application identifying the Name of Borrower, Project Description(s), Project Cost(s), the final maturity of the Loan and any other Conditions of the Loan. The borrowers will have the opportunity to identify potential issues with initial loan terms at this point. Based on borrowers concession of initial loan terms and the Agency's Board of Directors' approval, a Commitment Letter will be issued to the Applicant for its acceptance. Once the Commitment Letter has been executed, the Agency will meet with the applicant to structure the Loan Agreement as to interest rate, amortization schedule, source of repayment, security/credit enhancements, and loan covenants.

## VI. TERMS AND CONDITIONS:

- 1) Interest Rate - The interest rate for borrowers will be 25% off their market rate of borrowing. The Agency, in cooperation with its advisors, will determine the borrower's current market rate of borrowing. However, the interest rate for small publicly owned community water systems and small privately organized community water suppliers, those serving fewer than 10,000 persons, (a "Small Borrower") may be set by the Agency at 3.0% for Loans up to \$300,000.
- 2) Interest- Interest will be fixed over the life of the loan; will be calculated on the basis of a 360 day year (twelve thirty day months) on the outstanding loan balance; will be paid on a schedule to be determined by the Agency (monthly/semi-annually) and may be capitalized during construction.
- 3) Loan Fees- The Agency will charge an Origination Fee of .5% (one half of one percent) of the face amount of the loan at closing with a minimum of \$1,000. All out of pocket closing costs will be paid by the borrower and may be capitalized as part of the loan as permitted by the Environmental Protection Agency (EPA). These costs included but are not limited to:

Borrower's Costs of Issuance including Borrower Counsel and Borrower Financial Advisor;  
Agency Costs of Issuance including Agency Counsel, Agency Bond Counsel, and Agency Financial Advisor;  
Agency Underwriting cost and bond insurance costs, and  
other closing costs including document printing and binding.

The Agency will also charge an annual Service Fee of .5% (one half of one percent) of the outstanding principal payable semi-annually at each interest payment date. A late payment fee of 5.0% of the amount of the payment will be charged for every 15 days that a payment is late.

- 4) Amortization- Amortization will begin within one year after completion of construction. Principal payments will be made annually on September 1st and the schedule of payments will be structured to meet the debt service and financial assistance needs of the borrower.
- 5) Final Maturity- Loans may mature up to twenty years after the completion of a project. The final maturity of a loan will be a factor in determining the level of financial assistance to a borrower.
- 6) Prepayments- The loan may be prepaid by the borrower at any time but may be subject to a prepayment penalty based on the cost of reinvesting the prepayment, the cost of prepaying outstanding bonds of the Agency or any other negative financial impact to the Agency.
- 7) Security/Credit Enhancement- Loans will have a general pledge of (a) general revenues and/or water system user fee revenues; and (b) may be secured by any assets and/or credit enhancements which the Agency deems appropriate to protect the interest of the other participants in the loan programs of the Agency; bond holders; other creditors of the Agency; or the finances of the Agency.
- 8) Construction Progress Payments- Progress payments for each construction project will be made through a Construction Proceeds Fund (CPF). Loan proceeds will be transferred monthly from the CPF for each borrower based upon approved Requisition Forms submitted to the Agency, (Attachment B). Upon receipt of the Requisition Form, the Agency will verify a) that a Certificate of Approval has been issued by DOH; b) the vendor is identified in the contract; and c) there is sufficient availability in the CPF to make the payment. Payments will be made directly to the

vendor and/or the Borrower for reimbursements by the Agency, and a "paid" stamped copy of the Requisition Form will be sent to the Borrower and DOH.

The DOH will perform periodic project inspections to a) monitor construction progress; b) verify eligibility of construction costs under the program; and c) insure construction is in conformity with Plans and Specifications. The DOH will provide a copy of the inspection report to the Agency. Any adverse conditions will be reported to the Agency who will suspend further payments until the adverse conditions have been rectified. The DOH will perform a final project inspection before the final payment is made by the Agency.

**VII. REPORTING REQUIREMENTS:** Borrowers will be required to provide information to the Agency during the life of the loan. The Agency may ask for information from the Borrower during the term of indebtedness that is not listed here:

- 1) A copy of its Annual Audited Financial Statements in accordance with Generally Accepted Government Accounting Standards or Generally Accepted Accounting Principals, annually within 180 days of end of fiscal year.
- 2) An annual analysis of Operating Revenues and Expenses with an emphasis on the status of the water system user fee revenues and/or general revenues securing the loans and operating expenses in excess of budget, annually within 180 days of the end of fiscal year.
- 3) A copy of the annual budget of the Borrower, within fifteen days of its adoption.
- 4) Annual schedule of current and projected short term and long term debt service.
- 5) An annual schedule of Infrastructure Replacement Reserves, if applicable.
- 6) Copies of reports submitted to DOH, DEM, the EPA, the Rhode Island Public Utilities Commission and any other regulatory agency relating to the projects financed and the operation of the water supply facility.

**VIII. LOAN AGREEMENTS:** There will be a Loan Agreement for each application outlining the terms and conditions of the Loan. The Loan will be evidenced by a general obligation pledge, pledge of water system revenues, note(s) and/or bond(s) in "fully marketable form" or some other source of security deemed appropriate by the Agency.

**IX. COMPLIANCE WITH STATE AND FEDERAL LAW:** Recipients of loans must comply with all applicable state and federal laws and regulations.

**X. MODIFICATIONS:** Where deemed appropriate by the Agency, waiver or variation of any provisions herein may be made or additional requirements may be added.

**XI. LOAN PORTFOLIO MANAGEMENT AND SERVICING:** The Agency will manage and service its loan portfolio to insure there will be no substantial adverse effect on other participants in the loan programs of the Agency; bond holders; other creditors of the Agency; or the finances of the Agency. In this regard, the Agency will:

- 1) Maintain its books and records to comply with Federal and State laws and regulations.
- 2) Manage its credit reviews, loan approvals, loan documentation, and loan collection to meet standards established by the Agency Board of Directors, Rating Agencies and Bond Insurers.

- 3) Limit the loans to privately organized borrowers to a level which is covered by adequate Debt Service Reserves, Credit Insurance or other forms of Credit Enhancements. The Agency has determined this level to be 5% of the total loans outstanding.
- 4) Utilize an accounting system which is in compliance with Section VIII of the Agency's Accounting Policies and Procedures.
- 5) Prepare annual Credit Reviews for each borrower to insure compliance with the financial covenants of the Loan Agreement and to insure there are no adverse changes in a borrower's financial condition and/or capacity to repay a loan.

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Anthony B. Simeone, Executive Director

Public Notice Date: August 18, 2001

Public Hearing Date: August 27, 2001

Filed With Secretary of State: September 26, 2001

Effective Date: October 17, 2001

**ATTACHMENT A**

***SELECTED FINANCIAL INFORMATION***

***to be***

***PROVIDED BY THE BORROWER***

## **SAMPLE**

### **RHODE ISLAND CLEAN WATER FINANCE AGENCY**

#### **Credit Review for the**

#### **SMITHFIELD WATER SUPPLY BOARD**

*Based on FY2000 Audited Financial Statements*

## **I. INTRODUCTION**

The Town of Smithfield which is primarily a residential community is situated approximately eleven miles northwest of Providence. The Town of Smithfield was settled in 1636 and incorporated as a town in 1730. Since November 1994, Smithfield operates under a Council/ Town Manager form of government. The Town Manager is appointed by the Town Council and serves at its pleasure as the administrative head of government and is responsible for all departments except the school department. Legislative and policy-making powers are vested in the five member Town Council. Members are elected at large for two year terms.

Smithfield provides retirement benefits for most of its employees through various retirement funds. As of June 30, 2000, in the Municipal Employees Pension Plan, and in the Police and Fire Pension Plan, Smithfield has contributed 100% of the Annual Pension Cost.

### **A. Litigation**

The Town is a defendant in various suits, including tax valuation cases, claims for false arrests, wrongful death, water and sewer assessments, police brutality, and zoning violations. At the present, the legal counsel for the Town is unable to predict the outcome of the loss, if any, that may result from these matters. Accordingly, no provision for any liability has been made in the financial statements for these pending cases.

## **II. DEBT ANALYSIS**

### **A. Outstanding Debt and Debt Service Schedule**

Table I shows the existing indebtedness of the Town. Smithfield Water Supply Board (SWSB) currently doesn't have any loans outstanding and they have not been the recipients of any grants. General Long-Term Debt as of June 30, 2000 totaled \$10,555,483. Moody's has confirmed an "A1" rating on Smithfield's General Obligation Debt. The Town has currently two loans with the Agency. The Town has a 99C loan in the amount of \$150,000 and they have a Facility Plan loan in the amount of \$75,000. The Town of Smithfield anticipates borrowing approximately up to \$85,000 for a twenty-year loan term from the Drinking Water SRF.



## SAMPLE

**Table I**  
**Town of Smithfield**  
**Outstanding Debt**

<b>Type Of Debt</b>	<b>Outstanding At 6/30/00</b>	<b>Proforma DWSRF Loan</b>	<b>Total</b>
General Long Term Debt	\$10,220,103		\$10,220,103
Enterprise Fund	335,380	85,000	420,380
<b>Total</b>	<b>\$10,555,483</b>	<b>\$85,000</b>	<b>\$10,640,483</b>

### B. Debt Service Schedule

Table II shows the debt service requirements over the next several years for Smithfield's existing obligations and the proforma Drinking Water SRF loan.

**Table II**  
**Smithfield Water Supply Board**  
**Debt Service Requirements**

<b>Year</b>	<b>General Long-Term Debt</b>	<b>Enterprise Funds</b>	<b>Proforma SRF Loan</b>	<b>Total</b>
2001	\$1,472,372	\$82,252		\$1,554,624
2002	1,414,334	78,977	2,884	\$1,496,195
2003	1,365,628	76,285	6,544	\$1,448,457
2004	1,313,015	48,286	6,529	\$1,367,830
2005	1,240,023	45,974	6,514	\$1,292,511
2006	1,143,508	37,417	6,498	\$1,187,423
2007-2016	5,688,159	2,684	\$101,275	\$5,792,118
<b>Total</b>	<b>\$13,637,039</b>	<b>\$371,875</b>	<b>\$130,244</b>	<b>\$14,139,158</b>

### C. Debt Ratios

Periodically, Moody's Investors Service publishes a list of medians for water and sewer service providers which provides a rudimentary basis for examination of an entity's credit worthiness. These medians allow an entity to compare certain of its debt value ratios to the nation-wide median for entities of similar size. The ratios provided by Moody's include the following:

- 1. Operating Ratio-** Operating and maintenance expenses of SWSB divided by its total operating revenues for a given year.

## SAMPLE

2. **Debt Service Coverage-** Net revenues divided by yearly debt service requirements for the year.
3. **Debt Ratio-** Net funded debt divided by the sum of the net fixed assets plus net working capital.

Table III compares SWSB to Moody's Medians for three performance measurements. SWSB's operating ratio was 65.68% in FY 00 compared to Moody's 1999 Median of 59.4%. The SWSB debt service coverage ratio was 2.45X in 2000, compared to Moody's 1999 Median of 1.7X, and SWSB's debt ratio was 8.94% compared to Moody's 1999 Median of 43.2%. The standard deviation for these three ratios respectively are 13.9%, 1.9%, and 29.0%. Please note that Moody's has not yet published its Year 2000 Medians thusly, the previous years medians are being used. Please note that in FY 98, Moody's did not publish medians thusly for comparison purposes Moody's 1997 medians are being used.

**Table III**  
**Smithfield Water Supply Board**  
**Debt Ratios, Last Four Fiscal Years**

Year	Smithfield Water Operating Ratio	Moody's Median	Smithfield Water Debt Service Coverage	Moody's Median	Smithfield Water Debt Ratios	Moody's Median
2000	65.68%	59.40%	2.45	1.7 X	8.94%	43.20%
1999	71.49%	59.40%	1.72	1.7 X	9.65%	43.20%
1998	72.30%	63.00%	0.42	2.3 X	10.24%	30.30%
1997	70.70%	63.00%	2.66	2.3 X	10.96%	30.30%

### III. SOURCES OF REVENUE

#### A. Cash Flow Analysis

Table IV shows the cash flow position for SWSB for the last four fiscal years. SWSB ended Fiscal Years 1997 through 1999 in a strong cash position however in FY 2000 it had a negative cash balance of \$4,025. According to the Finance Director, Smithfield negative cash balance was only temporary and is due to the fact that there was an increase in payments being processed at year end and that transfer payments to the General Fund were being made at year end.

## SAMPLE

**Table IV**  
**Smithfield Water Supply Board**  
**Cash Flow Analysis**

	<b>FY 00</b>	<b>FY 99</b>	<b>FY 98</b>	<b>FY 97</b>
Net Cash From Operating Activities	(\$37,541)	\$128,018	\$114,223	\$228,729
Net Cash (used)From Non-Financial Activities	(\$47,045)	(\$28,970)	(\$39,755)	(\$41,658)
Net Cash From Capital & Financing Activities	\$0			
Cash Flow From Investment Activities	\$0	(\$41,989)	(\$760,077)	(\$329,408)
Net Increase (Decrease) In Cash	(\$84,586)	\$57,059	(\$685,609)	(\$142,337)
Cash At Beginning Of Year	\$80,561	\$23,502	\$709,111	\$851,448
Cash At End Of Year	(\$4,025)	\$80,561	\$23,502	\$709,111

### **B. Current Rate Structure**

SWSB is not subject to the regulatory authority of the Public Utilities Commission in regards to the setting of user rates. The Smithfield Water Supply Board charges \$1.94 per thousand of gallons of water for its residential and commercial users. It has approximately 1500 users. Residential and commercial rates have increased 5% from the previous year while wholesale rates have increased 7.6%; while private fire protection rates remained the same. Table V below outlines the Board's current rate structure:

**Table V**  
**Smithfield Water Supply Board**  
**Current Rate Schedule**

<b>Customer Type</b>	<b>Effective 2001</b>	<b>Effective February 15 2000</b>	<b>Effective 1999</b>	<b>Effective 1998</b>
*Residential				
Commercial	\$1.94	\$1.84	\$1.76	\$1.76
Wholesale	\$1017.00/mg	\$945.00/mg	\$904.00/mg	\$870/mg
Public Fire	\$200/yr	\$200/yr	\$190.00/yr	\$190.00/yr
Protection	per hydrant	per hydrant	per hydrant	per hydrant

\* Residential and Commercial prices are based on per thousand gallons of water  
mg = millions of gallons

### **IV. OPERATING PERFORMANCE - Income Statement Trends-**

As can be seen from Table VI below, Smithfield Water has shown a positive net income position for the last four fiscal years. Net income totaled \$115,169 at June 30, 2000.

## SAMPLE

**Table VI**  
**Smithfield Water Supply Board**  
**Income Statement Trends**

	<b>FY 00</b>	<b>FY 99</b>	<b>FY 98</b>	<b>FY 97</b>
Operating Revenues	\$758,936	\$723,795	\$692,265	\$608,959
Operating Expenses	577,425	594,315	569,319	485,974
Operating Income	181,511	129,480	122,946	122,985
Non-Operating Revenues:	(66,342)	(79,701)	(106,224)	(12,287)
Net Income	\$115,169	\$49,779	\$16,722	\$110,698
% Net Income/Operating Revenues	15%	7%	2%	18%

### V. Statistical information for the Town of Smithfield

The ratios examined in Table VII below include Direct Net Debt per Capita and Ratio of Direct Net Debt to Estimated Full Value for the Town for Fiscal Year 2000 based on year end 1999 valuations ( the most current information available). The Agency has learned that Moody's will no longer publish these medians; therefore, the Agency is in the process of researching alternate sources for this statistical information.

**Table VII**  
**Direct Net Debt**  
**(Per Capita in Ratio to Estimated Full Value)**

<b>Year End 12/30</b>	<b>Population</b>	<b>Assessed Value</b>	<b>Ratio of Assmt.</b>	<b>Bonded Debt &amp; Bans</b>	<b>Estimated Full Value</b>	<b>Debt Per Capita</b>	<b>Ratio Debt to F.V.</b>
2000	20,613	\$1,076,150,848	99%	\$10,555,483	\$1,087,248,848	\$512.08	0.97%
1999	19,163	\$1,112,971,514	99%	\$11,582,663	\$1,123,747,031	\$604.43	1.03%
1998	19,163	\$1,077,003,180	99%	\$12,370,000	\$1,088,019,670	\$645.51	1.14%
1997	19,163	\$1,050,712,250	99%	\$13,970,000	\$1,061,366,030	\$729.01	1.32%
1996	19,163	\$1,023,583,347	99%	\$5,940,000	\$1,033,672,799	\$309.97	0.57%

### VI. SOCIOECONOMIC CONDITIONS

#### A. Population:

As can be seen from Table IX, the Town's population has shown an increase of 7.5% between the 1990 and 2000 census. According to the 2000 census, the Town of Smithfield has a population of 20,613.

## **SAMPLE**

**Table IX  
Population Trends**

<b>Year</b>	<b>Population</b>
2000	20,613
1990	19,163
1980	16,886
1970	13,468
1960	12,031

### **B. Employment:**

Smithfield is a growing suburb just north of Providence. Although most residents commute throughout the metro area for work, a developing commercial and industrial sector has increased the Town's employment base. The recent location of Fidelity Investments has increased the number of jobs in the area by 1,074, making it the largest employer within the community. The Town's unemployment rate, as shown in Table X has been generally below the State averages; in FY 2000 Smithfield's unemployment rate was 3.9%.

**Table X  
Unemployment Rates**

<b>Unemployment Rates</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
Smithfield	7.0%	5.5%	4.2%	4.1%	3.9%	3.9%
Rhode Island	7.0%	4.8%	5.3%	4.9%	4.4%	4.1%

**Table XI  
Smithfield's Largest Employers**

<b>Employer</b>	<b>Type of Business</b>	<b>Number of Employees</b>
Fidelity Investments	Investment Services	1074
Bryant College	Business College	660
Uvex Safety	Manufacturer	340
Accessories Associates, Inc.	Manufacturer	275
The Stop & Shop., Inc.	Supermarket Operator	225

Prepared By: Anna Coelho  
Reviewed By: Anthony Simeone  
August 7, 2001

## **ATTACHMENT B**

### ***SAMPLE CONSTRUCTION REQUISITION FORM***

**SAMPLE**

Date: \_\_\_\_\_

Rhode Island Clean Water Finance Agency  
235 Promenade Street, Suite 119  
Providence, RI 02908

Attention: Anthony B. Simeone, Executive Director

Re: Borrower  
Project  
Requisition for Approved Project Costs

Ladies and Gentlemen:

Pursuant to Section 5 of the Loan Agreement dated as of \_\_\_\_\_, \_\_\_\_\_ between the Rhode Island Clean Water Finance Agency (the "Agency") and \_\_\_\_\_, Inc., (the "Borrower"), we hereby request disbursement in the amount of \$ \_\_\_\_\_ for project costs. In connection with this requisition, we hereby represent and certify the following:

1. This is requisition number \_\_\_\_\_.
2. Payments aggregating \$ \_\_\_\_\_ have been incurred by the Borrower for projects costs for the period from \_\_\_\_\_ to \_\_\_\_\_ as set forth in Exhibit A hereto. As set forth in Exhibit B hereto, are true copies of vendor, contractor or supplier invoices, or such other documentation, satisfactory to the Agency, identifying the payee, and purposes for which such expenditures were incurred.
3. The aggregate amounts of payments on account of project costs are within the project definition.
4. The Certificates of Approval from the Department of Health ("DOH"), together with all other applicable DOH approvals have been obtained on account of the project.
5. The amount requested hereby, together with all prior requisitions, does not exceed the amount of the loan.
6. In the case of a requisition for the reimbursement of project costs paid in the first instance by the Borrower, all of such costs are within all applicable guidelines for reimbursement financing, and none of such costs have been the subject of any prior requisition.
7. The representations and warranties contained in Section 2 of the Loan Agreement were true and correct as of the date of the Loan Agreement and were true and correct as of the date hereof, with the same effect as if made on this date.

8. In accordance with the Loan Agreement, the Borrower represents and warrants as follows:

- (I) it is in compliance in all material aspects with all laws, ordinances and rules and regulations affecting or relating to the Project;
- (II) it has used all previously disbursed loan proceeds and will use all loan proceeds to be disbursed to pay a portion of the costs of the Project or to reimburse itself for costs of the Project which it has paid and which have not been the subject of any prior disbursement;
- (III) it is not in default hereunder.

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By: Duly Authorized Officer



# **SAMPLE**

## **EXHIBIT A**

### **DRINKING WATER STATE REVOLVING FUND ("DWSRF") PROGRAM PROJECT PAYMENT REQUISITION FORM**

DATE: \_\_\_\_\_

APPLICANT: \_\_\_\_\_

PROJECT NAME/NUMBER: \_\_\_\_\_

PERIOD COVERED: \_\_\_\_\_

<b>TASK</b>	<b>TOTAL REQUEST (BORROWER)</b>	<b>TOTAL APPROVED FOR PAYMENT (Agency)</b>		<b>COMMENTS</b>
A. Administrative/ Legal Expenses				
B. Planning/Design A/E Fees				
C. Basic A/E Fees				
D. Other A/E Fees				
E. Project Inspections				
F. Construction Costs				
G. Miscellaneous				
H. Total Cost				
I. Amount Due this Request				
J. Percent Complete				
CERTIFICATION: I certify that to the best of my knowledge and belief the billed disbursement costs are in accordance with the terms of the project; that the reimbursement represents expenses for which requisitions have not previously been made in accordance with approved project costs.	For the Borrower:	Signature – Authorized Official:	Date:	
		Typed Name & Title:	Telephone:	
	A/E Representative Certifying Line H:	Signature – A/E Representative:	Date:	
		Typed Name & Title:	Telephone:	

## **EXHIBIT B**

Attached hereto are true and complete copies of vendor, contractor or supplier invoices, or such other documentation satisfactory to the Agency, identifying the payee and purposes for which such expenditures were incurred.

## **EXHIBIT C**

[Description of extent to which representations and covenants made in the Arbitrage and Use of Proceeds Certificate furnished by the Borrower are no longer true and correct.]

## **EXHIBIT D**

[Description of extent to which representations and warranties of clauses (\_\_\_\_) and (\_\_\_\_) of Section \_\_\_\_ of the Loan Agreement are no longer true and correct as of the date of this requisition.]

## **EXHIBIT E**

[Description of extent to which representations and covenants made in any certificate furnished in connection with the delivery of the Borrower Bonds is no longer true and correct as of the date of this requisition.]