

Drinking Water State Revolving Fund (DWSRF) Loan Application PART II - PROGRAM INFORMATION

Questions about Part II should be directed to your EGLE 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.

DWSRF Project Name _____ DWSRF 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	EGLE Approved Project Costs
1. Planning Costs			<input type="checkbox"/> YES	
2. Rate Methodology 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	EGLE 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-DWSRF Funding (other federal or state grants or loans, cash on hand, etc.)				
20. Approved Project Cost to be Funded by DWSRF Assistance (sum of Lines 17 and 18 minus Line 19)				

- B. Provide a status of land, easements, and leasing arrangements necessary for DWSRF 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 DWSRF loan agreement. Please read all of them carefully and contact your EGLE 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 State 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, records, and project accounts relating to the construction, operation, and financial affairs of the project in accordance with generally accepted accounting principles (GAAP), generally accepted government auditing standards (GAGAS), and standards relating to the reporting of infrastructure assets.
 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 \$750,000 or more in federal assistance. The audit shall be prepared in conformance with the requirements of 2 CFR 200 (Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards) and Office 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 Finance Authority (hereafter referred to as the "Authority"). For audit purposes, the portion of each disbursement request that is considered to be federal assistance which counts towards the \$750,000 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 EGLE 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 State Revolving Fund.

12. The applicant agrees to provide any necessary written authorizations to the EGLE, 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 EGLE, 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 requirements of 40 CFR Part 33 (Participation by Disadvantaged Business Enterprises in United States Environmental Protection Agency Programs).
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 State 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 EGLE. 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 EGLE 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 EGLE 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 State Revolving Fund.
30. The applicant certifies that the project is not primarily to accommodate future development or primarily for fire protection.
31. The applicant shall fully comply with Subpart C of 40 CFR Part 32, entitled "Responsibilities of Participants Regarding Transactions." Recipient is responsible for ensuring that any lower tier covered transaction, as described in Subpart B of 40 CFR Part 32, entitled "Covered Transactions," includes a term or condition requiring compliance with Subpart C. Recipient is responsible for further requiring the inclusion of a similar term or condition in any subsequent lower tier covered transactions. Recipient acknowledges that failing to disclose the information required under 40 CFR 32.335 may result in the delay or negation of this assistance agreement, or pursuance of legal remedies, including suspension and debarment.
32. The applicant agrees to abide by the Davis-Bacon and Related Acts (40 USC §276a; 29 CFR Parts 1, 3, 5, 6 and 7). These Acts apply to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works.
33. The applicant shall fully comply with 2 CFR 200.216 Prohibition on certain telecommunication and video surveillance services or equipment, implementing section 889 of Public Law 115-232. As described in section 889 of Public Law 115-232, covered telecommunications equipment or services includes:
 - Telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).
 - For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).
 - Telecommunications or video surveillance services provided by such entities or using such equipment.
 - Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

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

Date

In accordance with the date in your signed milestone schedule, please return the Part II Application and the specified attachments to your EGLE project manager via email or as a hard copy to:

WATER INFRASTRUCTURE FUNDING AND FINANCING
SECTION, FINANCE DIVISION
MICHIGAN DEPARTMENT OF ENVIRONMENT, GREAT
LAKES, AND ENERGY

MAILING ADDRESS

PO BOX 30457
LANSING MI 48909-7957

DELIVERY ADDRESS

CONSTITUTION HALL 6th FLOOR SOUTH
525 W ALLEGAN, LANSING MI 48933