CWRF-101
(Revised 3/26/2026)

APPLICATION FOR FUNDING
CLEAN WATER STATE REVOLVING FUND

The information requested below is the financial and legal information necessary to secure financing from the Department of Environmental Quality's Clean Water State Revolving Fund (CWSRF). This information serves as the basis for the conditions that will be set forth in any potential financing offer and/or loan agreement.

Assistance from the applicant's engineer or outside consultant, fiscal officer, and an attorney will be necessary to complete parts of this application. Additional information, not listed herein, may also be requested to determine eligibility, credit worthiness, and other conditions necessary for loan approval. Borrowers are cautioned that their existing long-term debt agreements may limit eligibility or prescribe terms and conditions in financing arrangements with the Department's CWSRF; knowledge and/or compliance with existing and/or future debt agreements is the ultimately the responsibility of the borrower.

To formally apply for financing from the CWSRF program, ALL of the following forms, documents, and financial information must be submitted by mail to the Department of Environmental Quality's Office of Management and Finance, Support Services – CWSRF, P. O. Box 4303, Baton Rouge, LA 70821-4303 or by email at CWSRF@la.gov.

1. A copy of the **authorizing resolution**, or other specific authorizing instrument, reflecting the applicant's authority to submit application for funding through the CWSRF, to issue debt up to or exceeding the amount of funding requested, and naming the official representative who may sign documents on behalf the borrower.

   Note: Regarding the naming of the official representative, it is often beneficial to name an official position such as “mayor”, “utility director”, etc. rather than a singular person by name. Our loans often require years to fully disburse due to construction schedules; as such, naming an official position rather, than a specific individual, prevents the need to amend prior resolutions in order to grant authority to new administrations, officials, etc.

2. A **10-year financial forecast** listing the projected revenues, expenses, and annual debt service payments due on the fund. The components required of the financial forecast are listed below:

   - Audited financial statements for the three (3) most recent fiscal years as submitted to the Louisiana Legislative Auditor (LLA).
   - A combined debt service schedule with each long-term debt segmented and easily identifiable along with a combined total payment per fiscal year
   - Must be submitted in Excel format
   - Must begin with the most recently audited fiscal year, then extend to ten (10) future years.

- Footnotes and backup documentation detailing all assumptions regarding revenue/expense changes, connection/usage changes, rate increases, etc. are required
- Calculations demonstrating that the applicant meets the required debt service coverage ratio of the fund pledged. Sewer Revenue, Property Tax, or "Other" funds require a debt service coverage ratio of 125%. Sales Tax Revenue funds require a debt service coverage ratio of 133%. If General Obligation funds are pledged, a debt service coverage ratio of 100% is required.

    - The Debt Service Coverage Ratio (DSCR) is calculated as follows:

      Adjusted Net Income / Total annual debt service payment

      Adjusted Net Income = Operating Revenues – Expenses + Depreciation + Non-cash Expenses

    - The DSCR must be presented in two forms:
        - -annually based upon the yearly payments from the combined debt service schedule compared to the corresponding year of the forecast
        - -the largest combined debt service payment from the entirety of the schedule compared to each year of the forecast (this version of the DSCR is required as the borrower's bond language often stipulates this condition)

- Backup documentation must be submitted to substantiate all amounts on the report. If only pledging a portion of a reported fund, such as Sewer Revenues from a Utility Fund, a separate report must be submitted detailing the allocation of the audited financial figures to each segment of the Utility Fund. A breakdown of the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position are often required in this scenario.

- If a rate increase is incorporated into the forecasted revenues, two additional pieces of supporting documentation are required:

    a. Copy of the rate resolution which must include the effective date of implementation and the complete consumption/rate structure. Reminder: annual adjustments based solely on the Consumer Price Index, or any other inflation-based adjustment, are not allowed. The resolution must state a minimum annual increase of a specific percentage or dollar amount; only that specified minimum would be allowed in revenue forecasting calculations. We welcome the opportunity to review draft language of any rate resolution prior to passage if requested to do so by the borrower.

b. Analysis of forecasted revenues based upon the new rate structure and anticipated average monthly consumption of each connection type. We need to see the average monthly consumption value assigned to each category, the number of connections per category, then the revenue calculations utilizing the rate structure with the consumption and connection variables previously established. Documentation to validate average consumption and connection figures should be provided as well; system billing reports/summaries can sometimes be helpful for this purpose.

3. **Department of Environmental Quality Clean Water Revolving Loan Fund Loan Application**, CWRF-101 Attachment A

All fields must be completed. As a point of emphasis, please pay special attention to the following: be sure that the Authorized Representative listed in #1 matches the authorized representative listed in the authorizing resolution; #21 must be completed and will be used as the basis for the type of approved bond issuance associated with the loan.

Depending on the provided application responses, the following additional information/documentation may be required:

#13: Intergovernmental agreements or a description of the nature and division of contemplated system operations, project ownership or other legal or equitable interest in the project, if the sewer system will not be owned and/or operated by the applicant.

#18-20: A list of all municipalities, financing institutions, lenders or other funding sources participating in financing interim construction or long term debt on this project other than the CWSRF. The following information must be included:

- A statement by each participating entity reflecting their relative interest, support and commitment of their lender(s) or internal funding/sources for the project; and
- A project cost allocation between borrowers, lenders or other funding sources; and
- A description of project revenues pledged, or to be pledged, to other participating lenders or funding sources.

#30: Copies of <u>all</u> (sewer, water, streets, drainage, etc.) long-term debt agreements and resolutions, including but not limited to, loan agreements, certificates of indebtedness and bonds that are obligated from the pledged fund. These debts should be verifiable in the most recently audited financial statements.

4. **Clean Water Revolving Loan Fund Assurances**, CWRF-101 Attachment B

   States the applicant will meet all applicable federal authorities or "cross-cutters" relating to MFRLF assistance and construction.

5. A **Site Certificate**, CWRF-101 Attachment C

   A statement reflecting the relevant history or current status of the applicant's efforts toward obtaining all necessary and incidental rights and privileges needed for project commencement, completion and operation. This includes, but is not limited to, all necessary legal rights including water rights, licenses and/or permits, whether existing under federal, state or local law or regulation, the relative status of secured or outstanding contracting arrangements, and the status of any incidental legal proceedings including, but not limited to, any authorizations required by residents of the municipality.

6. **Certification Regarding Debarment, Suspension, and Other Responsibility Matters**, EPA Form 5700-49

   A federally required certification regarding debarment, suspension, and violations of federal and/or state law.

7. **Transparency Act Reporting Information Form**

   A required form according to the Federal Funding Accountability and Transparency Act (FFATA). All blanks must be completed. Please pay special attention to the full, 9-digit zip code requirement and the physical location of the project. In regards to the physical location of the project, often times CWSRF projects include multiple locations or include line replacements which are not isolated to a single physical address. In these situations, an acceptable response would be to select the location which is expected to receive the highest amount of construction funding or to select one of the termination points of the line system included in the scope of the project.

8. **Signed IRS Form W-9** from the borrower