

# Memorandum

April 29, 2019

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**TO:** Chris Cummings, Assistant Director, Economic Development  
**THRU:** Ed Tabor, Programs & Incentives Manager  
**FROM:** Tawni Bean, Regional Project Manager, and Dennis Knight, Finance Officer  
**SUBJ:** Funding Opportunity of \$3,937,773—Safe Drinking Water Revolving Loan Fund Program for City of Sutherlin, Nonpareil Water Treatment Plant Improvements, No. 252-13475

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Please accept this memorandum for the Oregon Infrastructure Finance Authority (IFA) for funding assistance. Business Oregon's (statutorily and by rule referred to as Oregon Business Development Department) staff administers the IFA. This memorandum will provide an application review, findings and analysis, and staff's recommendation for requested action. There may also be post approval follow-up instructions for staff.

## Background

### Applicant

The city of Sutherlin is located in Douglas County on I-5. Nearby features include Cooper Creek Reservoir and the Umpqua River. The city of Sutherlin is rural and distressed.

### Funding Request

Loan & Principal Forgiveness

### Project Type

- Planning (technical)
- Design
- Construction

### Project Background:

In December 2017, the city completed their Water Master Planning efforts. The plan identified approximately 23 recommended improvements to be completed with a total estimated cost of \$27,502,000. The improvements were prioritized into two phases. Recommended Phase I improvements consist of construction of a new Cooper Creek Water Treatment Plant raw water intake, improvements to the Nonpareil Water Treatment Plant, and distribution system improvements.

The city of Sutherlin's Nonpareil water treatment plant supplies the majority of the city's water. The plant continues to function well considering it was constructed in 1983, with a net design capacity of 2.3 MGD, including backwash. This plant utilizes chemical coagulation and polymer addition, a solids contact clarifier for flocculation and clarification, multimedia filtration with surface wash, and disinfection with chlorine gas. In order to ensure that the treatment plant continues to operate and deliver high quality water to the city's customers, improvements must be made to the plant.

The raw water intake structure for the Nonpareil Water Treatment Plant (WTP) is located behind a small concrete dam on Calapooya Creek. The raw water intake consists of a fine-slotted screen that is oriented parallel with the creek flow. This screen is used to reduce the amount of solids entering the raw water main. An air compressor and storage tank located in an adjacent concrete block building is used to provide air scour to clear the screen of solids. During the wet weather events with the turbidity of the creek water is high (up to 200 NTU's and greater), air scours are needed every 45 to 60 minutes. For the air compressor to fill the air storage tank, larger or dual compressors are needed to provide timely cleaning of the intake screens.

From the intake screens, water flows by gravity through a concrete channel to the raw water wet well. The wet well itself is an approximately eight-foot square concrete vault with a metal lid. Submersible pumps with large solids clearance are utilized to pump the water to the treatment plant via a 14-inch diameter pipe. A turbine meter is located in a concrete vault on the west side of the WTP building which is used to measure the raw water flow. City staff reports that this water meter is occasionally plugged with small sticks that have cleared the raw water intake screens and raw water submersible pumps.

### **Project Description:**

The Recipient will, with the assistance of a professional engineer licensed in Oregon, prepare final design plans, which will include specifications and construction documents that must be approved by Business Oregon and Oregon Health Authority, Drinking Water Services. The construction will include, but is not limited to:

1. Replace the compressor and raw water flow meter at the Raw Water Intake;
2. Refurbish contact clarifier with sand blasting and repainting;
3. Construct new concrete primary, secondary and tertiary backwash ponds;
4. Install a potable water pump system with redundant potable pump;
5. Install filter-to-waste piping and air scour system;
6. Replace water treatment plant piping with the addition of electric actuated valves;
7. Install updated control system utilizing SCADA;
8. Install a new generator with automatic transfer switch; and
9. Replace system monitoring equipment.

### **Work Plan:**

This project includes final design and construction, the estimated project completion is May 2021, a description of each primary activity and anticipated dates are provided in a table below.

### **Public Involvement Statement:**

There have been city council meetings specific to this project.

## Findings and Analysis

This project helps implement the following goals and objectives of Safe Drinking Water Revolving Loan Fund: to provide public water systems financing for planning, design, and construction projects that protect public health, ensure compliance with federal and state requirements, respond to an emergency, or generally improve water infrastructure resiliency (ORS 285A.213 and OAR 123-049).

This project aligns with Business Oregon’s Strategic Plan. This project meets the Priority of “Cultivate Rural Economic Stability.” The key performance measure (KPM) that will capture the department’s investment is KPM9—Number of community capital construction financing projects that assist with future economic development.

### Program Findings & Compliance

1. Applicant eligibility: The city of Sutherlin is a “community water system” and therefore an eligible applicant per OAR 123-049-0010(3); also 123-049-0020(1) states “all community water system and nonprofit community water systems are eligible to apply for financing except those determined to be ineligible by the department because of prior performance.”
2. Project priority is Medium. The project has been reviewed by the Oregon Health Authority (OHA) and has been placed on the Project Priority List for “General and Resiliency Projects.”
3. Program suggestions and/or monitoring: standard on-site monitoring procedure for the construction project.
4. Business Oregon has verified that the borrower is not on the federal suspension and debarment list.
5. This project is found to be compliant with applicable department policies, Rules and Statutes. The programmatic and financial sections of the Eligibility Checklist have been completed and the application has been determined per current ORS to be eligible for funding.

### Funding Recommendation

| Budget Line Items              | SDWRLF             | City of Sutherlin | Totals             |
|--------------------------------|--------------------|-------------------|--------------------|
| Design / Engineering           | \$227,420          | \$250,000         | \$477,420          |
| Construction                   | \$3,130,742        | \$0               | \$3,130,742        |
| Construction Contingency       | \$469,611          | \$0               | \$469,611          |
| Labor Standards                | \$15,000           | \$0               | \$15,000           |
| Project Management             | \$15,000           | \$0               | \$15,000           |
| Legal Fees                     | \$30,000           | \$0               | \$30,000           |
| Permitting and Regulatory Fees | \$50,000           | \$0               | \$50,000           |
| <b>Total</b>                   | <b>\$3,937,773</b> | <b>\$250,000</b>  | <b>\$4,187,773</b> |

### Proposed Work Plan

| Activity  | Date            |
|---|-----------------|
| Engineering, Project Management and Labor Standards Procurement           | August 31, 2019 |
| Final Design Complete, including OHA approval of plans and specifications | March 31, 2020  |
| Construction Complete   | March 31, 2021  |
| Project Closeout  | May 31, 2021    |

### Source of Business Oregon Funds

| Source of Business Oregon Funds<br>(Indicate Loan/Grant/Principal Forgiveness, Bond, Private or Public, and Taxable or Tax Exempt) | Amount             |
|--|--------------------|
| Safe Drinking Water Revolving Loan Fund—Loan, Public, Tax Exempt   | \$3,557,773        |
| Safe Drinking Water Revolving Loan Fund—Principal Forgiveness  | \$350,000          |
| Safe Drinking Water Revolving Loan Fund—Principal Forgiveness (Labor Standards)  | \$15,000           |
| Safe Drinking Water Revolving Loan Fund—Principal Forgiveness (Project Management)   | \$15,000           |
| <b>Total</b>   | <b>\$3,937,773</b> |

### Source of Other Funds

| Source of Other Funds (For other State funds, indicate loan / grant, et cetera) | Amount           |
|---|------------------|
| City of Sutherlin   | \$250,000        |
| <b>Total</b>  | <b>\$250,000</b> |

## Financial Findings & Compliance

### Repayment source

The table below shows historic revenue from the Applicant's Water Fund for the last three audited fiscal years ending June 30, 2018, and budget year 2019.

**Water Fund—City of Sutherlin**

| <b>Performance Review</b>           | <b>audited</b>   | <b>audited</b>   | <b>audited</b>   | <b>budgeted</b>  |
|-------------------------------------|------------------|------------------|------------------|------------------|
| <b>FY Ending June 30th</b>          | <b>2016</b>      | <b>2017</b>      | <b>2018</b>      | <b>2019</b>      |
| Beginning Fund Balance              | 110,644          | 232,464          | 347,164          | 244,608          |
| <b>Revenues</b>                     |                  |                  |                  |                  |
| Charges for Services                | 2,009,347        | 2,001,274        | 2,069,591        | 2,222,055        |
| Other Operating Revenues            | 1,482            | 1,976            | 10,127           | 10,000           |
| <b>Operating Revenues</b>           | <b>2,010,829</b> | <b>2,003,250</b> | <b>2,079,718</b> | <b>2,232,055</b> |
| Interest and Miscellaneous          | 34,580           | 36,377           | 31,692           | 76,589           |
| Other Non-Operating Revenues        | 0                | 0                | 0                | 0                |
| <b>Total Non-Operating Revenues</b> | <b>34,580</b>    | <b>36,377</b>    | <b>31,692</b>    | <b>76,589</b>    |
| <b>Total Revenues</b>               | <b>2,045,409</b> | <b>2,039,627</b> | <b>2,111,410</b> | <b>2,308,644</b> |
| <b>Expenditures</b>                 |                  |                  |                  |                  |
| Personal Services                   | 908,100          | 943,200          | 981,400          | 1,028,800        |
| Materials & Services                | 268,692          | 356,727          | 357,566          | 409,311          |
| <b>Total Operating Expenses</b>     | <b>1,176,792</b> | <b>1,299,927</b> | <b>1,338,966</b> | <b>1,438,111</b> |
| <b>Net Operating Income</b>         | <b>834,037</b>   | <b>703,323</b>   | <b>740,752</b>   | <b>793,944</b>   |
| Capital Outlay                      | 21,797           | 0                | 0                | 27,184           |
| Debt Service                        | 0                | 0                | 0                | 0                |
| Total Expenses                      | 1,198,589        | 1,299,927        | 1,338,966        | 1,465,295        |
| <b>Net Revenues</b>                 | <b>846,820</b>   | <b>739,700</b>   | <b>772,444</b>   | <b>843,349</b>   |
| Net Transfers/Adjustments           | (725,000)        | (625,000)        | (875,000)        | (675,000)        |
| <b>Ending Fund Balance</b>          | <b>232,464</b>   | <b>347,164</b>   | <b>244,608</b>   | <b>412,957</b>   |

Fiscal years 2018 and 2019 experienced greater revenue increases due to new connections and rate increases. Budget year 2019 included a 3.9% CPI indexed rate increase. The large transfers out are shared between their Water Debt Fund and Water Capital Improvement Fund.

## General Fund summary

The table on the following page shows a performance review of the Applicant's General Fund for the last three audited fiscal years ending June 30, 2018.

### General Fund—City of Sutherlin

| <b>Performance Review</b>           | <b>audited</b>   | <b>audited</b>   | <b>audited</b>   |
|-------------------------------------|------------------|------------------|------------------|
| <b>FY Ending June 30th</b>          | <b>2016</b>      | <b>2017</b>      | <b>2018</b>      |
| Beginning Fund Balance              | 1,264,853        | 1,852,445        | 2,286,718        |
| <b>Revenues</b>                     |                  |                  |                  |
| Property Taxes                      | 2,668,746        | 2,715,157        | 2,808,881        |
| Other Operating Revenues            | 564,580          | 594,258          | 586,283          |
| <b>Operating Revenues</b>           | <b>3,233,326</b> | <b>3,309,415</b> | <b>3,395,164</b> |
| Interest and Miscellaneous          | 52,732           | 94,852           | 89,505           |
| Other Non-Operating Revenues        | 420,751          | 611,010          | 494,460          |
| <b>Total Non-Operating Revenues</b> | <b>473,483</b>   | <b>705,862</b>   | <b>583,965</b>   |
| <b>Total Revenues</b>               | <b>3,706,809</b> | <b>4,015,277</b> | <b>3,979,129</b> |
| <b>Expenditures</b>                 |                  |                  |                  |
| General Government                  | 1,501,811        | 1,623,981        | 1,552,382        |
| Public Safety                       | 2,453,273        | 2,515,667        | 2,568,349        |
| <b>Total Operating Expenses</b>     | <b>3,955,084</b> | <b>4,139,648</b> | <b>4,120,731</b> |
| <b>Net Operating Income</b>         | <b>(721,758)</b> | <b>(830,233)</b> | <b>(725,567)</b> |
| Capital Outlay                      | 0                | 373,589          | 383,971          |
| Debt Service                        | 383              | 217              | 0                |
| Total Expenses                      | 3,955,467        | 4,513,454        | 4,504,702        |
| <b>Net Revenues</b>                 | <b>(248,658)</b> | <b>(498,177)</b> | <b>(525,573)</b> |
| Net Transfers/Adjustments           | 836,250          | 932,450          | 1,074,975        |
| <b>Ending Fund Balance</b>          | <b>1,852,445</b> | <b>2,286,718</b> | <b>2,836,120</b> |

## Debt service analysis

Net Revenues for Debt Coverage: The table on the following page reflects the Projected Net Revenues for the Applicant's Water Fund only as provided with the Applicant's application. It reflects more than adequate net revenues necessary to provide the required 1.20 debt service coverage ratio. Rate increases are actually tied to the consumer price index (CPI) but for the proforma a 3% increase was used and expenses were factored at a 2% annual increase.

**Summary of Revenues, Expenditures, and Debt Service Coverage—City of Sutherlin**

| <b>PRO FORMA</b>                     | <b>Budget<br/>FY</b> | <b>Projected</b> |                  |                    |                  |                  |
|--------------------------------------|----------------------|------------------|------------------|--------------------|------------------|------------------|
| <b>Year (ending June 30th)</b>       | <b>2019</b>          | <b>2020</b>      | <b>2021</b>      | <b>2022</b>        | <b>2023</b>      | <b>2024</b>      |
| Beginning Fund Balance               | <b>244,608</b>       | <b>412,957</b>   | <b>1,570,600</b> | <b>4,699,618</b>   | <b>878,313</b>   | <b>541,328</b>   |
| <b>Operating Revenues</b>            |                      |                  |                  |                    |                  |                  |
| Charges for Service                  | 2,222,055            | 2,288,717        | 2,357,378        | 2,428,099          | 2,500,942        | 2,575,970        |
| Connection Charges                   | 10,000               | 10,000           | 10,000           | 10,000             | 10,000           | 10,000           |
| Interest & Misc.                     | 76,589               | 76,589           | 76,589           | 76,589             | 76,589           | 76,589           |
| <b>Total Operating Revenues</b>      | <b>2,308,644</b>     | <b>2,375,306</b> | <b>2,443,967</b> | <b>2,514,688</b>   | <b>2,587,531</b> | <b>2,662,559</b> |
| <b>Operating Expenses</b>            |                      |                  |                  |                    |                  |                  |
| Personal Services                    | 1,028,800            | 1,049,376        | 1,070,363        | 1,091,770          | 1,113,606        | 1,135,878        |
| Materials & Services                 | 409,311              | 417,497          | 425,847          | 434,364            | 443,051          | 451,912          |
| <b>Total Operating Expenses</b>      | <b>1,438,111</b>     | <b>1,466,873</b> | <b>1,496,210</b> | <b>1,526,134</b>   | <b>1,556,657</b> | <b>1,587,790</b> |
| <b>Debt Service</b>                  |                      |                  |                  |                    |                  |                  |
| <b>Funds Avail for Debt Coverage</b> | <b>870,533</b>       | <b>908,433</b>   | <b>947,757</b>   | <b>988,554</b>     | <b>1,030,874</b> | <b>1,074,769</b> |
| Revenue Bonds                        | 172,374              | 172,374          | 172,374          | 172,374            | 172,374          | 172,374          |
| USDA-RD                              | 179,486              | 179,486          | 179,486          | 179,486            | 179,486          | 179,486          |
| OBDD - SPWF B07005                   | 49,099               | 49,099           | 49,099           | 49,099             | 49,099           | 49,099           |
| IFA Proposed Loan                    | <b>0</b>             | <b>0</b>         | <b>20,800</b>    | <b>137,900</b>     | <b>137,900</b>   | <b>137,900</b>   |
| <b>Total Debt Service</b>            | <b>400,959</b>       | <b>400,959</b>   | <b>421,759</b>   | <b>538,859</b>     | <b>538,859</b>   | <b>538,859</b>   |
| <b>Debt Service Coverage Ratio</b>   | 2.17                 | 2.27             | 2.25             | 1.83               | 1.91             | 1.99             |
| <b>Other Activities</b>              |                      |                  |                  |                    |                  |                  |
| <b>Cash Avail After Debt Service</b> | <b>469,574</b>       | <b>507,474</b>   | <b>525,998</b>   | <b>449,695</b>     | <b>492,015</b>   | <b>535,910</b>   |
| Loan Proceeds / Drawdowns            | 0                    | 835,980          | 3,649,000        | 0                  | 0                | 0                |
| Capital Outlay (OUT)                 | (27,184)             | (185,811)        | (1,045,980)      | (4,271,000)        | (829,000)        | (231,000)        |
| <b>Net Other Activity</b>            | <b>(27,184)</b>      | <b>650,169</b>   | <b>2,603,020</b> | <b>(4,271,000)</b> | <b>(829,000)</b> | <b>(231,000)</b> |
| Net Transfers IN (OUT)               | (274,041)            | 0                | 0                | 0                  | 0                | 0                |
| Net Transfers & Adjustments          | (274,041)            | 0                | 0                | 0                  | 0                | 0                |
| <b>Ending Fund Balance</b>           | <b>412,957</b>       | <b>1,570,600</b> | <b>4,699,618</b> | <b>878,313</b>     | <b>541,328</b>   | <b>846,238</b>   |
| <b>Avg. Rev's per EDU (calc)</b>     | \$52.93              | \$53.28          | \$54.09          | \$54.93            | \$55.79          | \$56.67          |
| <b>Rate per EDU (app)</b>            | \$55.00              | \$55.00          | \$55.00          | \$55.00            | \$55.00          | \$55.00          |
| <b>EDU's (app)</b>                   | <b>3,635</b>         | <b>3,715</b>     | <b>3,765</b>     | <b>3,815</b>       | <b>3,865</b>     | <b>3,915</b>     |
| <b>Connections (app)</b>             | <b>2,903</b>         | <b>2,983</b>     | <b>3,033</b>     | <b>3,083</b>       | <b>3,133</b>     | <b>3,183</b>     |

**Existing obligations and risks**

The table below reflects the applicant’s debt service requirements as of their last audit.

**Summary of Outstanding Debt Obligations—City of Sutherlin**

| Loan Source                 | June 30, 2018, Balance | Annual Debt Service | Payment Source  | FF&C Pledged | Debt Priority | Maturity |
|-----------------------------|------------------------|---------------------|-----------------|--------------|---------------|----------|
| <b>Net Direct Debt</b>      |                        |                     |                 |              |               |          |
| 2005 GO Debt                | \$350,000              | \$61,656            | Debt Serv. Fund | Yes          | N/A           | 2024     |
| 2012 Refunding Bonds        | \$400,000              | \$81,841            | Libr. Debt Fund | Yes          | N/A           | 2024     |
| <i>Net Direct Debt</i>      | <b>\$750,000</b>       | <b>\$143,497</b>    |                 |              |               |          |
| <b>Self-Supporting Debt</b> |                        |                     |                 |              |               |          |
| Revenue Bonds               | \$1,410,000            | \$172,374           | Water Fund      | No           | Superior      | 2028     |
| USDA-RD                     | \$4,309,986            | \$179,486           | Water Fund      | No           | Superior      | 2055     |
| OBDD - SPWF B07005          | \$507,266              | \$49,099            | Water Fund      | Yes          | Parity        | 2032     |
| OBDD - WWF Y15001           | \$2,259,380            | \$145,259           | Sewer Fund      | Yes          | N/A           | 2038     |
| <i>Self-Supporting Debt</i> | <b>\$8,486,632</b>     | <b>\$546,218</b>    |                 |              |               |          |
| <b>Gross Bonded Debt</b>    | <b>\$9,236,632</b>     | <b>\$689,715</b>    |                 |              |               |          |

**Underwriting standards**

The Applicant meets 16 of the 20 applicable indicators in the attached Financial Summary. The following indicators are not met:

- Unemployment Rate as a Percentage of State Avg. [132.0% is not < 110% standard]
- Per Capita Income as Percentage of State Avg. [80.5% is not > 85% standard]
- Revenue Debt Per Capita (mry) [\$765 is not < \$650 standard]
- Percentage of Debt Retired in 10 Years [55.69% is not > 60% standard]

**Applicant’s bond rating:** Sutherlin has no current bond rating.

**Financial statement of program SDWRLF as of April 21, 2019**

1. Available funds \$36,912,180
2. Remaining balance, if the project is approved, is \$32,974,407
3. All existing Business Oregon loans are paid as agreed

**Project Repayment Phase Loan Summary**

| Type         | Award Amount       | Forgivable Loan Amount | Total Loan Amount  | Interest Rate* | Amortized [in years] | Est. Annual Payment* |
|--------------|--------------------|------------------------|--------------------|----------------|----------------------|----------------------|
| SDWRLF       | \$3,937,773        | \$380,000              | <b>\$3,557,773</b> | 1.0%           | 30                   | \$137,900            |
| <b>Total</b> | <b>\$3,937,773</b> | <b>\$380,000</b>       | <b>\$3,557,773</b> |                |                      | <b>\$137,900</b>     |

\* Rate is Business Oregon Disadvantaged Loan rate for current quarter.  
Payment rounded to nearest \$100.



## Financial Recommendation

Applicants under the SDWRLF program may be determined to be a Disadvantaged Community and qualify for grants/forgivable loan, reduced interest rate and an extended repayment term. A Disadvantaged Community is determined by the following criteria:

1. A community's Median Household Income ("MHI") is less than the State's MHI of \$56,119 (unless the water rate is 1.5 times the Affordability Rate); and,
2. The community's Affordability Rate ( $MHI \times 1.25\% / 12$ ) is lower than the actual monthly water rate per Equivalent Dwelling Unit ("EDU"). An EDU is one residential connection or up to the equivalent of 7500 gallons of usage, whichever is less.

The city of Sutherlin qualifies as a Disadvantaged Community due to their projected user rate of \$55.00 by completion date and their MHI of \$37,080 being below the state average and their affordability rate, which is \$38.63.

Financing is awarded in the amount of \$3,937,773 which is to be distributed as follows:

- \$3,557,773 SDWRLF Loan; 30-year term loan at a 1.0% interest rate.
- \$380,000 SDWRLF Forgivable Loan
  - **\$100,000**—All eligible projects up to 10% of Total Award not to exceed \$100,000, additionally
  - **\$250,000**—All Disadvantaged Communities are eligible for up to 50% of Total Award not to exceed \$250,000, (Total forgivable loan cannot exceed \$500,000 or 50% of award)
  - **Plus;**
  - **\$15,000**—Labor Standards Compliance
  - **\$15,000**—Project Management

The proposed loan will be structured in two phases. The first phase (construction phase) will accrue interest on actual funds disbursed, estimated first disbursement will be in October 2019. All accrued interest during the construction phase (estimated to be \$20,800) will be due prior to or with the first principal and interest payment. The interest rate will be set at 1.0% for this phase. Construction is scheduled for completion by May 2021.

The second phase (Repayment Phase) will begin with constant annual payments of principal and interest sufficient to repay the outstanding principal balance, together with interest, within a 30-year period. The estimated first principal and interest payment due date is December 1, 2021. The loan can be prepaid in part or in full without penalty. The interest rate will be set at 1.0% for the repayment phase. The "Repayment Phase Loan Summary" table summarizes the repayment phase of the proposed financing.

Present value of the subsidized rate vs the Oregon Short Term Fund (2.50%) is \$672,386.

## Funding Recommendation and Conditions of Award

### Conditions:

Based upon the following analysis, the award recommended above should be subject to the following conditions:

- A. **Full Faith and Credit Pledge.** The Recipient will be required to pledge its full faith and credit and taxing power within the limitations of Article XI, Sections 11 and 11 b, of the Oregon Constitution to pay the amounts due under the Financing Contract. The Financing Contract shall be payable from all legally available funds of the Recipient.
- B. **Pledge of Net Revenues as Source of Repayment.** The Recipient will be required to grant to the state a security interest in and irrevocably pledge its Net Revenues of the Recipient's Water System to pay all of the obligations owed by the Recipient to the state under the Financing Contract.
- C. **Financial Covenants.** The Recipient shall charge rates and fees in connection with the operation of the Water System which, when combined with other gross revenues, are adequate to generate Net Revenues each fiscal year at least equal to one hundred twenty (120%) percent of the annual debt service due in the fiscal year on the Loan, any outstanding senior lien obligations, and any outstanding Parity Obligations.
- D. **Affordability Rate.** If, at the Project Completion Date, the average monthly residential water rates for the water supplied by the Water System are not at or above the "affordability rate" of \$38.63 per 7,500 gallons, the amount due under the Forgivable Loan will not be forgiven. Further, the Financing Contract shall, at IFA's discretion and after notice to Recipient, be modified as follows:
  1. Interest shall accrue at the rate of Three and Eleven/100ths percent (3.03%) per annum.
- E. **Parity.** The standard contract language default is "No Parity or Senior Debt."

This financial review is the financial portion of the Capacity Assessment. The Technical and Managerial portions of the assessment are included in a separate document.

**List of Attachments:** Financial Summary