

The background is a light blue gradient with several realistic water droplets of various sizes scattered across the surface. The droplets have highlights and shadows, giving them a three-dimensional appearance.

# FINANCING THE UPPER LOOP UPGRADE PROJECT

# WHERE WILL THE MONEY COME FROM?

## LOANS NOT GRANTS

- THE STATE AND FEDERAL RURAL WATER PROGRAMS MOVED AWAY FROM GRANTS AND TO LOW INTEREST RATE LOANS. BOTH PROGRAMS USE THE SAME APPLICATION PROCESS AND COORDINATE THE DISTRIBUTION OF LOANS.
- THERE ARE NO LARGE GRANTS FOR OUR KIND OF PROJECT. THE ONLY LARGE GRANTS AVAILABLE FOR RURAL WATER DISTRIBUTION SYSTEMS ARE FOR SYSTEMS WITH LEAD IN THE PIPES.
- CURRENTLY, BOTH STATE AND FEDERAL LOAN FUNDS HAVE MONEY FROM THE INFRASTRUCTURE BILL, SO THEY CAN OFFER MANY MORE LOANS RIGHT NOW THAN THEY COULD IN THE PAST.

# WHERE WILL THE MONEY COME FROM?

THERE ARE 3 POSSIBLE POTS FOR THE TOTAL ULU PROJECT COST:

- STATE REVOLVING LOAN FUNDS. THESE DO NOT REQUIRE A MATCH FROM US.
- USDA FEDERAL RURAL WATER LOAN FUNDS. THE FEDERAL LOANS REQUIRE WE PROVIDE A 20% MATCH.
- OUR SAVINGS FROM OUR SPECIAL ASSESSMENTS AND THE BALANCE PAID BY MEMBERS.

# SOME LOAN FUND SPECIFICS

- THE STATE AND FEDERAL LOANS ARE NOW AT 2.5% INTEREST. FOR 20-30 YEARS.
- PARTIAL LOAN FORGIVENESS. WHEN THE LOAN IS APPROVED, THEY MAY GIVE US PARTIAL LOAN FORGIVENESS. WE WILL KNOW ABOUT ANY LOAN FORGIVENESS BEFORE SIGNING A CONTRACT
- THE APPLICATION PROCESS IS LONG WITH MANY STEPS.
- IF OUR LOAN IS APPROVED, WE WILL CALL A SPECIAL MEETING OF THE MEMBERSHIP TO DISCUSS THE PARTICULARS AND VOTE WHETHER OR NOT TO GO FORWARD WITH THE PROJECT AND LOAN.

# WHAT ARE THE FINANCIAL IMPLICATIONS?

- COST OF THE PROJECT WITH MANAGEMENT AND CONTINGENCIES IS ABOUT 1 MILLION DOLLARS
- IN ORDER TO APPLY FOR THE LOAN AND COMPLY WITH THEIR RULES, THERE MAY BE SOME OBLIGATIONS INCLUDING:
  - A POSSIBLE ENVIRONMENTAL ASSESSMENT
  - ADDITIONAL ENGINEERING COSTS
  - ATTORNEY FEES
- SO WE WILL CALL THE WHOLE PROJECT COST 1.2 MILLION. IF WE DO NOT NEED IT ALL, WE CAN USE WHAT IS LEFT TO REPAY PART OF THE LOAN.
- WE WILL PAY FOR THE ULU PROJECT WITH SOME COMBINATION OF OUR DISTRIBUTION SAVINGS, A LOAN, AND ANY LOAN FORGIVENESS THE FUNDERS OFFER.



# HOW WILL THE LOAN BE REPAYED?

- THE TERM OF THE LOAN WILL BE 20 – 30 YEARS
- CURRENTLY, WE CANNOT SAY THE EXACT LOAN AMOUNT OR OBLIGATION FOR REPAYMENT
- PAYMENTS WILL BE MADE EITHER THROUGH A RATE INCREASE OR ONGOING SPECIAL ASSESSMENTS.
- BEFORE MEMBERSHIP LOAN APPROVAL, EVERYONE WILL KNOW THE LOAN AMOUNT, LOAN FORGIVENESS, AND LOAN OBLIGATIONS AND HOW WE WILL PAY FOR IT BEFORE WE VOTE.

Total Amount	Interest Rate	Loan Term (years)	Start Date	Monthly Amount	Annual Amount	Per Lot Per Annum
\$ 1,200,000.00	2.5	30	July 2022	\$ 4,741.45	\$ 56,897.40	\$ 1,073.54
\$ 1,000,000.00	2.5	30	July 2022	\$ 3,951.21	\$ 47,414.52	\$ 894.61
\$ 800,000.00	2.5	30	July 2022	\$ 3,160.97	\$ 37,931.64	\$ 715.69
\$ 1,200,000.00	2.5	20	July 2022	\$ 6,358.83	\$ 76,305.96	\$ 1,439.74
\$ 1,000,000.00	2.5	20	July 2022	\$ 5,299.03	\$ 63,588.36	\$ 1,199.78
\$ 800,000.00	2.5	20	July 2022	\$ 4,239.22	\$ 50,870.64	\$959.82