

**DWSRF Guidance Document Number 20  
5-Year Municipal Construction Loans**

Construction loans issued for more than 5 years and \$75,000 require the municipality to comply with Title 10, Chapter 53 requirements for bond approval and borrowing for public improvements and capital assets. When relatively small loan amounts are required, municipalities may wish to reduce the term of the loan to five years or less and obtain the necessary voter approval in accordance with Title 24, Chapter 53 § 1786a. The following provisions apply to municipal construction loans for more than \$75,000 and terms of 5 years or less.

**A. Voter Approval Documentation Required with Applications:**

- (1) Copy of the legal warning for meeting
- (2) Copy of the meeting minutes
- (3) Copy of the recorded vote on the articles
- (4) A certification by the municipal clerk that the above are true copies

**B. Voter Approval Deadline**

The voter approval date for 5-year loans will be July 1 in the year following adoption of the applicable priority list.

**C. Interest Rate Determinations**

Interest rates determined in accordance with Guidance Document #10 will be used for the reduced loan term. As examples, if application of Guidance Document #10 results in a 20 year 0% interest loan, the interest rate for the 5-year loan would be 0%, or if the loan term and conditions were determined to be 30 years at -3% interest, the interest rate would be -3% for the five-year loan. Municipalities will not be penalized for reducing the term of the loans.

**D. Loan Approval**

The administrative review and approval process used for planning loans will be used for these loans. All of the requirements for construction loans apply such as environmental reviews, capital budget and sinking fund.

**E. Loan Agreements**

The procedures for preparing and executing planning loan agreements may be used for these loans.

Honorable Jim Douglas, Governor   Jonathan Wood, ANR Secretary   Laura Pelosi, DEC Commissioner

This guidance and related environmental information are available electronically via the internet. For information visit us through the Vermont Homepage at <http://www.vermont.gov> or visit VT WSD directly at <http://www.vermontdrinkingwater.org>

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