

**STATE DIRECT LOAN  
DUE DILIGENCE REQUEST FORM  
(Governmental Participant)**

The following information is requested from each participant ("Participant") that is applying for financial assistance from the Missouri Department of Natural Resources - Water Protection Program – Financial Assistance Center. The information is also needed as part of the due diligence review required by federal and state securities laws. It is necessary to obtain the following information for the Missouri Department of Natural Resources to assess loan participant's financial background information. By executing this questionnaire, the Participant certifies that responses provided are true, correct, complete and do not contain material misstatements or omissions.

If one of the following questions is not applicable, please indicate so. Attach additional sheets of paper, as needed, or extend the form electronically, as needed, to answer the following questions. Return the completed form to:

Joe Boland  
Missouri Dept. of Natural Resources, WPP – FAC  
P.O. Box 176  
Jefferson City, MO 65102-0176  
Phone: (573) 751-1192  
Fax: (573) 751-9396

Please confirm that the following description of project to be financed with the State Direct Loan is accurate:

*[insert project description from DNR's FNSI]* \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**I. General Information**

- 1. Legal Name of Participant: \_\_\_\_\_  
Nature of governmental entity of the Participant (county, city, village, public water district, public sewer district, or combination): \_\_\_\_\_  
Authorized Representative/Daily Contact Person: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone #: \_\_\_\_\_ Fax #: \_\_\_\_\_  
E-mail: \_\_\_\_\_

2. Does any member of the Participant's governing body or any of its key administrative personnel have a potential conflict of interest regarding the project to be financed with the Direct Loan by reason of such membership or position?

Yes

No

If yes, state whom and the nature of such conflict. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

3. Date of Participant's fiscal year end: \_\_\_\_\_

4. Participant's Taxpayer Identification Number: \_\_\_\_\_

5. Has the Participant ever defaulted on a bond issue?

Yes

No

If yes, please describe: \_\_\_\_\_

\_\_\_\_\_

6. Does the Participant's last annual audit include a finding that the Participant is in non-compliance with any bond covenants contained in any bond ordinances or resolutions?

Yes

No

If yes, please describe: \_\_\_\_\_

\_\_\_\_\_

7. Has the Participant ever failed to comply with any of the informational reporting responsibilities contained in any financing document or instrument intended to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission (regarding municipal securities disclosure)?

Yes

No

If yes, please describe: \_\_\_\_\_

8. Participant's local bond counsel:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

E-mail: \_\_\_\_\_

9. Participant's financial advisor, if any:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

E-mail: \_\_\_\_\_

**II. Debt and Authorizing Information**

1. What is the source of repayment of the Participant's bonds securing the direct loan:
- Combined Waterworks and Sewerage System Revenues
  - Waterworks System Revenues
  - Sewerage System Revenues
  - Unlimited Property Tax Revenues (General Obligation)
  - Capital Improvement Sales Tax Revenues (Bonds)
  - Capital Improvement Sales Tax Revenues (annual appropriation) [note – must also check another box]
  - Other (describe): \_\_\_\_\_

2. Is there a limitation on the final maturity date for the Participant's bonds imposed by election or ordinance?
- Yes
  - No
- If yes, please describe: \_\_\_\_\_

3. Please attach a list of the Participant's outstanding bonds that are secured by the same source of revenues that will secure repayment of the direct loan indicated in II-1 above, showing outstanding balance, source of payment, and principal and interest payable by fiscal year.

4. Describe the amount and type of any authorized but unissued bond debt for the type of bonds secured by the same source of revenues that will secure repayment of the direct loan, including the bonds to be issued in connection with this financing. \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

5. If sales tax is an anticipated source of repayment for the direct loan, list and describe all sales taxes imposed by the Participant (including the sales tax described above as a source of repayment for this financing): \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Please provide a copy of the ballot authorizing such sales tax(es) and ordinance(s) establishing the sales tax(es).

6. Does the Participant anticipate issuing any bonds simultaneously with or within one year after the bonds to be issued by the Participant in connection with this direct loan?
- Yes
  - No
- If yes, please describe and provide an official statement, if available: \_\_\_\_\_
- \_\_\_\_\_

**III. Project and Finance Structure Information**

1. Expected Project Sources and Uses:

<u>Description</u>	<u>Direct Loan</u>	<u>SRF Grant</u>	<u>Other Sources<sup>†</sup></u>	<u>Total</u>
Land and easement acquisition				
Planning and design				
Refinancing outstanding debt		\$0		
Construction <sup>[1]</sup>				
Contingency				
Capitalized interest <sup>[2]</sup>		\$0		
Subtotal Construction Costs				
Local bond counsel		\$0		
Local financial advisor		\$0		
Paying/Escrow Agent		\$0		
Master Trust Bond Expense <sup>[3]</sup>		\$0		
Program bond counsel <sup>[4]</sup>		\$0		
Subtotal Financing Costs				
<b>TOTAL</b>				

<sup>†</sup> Participant funds or other financing source (e.g. DNR rural sewer grant)

<sup>[1]</sup> Includes construction engineering

<sup>[2]</sup> Non-standard – requires justification in 2. below

<sup>[3]</sup> 0.6% of Direct Loan Total

<sup>[4]</sup> Available from DNR Project Coordinator

2. Structure for Participant bonds:

Amortization Method:     Standard - Level debt.  
                                       Non-standard: Provide proposed amortization and justification.

Are revenues available to pay interest on the Participant’s bonds from date of issuance?

Yes

No

If no, please describe special circumstances: \_\_\_\_\_

Will this financing utilize all remaining voter authorization?

Yes

No



If yes, please furnish the following information:

Is there a tax increment financing district within the district/city that would capture a portion of the sales tax revenues that are anticipated to be a source of repayment for the participant's bonds?

Collection data for the past five (5) fiscal years (and collections for current fiscal-year-to-date) for those sales tax revenues available to pay debt service on the Participant's bonds:

20__	\$ _____	(fiscal-year-to-date)
20__	\$ _____	
20__	\$ _____	
20__	\$ _____	
20__	\$ _____	
20__	\$ _____	

Rate of sales tax available: \_\_\_\_\_

Permissible uses for the sales tax: \_\_\_\_\_

Restrictions on the use of sales tax: \_\_\_\_\_

Sunset date for sales tax, if any: \_\_\_\_\_

**6. Note: Question 6 is applicable only if the Participant is refinancing outstanding notes/bonds with the direct loan.**

Does the project include a refinancing of outstanding notes or bonds?

- Yes
- No

If yes, please describe the bonds or notes to be refinanced, the amount of the proceeds that have been spent, the amount of bonds or notes outstanding and the call date: \_\_\_\_\_

Are there any unexpended proceeds from the bonds or notes being refinanced?

- Yes
- No

If yes, please provide an expected disbursement schedule. (Include the last date on which any remaining proceeds from the bonds or notes to be refinanced may be disbursed.)

Has DNR reviewed expenditures of the proceeds of the bonds or notes to be refinanced to determine if such expenditures qualify as "eligible costs?"

- Yes
- No

Were these projects covered under a FNSI or a categorical exclusion?

- Yes
- No

If financing is being requested for the purpose of refunding outstanding notes or bonds, please provide a copy of the resolution or ordinance authorizing the issuance of the bonds or notes to be refunded.

7. Are there any proposed leases or management contracts with or occupancy by nongovernmental entities (other than contracts for janitorial, office equipment repair, billing or other services that are solely incidental to the primary governmental function(s)) of the project financed with the proceeds of the direct loan?

- Yes  
 No

If yes, briefly describe: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

8. Will a nongovernmental entity use more than 5% of the project financed with the proceeds of the direct loan?

- Yes  
 No

If so, will such user receive treatment different than that afforded to a member of the general public, or is the project designed in any way to accommodate the needs of such user? For this purpose, the term "use" may include, among other things, ownership or the actual or beneficial use of property pursuant to any number of other arrangements, such as a lease, a management, service or incentive payment contract, a research agreement or certain other arrangements, such as a take or pay or other output-type contract.

- Yes  
 No

If yes, briefly describe the arrangements concerning such user. Include any special fee(s) to be charged to such user that are outside the approved user charge ordinance: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**IV. System Information and Revenues**

1. Other than the project being financed with this direct loan, describe generally any plans to expand, improve or equip the system within the next two years: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

2. Provide actual operating expenses of the system for the previous two (2) years and projected operating expenses of the system for the current year and the next (4) fiscal years. Please do not include current or anticipated debt service payments. Denote the year in which new project is to come on line.

<u>Year</u>	<u>Operating Expenses</u>
_____ (previous)	_____
_____ (previous)	_____
_____ (current)	_____
_____ (next)	_____
_____ (next)	_____
_____ (next)	_____
_____ (next)	_____

3. If system revenues are an anticipated source of repayment of the bonds securing the direct loan, please provide the following information in connection with the Participant's system (or the portion of the system from which the Participant anticipates drawing revenues to repay the direct loan):

Last five (5) fiscal years	20__	20__	20__	20__	20__
System Revenue					
Investment Income					
Other Income					
Total Revenue					
Operating Expenses (excl. depreciation)					
Net Revenues available for DS					
Annual Debt Service (existing)					
Debt Service Coverage					

Existing debt coverage required, if any: \_\_\_\_\_

4. Ten (10) largest users and % of system use.

<u>User</u>	<u>% of System Use</u>	<u>% of System Revenues</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Has there been a 5% or greater change in the number of system users during the past two-year period?

Yes

No

If so, please explain. \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

5. Identify system use (gallons per day) for billing purposes, actual billings, and collections for each of last five (5) years. If the system is a combined waterworks and sewerage system, please provide the following information separately for the waterworks and sewerage components of the combined system.

<u>Year</u>	<u>System Use (gal.)</u>	<u>Billings (\$)</u>	<u>Collections (\$)</u>
20__	_____	_____	_____
20__	_____	_____	_____
20__	_____	_____	_____
20__	_____	_____	_____
20__	_____	_____	_____

6. Current and Proposed Rate Structure.

Please provide the Participant's current rate structure and its effective date and any proposed new rate structure and date of adoption for the same. If the Participant has a combined waterworks and sewer system, the rate structure for both water and sewer users should be included.

	<u>Current Rate</u>	<u>Effective Date</u>	<u>Proposed Rate</u>	<u>Date of Adoption</u>
	<u>Schedule</u>		<u>Structure</u>	
Residential users				
Commercial users				
Industrial users				

Please provide a copy of the ordinance imposing the most recent rate increase in connection with the current SRF financing.

7. Please provide information on previous rate increases and effective dates within the last five (5) years.

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8. Does the Participant's investment policy relative to funds of the system or otherwise securing the direct loan comply with the State Treasurer's model investment policy and any other state law requirements (see [www.treasurer.mo.gov/invest/policy2.doc](http://www.treasurer.mo.gov/invest/policy2.doc) model policy)? \_\_\_\_\_

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9. Please provide a certificate or other evidence of insurance coverage against the risks of property and casualty loss, public liability, and any other insurance maintained by the Participant, including type of coverage, amount of coverage, annual premiums, name of insurer, and term. \_\_\_\_\_

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**V. Litigation and Other Proceedings**

1. Provide a description of all contracts and commitments of the Participant under which any default has occurred or is claimed to have occurred. \_\_\_\_\_

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2. Describe (1) any pending or possible litigation and contractual disputes and (2) any consent decrees, prospective judgments, writs, injunctions, court orders, settlement agreements or judgments, or correspondence regarding the same, to which the Participant either is or has been a party within the past three (3) years or that are threatened against the Participant. Supply copies of all letters concerning any litigation against the Participant that have been provided by all legal counsel to the Participant's independent public accountants in connection with audit opinions for the last three (3) fiscal years. \_\_\_\_\_

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3. Has the Missouri Department of Natural Resources initiated or threatened any enforcement action against the Participant with regard to the system?

Yes

No

If yes, please describe. \_\_\_\_\_

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4. Is the Participant under an administrative or judicial compliance order?  
 Yes  
 No  
 If yes, please describe. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
5. Please provide any report or investigation made by any governmental agency or administrative regulatory body concerning the Participant within the last five (5) years.

**VI. Requested Documents**

Please provide a copy of the following:

1. All annual reports or audited financial statements and auditor's reports, including any management letters, for the Participant, and for the Participant's system, if available, for the last two (2) fiscal years (if available on a website, please indicate so and provide a web address).
2. Any bond ordinances or resolutions adopted in connection with outstanding system revenue bonds or any other document that contains restrictions on the use of system revenues.
3. All reports prepared by or for the Participant (including reports by inside or independent consultants) that describe or evaluate the Participant or its system. Include all reports that detail future operating costs of the system for the next five (5) years, such as any recent rate studies or operating budget or engineering reports.
4. Any agreements relating to any grants and/or loans to the Participant relating to its system, including any USDA Rural Development loans/grants and/or HUD Community Development Block Grants.
5. The most recent official statement, if any, regarding a bond issue or other financing.
6. One copy of this completed form, including supporting documentation, on a compact disk (CD) in Acrobat Adobe (pdf) format.

Executed this \_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
 [Participant Name]

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_