

2022
Intended Use Plan
Clean Water
State Revolving Fund Emerging
Contaminants

**Prepared by the
Georgia Environmental Finance Authority**

September 23, 2022



**2022 Intended Use Plan
Georgia Environmental Finance Authority
Clean Water State Revolving Fund Emerging Contaminants**

Table of Contents

Contents	Page
Part I - Section 1452 Requirements	
Introduction	3
CWSRF Project Solicitation Process	3
CWSRF Comprehensive List	3
CWSRF Fundable List and Estimated Disbursement Schedule	4
Terms and Conditions of Financing	4
4 Percent Administration	4
Sources and Use of Funds	4
Criteria and Method for Distribution of Funds	5
CWSRF Goals and Objectives	5
20 Percent State Match Requirement	5
Assurances and Specific Proposals	6
Public Participation	6
Part II - Attachments	
Attachment 1 - Comprehensive List (Clean Water Projects)	7
Attachment 2 - Fundable List and Estimated Disbursement Schedule	8
Attachment 3 - ASAP CWSRF Payment Schedule	9
Attachment 4 - CWSRF 2 Percent, 4 Percent, 10 Percent, and 15 Percent Set-Aside Work Plan	10
Attachment 5 - CWSRF Affordability Criteria	11
Attachment 6 - Public Meeting Summary IUP	13
Attachment 7 - Loan Program Policies	14

Clean Water State Revolving Fund Emerging Contaminants Intended Use Plan 2022

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) allotment to support the goal of protecting public health. With the Bipartisan Infrastructure Law (BIL) signed on November 15, 2021, by President Biden, funding has been allocated to reduce exposure to perfluoroalkyl and polyfluoroalkyl substances (PFAS) and additional emerging contaminants through water quality priorities. This IUP outlines Georgia's proposed uses of the FY2022 CWSRF Emerging Contaminants allotment of \$1,581,000.

The Georgia Environmental Finance Authority (GEFA) was created by the Georgia General Assembly in 1985 as the successor agency to the Georgia Development Authority, Environmental Facilities Program. GEFA assists local governments in financing the construction, extension, rehabilitation and replacement, and securitization of public works facilities. The GEFA board of directors consists of three ex-officio members and eight members appointed by the governor. Under an interagency agreement, the Georgia Environmental Protection Division (EPD) provides professional services to the CWSRF. The services include, but are not limited to:

- Project reviews and approvals,
- Planning and project development,
- Information tracking,
- Updating files,
- Information gathering and development of the National Needs Survey,
- Issuing and approving Notices of No Significant Impacts (NONSI) and Categorical Exclusions (CE),
- Assistance with the National Information Management System (NIMS),
- The Public Benefit Reporting (PBR) database, and
- Administration of EPD's set-aside activities.

CWSRF Emerging Contaminants Project Solicitation Process

Georgia EPD began sampling for PFOS/PFOA in December 2021, in the northwestern region of the state. EPD identified Dalton Utilities as a high priority community with limits above the previous EPA Health Advisory. GEFA reached out to this community for more information and determined the current project need is \$1,581,000.

CWSRF Emerging Contaminants Comprehensive List

The CWSRF emerging contaminants comprehensive list (Attachment 1) was created from the drinking water projects recommended by the Georgia EPD. The comprehensive list consists of each impacted community, their current population, the anticipated project funding costs, their current affordability score per SRF guidelines, and a detailed description of the project. The GEFA board of directors reserves the right to fund lower priority projects over higher priority projects if, in the opinion of GEFA, a higher priority

project has not taken the necessary steps to prepare for funding and initiation of construction (e.g., GEFA has not received a complete and approvable financial application, the project is not ready to proceed, or the community withdraws its project from consideration). Additionally, if a qualified project becomes viable within the funding year, Georgia may amend its comprehensive list through a public meeting to accommodate those communities that decide to participate in the DWSRF emerging contaminants after the capitalization grant has been awarded. GEFA will collaborate with Georgia EPD to include any new projects on the comprehensive list.

CWSRF Emerging Contaminants Fundable List and Estimated Disbursement Schedule

The CWSRF project list with an estimated disbursement schedule located in Attachment 2. GEFA created this disbursement schedule based on the eight quarters identified in the 2022 CWSRF payment schedule located in Attachment 3, which indicates the timeframe for requesting the CWSRF capitalization grant allotment from the EPA Automated Standard Application for Payments (ASAP) System.

The CWSRF Emerging Contaminants assistance includes financing as outlined in the applicable appropriations language. Assistance will be provided to municipalities and water/sewer authorities created by the Georgia legislature for the construction, expansion, and improvements to publicly owned drinking water facilities. All construction projects will meet the requirements of the Federal Water Pollution Control Act with respect to Davis-Bacon requirements in section 513 and American Iron and Steel (AIS) requirements in section 608.

Terms and Conditions of Financing

CWSRF Emerging Contaminants Financing Terms

For a project or activity to be eligible for funding under this appropriation it must be CWSRF eligible, and the primary purpose must be to address emerging contaminants in drinking water, focusing on perfluoroalkyl and polyfluoroalkyl substances.

Four Percent Administration

Georgia intends to withhold use of the capitalization grant for administrative purposes. Based on the FY2022 allotment of \$1,581,000, \$0 are allocated for administrative support to manage and operate the CWSRF. A detailed account of the personnel costs associated with the 4 percent account are found in Attachment 5.

Sources and Use of Funds

Georgia is anticipating funding FY2022 emerging contaminants projects using the EPA BIL Emerging Contaminants Capitalization Grant. The estimated sources and uses of funds program are as follows:

Sources:

2022 EPA CWSRF BIL Emerging Contaminants Cap Grant:	\$1,581,000
State Match:	\$0
Total: \$1,581,000	

Uses:

Project Assistance:	\$1,581,000
Administrative Costs:	\$0
<hr/>	
Total: \$1,581,000	

Projects on the CWSRF project list are ranked by respective priority and will be funded according to availability of funds. Projects not funded from the project list will be considered for funding in subsequent years. Georgia intends to manage its disbursements to borrowers to insure that GA funds are spent first in order to ensure that the proportionality requirement is met. This is necessary to ensure that borrowers are funded from federal capitalization grants are able to receive requisitioned funds in a timely manner.

Criteria and Method for Distribution of Funds

Attachment 8 explains Georgia's criteria used to distribute funds to CWSRF emerging contaminants focused projects. Only those cities and counties that are designated as a "Qualified Local Government" and are in compliance with O.C.G.A. Section 36-70-20 and are on the comprehensive list may receive a CWSRF loan commitment. Communities within the Metropolitan North Georgia Water Planning District (MNGWPD) that are in compliance or making a good faith effort toward compliance with the MNGWPD plans are eligible for CWSRF funding. Only those communities that are in compliance with plumbing code standards as codified in O.C.G.A. Section 12-5-4 will be eligible for funding through GEFA. Eligible project costs include planning, design, engineering, and construction. Ineligible costs include maintenance and operation expenditures, projects needed primarily for fire protection, or projects to facilitate future growth. No loan will be executed until environmental approval has been issued and financial requirements have been met.

CWSRF Goals and Objectives

Long—term Goals

1. Ensure PFOS/PFOA impacted communities have the funding needed to implement remediation strategies.

Short—term Goals

1. Collaborate with GAEPD to determine PFOS/PFOA impacted communities.
2. Collaborate with other agencies to determine funding options for impacted communities.
3. Expand the outreach activities to ensure that systems are aware of and understand CWSRF assistance options and the application process by presenting at statewide workshops and conferences to publicize the CWSRF program.

20 Percent State Match Requirement

BIL funds must be distributed to communities entirely as forgivable loans or grants. States are not required to provide matching funds.

Assurances and Specific Proposals

In addition to the assurances that accompany the capitalization grant application (Standard Form 424) for the 2022 funds, GEFA further agrees to adhere to all the certifications covered within the Operating Agreement with EPA Region 4. The specific certifications are:

1. Capitalization grant agreement
2. Payment schedule
3. State matching funds
4. Commitment of 120 percent in one year
5. All funds - timely expenditures
6. Enforceable requirements of the Safe Drinking Water Act
7. Cross cutting issues
8. State law and procedures
9. State accounting and auditing procedures
10. Recipient accounting and auditing procedures
11. Annual report
12. Limitations on eligibility
13. Environmental review process
14. Maintain the fund
15. Perpetuity
16. Types of assistance
17. Priority list
18. Limitations of double benefits
19. Consistency with planning requirements
20. Annual audit
21. Intended use plan
22. Annual federal oversight review and technical assistance
23. Dispute resolution
24. Reserve the right to transfer up to 33 percent of grant amount between programs
25. NIMS
26. CBR

The GEFA CWSRF program managers will continue to coordinate with the EPA Region 4 office on items such as quarterly and annual reports, annual reviews, national needs surveys, collection of NIMS data no less than quarterly, training opportunities, 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 2022 capitalization grant application. A public notice was placed in the Fulton Daily Report on Thursday, October 13, 2022, announcing a public meeting on the CWSRF IUP on Tuesday, June, 15 2022, at 10:00 a.m., via conference call. A summary for the public meeting can be found within Attachment 9.

Attachment 1 - Comprehensive List (Clean Water Projects)
GEFA

ATTACHMENT 1 Clean Water State Revolving Fund 2022 Comprehensive List								
Community	2020 Pop.	Total Project Cost	Affordability Score	Est. Notice to Proceed Date	Est. Construction Start Date	Est. Project Completion Date	NPDES Permit No.	Project Description
Dalton Utilities	50,000	\$3,350,000	20	10/2022	11/2022	10/2026		Dalton Utilities will perform a pilot study. Five different PFAS removal technologies will be simultaneously assessed. Three different PFAS destruction technologies will be assessed. Two different nutrient removal technologies will be simultaneously assessed.

Attachment 2 - Fundable List and Estimated Disbursement Schedule
GEFA
Fundable Priority List of Anticipated Loan Recipients

Attachment 2 Clean Water State Revolving Fund Estimated Disbursement Schedule													
PROJECT	GRANT AMOUNT	NOTICE TO PROCEED DATE	CONSTR. START DATE	TARGET COMPL. DATE	1st Qtr 7/22-9/22	2nd Qtr 10/22-12/22	3rd Qtr 1/23-3/23	4th Qtr 4/23-6/23	1st Qtr 7/23-9/23	2nd Qtr 10/23-12/23	3rd Qtr 1/24-3/24	4th Qtr 4/24-6/24	TOTAL DISBUR S.
Dalton Utilities	\$1,581,000	10/2022	11/2022	10/2024	-	-	\$200,000	\$300,000	\$300,000	\$300,000	\$300,000	\$181,000	\$1,581,000
TOTAL	\$1,581,000				\$0	\$0	\$200,000	\$300,000	\$300,000	\$300,000	\$300,000	\$181,000	\$ 1,581,000

Attachment 3 - ASAP CWSRF Payment Schedule
Clean Water State Revolving Fund

Attachment 3 ASAP Payment Schedule Clean Water State Revolving Fund Emerging Contaminants			
Payment No.	Federal Fiscal Year		Amount (\$)
	Quarter	Date	
1	3 rd	7/2023 - 9/2023	\$0
2	4 th	10/2023 - 12/2023	\$0
3	1 st	1/2023 - 3/2023	\$1,581,000
4	2 nd	4/2023 - 6/2023	\$0
5	3 rd	7/2023 - 9/2023	\$0
6	4 th	10/2023 - 12/2023	\$0
7	1 st	1/2023 - 3/2023	\$0
8	2 nd	4/2024 – 6/2024	\$0
TOTAL			\$1,581,000

Attachment 4 - CWSRF 2 Percent, 4 Percent, 10 Percent, and 15 Percent Set-Aside Work Plan

The Safe Drinking Water Act (SDWA) Amendments of 1996 include a section authorizing states to provide funding for certain non-project activities called set-asides. States are required to describe, in their IUP the amount of funds that they will use for these activities. If a state does not expend all its set-asides, the state may transfer the monies to the CWSRF project account.

4 Percent Administration (2022 - \$0)

Set-Aside Activity	Activity	Cost	Comments
CWSRF Administration	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 Impact (NONSI) and Categorical Exclusions (CE); construction management; MBE/WBE requirements; project inspections; assistance with the National Information Management System (NIMS); and administration of EPD's set-aside activities all programmatic, financial, and legal aspects of making loans with CWSRF funds.	EPD Contract: \$0 GEFA administration: \$0	EPD and GEFA administration cost to be incorporated in CWSRF General Supplemental application
	Total	\$0	

2 Percent Small System Technical Assistance (2022 - \$0)

Set-Aside Activity	Activity	Cost	Comments
Small System Technical Assistance	Georgia Rural Water Association (GRWA): technical assistance field visits to governmentally owned and non-governmentally owned public water systems, perform visits during the contract period to provide Synthetic Organic Compound sampling assistance. Assistance to provide statewide technical support to small systems.	GRWA Contract: \$0 \$0	GRWA technical assistance cost to be incorporated in CWSRF General Supplemental application
	Total	\$0	



Clean Water State Revolving Fund Affordability Criteria

1. Median Household Income (MHI)

State Percentiles	25th Percentile (4 points)	50th Percentile (3 points)	75th Percentile (2 points)	100th Percentile (1 point)
MHI	\$32,699	\$42,444	\$54,555	\$54,556 and higher

2. Unemployment Percent

State Percentiles	25th Percentile (1 point)	50th Percentile (2 points)	75th Percentile (3 points)	100th Percentile (4 points)
Unemployment Percent	2.0%	3.1%	4.6%	4.7% and higher

3. Percentage Not in Labor Force

State Percentiles	25th Percentile (1 point)	50th Percentile (2 points)	75th Percentile (3 points)	100th Percentile (4 points)
Percentage Not in Labor Force	36.9%	43.5%	50.3%	50.4% and higher

4. Poverty Rate

State Percentiles	25th Percentile (1 point)	50th Percentile (2 points)	75th Percentile (3 points)	100th Percentile (4 points)
Poverty Rate	12.3%	20.0%	27.4%	27.5% and higher

5. Percentage on Social Security

State Percentiles	25th Percentile (1 point)	50th Percentile (2 points)	75th Percentile (3 points)	100th Percentile (4 points)
Percentage on Social Security	29.2%	36.1%	43.3%	43.4% and higher

6. Percentage on SSI

State Percentiles	25th Percentile (1 point)	50th Percentile (2 points)	75th Percentile (3 points)	100th Percentile (4 points)
Percentage on SSI	3.9%	6.8%	10.4%	10.5% and higher

7. Percentage with Cash Public Assistance

State Percentiles	25th Percentile (1 point)	50th Percentile (2 points)	75th Percentile (3 points)	100th Percentile (4 points)
Percentage with Cash Public Assistance	0.2%	1.3%	2.3%	2.4% and higher

8. Percentage with SNAP

State Percentiles	25th Percentile (1 point)	50th Percentile (2 points)	75th Percentile (3 points)	100th Percentile (4 points)
Percentage with SNAP	10.8%	18.8%	25.2%	25.3% and higher

9. Age Dependency Ratio

State Percentiles	25th Percentile (1 point)	50th Percentile (2 points)	75th Percentile (3 points)	100th Percentile (4 points)
Age Dependency Ratio	58.6	67.4	77.3	77.4 and higher

10. Population Trend

The following will be the categories used for determining scoring for change in population from 2011 to 2019.

- Positive growth or no growth (1 point)
- Between -0.01% to -1% (2 points)
- Between -1.01% and -2% (3 points)
- Greater than -2% (4 points)

Attachment 6 - Public Meeting Summary IUP



Georgia Environmental Finance Authority
IUP Meeting Minutes
Atlanta, Georgia 30303
Thursday, October 13, 2022
10:00 a.m.

Call to Order

The meeting will be held on Thursday, October 13, 2022, at 10:00 a.m. via conference call. In accordance with safety precautions regarding COVID-19 virus and in keeping with the Governor's Declaration of a Public Health State of Emergency, members of the public who want to participate in the public meeting must do so via conference call.

GEFA staff present at the meeting were:

Amanda Carroll

Public participants present at the meeting were:

None

Amanda Carroll welcomed everyone and introduced the staff in attendance. After discussing the purpose for the public meeting was to present and receive comments on the drafted 2022 Clean Water and Clean Water State Revolving Funds IUP, she opened the floor for comments.

Comments from Speakers

No other comments were made.

The meeting was adjourned at 11:00 a.m.

Attachment 7 - Loan Program Policies
January 2021



GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

1. PURPOSE

The Georgia Environmental Finance Authority (GEFA) provides affordable financing to local governments throughout Georgia to develop environmental infrastructure that protects public health, preserves natural resources, and promotes economic development. GEFA sustains this mission through effective, efficient, and prudent management of these public resources.

2. APPLICABILITY

Loan program policies govern the use of funds managed within the:

- Georgia Fund,
- Georgia Reservoir Fund,
- CWSRF, and
- DWSRF.

3. SUB-PROGRAMS

Georgia Fund

- **Emergency Loan Program** – The GEFA executive director has the authority to approve emergency loans to assist communities with financing improvements that are necessary to eliminate actual or potential public health hazards. Emergency loans are ratified at the next scheduled board meeting. The applicant must determine and document the emergency nature of the project and apply O.C.G.A. Section 36-91-22(e), which outlines the local government actions needed to classify a project as an emergency. Relevant terms are addressed in these policies.

4. ELIGIBLE RECIPIENTS

Type of Entity

- GEFA can provide financing to the following entities:
 - Local governments and instrumentalities of the state,
 - Municipal corporations,
 - County or local water, sewer, or sanitary districts,
 - State or local authorities, boards, or political subdivisions created by the General Assembly or pursuant to the Constitution and laws of the state, and
 - Nongovernmental entities with an approved land conservation project.

Minimum Recipient Qualifications

- **Qualified Local Government** – Municipalities and counties must be certified as qualified local governments by the Georgia Department of Community Affairs (DCA).
- **Service Delivery Strategy** – Municipalities, counties, and authorities must be included in a DCA-verified Service Delivery Strategy. The project for which an applicant seeks financing must be consistent with the verified strategy.
- **State Audit Requirements** – Municipalities, counties, authorities, and nongovernmental entities must be in compliance with state audit requirements.
- **Metro Plan Compliance** – Municipalities, counties, and authorities located within the MNGWPD can receive GEFA financing if the director of the GeorgiaEPD has certified that the applicant/recipient is in compliance or is making a good faith effort to comply with all MNGWPD plans and/or enforcement measures.
- **Updated Building Codes** – Municipalities and counties must adopt and enforce O.C.G.A. Section 8-2-3 relating to the installation of high-efficiency plumbing fixtures.
- **Current Loan Agreements** – A current GEFA borrower can receive additional GEFA financing only if the borrower is in compliance with the existing credit documents, e.g., loan agreement and promissory note.
- **Nongovernmental Entities** – Nongovernmental entities must be a nonprofit organization with a primary purpose of permanently protecting or conserving land and natural resources, as evidenced by their organizational documents.

5. ELIGIBLE PROJECTS

GEFA's loan programs provide financing for a broad range of water, wastewater, sewer, stormwater, nonpoint source pollution prevention, land conservation, and solid waste projects. Specific project eligibility varies by program. The types of projects eligible for financing in each program and the minimum project requirements are listed below.

- **Georgia Fund** – May finance projects consistent with O.C.G.A. Section 50-23-4 to:
 - Supply, distribute, and treat water
 - Collect, treat, or dispose of sewage or solid waste
- **Georgia Reservoir Fund** – May finance projects consistent with O.C.G.A. Section 50-23-28 to:
 - Expand the capacity of existing reservoirs or other sources for water supply
 - Establish new reservoirs or other sources for water supply
- **CWSRF** – May finance projects consistent with the federal Clean Water Act to:

- Construct municipal wastewater facilities
 - Control nonpoint source pollution, including projects that permanently protect conservation land
- **DWSRF** – May finance projects consistent with the federal Safe Drinking Water Act to:
 - Install or upgrade facilities to improve drinking water quality or pressure, protect water sources, and provide storage create or consolidate water systems

Minimum Project Eligibility Requirements Under the Federal State Revolving Fund Programs

In addition to meeting the other applicable eligibility requirements outlined in these policies, projects receiving funding through the CWSRF or DWSRF must comply with applicable federal statutes, rules, and regulations. These requirements include, but are not limited to:

- Each project must be included in an Intended Use Plan submitted by GEFA to the EPA.
- Each project must successfully complete the State Environmental Review Process(SERP), which is administered by EPD, and receive a Notice of No Significant Impact or Categorical Exclusion.
- Each recipient must certify compliance with Title VI of the Civil Rights Act by completing EPA Form 4700-4.
- Each DWSRF project and CWSRF treatment works project must comply with applicable federal procurement and labor rules, including Disadvantaged Business Enterprise utilization, Equal Employment Opportunity, the Davis Bacon Act, and requirements that may arise in future federal law or future federal assistance agreements.
- Each DWSRF project and CWSRF treatment works project must incorporate iron and steel products produced in the U.S. (“American Iron and Steel Requirement”).
- Each CWSRF treatment works project must certify that a Fiscal Sustainability Plan has been developed and is being implemented for the project or certify that a Fiscal Sustainability Plan will be developed and implemented for the project.

6. ELIGIBLE ACTIVITIES

Recipients of GEFA financing may use GEFA funds for the following activities related to an eligible project:

- Feasibility analysis
- Project design
- Construction, grading, site preparation, dredging, etc.
- Land and easement acquisition needed for project implementation
- Stream or wetland mitigation
- Administrative and/or legal services
- System purchase

Engineering, Legal, and Administrative Costs – GEFA funds may be utilized for engineering, design, administrative costs, facilities planning, and land acquisition provided that these costs are necessary for the completion of the project defined by the scope of work and identified in the budget of the approved loan agreement. Such eligible costs incurred prior to the execution of a loan agreement are eligible for reimbursement with a GEFA loan. GEFA also offers engineering-only loans for these preliminary soft costs needed to facilitate the construction of an eligible project. GEFA will review and apply a standard to all project budgets.

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

GEFA’s loan agreement provides additional information about activities for which a borrower may or may not use GEFA funds.

7. PROGRAM MAXIMUMS

Loans available from GEFA are subject to the following maximums.

Georgia Fund

- The maximum loan amount is \$3,000,000 per borrower per year.
- The maximum loan amount for emergency loans is \$500,000 per project.
- The standard amortization period is 20 years or the useful life of the project.

Georgia Reservoir Fund

- The maximum loan amount will be determined based on availability of funds.
- The length of the amortization period shall be determined on a case-by-case basis consistent with O.C.G.A. Section 50-23-28.
- The maximum amortization period is 40 years.

CWSRF

- The maximum loan amount is \$25,000,000 per borrower per year.
- The maximum loan amount for engineering loans is \$2,000,000 per project.
- The maximum amortization period is 30 years not to exceed the useful life of the project.

DWSRF

- The maximum loan amount is \$25,000,000 per borrower per year.
- The maximum loan amount for engineering loans is \$2,000,000 per project.
- The maximum amortization period is 40 years for communities designated as “disadvantaged” based on GEFA’s affordability criteria not to exceed the useful life of the project.

8. INTEREST RATES

GEFA indexes its interest rates to the true interest cost (to the nearest hundredth of one percent) received by the state on its 20-year, competitively-bid, general obligation bond issue. This is GEFA’s benchmark rate; however, the interest rate adjustments described below may apply.

Federal Loans – For CWSRF and DWSRF loans, GEFA will charge an interest rate that is 50 basis points (0.50 percent) below GEFA’s benchmark rate.

Interest Rate Concessions – GEFA provides the following interest rate concessions for eligible borrowers or eligible projects under the specified funding programs. Interest rate concessions shall not be used in combination.

- **WaterFirst** – Communities that receive the WaterFirst designation may receive an interest rate 100 basis points (1 percent) below the prevailing interest rate for the program through which it is to be funded.
- **PlanFirst** – Communities designated as a PlanFirst Community may receive an interest rate 50 basis points (0.50 percent) below the prevailing interest rate for the program through which it is to be funded.
- **Conservation** – Communities seeking financing for eligible energy, land, or water conservation projects may receive an interest rate 100 basis points (1 percent) below the prevailing interest rate for the program through which it is to be funded as outlined in GEFA’s Water Conservation Financing guidance.
- **Special Loan Terms** – The GEFA board may approve loans with different interest rates or specialized terms, e.g., principal forgiveness, consistent with specific program objectives and/or relevant federal requirements.

9. FEES

GEFA may assess certain fees to loan recipients.

Origination Fee – GEFA will charge an origination fee of 1.25 percent pursuant to the loan agreement.

Loan Servicing Fees – Under specific circumstances, GEFA may charge the following loan servicing fees:

- GEFA may assess a non-sufficient funds fee (NSF) if the borrower fails to have sufficient funds in its designated bank account at the time the payment is drafted. The payment due may be for any type of payment due under the credit documents including origination fees, construction interest, monthly principal and interest payments, or any other fee. GEFA will charge the NSF fee to the borrower for each loan for which payment is due and not available.
- GEFA may assess a late fee for any payment not received by the 15th of the month in which the payment is due. This will be in addition to any NSF fees assessed in the same month.
- GEFA may assess a monthly Loan Continuation Fee in the event the borrower fails to draw funds within six months (180 days) of loan agreement execution.

For details about the fees, refer to the Loan Servicing Fee Schedule available at gefa.georgia.gov/loan-documents.

10. LOAN SECURITY

GEFA requires a revenue and full-faith-and-credit pledge of each borrower and any other special loan condition GEFA may deem necessary, e.g., debt service reserve, etc.

For borrowers, such as authorities, that lack taxation powers or lack adequate taxation capacity to provide a full-faith-and-credit pledge equal to the value of the loan, the following requirements will need to be fulfilled prior to execution of loan:

- A debt service coverage ratio of 1.25x or greater
- A debt service coverage ratio of less than 1.25x, but equal to or greater than 1.05x – a reserve in the amount of one year’s debt service on the proposed debt must be deposited into a separate bank account that names GEFA as the beneficiary, prohibits the borrower from withdrawing funds without GEFA’s written consent, and requires the bank to submit quarterly statements of activity and account balance information directly to GEFA.
- A debt service coverage ratio of less than 1.05x – Additional security through an agreement with the authority’s local government that is willing and able to provide a full-faith-and-credit pledge to back the loan.
- For nongovernmental entity borrowers, a deed to secure debt will be required.

11. RELEASE OF GEFA FUNDS DURING CONSTRUCTION

GEFA monitors construction and endorses GEFA payments in accordance with the loan agreement. To allow monitoring, the loan or grant recipient must notify GEFA prior to commencing construction.

12. LOAN EXECUTION DEADLINE

If the loan agreement is not fully executed within six months (180 days) from the date of board approval, GEFA reserves the right to terminate its commitment.

13. LOAN RESTRUCTURING

Loan restructuring is the changing of terms and/or conditions of an existing loan. The range of restructuring options may include adjusting the interest rate of a loan, changing the amortization period of a loan, or changing the repayment schedule to adjust allocation between interest and principal. GEFA will consider a borrower’s request to restructure its existing GEFA loan(s) on a case-by-case basis if the borrower is experiencing financial hardship. In evaluating a restructuring request, GEFA will consider at a minimum the following indicators of financial hardship:

- The borrower’s debt service coverage ratio history.
- The type and extent of efforts undertaken by the borrower to improve its financial condition, including enhancing revenues from rate increases or raising of ad valorem taxes and/or reducing costs.
- Emergency or exigent circumstances beyond the control of the borrower that impose a long-term and severe financial hardship.

Under no circumstances will loan principal be forgiven.

14. LOAN REFINANCING

Loan refinancing uses loan funds to pay off an existing debt obligation, thereby satisfying the terms of the existing debt agreement and cancelling the existing obligation. GEFA will consider requests to refinance existing GEFA debt on a case-by-case basis if one of the following conditions is met:

- The community is requesting a loan from GEFA to finance an eligible, time-sensitive, and critical project, but needs to consolidate existing GEFA debt into the new loan to afford the new project.

- The community has an engineering loan it would like to refinance with the proceeds of a construction loan from GEFA, thereby combining the engineering loan and the construction loan into one loan.

15. CREDIT ANALYSIS

GEFA requires a minimum debt service coverage of 1.05 times in the first year of repayment and each subsequent year of the outstanding GEFA debt.