



# MARYLAND DEPARTMENT OF THE ENVIRONMENT

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Martin O'Malley  
Governor

Robert M. Summers, Ph.D.  
Secretary

Anthony G. Brown  
Lieutenant Governor

November 14, 2014

Mr. Alan Quimby  
County Commissioners of Queen Anne's Co  
c/o Sanitary District  
310 Bateau Drive  
Stevensville MD 21666

RE: 2014 Water Quality State Revolving Fund (WQSRF) Intended Use Plan (IUP)  
Southern Kent Island (SKI) Sanitary Project Phase I  
WQSRF Estimated Loan Amount: \$11,200,000

Dear Mr. Quimby:

The above project is being amended into the Federal Fiscal Year 2014 WQSRF IUP via funding from the Maryland Water Quality Financing Administration's (MWQFA) State Revolving Loan Fund (SRF) Program. Below are the SRF loan terms:

**INTEREST RATE (subject to change):** The standard SRF interest rate is equal to 50% (rounded down) of the monthly average of the Bond Buyer 11-Bond Index (BB11-BI) for the month preceding the one in which the loan is closed. The interest rate for a Disadvantaged Community (DAC) is currently 25% of the BB11-BI. Based upon recent BB11-BI averages, our offering rates have been ranging between 2.00% (standard) and 1.00% (DAC).

**ADMINISTRATIVE FEE:** The Administrative Fee is 5% (approximately 50 basis points) of the total debt service over the term of the loan, paid in equal annual installments over the life of the loan.

**LOAN TERMS:** 20 years or less.

**DECLARATION OF OFFICIAL INTENT TO REIMBURSE (Applies to Governmental Borrowers Only):** Local governments funding projects through the SRF Program in an amount greater than \$400,000 must declare a notice of "Official Intent to Reimburse" prior to making project expenditures that are to be reimbursed with proceeds of tax-exempt debt and will require loan recipients to retain bond counsel. The purpose of the Official Intent requirement is to provide confirmation of compliance with IRS requirements that, on or prior to the date of payment, the local government intended to reimburse itself with the SRF loan from MWQFA for costs that are associated with the project and which are eligible for reimbursement (with limited exception for certain preliminary expenditures i.e. planning & design). **Failure to**



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**timely declare Official Intent may deem some costs ineligible for tax-exempt SRF loan funds.**

Enclosed is additional information regarding the programmatic requirements for SRF loan funding that must be addressed prior to loan execution. **Of particular note is the inclusion of required Davis Bacon Wage rates for construction contracts and Buy American Iron and Steel products.**

**Recipients and their prime contractors and consultants must apply the Good Faith Efforts when procuring contracts in construction, services (technical and business), supplies and equipment.**

Failure to comply with DBE program requirements may make costs ineligible for SRF loan participation. The information and forms are also on our website at [http://www.mde.state.md.us/programs/Water/QualityFinancing/Pages/Programs/WaterPrograms/water\\_quality\\_finance/index.aspx](http://www.mde.state.md.us/programs/Water/QualityFinancing/Pages/Programs/WaterPrograms/water_quality_finance/index.aspx). For additional assistance, contact Mr. Richard Pencek, Acting Program Administrator, at [richard.pencek@maryland.gov](mailto:richard.pencek@maryland.gov) or at 410-537-3972.

**Please note the demand for SRF loan funding is extremely high, and as such, projects identified for funding that do not proceed to construction by December 2015 may be bypassed/deleted from the current funding list. The applicants will be notified of this action, and will have an opportunity to reapply for future financial assistance.**

Please do not hesitate to contact Mr. Walter Lara, SRF Funding Coordinator at 410-537-4427 or via email at [walter.lara@maryland.gov](mailto:walter.lara@maryland.gov) regarding this letter, the attached programmatic information or the funding process. Also, should you wish to see a draft repayment schedule, contact Mr. Walter Lara. We look forward to working with you throughout the loan origination process.

Note: Please notify us as soon as possible if your interest in utilizing the above-referenced SRF allocation has changed.

Sincerely,



Elaine Dietz  
Water Quality Financing Administration

Enclosure: Programmatic Requirements

Cc: Philip L. Dumenil, President  
Todd Mohn, Director, DPW  
Johanthan Seeman, Director, Finance  
Jag Khuman, Director, MWQFA  
Richard Pencek, Acting Program Administrator, MWQFA  
Mehdi Majedi, Deputy Program Administrator, ECPP  
Sunita Boyle/Matthew Marshall, Engineer, ECPP  
Walter Lara, SRF Funding Coordinator, CFPD  
Debi Fulmer, Project Administrator, CPCD