

Drinking Water Revolving Fund (DWRF) Loan Application

PART II - PROGRAM INFORMATION

Questions about Part II should be directed to your DEQ project manager. Please carefully read the attached instructions before completing the Project Cost Worksheet.

The Authorized Representative must sign page II-4 after reviewing the covenants and assurances.

DWRF Project Name _____ DWRF Project No. _____

A. Project Cost Worksheet

(Please do not write in the shaded area)

| Budget Item | Incurred Project Costs | Estimated Project Costs | Cost Support Documents Attached | DEQ Approved Project Costs |
|---|--|-------------------------|---------------------------------|----------------------------|
| 1. Planning Costs | | | <input type="checkbox"/> YES | |
| 2. Revenue System Development Costs | | | <input type="checkbox"/> YES | |
| 3. Design Engineering Costs | | | <input type="checkbox"/> YES | |
| 4. Legal/Financial Service Fees | | | <input type="checkbox"/> YES | |
| 5. Administrative Costs | | | <input type="checkbox"/> YES | |
| 6. Bond Counsel Fees | | | <input type="checkbox"/> YES | |
| 7. Bond Advertisement Costs | | | <input type="checkbox"/> YES | |
| 8. Bid Advertisement Costs | | | <input type="checkbox"/> YES | |
| 9. Capitalized Interest | DEQ will complete this line upon receipt of your Part III application. | | | |
| 10. Land Acquisition/Relocation Costs | | | <input type="checkbox"/> YES | |
| 11. Land Purchase Costs | | | <input type="checkbox"/> YES | |
| 12. Construction Engineering Costs | | | <input type="checkbox"/> YES | |
| 13. Construction Costs (bid contracts) | | | <input type="checkbox"/> YES | |
| 14. Construction Costs (force account) | | | <input type="checkbox"/> YES | |
| 15. Equipment Costs | | | <input type="checkbox"/> YES | |
| 16. Other Project Costs | | | <input type="checkbox"/> YES | |
| 17. Project Cost Subtotal (sum of Line 1 through Line 16) | | | | |
| 18. Project Contingency (6% of Line 17 ± the amount needed to round Line 20 to the nearest \$5,000) | | | | |
| 19. LESS Non-DWRF Funding (other federal or state grants or loans, cash on hand, etc.) | | | | |
| 20. Approved Project Cost to be Funded by DWRF Assistance (sum of Lines 17 and 18 minus Line 19) | | | | |

- B. Provide a status of land, easements, and leasing arrangements necessary for DWRF project construction. Prior to loan award, the applicant must have sufficient rights to the project land to ensure undisturbed building and operation of the project for its useful life.
- C. Covenants, Assurances, and Certifications

The authorized representative for this project will be asked to certify that the applicant will abide by the following covenants, assurances, and certifications, which will be incorporated into the DWRF loan agreement. Please read all of them carefully and contact your DEQ project manager if you have any questions.

1. The applicant has the legal, managerial, institutional, and financial capability to build, operate, and maintain the project.
2. The applicant certifies that no undisclosed fact or event, or pending litigation, will materially or adversely affect the project, the prospects for its completion, or the applicant's ability to make timely repayments to the Drinking Water Revolving Fund.
3. The applicant agrees that the rates and charges for the services of the project will be established, levied, or collected in an amount sufficient to pay the expenses of administration, operation, and maintenance of the project and to pay the principal and interest requirements on all bonds payable from revenues of the project.
4. The applicant agrees to provide all moneys in excess of bond proceeds necessary to complete the project and to maintain adequate revenues from a user-based source to fund the operation of the project.
5. To the extent permitted by law, the applicant shall take all actions within its control and shall not fail to take any action as may be necessary to maintain the exclusion of interest on its bond from gross income for federal income tax purposes, including but not limited to, actions relating to the rebate of arbitrage earnings and the expenditure and investment of bond proceeds and moneys deemed to be bond proceeds.
6. The applicant will take no action which would cause its bonds to be classified as private activity bonds. The applicant will make no use of bond proceeds which would make its bonds federally guaranteed.
7. The applicant agrees to maintain complete books and records relating to the construction, operation, and financial affairs of the project in accordance with generally accepted accounting principles (GAAP) and generally accepted government auditing standards (GAGAS).
8. The applicant will have an audit of its entire operations prepared by a recognized independent certified public accountant for each year in which the applicant receives \$500,000 or more in federal assistance. The audit shall be prepared in conformance with the requirements of the Single Audit Act of 1984 as amended, (31 U.S.C. §7501 *et seq.*) and Office of Management and Budget Circular No. A-133. The applicant will mail a copy of such audit to the Local Government Audit Division of the Michigan Department of Treasury and to the Michigan Municipal Bond Authority (hereafter referred to as the "Authority"). For Single Audit Act purposes, the portion of each disbursement request that is considered to be federal assistance which counts towards the \$500,000 trigger amount will be determined by the Authority. The applicant will receive notification of the federal portion, along with any special instructions, directly from the Authority.
9. The applicant agrees that all municipal contracts related to the project will provide that the contractor and any subcontractor may be subject to a financial audit and must comply with generally accepted accounting principles (GAAP) and generally accepted government auditing standards (GAGAS).
10. The applicant will maintain and carry insurance on all physical properties of the project, of the kinds and in the amounts normally carried by municipalities engaged in the operation of similar water supply systems. All moneys received for losses under any such insurance policies shall be applied to the replacement and restoration of the property damaged or destroyed or for repayment of the bond held by the Authority.
11. The applicant will notify the DEQ and the Authority within 30 days of the occurrence of any event which, in the judgment of the applicant, will cause a material change in the financial condition of the project, or, if the applicant has knowledge, of the waterworks system of which the project is a part. Such events include the receipt of funding from another state or federal program for project costs financed by the Drinking Water Revolving Fund.
12. The applicant agrees to provide any necessary written authorizations to the DEQ, United States Environmental Protection Act (USEPA) and the Authority for the purpose of examining the physical plant or for examining, reviewing, or auditing the operational or financial records of the project. The applicant also

agrees to require similar authorizations from all contractors, consultants, or agents with which the applicant negotiates an agreement.

13. The applicant agrees that all pertinent records shall be retained and available to the DEQ, USEPA and the Authority for a minimum of three years after the actual initiation of operation of the project and that if litigation, a claim, an appeal, or an audit is begun before the end of the three-year period, records shall be retained and available for a minimum of three years after the action is completed and resolved, whichever is longer.
14. The applicant has, or will have prior to the start of construction, all applicable state and federal permits required for construction of the project and will comply with the conditions set forth in such permits.
15. The applicant agrees to comply with the anti-discrimination provisions of Section 602, Title VI of the Civil Rights Act of 1964 (42 U.S.C. §2000d), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794), and Section 303, Title III of the Age Discrimination Act of 1975 (42 U.S.C. §6102) whereby the applicant will not discriminate on the basis of race, color, national origin, sex, handicap, or age in any activity related to the project.
16. The applicant agrees to comply with the disadvantaged business participation provisions of Executive Order 11625 (October 13, 1971) and Executive Order 12138 (May 18, 1979), as amended by Executive Order 12608 (September 9, 1987), whereby the issuer will employ the six affirmative steps in its procurement efforts and assure its first tier contractors also employ these steps (40 CFR 33.301), maintain a bidders list (40 CFR 33.501), report on its efforts to utilize certified Minority Business Enterprises (MBEs) and Women's Business Enterprises (WBEs) (40 CFR 33.502-503), on the forms, and in the manner, prescribed by the DEQ, all consistent with the provisions set forth in 40 CFR, Part 33.
17. The applicant agrees to comply with the equal employment opportunity provisions of Executive Order 11246 (September 24, 1965), as amended by Executive Order 11375 (October 13, 1967) and supplemented by U.S. Department of Labor regulations (41 CFR Part 60).
18. The applicant agrees to comply with the political activities restrictions of the Hatch Act (5 U.S.C. §1501 *et seq.*) whereby the applicant will ensure that municipal employees whose principal employment activities are funded in whole or in part with moneys from the Drinking Water Revolving Fund comply with the prohibitions set forth in 5 CFR Part 151. The applicant also agrees to comply with provisions of 40 CFR Part 34, New Restrictions on Lobbying, and understands, in accordance with the Byrd Anti-Lobbying Amendment, making a prohibited expenditure under 40 CFR Part 34 or failing to file the required certification or lobbying forms shall subject the applicant to a civil penalty of not less than \$10,000 and not more than \$100,000, for each such expenditure.
19. The applicant agrees to comply with the procurement prohibitions of Section 306 of the Clean Air Act Amendments of 1970 (42 U.S.C. §7606) as implemented by Executive Order 11738 (September 10, 1973) whereby the applicant certifies that goods, services, and materials for the project will not be procured from a supplier on the List of Violating Facilities published by the USEPA.
20. If the project involves the acquisition of an interest in real property or the displacement of any person, business, or farm operation, the applicant agrees to comply with the land acquisition and relocation assistance requirements of the Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970 (42 U.S.C. §4601 *et seq.*) whereby the applicant will follow procedures set forth in 49 CFR Part 24.
21. If the project involves construction or property acquisition in a special flood hazard area, the applicant agrees to comply with the flood insurance purchase requirements of the Flood Disaster Protection Act of 1973 (Pub.L. 93-234) whereby the applicant will purchase flood insurance in conformance with the National Flood Insurance Program (42 U.S.C. §4001-4128).
22. If historic or archeological artifacts or remains are discovered during project construction, the applicant agrees to immediately contact the State Historic Preservation Officer and the DEQ. The applicant further agrees to discontinue work in the vicinity of the discovery until the State Historic Preservation Officer has determined the general limits and potential significance of the site. If human remains are discovered during project construction, the applicant agrees to immediately contact the State Police.
23. The applicant certifies: (i) if it is the owner or operator of an oceangoing vessel or a non-ocean-going vessel, that it is in compliance with the requirements of § 3103a of the NREPA, 1994 PA 451, as amended, MCL 324.3103a, and is on an applicable list prepared under MCL 324.3103a(4); and (ii) if it has contracts for

the transportation of cargo with an oceangoing or non-ocean-going vessel operator that operator(s) is/are on an applicable list prepared under MCL 324.3103a(4).

- 24. The applicant agrees to construct and operate the project in compliance with all other applicable state and federal laws, executive orders, regulations, policies, and procedures.
- 25. The applicant agrees that the project shall proceed in a timely fashion and will exercise its best efforts to complete the project in accordance with the estimated date of initiation of operation set forth in this application.
- 26. The applicant will provide written notification to the DEQ identifying the actual initiation of operation of the project within 30 days of its occurrence. The actual initiation of operation is the date when the project becomes capable of operation for the purposes for which it was planned, designed, and built.
- 27. The applicant will maintain the project in good repair, working order, and operating condition.
- 28. The applicant agrees to not sell, lease, abandon, dispose of, or transfer its title to the project or any part thereof, including lands and interest in lands, by sale, mortgage, lease, or other encumbrances, without an effective assignment of obligations and the prior written approval of the DEQ and the Authority.
- 29. If the project is segmented, as provided in Section 5406 of the NREPA, 1994 PA 451, being Section 324.5406 of the Michigan Compiled Laws Annotated, the applicant agrees that the remaining segments shall be completed with or without additional financial assistance from the Drinking Water Revolving Fund.
- 30. The applicant certifies that the project is not primarily to accommodate future development or primarily for fire protection.

C. Please complete and sign the attached EPA Form 4700-4, Preaward Compliance Review Report.

I certify that I am the authorized representative designated by the governmental unit that will issue the bond(s) for this project and that the Part II Program Information being submitted is complete and accurate to the best of my knowledge.

I further certify that _____ (*legal name of applicant*) agrees to and will abide by the covenants, assurances and certifications stipulated in Section B above.

Name and Title of Authorized Representative (*Please Print or Type*)

Signature of Authorized Representative (*Original Signature Required*)

Date

In accordance with the date in your signed milestone schedule, please return Part II with a completed EPA Form 4700-4 and the specified attachments to:

REVOLVING LOAN AND OPERATOR CERTIFICATION SECTION
WATER BUREAU
MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY

MAILING ADDRESS
PO BOX 30273
LANSING MI 48909-7957

DELIVERY ADDRESS
CONSTITUTION HALL 3RD FLOOR SOUTH
525 W ALLEGAN, LANSING MI 48933

United States Environmental Protection Agency
Washington, DC 20460
**Preaward Compliance Review Report for
All Applicants and Recipients Requesting EPA Financial Assistance**
Note: Read instructions on other side before completing form.

| | |
|--|-------------------------------------|
| I. Applicant/Recipient (Name, Address, State, Zip Code). | DUNS No. |
| II. Is the applicant currently receiving EPA assistance? | |
| III. List all civil rights lawsuits and administrative complaints pending against the applicant/recipient that allege discrimination based on race, color, national origin, sex, age, or disability. (Do not include employment complaints not covered by 40 C.F.R. Parts 5 and 7. See instructions on reverse side.) | |
| IV. List all civil rights lawsuits and administrative complaints decided against the applicant/recipient within the last year that allege discrimination based on race, color, national origin, sex, age, or disability and enclose a copy of all decisions. Please describe all corrective action taken. (Do not include employment complaints not covered by 40 C.F.R. Parts 5 and 7. See instructions on reverse side.) | |
| V. List all civil rights compliance reviews of the applicant/recipient conducted by any agency within the last two years and enclose a copy of the review and any decisions, orders, or agreements based on the review. Please describe any corrective action taken. (40 C.F.R. § 7.80(c)(3)) | |
| VI. Is the applicant requesting EPA assistance for new construction? If no, proceed to VII; if yes, answer (a) and/or (b) below. a. If the grant is for new construction, will all new facilities or alterations to existing facilities be designed and constructed to be readily accessible to and usable by persons with disabilities? If yes, proceed to VII; if no, proceed to VI(b). b. If the grant is for new construction and the new facilities or alterations to existing facilities will not be readily accessible to and usable by persons with disabilities, explain how a regulatory exception (40 C.F.R. § 7.70) applies. | |
| VII.* Does the applicant/recipient provide initial and continuing notice that it does not discriminate on the basis of race, color, national origin, sex, age, or disability in its programs or activities? (40 C.F.R. § 5.140 and § 7.95) a. Do the methods of notice accommodate those with impaired vision or hearing? b. Is the notice posted in a prominent place in the applicant's offices or facilities or, for education programs and activities, in appropriate periodicals and other written communications? c. Does the notice identify a designated civil rights coordinator? | |
| VIII.* Does the applicant/recipient maintain demographic data on the race, color, national origin, sex, age, or handicap of the population it serves? (40 C.F.R. § 7.85(a)) | |
| IX.* Does the applicant/recipient have a policy/procedure for providing access to services for persons with limited English proficiency? (40 C.F.R. Part 7, E.O. 13166) | |
| X.* If the applicant/recipient is an education program or activity, or has 15 or more employees, has it designated an employee to coordinate its compliance with 40 C.F.R. Parts 5 and 7? Provide the name, title, position, mailing address, e-mail address, fax number, and telephone number of the designated coordinator. | |
| XI* If the applicant/recipient is an education program or activity, or has 15 or more employees, has it adopted grievance procedures that assure the prompt and fair resolution of complaints that allege a violation of 40 C.F.R. Parts 5 and 7? Provide a legal citation or Internet address for, or a copy of, the procedures. | |
| For the Applicant/Recipient | |
| I certify that the statements I have made on this form and all attachments thereto are true, accurate and complete. I acknowledge that any knowingly false or misleading statement may be punishable by fine or imprisonment or both under applicable law. I assure that I will fully comply with all applicable civil rights statutes and EPA regulations. | |
| A. Signature of Authorized Official | B. Title of Authorized Official |
| C. Date | |
| For the U.S. Environmental Protection Agency | |
| I have reviewed the information provided by the applicant/recipient and hereby certify that the applicant/recipient has submitted all preaward compliance information required by 40 C.F.R. Parts 5 and 7; that based on the information submitted, this application satisfies the preaward provisions of 40 C.F.R. Parts 5 and 7; and that the applicant has given assurance that it will fully comply with all applicable civil rights statutes and EPA regulations. | |
| A. Signature of Authorized EPA Official | B. Title of Authorized EPA Official |
| C. Date | |
| See ** note on reverse side. | |

Instructions for EPA FORM 4700-4 (Rev. 03/2008)

General

Recipients of Federal financial assistance from the U.S. Environmental Protection Agency must comply with the following statutes and regulations.

Title VI of the Civil Rights Acts of 1964 provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. The Act goes on to explain that the statute shall not be construed to authorize action with respect to any employment practice of any employer, employment agency, or labor organization (except where the primary objective of the Federal financial assistance is to provide employment).

Section 13 of the 1972 Amendments to the Federal Water Pollution Control Act provides that no person in the United States shall on the ground of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under the Federal Water Pollution Control Act, as amended. Employment discrimination on the basis of sex is prohibited in all such programs or activities.

Section 504 of the Rehabilitation Act of 1973 provides that no otherwise qualified individual with a disability in the United States shall solely by reason of disability be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. Employment discrimination on the basis of disability is prohibited in all such programs or activities.

The Age Discrimination Act of 1975 provides that no person on the basis of age shall be excluded from participation under any program or activity receiving Federal financial assistance. Employment discrimination is not covered. Age discrimination in employment is prohibited by the Age Discrimination in Employment Act administered by the Equal Employment Opportunity Commission.

Title IX of the Education Amendments of 1972 provides that no person in the United States on the basis of sex shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving Federal financial assistance. Employment discrimination on the basis of sex is prohibited in all such education programs or activities. Note: an education program or activity is not limited to only those conducted by a formal institution.

40 C.F.R. Part 5 implements Title IX of the Education Amendments of 1972.

40 C.F.R. Part 7 implements Title VI of the Civil Rights Act of 1964, Section 13 of the 1972 Amendments to the Federal Water Pollution Control Act, and Section 504 of The Rehabilitation Act of 1973.

The Executive Order 13166 (E.O. 13166) entitled; "Improving Access to Services for Persons with Limited English Proficiency" requires Federal agencies work to ensure that recipients of Federal financial assistance provide meaningful access to their LEP applicants and beneficiaries.

Items

"Applicant" means any entity that files an application or unsolicited proposal or otherwise requests EPA assistance. 40 C.F.R. §§ 5.105, 7.25.

"Recipient" means any entity, other than applicant, which will actually receive EPA assistance. 40 C.F.R. §§ 5.105, 7.25.

"Civil rights lawsuits and administrative complaints" means any lawsuit or administrative complaint alleging discrimination on the basis of race, color, national origin, sex, age, or disability pending or decided against the applicant and/or entity which actually benefits from the grant, but excluding employment complaints not covered by 40 C.F.R. Parts 5 and 7. For example, if a city is the named applicant but the grant will actually benefit the Department of Sewage, civil rights lawsuits involving both the city and the Department of Sewage should be listed.

"Civil rights compliance review" means any review assessing the applicant's and/or recipient's compliance with laws prohibiting discrimination on the basis of race, color, national origin, sex, age, or disability.

Submit this form with the original and required copies of applications, requests for extensions, requests for increase of funds, etc. Updates of information are all that are required after the initial application submission.

If any item is not relevant to the project for which assistance is requested, write "NA" for "Not Applicable."

In the event applicant is uncertain about how to answer any questions, EPA program officials should be contacted for clarification.

* Questions VII – XI are for informational use only and will not affect an applicant's grant status. However, applicants should answer all questions on this form. (40 C.F.R. Parts 5 and 7).

** Note: Signature appears in the Approval Section of the EPA Comprehensive Administrative Review For Grants/Cooperative Agreements & Continuation/Supplemental Awards form.

Approval indicates, in the reviewer's opinion, questions I – VI of Form 4700-4 comply with the preaward administrative requirements for EPA assistance.

"Burden Disclosure Statement"

EPA estimates public reporting burden for the preparation of this form to average 30 minutes per response. This estimate includes the time for reviewing instructions, gathering and maintaining the data needed and completing and reviewing the form. Send comments regarding the burden estimate, including suggestions for reducing this burden, to U.S. EPA, Attn: Collection Strategies Division (MC 2822T), Office of Information Collection, 1200 Pennsylvania Ave., NW, Washington, D.C. 20460; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

The information on this form is required to enable the U.S. Environmental Protection Agency to determine whether applicants and prospective recipients are developing projects, programs and activities on a nondiscriminatory basis as required by the above statutes and regulations.