



Indiana State Revolving Fund Loan Programs

Administered by the Indiana Finance Authority



The SRF News

The latest happenings in Indiana's SRF

Winter 2008

In this issue:

- Newly elected? Let us help!
- From the director's desk
- Thinking outside of the box: SRF and brownfields working together
- Bond Anticipation Notes: What you need to know
- Project Highlight: Hartsville improves wastewater effluent
- About Debt Service Reserves
- Steps before closing your SRF loan
- SRF Staff Directory

From the director's desk

Happy New Year! The Indiana Finance Authority's State Revolving Fund (SRF) Loan Programs marked a significant milestone in 2007 as we crossed the \$2 billion threshold in dollars loaned to Indiana communities for wastewater and drinking water projects.

In 2007 alone, SRF provided over \$175 million dollars to 21 Indiana communities. Over the life of the loans, this will enable communities to realize over \$30 million dollars in interest rate savings when compared to an open market loan.

Not resting on past success, SRF Program staff continues to work on meeting current market demand for our resources. For example, we are currently studying how the SRF Program can provide additional incentives to encourage the use of sustainable "green" infrastructure/technology in SRF projects.

Watch for this topic and more in the spring newsletter.

Jim McGoff, Director

Newly elected? Let us help!

For many communities, the New Year means new local leaders in office. At SRF, we realize that, for these new officials, the learning curve can be overwhelming.

The SRF Loan Programs would like to welcome all newly elected local leaders to learn more about what we can do for you. Our Drinking Water, Wastewater and Nonpoint Source programs provide low-interest loans to cities, counties, regional sewer/water districts, conservancy districts, water authorities and privately-owned water utilities for the planning, design, and construction of wastewater and drinking water infrastructure projects.

If you are receiving this newsletter, your entity has either closed a loan in the past or has an active project pending to close with us.

We invite you to contact us with questions about our program or visit our website at www.srf.IN.gov.



SRF welcomes two new employees to our staff: Emma Kottlowski (left) and Jessica Ewing (right).

Thinking outside of the box: SRF and brownfields working together

Did you know Indiana's SRF Loan Programs can assist communities in redeveloping brownfields? The Indiana Brownfields Program - another environmental program administered by the Indiana Finance Authority - helps communities via educational, financial, legal, and technical assistance to identify and mitigate environmental barriers that impede the redevelopment of brownfield properties.

An illustration of the cooperative effort between the SRF and Indiana Brownfields Programs is the city of Hammond redevelopment project. In 1998, the city of Hammond needed to clean out an existing wastewater lagoon for future expansion of its sludge processing facility. At the same time, the city found itself the owner of an abandoned 97-acre steel mill slag dump site with environmental concerns - a brownfield.

A creative solution came to light. The city redeveloped the site into a community golf complex. By converting the wastewater lagoon sludge into material suitable for fill, the city constructed the Lost Marsh Golf Course using the fill instead of paying for land-fill disposal. The city was awarded state and federal brownfield grants to conduct assessment studies, and an SRF loan paid to transport the sludge.

Community officials often have diverse issues to address. Thinking outside the box can maximize resources and save time and money. Successful community projects are often the result of public (and private) partnerships at various levels of government.

Have you ever considered using an SRF loan to support a brownfield redevelopment project in your area? To discuss your ideas on collaborative SRF Loan Program and Brownfields Program projects, please contact Bill Harkins at 317-234-4862.



The Lost Marsh Golf Course, which was previously a brownfield site, is now a popular golf course.

Bond Anticipation Notes: What you need to know

Bond Anticipation Notes (BAN) are small short-term bonds that are often issued by governments and corporations when there is a time-sensitive need for an infrastructure project. In these cases, the borrower can use the BANs as short-term financing in anticipation of a future long-term bond issuance. The proceeds from the larger issue would then cover the anticipation note.

The Indiana State Revolving Fund Loan Programs (SRF) can assist participants in restructuring a BAN by including it as part of the long-term financing of an SRF loan. However, to do this, a future SRF borrower should treat a BAN as if they are proceeding with an SRF loan. All SRF federal and state rules and regulations must be followed prior to issuing the BAN.

The steps below will ensure that the work paid by the BAN will be eligible and included as part of a future restructuring into an SRF loan:

- Include the work to be paid by the BAN in your SRF Preliminary Engineering Report, which must be approved by SRF;
- Follow all SRF bidding requirements, including pre-approval of the SRF Bidding Coordinator; and
- Include work to be paid by the BAN as part of the future SRF Financial Due Diligence submittal.

In order for the SRF Loan Programs to reimburse BAN invoices, the borrower must submit invoices from the work paid by the BAN to SRF for review at least one month before the borrower plans on closing its SRF loan. The invoices that are approved as eligible expenses will be allowed to be included for reimbursement in the SRF loan; any invoices deemed ineligible will not be reimbursed by the SRF loan.

Questions regarding the restructure of a BAN into an SRF loan should be directed to Jim McGoff at (317) 234-2916 or Rich Emery at (317) 232-0759.

Check out our new Web site!

The SRF Web site has been recently redesigned and updated. Visit www.srf.IN.gov for all of the latest news and resources available to help with your water projects.

Project Highlight: Hartsville improves wastewater effluent

Thanks to a low-interest loan through the WWSRF program, Clifty Creek will be cleaner, and Hartsville residents will save nearly \$67,356 in interest over 20 years. Beginning operations in 1971, Hartsville's wastewater treatment plant (WWTP) has struggled through the years to stay in compliance with its National Pollutant Discharge Elimination System permit effluent limitations and was placed under an Agreed Order in 2004 by the Indiana Department of Environmental Management.

Clifty Creek will be cleaner for Hartsville residents, and the town will save nearly \$67,356 in interest over 20 years.

Most of these effluent violations were due to inoperable components at the WWTP and excessive infiltration and inflow in the collection system. The project will rehabilitate defective manholes and upgrade the WWTP to increase its peak design capacity from 200,000 gallons per day (gpd) to 300,000 gpd.

To accomplish these upgrades, the existing aeration tanks will be demolished and replaced with two new aeration tanks, a new 50,000 gallon digester tank and 20-foot diameter final clarifier will be constructed, and a new influent screen and a new bank of lights for the ultraviolet disinfection system will be installed. These plant improvements will consistently provide a cleaner effluent discharge into Clifty Creek.

To finance the project, Hartsville closed a \$386,000 WWSRF loan on October 9, 2006, saving the town and its 380 residents \$67,356 over the 20-year life of the loan. The town was also awarded a \$500,000 grant from the Office of Community and Rural Affairs to fund the project.



The new aeration tank at Hartsville's wastewater treatment plant

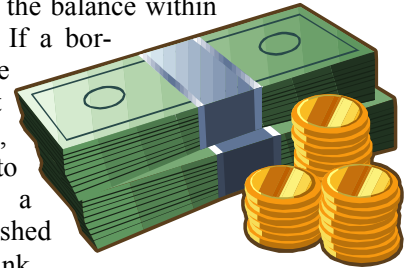
About Debt Service Reserves

As the name suggests, the Debt Service Reserve Account (DSR) is an account that serves as a "reserve" to pay debt service if circumstances prevent an SRF Participant from timely payment of its regularly scheduled debt service. All SRF Participants have adopted a bond ordinance and executed a financial assistance agreement with the State which requires such an account be set up to close an SRF loan.

This account should be clearly identified as a DSR, specifying if the account is for "wastewater" or "drinking water." A reserve requirement is established at the time of the loan closing.

Although federal tax law permits a test to determine the size of the reserve, SRF requires the amount to equal the maximum annual debt service for the loan period. Pursuant to the loan documents, the DSR account is required to be fully funded within 5 years from the closing date and in short term investments of 12 months or less.

The SRF Programs contacts all Participants to request information on the balance within their DSR accounts. If a borrower does not have the required amount in the DSR account, they will be asked to immediately fund a DSR account established with SRF's trustee bank.



Questions? Contact Rich Emery, 317-232-0759, or Debbie Wright, 317-234-4863.

Steps before closing your SRF loan

Before closing your SRF loan, you must meet certain bidding requirements. Here are the steps to follow:

1. After your Preliminary Engineering Report is approved, submit a completed Front End Document Certification Form to SRF for approval before bidding your project.
2. After you receive a Bid Authorization Letter from us, you may advertise your project following (IC 5-3-1-2 (e)).
3. After bids are opened, send all required bid documents (including any addendum to the plans and specifications) to SRF for review.
4. After the Indiana Department of Environmental Management issues a construction permit (if required) and all land/easement acquisition is complete, SRF will issue you a Contract Award Approval Letter. This is the final step in the bidding process required before loan closing.
5. Close your loan.

SRF Staff Directory

Jim McGoff, Director of Environmental Programs
(317) 234-2916
jmcgoff@ifa.IN.gov

Bill Harkins, Technical Review Manager
(317) 234-4862
wharkins@ifa.IN.gov

Deborah Wright, SRF General Counsel
(317) 234-4863
dwright@ifa.IN.gov

Matt Martin, Finance Manager
(317) 234-1278
mmartin@ifa.IN.gov

Rich Emery, Financial Analyst
(317) 232-0759
remery@ifa.IN.gov

Shelley Love, Wastewater Administrator
(317) 232-4396
slove@ifa.IN.gov

Sarah Hudson, Drinking Water Administrator
(317) 232-8663
sahudson@ifa.IN.gov

Emma Kottlowski, SRF Disbursement Coordinator
(317) 234-1463
ekottlowski@ifa.IN.gov

Doris Roberson, Bidding Coordinator
(317) 234-1266
droberso@ifa.IN.gov

Dharmendra Parikshak, Senior Project Engineer
(WWSRF)
(317) 232-8614
dpariksh@ifa.IN.gov

Jack Fisher, Project Engineer (WWSRF)
(317) 232-8621
jafisher@ifa.IN.gov

Richard Ziemba, Project Engineer (WWSRF &
DWSRF)
(317) 234-3661
rziemba@ifa.IN.gov

Max Henschen, Senior Environmental Manager
(317) 232-8623
mhensche@ifa.IN.gov

Amy Henninger, Special Programs Coordinator
(317) 232-6566
ahenning@ifa.IN.gov

Jessica Ewing, Administrative Assistant
(317) 234-1279
jaewing@ifa.IN.gov

Indiana State Revolving Loan Programs

Drinking Water, Wastewater, Nonpoint Source

The State Revolving Fund (SRF) Loan Program provides low-interest loans to Indiana communities for projects that improve wastewater and drinking water infrastructure. The Indiana Finance Authority administers this program that protects both public health and the environment.



Indiana State Revolving Loan Programs
100 N. Senate Avenue, Room 1275
Indianapolis, Indiana 46204

Phone: (317) 234-1279
Fax: (317) 234-1338