AMENDMENTS

ENVIRONMENTAL IMPROVEMENT FUND

The Department of Natural Resources (DNR) must approve any changes in a project that are not consistent with the original objectives of the project or are not within the scope of the Financial Assistance Agreement (FAA). Altering the type of treatment of wastewater, urban runoff, or drinking water, or substantially altering the facilities plan, plans and specifications, engineering report or any major part of the project are examples of changes that require a FAA amendment whether or not additional funding is needed.

If the total Environmental Improvement Fund (EIF) project costs exceed the total amount of the FAA, the municipality may request an amendment to the FAA to cover the excess costs. In many cases, an amendment to the FAA is possible as long as the costs are eligible. When requesting an amendment, keep the following in mind:

- All changes must be identified as eligible and approved for funding in order to be included in an amendment.

- Any amendment that increases the amount of financial assistance is subject to the availability of funds, present value subsidy (PV) and bonding authority. An increase in financial assistance is also subject to limits on the amount of PV available to any single municipality.

- The EIF cannot amend a FAA until the remaining costs to complete the project can be reasonably determined.

- Amendments that increase the FAA amount require a new loan closing. The municipality must issue a new municipal bond prepared by a bond counsel for the amendment, which increases the overall project costs.

To request an amendment to a FAA:

1. Send a written request for an amendment to the EIF project manager; include a description of the additional eligible work and the associated costs.

2. Attach a revised budget sheet to the letter, indicating in one column the requested additional costs and in a second column the total project costs. Costs in the revised budget sheet should be assigned to the appropriate budget line items from which the municipality will request disbursement.

In the event there is not sufficient funding or PV subsidy available to cover the additional costs of the project, the municipality may pursue additional funding through the normal application process in the next fiscal year. In some cases, the EIF will need to prepare a new FAA document rather than produce an amendment to the original FAA.

The various EIF programs have some differences that can affect amendments.

Clean Water Fund Program (CWFP)

If an amendment is approved for a regular CWFP loan, the interest rate and loan maturity are typically the same as those in the original FAA. However, there are circumstances in which the loan interest rate or the loan maturity date may be different from the original FAA.

CWFP Hardship Assistance

Provided that the CWFP has sufficient PV available, an amendment to a FAA for a CWFP hardship assistance project may be in the form of a loan or grant. The amendment will be prepared using the same proportion of loan to grant as in the original FAA. If there is not sufficient PV available, the amendment may be funded at 60% of the market interest rate for compliance maintenance or new/changed limits projects, or at 70% of market rate for unsewered projects, or the municipality may compete for additional hardship assistance in the following fiscal year.

CWFP Small Loans

Small Loan Interest Rate Subsidy Agreements (IRSAs) cannot be amended.

Safe Drinking Water Loan Program (SDWLP)

The SDWLP administrative code provides for amendments; however, because of funding limitations, the EIF may not have sufficient funds to increase the FAA amount for SDWLP projects.

Questions regarding amendments should be directed to the municipality's EIF project manager.