



New York Drinking Water State Revolving Fund REFINANCING GUIDANCE

Notice for SRF Applicants Regarding Short-Term Financing and Refinancing Options

EFC offers its DWSRF clients the opportunity to finance planning, design and early construction costs through our short-term financing programs.

Should you decide to pursue your project with alternative financing with the expectation of seeking DWSRF financing at a later date, please be aware that certain choices will make subsequent SRF financing a more feasible (and beneficial) option. Please consider the following:

1. Issue a Bond Anticipation Note (“BAN”) instead of long-term bonds. In general, bond refundings are significantly more costly (reducing the SRF subsidy), as compared with BAN refinancings.
2. Make sure the BAN is callable at any time (can be repaid prior to maturity).
3. Net interest accrued on a BAN during construction of an SRF eligible project is an expense that can be reimbursed with SRF funds. Please retain records of interest accrued and paid on BANs, and any investment earnings on BAN proceeds.
4. Retain all invoices and documentation for expenses paid from BAN proceeds as this will facilitate the release of BAN-related funds through the SRF.
5. For the refunding of bonds, separate guidance is available. Please contact EFC’s Finance Division at the number below.
6. **Consult with your bond counsel. Do not limit your bond resolution borrowing amount to the amount needed to construct the project itself without consideration of fee and professional services expenses.**

For a smooth transition to a long-term SRF financing, the borrowing authorization and total project cost in your bond resolution must be in an amount sufficient to cover the following:

- a) The full par amount of your BAN;
- b) local expenses and professional fees, and EFC fees that will be incurred during the conversion to long-term SRF financing;
- c) BAN net interest to be capitalized with SRF financing (if desired); and,
- d) Capitalized interest to be funded with SRF financing through construction completion (if desired).

Please call EFC’s Finance Division at (518) 402-7085 with any questions.