

New Municipal Advisor Requirement for SRF Borrowers



➤ **New SRF projects added to the FY15 Intended Use Plan (IUP) project list will be required to engage a registered Municipal Advisor (MA).**

MA's are generally the same people we used to call financial advisors. They have a responsibility to put their client's financial interests first – ahead of any financial gain for themselves. Communities may use an MA they've worked with before on bond issues or hire someone new. The MA will create the pro-forma that is submitted with the SRF Loan Application

➤ **SRF borrowers will begin working with a MA as the project is being designed.**

We want communities, and their MA's, to have adequate time to update financial information, discuss rate increases, plan for future projects, etc. When a new project appears on the IUP, IFA will contact the borrower to gather basic information including, but not limited to, who they will use as their MA.

➤ **The SRF Program will pay up to \$4,000 for eligible MA expenses.**

MA expenses are eligible to be reimbursed from a Planning & Design loan. In the event a borrower does not close the SRF construction loan for the project, the SRF program will reimburse the applicant up to \$4,000 for eligible work done by the MA. Relevant invoices will be required to receive the subsidy.

➤ **Updated financial analysis required every 5 years for the life of the SRF loan**

This is to verify the financial health of the utility and to demonstrate satisfaction of the 1.10% debt coverage ratio requirement. Major treatment works projects may be required to provide updated financials each year for three (3) years after the project is completed.

The purpose of this new SRF requirement is to give our borrowers the professional support they need to ensure their wastewater or drinking water utility will be financially sound. The MA will work with the community to analyze the current income and expenses of the utility, assist with setting rates and advise the community on financial planning.

You can find a list of all companies that have registered as municipal advisors at:

<http://www.msrb.org/MARegistrants.aspx>