STATE OF INDIANA

Clean Water State Revolving Fund Loan Program

Intended Use Plan

State Fiscal Year 2008

July 1, 2007

Clean Water State Revolving Fund Loan Program

Intended Use Plan SFY 2008

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State of Indiana
Clean Water State Revolving Fund
Intended Use Plan
SFY 2008

I. Introduction

The acronyms and terms used herein are defined in *Appendix A, Definitions.*

In accordance with Sections 603(g), 606(c) and 216 of the Clean Water Act, the State of Indiana (State), acting through its Indiana Finance Authority (Authority), hereby submits to the United States Environmental Protection Agency (EPA) and the public this Intended Use Plan (IUP) for State Fiscal Year (SFY) 2008, for its Clean Water State Revolving Fund (CWSRF). This IUP will also support the State's upcoming grant application to obtain additional capitalization grant awards. The capitalization grant is presently an estimated $25 million for Federal Fiscal Year (FFY) 2008 funding. The State believes that even with the award of the SFY 2008 grant to continue capitalizing the CWSRF, current demand for assistance may not be met during SFY 2008.

The purpose of the CWSRF is to provide Participants in Indiana with low-cost financial assistance in order to construct necessary and environmentally sound treatment works; facilitate statewide compliance with state and federal water quality standards; establish a fiscally self-sufficient program as a continuing source of funding for improvement and protection of water quality and public health; and conduct any other activity permitted by the Clean Water Act (CWA). The CWSRF Loan Program is administered by the Authority which is responsible for setting priorities for loan assistance from the CWSRF, evidenced by two Project Priority Lists (PPLs) that include all Proposed Projects.

An IUP is prepared each SFY to identify the uses of all monies available to the CWSRF Loan Program. Each IUP includes the following items:

- Two PPLs of Proposed Projects to be funded in SFY 2008 following adoption of the IUP, including a description of the Proposed Projects, the amount of financial assistance requested and the size of the community served;
- The short-term and long-term goals of the CWSRF Loan Program;
- Information on the activities to be supported by the CWSRF Loan Program;
- A description of the financial status of the CWSRF; and
- The criteria and methods established for the distribution of funds.

This IUP, including the PPLs and Project Ranking System (See Appendix C), has been subject to public review and comment in accordance with the CWA as described in Section V.A. below.

II. Project Priority List

The PPLs for SFY 2008 are attached as *Appendix B* and include all Proposed Projects.

A. Publicly Owned Treatment Works Projects

The attached SFY 2008 PPLs were created in accordance with the Ranking System and list $668 million of Proposed Projects, a portion of which may be financed prior, during, or after SFY 2008 and a portion of which is expected to be funded from sources other than an SRF loan.

Participants may apply throughout the year to have Proposed Projects added to the PPL during SFY 2008 and will be included with PPL updates, as provided for in the Project Ranking System. For Proposed Projects to be added, a Participant must submit a completed CWSRF Loan Program application to the CWSRF Loan Program. Proposed Projects added during these updates will be placed unranked at the bottom of the PPLs, after providing the public an opportunity for input. These projects will be scored and ranked after submission of a PER.

B. Nonpoint Source Projects

Nonpoint Source (NPS) Projects are integrated with the Proposed Projects and are included with their score and rank on the PPLs.

C. Fundable Range

To inform the public of current estimates regarding the CWSRF's financial capacity and to efficiently direct CWSRF Loan Program assistance to the highest priorities where possible, the State has calculated a "Fundable Range" for Proposed Projects. The Fundable Range for the CWSRF Loan Program is $125 million. This will be appropriated between the two priority lists. $68 million will be reserved for small systems and $57 million will be reserved for large systems.

The CWSRF Loan Program uses the Fundable Range to plan and prioritize its work and resources. The Authority has determined that funds available are insufficient to fund all projects on the PPLs. Therefore those Proposed Projects within the Fundable Range will be afforded a priority of resources; most notably, preference in closing a loan as soon as the necessary programmatic and financial steps are completed.

D. Bypass Process

The bypass process enables projects originally identified outside the Fundable Range to be funded when higher-priority projects have not yet progressed to a stage allowing for loan closing. However, if a bypassed project becomes ready to proceed, it will have funding priority over other projects below it on the PPL. Therefore the State will use the following bypass procedures to allow other projects on the PPL to receive financial assistance from the CWSRF:

1. The CWSRF Loan Program will note the Fundable Range on each SFY 2008 PPL and notify all Participants with proposed projects on the PPL of their status. Participants will be advised that being in the Fundable Range does not mean that a loan commitment is made or that funding is guaranteed or reserved; rather, it means funding priority will be given to those Proposed Projects. All Participants that are eligible for subsidized financing must bid the entire SRF financed project in advance of the December 31, 2007 loan closing deadline.

2. Until December 31, 2007, only projects in the Fundable Range will be permitted to close a CWSRF subsidized loan.

3. After December 31, 2007, the CWSRF Loan Program will permit a bypassing of projects within the Fundable Range that have not closed or scheduled to close their loan. The CWSRF Loan Program will extend the Fundable Range by the amount of such bypassed projects. This is intended to afford Participants nearly within the original Fundable Range to gain priority in working quickly to close their loans.

4. After December 31, 2007, any project that meets the necessary programmatic and financial steps may close a CWSRF Loan Program loan under applicable CWSRF Loan Program lending requirements. If the CWSRF Loan Program determines there is insufficient lending capacity, then the highest-scored Proposed Projects at a readiness-to-proceed stage may close.

5. Notwithstanding the foregoing, after December 31,2007, the CWSRF Loan Program may institute additional or alternative conditions and limits other than as expressed in this IUP to tentatively select Participants for closing eligibility and to bypass any such tentatively selected Participant. Without limitation, these may include (i) bypassing Participants that fail to close within a 30-day (or shorter) period of being notified of timing and eligibility to close, (ii) limiting loan closing amounts to lesser amounts than requested, (iii) requiring evidence of full project funding if all funding needs are not provided through the CWSRF Loan Program at a loan closing, (iv) conditionally reserving funding for any Participant commitments, (v) bidding project prior to loan closing, etc.

6. All unfunded Proposed Projects are eligible to remain on subsequent SFY's PPL's if they inform the CWSRF Loan Program of their desire to do so.

III. Project Ranking System

The PPL attached as *Appendix B*, ranks Proposed Projects for which PER's were received by June 30, 2007. There are two PPLs, one for populations less than 10,000 and one for populations of 10,000 or greater. All other Proposed Projects for which the Authority received applications by June 30, 2007, but for which PER's have not been submitted, are listed alphabetically un-scored and un-ranked on the PPL. The scoring and ranking system is in *Appendix C*, reflects the State's water quality goals and accounts for population differences.

IV. Intended Use Plan

A. Goals and Objectives

The goal of the CWSRF Loan Program is to facilitate statewide compliance with state and federal water quality standards by prioritizing funding of Proposed Projects that provide enhancement or protection of water quality and public health, as well as to provide Participants in Indiana with low-cost financial assistance in order to construct necessary and environmentally sound treatment works. For purposes of this IUP, short-term goals and objectives are those the State expects to achieve in SFY 2008 while long-term goals and objectives are those the State expects to achieve over a longer course of time.

1. Short-Term Goals and Objectives

During SFY 2008, the CWSRF Loan Program expects to achieve the following short-term goals and objectives:

(ST1) Seek the immediate award of the capitalization grant for the FFY 2008. Since the Authority has disbursed sufficient loan proceeds to enable it to draw all of the capitalization grants through and including those related to FFY 2008, capitalization grants will be deposited into the CWSRF in SFY 2008. The Authority expects that all capitalization grants, through and including that related to FFY 2008 will be converted to cash as expenditures are incurred or paid.

(ST2) Work diligently with Participants to effectively manage Proposed Projects to ensure timely loan closings and the construction of related projects. This includes effective communication with communities, engineers and financial staff. Examples include:

- Project Planning Meetings are scheduled with each Participant within two weeks of receipt of application.
- A follow-up letter is provided to each Participant within 5 days after a Project Planning Meeting.
- A completeness review is performed within 10 days of receipt of a Preliminary Engineering Report.
- A technical review of each Preliminary Engineering Report is completed in less than 45 days.
- Environmental review documents are issued in less than 90 days.
- Bidding documents are approved in less than 5 days.
- Required reports are submitted to EPA in a well-prepared and timely manner.

(ST3) Review financial statements for one-half of Participants to ensure compliance with the covenants contained in the loan documents and conduct on-site financial visits as necessary.

(ST4) Conduct as least (30) technical inspections during the construction phase and the post-construction phase of CWSRF financed projects to document the construction progress of CWSRF financed projects, as well as the appropriate use of CWSRF Funds

ST5) Document the environmental benefits derived from the CWSRF financed projects using the one-page forms sanctioned by EPA.

(ST6) Develop a plan to promote the CWSRF Loan Program to specific Participants such as those with combined sewer overflows, enforcement issues, or those with or nearing a sewer ban. A review at the time of application or PER submittal will identify impaired waterways within the watershed. Information presented at a project planning meeting will aid the community and consultant in their planning.

(ST7) Administer the State's Small System Technical Assistance Fund Program with the goal of providing needed financial assistance for the planning & design costs of SRF projects contemplated by small and lower income communities.

(ST8) Purchase a new replacement vehicle for the SRF Loan Program. The SRF Loan Program is in need of a vehicle for project planning meetings, inspections and other as-needed meetings.

2. Long-Term Goals and Objectives

The primary goals and objectives of the CWSRF Loan Program are to improve water quality and benefit public health within the State.

(LT1) Provide financial assistance to current and future Participants, by providing low-cost financing commensurate with prudent fiscal and credit standards.

(LT2) Maintain the long-term financial integrity of the CWSRF by judiciously managing its assets in order to realize a rate of return that will sustain the CWSRF in perpetuity.

(LT3) Monitor all outstanding loans and the financial capability of Participants through the use of an in-house database and in conjunction with the Bank of New York, to ensure the CWSRF Loan Program continues to avoid loan defaults. Require Participants to utilize Paying Agent Agreements as warranted.

(LT4) Leverage EPA capitalization grants to generate loans that exceed two-times the awarded grant amounts.

(LT5) Monitor Participant's draw of funds to assure loans are being drawn within two years. Assure that un-drawn funds are returned to the loan pool and made available to other Participants.

(LT6) Submit required reports to EPA in a well-prepared and timely manner, and ensure that EPA funds are accessed within one week of being made available to the State.

(LT7) Work with the IDEM TMDL section to develop a system to assist communities in the implementation of TMDLs and offer interest rate breaks to communities which implement TMDL projects which are CWSRF Loan Program eligible.

(LT8) Provide interest rate breaks to communities which adopt Nonpoint Source projects. The CWSRF Loan Program will meet quarterly with the IDEM Nonpoint section to identify projects on the CWSRF Loan Program PPL which may benefit from SRF funding.

(LT9) Publish a quarterly SRF Loan Program newsletter.

(LT10) Work with the other State and Federal clean water infrastructure financing agencies to coordinate efficient and effective financing of clean water projects.

(LT11) Utilize the Clean Watershed Need Survey information database when a new application is received and use this information to confirm the need of the project as well as providing input to the scoring of the project.

(LT12) Coordinate the co-funding of a Brownfields and CWSRF Loan Program project.

B. Project Categories

The State expects to use the CWSRF to finance the planning, design and construction of the following project categories under Section 212 of the Clean Water Act:

PROJECT CATEGORIES

I. Secondary Treatment	IVA. New Collection Systems
II. Advanced Treatment	IVB. New Interceptors
III. Infiltration/Inflow Correction	V. Combined Sewer Overflow Correction
IIIB. Major Sewer System Rehabilitation and Correction	VI. Non-point Source Water Pollution Abatement

C. Financial Status of the CWSRF Fund

Sources and Uses of Funds. Capitalization grants, Guarantee Revenue Bond proceeds and State Match Revenue Bond proceeds are used to capitalize the CWSRF Loan Program. The majority of the bond proceeds are, in turn, loaned to Participants for eligible projects. The CWSRF Loan Program utilizes its capitalization grants to serve as security for Guarantee Revenue Bonds issued by the State, the proceeds of which are loaned to Participants. Earnings on the Capitalization Grants serve as a source of payment for Guarantee Revenue Bonds and State Match Revenue Bonds issued by the State.

Available Funds: During SFY 2008, the State intends to provide funds to continue meeting existing loan commitments and to make additional loans for new projects by causing additional

- Participants' readiness-to-proceed as evidenced by completion of a PER and other steps necessary to secure a CWSRF Loan Program loan within SFY 2008; and
- The capacity of the CWSRF Loan Program to issue additional Guarantee Revenue Bonds and State Match Revenue Bonds to generate additional loanable funds, which requires sufficient cash flows to repay them.

The State's CWSRF Loan Program is an established and highly rated borrower in the national bond market and has issued Revenue Bonds to finance the CWSRF Loan Program. These bond issues have provided the needed state match funding, and have included approximately $1.68 billion for loans. As of the commencement of SFY 2008, aggregate loans have been made in the amount of $1.68 billion and the binding commitments made to Participants are approximately equal to existing CWSRF loanable bond proceeds. The balance of the bond proceeds, not available for loans, are used for reserve funds, administrative expenses, costs of issuance, etc.

D. Criteria for Method Used to Distribute Funds

1. Allocation of Available Funds

As a general rule, Proposed Projects will be financed in the order listed on the PPL subject to the availability of funds, readiness to proceed, and the ability of the Participant to comply with the conditions set forth in the State's binding commitment with the Participant.

In addition, "project readiness criteria" will be applied to assure that Proposed Projects that are ready for CWSRF Loan Program financing will not be delayed by higher priority Proposed Projects that are on a slower timetable or financing schedule. Subject to the availability of loanable proceeds, these bypassed projects will remain eligible for CWSRF Loan Program financing, either later in SFY 2008, or by inclusion on future State fiscal year PPLs.

Steps towards "project readiness" can be demonstrated by:

(1) Submitting a PER, and

(2) Initiating the steps required by State statute and the CWSRF Loan Program to proceed with a financial closing with the CWSRF Loan Program. This involves completing the State law steps required to issue valid bonds, retaining a nationally recognized bond counsel to issue its unqualified, approving opinion on the validity of the bonds at closing, bidding the project, and demonstrating the ability to repay the CWSRF Loan Program loan.

Proposed Projects deemed ineligible by the State for CWSRF Loan Program financing will not be included on or will later be removed from the PPL and the Participant will be properly notified.

Disbursements of CWSRF Loan Program funds will be made on a cost-incurred basis in accordance with the CWA and State law.

2. Other Types of Assistance Provided

The CWSRF Pooled Program supplements the CWSRF Loan Program. The CWSRF Loan Program Pooled Program provides communities with an interest rate equivalent to a AAA-rated loan if and when the traditional SRF Loan Program becomes unable to satisfy all the needs of the applicants on the PPLs. Pooling Loan Closings are tentatively scheduled for Fall 2007 and Spring 2008. The Authority will determine the number of projects and available loan amount. Based on that information, the Authority will secure funds for those projects ready to proceed and close on a SRF loan. The State will have the right to blend a large project with assistance from both the CWSRF Pooled Program and the traditional CWSRF Loan Program. The State may require non-construction loans ("planning and design") to be funded by the CWSRF Pooled Program. Furthermore, the State may require loans that are requests for additional funding to be funded by the CWSRF Pooled Program.

The State will consider refinancing, commensurate with federal and State law, where (i) a Participant is proposing a new wastewater project that will result in a significant improvement in water quality (ii) as a result of State law or other restrictions on the Participant (including existing bond ordinance, trust indenture or credit agreement provisions), a refinancing of the existing debt is necessary or convenient as a matter of law or prudent fiscal or credit policy.

3. Transfers to the Drinking Water SRF from the Clean Water SRF:

The State has retained the flexibility to permit transfers between the DWSRF and the CWSRF of capitalization grants and other funds held in or allocable to such funds to the extent permitted by the CWA and the Safe Drinking Water Act (SDWA). Appendix D, *Intended Uses of the Funds,* identifies transfer balances.

Any transfer would only be made between accounts established for like purposes and subject to like restrictions in the SRF Loan Programs and would be accounted for on a cumulative net basis. Consistent with prior transfers, the State expects that transfers would be from funds held in its Restricted Sub-account of the Equity Fund or other funds held in the SRF Loan Program

and that such funds would be used to generate additional lending capacity under the leverage loan structure of the DWSRF Loan Program. The State would not expect such transfers to have a material impact on the capacity of the CWSRF Loan Program to finance Proposed Projects during SFY 2008. Notwithstanding the foregoing but subject to the SDWA, the State retains the flexibility to transfer un-drawn CWSRF grants and/or to fund direct DWSRF loans with transfers. The State would expect to only make transfers in a manner consistent with agreements related to outstanding Guarantee Revenue Bonds and State Match Revenue Bonds.

4. Loan Rates and Terms

Indiana's CWSRF Loan Program uses a Base Interest Rate, which is re-set on the first business day of each January, April, July and October. The Base Rate is calculated by using 90 percent of the average 20-year AAA-rated, general obligation bond Municipal Market Data (MMD) composite index for the most recent calendar month. The Base Rate is then discounted further on the basis of the Participant's median household income (MHI) from 2000 Census data and projected user rates.

The Participant's financial information is reviewed by the CWSRF Loan Program to finalize a CWSRF Loan Program interest rate. The Participant's rate consultant completes this rate study before a rate ordinance is adopted at the local level.

In the past when, Participants had outstanding debt, they often wrapped new CWSRF Loan Program debt service around the old debt so that aggregate debt service was level. Now, wrapped CWSRF Loan Program loans may be charged 25 additional basis points to help offset the additional subsidy they afford. The CWSRF Loan Program will have discretion to waive the extra charge for Participants. Any Participant proposing to use a wrap structure will be required to justify it by showing a substantial effect on User Rates.

	User rates over $45	**User rates between $25-$45**	**User rates under $25**
MHI under $33,669	{C} Rate – 0.75%	{C} Rate – 0.50%	{A} Rate – 0.50% = {C} Rate
MHI between $33,670-$41,566	{B} Rate – 0.75%	{B} Rate – 0.50%	{A} Rate – 0.25% = {B} Rate
MHI over $41,567	{A} Rate – 0.75%	{A} Rate – 0.50%	Base Rate = {A} Rate

5. Terms

Consistent with applicable law, all CWSRF Loan Program loans will be structured so that there are at least annual principal repayments commencing one year after expected completion of the project, and a final principal payment no later than 20 years after expected completion of the project. Additionally, the State expects level debt service payments except in limited circumstances, such as where CWSRF Loan Program debt service is wrapped around existing debt on the basis of user rate affordability. Executing a CWSRF Loan Program loan on any basis other than level, aggregate annual debt service is subject to additional State review and approval.

6. Cross-collateralization of the Clean Water SRF with the Drinking Water SRF

To the extent permitted by the CWA and the SDWA, and their incumbent regulations, the State has cross-collateralized the CWSRF and the DWSRF Loan Programs to optimize capitalization requirements and to better manage the specific funding needs of projects.

This cross-collateralization arrangement maximizes the security for bonds issued by the State to capitalize the SRF Loan Programs. Accordingly, this could relate to and affect all types of funds held in them. The State would expect that any such transfers would occur at any time necessary to prevent a default on any such bonds and would be made between accounts established for like purposes and subject to like restrictions. To date, no transfers of this nature have been made.

The State would expect to retain the flexibility to reimburse, on a cumulative net basis, any transfers made under a cross-collateralization arrangement. Because such a cross-collateralization arrangement is a contingent security concept and transfers are not expected or planned to occur, the State would not expect this to negatively affect the funding capacity of the SRF Loan Programs. However, if such transfers occur and are not reimbursed, it may affect the burdened fund's ability to make some volume of additional loans it otherwise might have been able to make.

7. Refinancing

The State will consider refinancing, commensurate with federal and State law, where (i) a Participant is proposing a new clean water project that will result in a significant improvement in water quality and (ii) as a result of State law or other restrictions on the Participant (including existing bond ordinance, trust indenture or credit agreement provisions), a refinancing of the existing debt is necessary or convenient as a matter of law or prudent fiscal or credit policy.

8. Fees, Expenses

The State intends to use the maximum allowable percentage of each federal capitalization grant to offset CWSRF Loan Program costs, including administrative, legal and financial fees and expenses, to the extent permitted by Section 603(d)(7) of the Clean Water Act to operate the CWSRF Loan Program in perpetuity. Additionally, the State expects Participants to offset some of the costs of making and securing their loans, including the fees and expenses of bond counsel, CWSRF Loan Program Counsel, and the cost of making appropriate municipal disclosures, through a Loan Closing Fee, which is $1,000 per loan. The CWSRF Loan Program may also assess each Participant a loan closing fee and a Non-Use Fee on funds not used for project costs two years following the loan closing.

9. Requirements for Loan Closing

The State will continue requiring each Participant to establish a dedicated source of payment for all loans made from the CWSRF and cause such loans to be paid according to their terms. The

State will generally expect each loan to be evidenced by bonds, or other evidence of indebtedness, issued by or on behalf of the Participant. This will generally require each Participant to complete the following steps prior to a loan closing:

- Submit financial and operating information acceptable to the CWSRF Loan Program to evidence the establishment of a dedicated source of payment and an ability to pay each loan according to its terms;
- Complete required notices, hearings and other local actions to issue bonds, or other evidence of indebtedness, in a form and substance acceptable to the CWSRF Loan Program;
- Complete required approvals, if any, of the Indiana Utility Regulatory Commission;
- Issue bonds, or other evidence of indebtedness, in a form and substance acceptable to the CWSRF Loan Program, together with opinions of nationally-recognized bond counsel to the effect that such are valid and binding obligations under State law, and except in very limited circumstances, interest thereon is excludable from gross income for federal tax purposes; and
- Enter into a financial assistance agreement with the State in the form proposed by the CWSRF Loan Program.

The State will expect Participants to engage a nationally recognized bond counsel and a qualified financial and rate consultant at its own expense to assist in structuring each CWSRF Loan Program loan and its dedicated source of payment. These costs may be paid from CWSRF Loan Program loan proceeds.

E. Assurances, Specific Proposals

The State provides the necessary assurances and certifications under its present Operating Agreement with the EPA; however, as required by 40 CFR 35.3150(b) (4). The State further certifies that it will:

(a) Perform environmental reviews in accordance with federal law and State law.

(b) Enter into binding commitments with Participants for wastewater treatment projects in amounts equal to at least 120 percent of each quarterly federal capitalization grant payment within one year of the receipt of each such payment in accordance with Section 602(b)(3) of the CWA. As of June 30, 2007, binding commitments exceeded 120 percent of all grants awarded to date (that is, FFY 1994 through 2007), significantly in advance of the foregoing binding commitment deadlines. Further, such binding commitments would exceed 180 percent of Capitalization Grants (inclusive of the estimated and yet-to-be-awarded FFY 2008 Capitalization Grant). Such amounts are banked toward meeting future binding commitment requirements.

(b) Expend all CWSRF Loan Program funds in a timely and expeditious manner in accordance with Section 602(b) (4) of the CWA. As demonstrated by *Appendix D*, the State has used all CWSRF funds in a timely and expeditious manner and will continue to do so.

(c) Use first the capitalization grants, the State matches, and whatever loan repayments are required to be so used to assure maintenance of progress toward compliance with enforceable deadlines, goals and requirements of Section 602(b) (5) of the CWA and to this end, the State asserts that all national municipal policy projects in Indiana have been funded and are in compliance or have an enforceable schedule, an enforcement action filed or a funding commitment.

F. Fees Assessed on Recipients

The costs of making and securing loans include the fees and expenses of bond counsel, CWSRF Loan Program Counsel, and the cost of making appropriate municipal disclosures. The State expects Participants to offset some of these costs through a Loan Closing Fee, which is $1,000 per Participant. The CWSRF Loan Program may also assess a Non-Use Fee on funds not used for project costs two years following the loan closing. The total dollar amount in the CWSRF Administrative Fee account as of June 30, 2007 was $41,260.

G. CWSRF Financial Planning and Long-term Financial Health

The State employs financial advisor, Lamont Financial Services Corporation, to evaluate the financial status and health of the CWSRF and make recommendations that support sustainability.

V. Public Information

A. Public Participation

Public notice is made through the SRF Loan Program website, www.srf.in.gov. The website offered a 30-day public comment period. Copies of this proposed IUP and PPLs were also available to the public upon request. The PPLs were also posted on the SRF Loan Programs' website. The CWSRF Loan Program will respond to any major SFY 2008 IUP comment or concern; the process of such response will be determined by the nature of the comment or concern.

B. Records

All documents received and prepared in connection with Proposed Projects will be filed appropriately and maintained by the State in accordance with State Access to Public Records Law (IC 5-14-3-1 et seq.) and the U.S.EPA.

C. Amendments

This IUP, including the PPLs, may be amended during SFY 2008 in accordance with federal and State Law. As described under Part III, *Appendix B Criteria for Project List (PPL) Ranking*, the State intends to amend the PPL quarterly during SFY 2008. The IUP may also be amended from time to time to reflect any minor changes which constitute data revision or clarification.

APPENDICES

APPENDIX A:	DEFINITIONS
APPENDIX B:	INDIANA'S PROJECT PRIORITY LIST (PPL)
APPENDIX C:	INDIANA'S SCORING AND RANKING SYSTEM
APPENDIX D:	INTENDED USES OF FUNDS

APPENDIX A

Definitions

Appendix A

Definitions

Terms used in this document have the following meanings:

Binding Commitment means a closed CWSRF loan.

Bypass Process means the procedure which allows the State to bypass projects identified in a Fundable Range if the Authority determines that there may be insufficient resources to fund all loans on the PPL during the SFY. It allows other projects originally identified outside the fundable range to be funded when higher-priority projects have not yet progressed to a stage allowing for loan closing.

Capitalization Grant means a federal grant, as evidenced by an agreement with the United States Environmental Protection Agency that provides funds to capitalize the CWSRF.

Clean Water SRF (CWSRF) Loan Program means the State's revolving fund loan program for wastewater infrastructure established under and pursuant to I.C. 13-18-13 and the programs afforded thereby.

CWA means the Clean Water Act of 1972, as amended and supplemented and codified at 33 United States Code Section 1251 et seq., and the rules and regulations promulgated there under.

Drinking Water SRF (DWSRF) means the State's Drinking Water State Revolving Fund created in accordance with the SDWA and State Law.

Environmental Protection Agency (EPA) means the federal agency responsible for promulgating regulations to implement environmental statutes including the Clean Water Act and from which the CWSRF receives capitalization grants.

Federal Fiscal Year (FFY) means the fiscal beginning October 1st and ending September 30th.

Fiscal Year (FY) means the fiscal year for the year indicated.

Fundable Range means an estimated current loan capacity which is determined by various assumptions. Defined at the commencement of the SFY, it determines which projects on the PPL are expected to receive assistance from the available funds subject to the CWSRF's Bypass Process.

Guarantee Revenue Bonds means one or more series of revenue bonds issued from time

to time by the State to fund the CWSRF Loan Program. Federal capitalization grants provide security for, and the CWSRF is the source of revenue for, the payment of Guarantee Revenue Bonds. Guarantee Revenue Bond net proceeds are loaned to Participants to finance their proposed Clean Water projects.

Indiana Department of Environmental Management (IDEM) means the State environmental regulatory agency.

Indiana Finance Authority (Authority) means the State entity that administers the Indiana SRF Loan Programs pursuant to IC 4-4-11.

Intended Use Plan (IUP) means the document that is required to be prepared annually to support the State's capitalization grant application, which identifies the intended uses of all monies available to the CWSRF.

Median Household Income (MHI) means the average annual income for a given region as determined by the most recent federal census data.

Municipal Market Data (MMD) means the composite index used in pricing municipal bonds.

Nonpoint Source (NPS) Pollution means water pollution from diffuse, rather than discrete sources. It is caused by precipitation moving over or through the ground.

NPS Project means a project that ameliorates water pollution from diffuse, rather than discrete sources.

Participant means a Political Subdivision that is eligible for financial assistance from the CWSRF Loan Program.

Political Subdivision means municipal corporation, special taxing district, sanitary/conservancy district, regional water, sewer, or waste district, or any other separate local governmental entity. "Political Subdivision" is more specifically described in Indiana Code 13-11-2-164.

Preliminary Engineering Report (PER) means the document(s) submitted by the Participant that provides the information necessary for the CWSRF Loan Program to determine the technical, economic and environmental adequacy of the Proposed Project.

Project Planning Meeting means an initial meeting held with the Participant to gain an understanding of the Participant's needs and to explain CWSRF Loan Program requirements and the process involved in closing a loan.

Project Priority List (PPL) means the list of eligible Proposed Projects, seeking financial assistance, in the order of their priority ranking. It includes Proposed Projects that are preliminarily scored and unranked as well as those that are scored and ranked on the basis of needs, prepared pursuant to Section 216 of the Clean Water Act.

Proposed Project means the wastewater infrastructure project and NPS project proposed by Participants for CWSRF financing in SFY 2007, which will be reviewed for qualification and ranking under Section 212 of the Clean Water Act.

Scoring and Ranking System means the priority ranking system; a system by which the CWSRF staff evaluates and ranks Proposed Projects for listing on the PPL.

State Fiscal Year (SFY) means the period of time beginning July 1st and ending June 30th.

State Law means Indiana Code 13-18-13-1 et seq. With applicable definitions at Indiana Code 13-11-2 and the rules and regulations promulgated there under.

State Match means the State's commitment to provide matching funds equal to 20 percent of each federal capitalization grant for the CWSRF.

State Match Revenue Bonds means one or more series of revenue bonds issued by the State Issuer as needed to fund the State Match.

State Revolving Fund (SRF) Loan Programs or SRF Loan Programs means both the CWSRF and DWSRF Loan Programs.

State Revolving Fund Proposed Projects (SRF Projects) means all proposed DWSRF and CWSRF Projects.

APPENDIX B

Project Priority Lists

(See attachments)

WASTEWATER STATE REVOLVING FUND (SRF) LOAN PROGRAM

List A: Small Systems: Population less than 10,000

Indiana SFY 2008 Project Priority List

1-Jul-07

FINAL First Quarter

PPL Rank/Project Name **Only projects with complete PER's will receive a score and rank.**	Project Type/ Facility Needs	Score/ Population	Project No./ NPDES #	I	II	IIIA	IIIB	IVA	IVB	V	Total Const.	Total Project
				Totals in thousands ($1,000)								
1 **Allen County RWSD**	4W *NPS*	**1,433.0** 485.0	WW0653021 ---					$1,742			$1,742	**$2,150**
2 **SPENCER**	1	**254.0** 2,508.0	WW0638602 IN0020192	$3,384			$455	$506			$4,345	**$4,976**
3 **CENTERVILLE**	1, 2R	**112.0** 2,427.0	WW0646891 IN0022535	$1,500							$1,500	**$1,500**
4 **GAS CITY**	1	**109.0** 5,940.0	WW0556271 IN0022985	$3,908							$3,908	**$4,689**
5 **UNION CITY**	1, 4W	**84.0** 3,622.0	WW0558681 IN0020982	$6,000		$725	$1,775				$8,500	**$9,500**
6 **ALEXANDRIA**	1	**57.0** 6,260.0	WW07014801 IN0020044		$3,610						$3,610	**$3,610**
7 **CAMDEN**	1,2R	**55.0** 582.0	WW0652081 IN0030562	$465			$120				$585	**$834**
8 **WARRICK COUNTY**	4W	**40.0** 2,227.0	WW0558871 ---					$928			$928	**$1,252**
9 **MORGAN CO.**	2R	**38.4** 270.0	CS18239601 ---					$1,138			$1,138	**$1,423**
10 **DARLINGTON**	1, 2R	**38.0** 854.0	CS18238301 IN0022721	$827			$426				$1,254	**$1,681**
11 **LYNNVILLE**	1, 2R	**29.0** 781.0	WW0647871 IN0040282		$1,105	$575					$1,680	**$2,316**
12 **Decatur**	1, 2R, 2K	**22.0** 9,528.0	WW070601 02 IN0039314	$2,097	$1,298		$1,670	$2,109		$2,080	$7,860	**$9,092**
13 **CHESTERFIELD**	2K <=	**17.0** 2,969.0	WW0625481 ---				$5,106				$5,106	**$5,866**
14 **FORT BRANCH**	1,4W	**11.0** 471.0	WW0559262 IN0020796		$3,169			$344			$3,513	**$4,544**
15 **CHANDLER**	1,2R,4W	**7.0** 3,094.0	WW0624872 IN0020435	$2,218		$60		$725			$3,003	**$3,188**
16 **VALPARAISO LAKES AREA CI**	3I	**2.0** 2,500.0	WW065864 01 ---						$295		$295	**$372**
17 **BERNE**	2K	**1.0** 4,150.0	WW065701 01 IN0021369							$2,195	$2,195	**$2,883**
18 **WHITESTOWN**	1,4W	**0.0** 471.0	WW0566061 IN0020796	$4,948				$1,702			$6,650	**$8,240**

FUNDABLE RANGE (Projects expected to receive assistance)

WASTEWATER STATE REVOLVING FUND (SRF) LOAN PROGRAM

List A: Small Systems: Population less than 10,000

Indiana SFY 2008 Project Priority List

FINAL First Quarter

1-Jul-07

PPL Rank/Project Name Only projects with complete PER's will receive a score and rank.	Project Type/ Facility Needs	Score/ Population	Project No./ NPDES #	I	II	IIIA	IIIB	IVA	IVB	V	Total Const.	Total Project
				Totals in thousands ($1,000)								
Appplications Only: Not scored and unranked.												
JNRU: Country Squire Lakes WWTP	1	4,688.0	WW0631403 IN0056049	$1,500							$1,500	**$1,925**
JNRU: Country Squire Lakes Sewer Rehbailitation	2R	4,688.0	WW0632404 —				$5,000				$5,000	**$6,150**
JNRU: Country Squire Lakes Phase 1 Sewers	4W	4,688.0	WW0633405 —					$8,500			$8,500	**$10,220**
Morgan County: Mapleturn	1	1,800.0	WW071055 02 IN0049361	$1,250							$1,250	**$1,250**
MOUNT VERNON (construction)	1, 2K	7,478.0	WW0649652 IN0035696	$4,400	$920		$369			$5,500	$11,189	**$13,879**
Oxford	1	1,271.0	WW070904 01 IN0021342	$710							$710	**$915**
Renessiaer	1	5,294.0	WW070837 01 IN0024414	$3,900							$3,900	**$5,000**

1=Plant Work
2R=Sewer Rehabilitation or Infiltration/Inflow Correction
2K=Combined Sewer Overflow
3I=Interceptors
4W=Collector Sewers

A=AWT
B=New Plant
C=Disinfection
D=Dechlorination
F=Phosphorus Removal
N=Ammonia Removal
X=Expansion
<=Community Under 3500

I=Secondary Treatment
II=Advanced Treatment
IIIA=Inflow/Infiltration Correction
IIIB=Major Sewer System Rehabilitation
IVA=New Collection Sewers
IVB=New Interceptors
V=Combined Sewer Overflow Correction

**Indicates that Funding Categories amount are an approximate dollar value*

WASTEWATER STATE REVOLVING FUND (SRF) LOAN PROGRAM

List B: Large systems: Population equal to or greater than 10,000

Indiana SFY 2008 Project Priority List

1-Jul-07

Final First Quarter

PPL Rank	Project Name	Project Type	PPL Score/	Project No./	I	II	IIIA	IIIB	IVA	IVB	V	Total	Total
	Only projects with complete PER's will receive a score and rank.	Facility Needs	Population	NPDES #				Totals in Thousands ($1,000)				Const.	Project
1	Indianapolis PER 5B Banta/McFarland	4W	731.0 791,926.0	5B-F IN0023183					$7,164				$7,164
2	Indianapolis PER 5B Edgewood/Sherman	4W	517.0 791,926.0	5B-H IN0023183					$10,035				$10,035
3	Indianapolis PER 5B Cragmont/Brill	4W	471.0 791,926.0	5B-A IN0023183					$3,082				$3,082
4	Indianapolis PER 5B Brill/Troy	4W	437.0 791,926.0	5B-I IN0023183					$7,035				$7,035
5	Indianapolis PER 5B Brookdale/Fairhope	4W	419.0 791,926.0	5B-G IN0023183					$7,739				$7,739
6	Indianapolis PER 5B Fox Hill/Hoover	4W	389.0 791,926.0	5B-K IN0023183					$7,593				$7,593
7	Indianapolis PER 5B 59th/Grandview	4W	275.0 791,926.0	5B-AA IN0023183					$4,412				$4,412
8	Indianapolis PER 5B 63rd/Springmill	4W	163.0 791,926.0	5B-BB IN0023183					$4,039				$4,039
9	COLUMBUS	2K, 2R, 4W	84.0 39,059.0	CS18239901 IN0032573				$5,519	$3,290		$4,933	$13,802	$17,635
10	Indianapolis PER 5B Sunset/Kessler	4W	65.0 791,926.0	5B-L IN0023183					$1,561				$1,561
11	HAMMOND SD	1,2K X	56.0 88,048.0	CS18230601 IN0023060							$19,507	$19,507	$22,551
12	Indianapolis PER 5B Edgewood/Shelby	4W	53.0 791,926.0	5B-B IN0023183					$369				$369
13	Indianapolis PER 5B 64th/Whitley	4W	39.0 791,926.0	5B-CC IN0023183					$577				$577
14	Indianapolis PER 5B Aloda/Sherman	4W	29.0 791,926.0	5B-E IN0023183					$461				$461
15	Jeffersonville	1,2R, 2K, 4W	12.0 27,362.0	WW0612102 IN0023302	$7,600	$2,000		$2,100	$400	$1,600	$6,167	$19,867	$12,000
16	NEWBURGH	1	8.0 31,002.0	WW06598705 IN0023892	$17,000							$17,000	$17,000
17	Indianapolis PER 5B White River CS Rehab.	2K	7.0 791,926.0	5B-R IN0023183							$4,922		$4,922
18	Indianapolis PER 5B Removal Blvd. Dam	2R	7.0 791,926.0	5B-S IN0023183				$543					$543
19	Indianapolis PER 5B Misc. Sm. Dia, San. Sewer Rehab.	2R	7.0 791,926.0	5B-U IN0023183				$2,000					$2,000
20	Indianapolis PER 5B Mid & Lg. San. Sewer. Rehab.	2R	7.0 791,926.0	5B-O IN0023183				$3,000					$3,000
21	Indianapolis PER 5B Merrill St. Sewer Rehab.	2R	7.0 791,926.0	5B-Q IN0023183				$639					$639
22	Indianapolis PER 5C Construct Plant Drain Pump Station	1	7.0 791,926.0	5C-E IN0023183	$1,263								$1,263
23	Indianapolis PER 5B Siphon @ 10th & White River	2R	5.0 791,926.0	5B-P IN0023183				$3,666					$3,666

WASTEWATER STATE REVOLVING FUND (SRF) LOAN PROGRAM

List B: Large systems: Population equal to or greater than 10,000

Indiana SFY 2008 Project Priority List

Final First Quarter

1-Jul-07

PPL Rank	PPL Rank/Project Name Only projects with complete PER's will receive a score and rank.	Project Type Facility Needs	PPL Score/ Population	Project No./ NPDES #	Totals in Thousands ($1,000) I	II	IIIA	IIIB	IVA	IVB	V	Total Const.	Total Project
24	Indianapolis PER 5C Plant Wide Electrical	1	5.0 791,926.0	5C-J IN0023183	$12,935								$12,935
25	Indianapolis PER 5C Construct Multiple Hearth Furnace	1	5.0 791,926.0	5C-B IN0023183	$15,060								$15,060
26	RICHMOND NPS	1 NPS	2.0 39,124.0	WW0502891 IN0025615	$1,650							$1,650	$1,650
27	GREENSBURG	1, 3I	1.0 10,260.0	WW07021602 IN0020133		$10,000						$10,000	$10,000
28	Indianapolis PER 5B CSO Modeling for F.P.	2K	1.0 791,926.0	5B-J IN0023183							$4,000		$4,000
29	Indianapolis PER 5B S. Marion County Interceptor F.P.	3I	1.0 791,926.0	5B-W IN0023183						$600			$600
30	Indianapolis PER 5B Pogues Run Tunnel Design	2R	1.0 791,926.0	5B-Y IN0023183				$1,000					$1,000
31	Indianapolis PER 5B Misc. L.S. Evaluations	2R	1.0 791,926.0	5B-N IN0023183				$500					$500
32	Indianapolis PER 5B Misc. I/I Investigations	2R	1.0 791,926.0	5B-T IN0023183			$550						$550
33	Indianapolis PER 5B Marion Co. Interceptor Design	3I	1.0 791,926.0	5B-Z IN0023183						$1,500			$1,500
34	Indianapolis PER 5B LS 529 Evaluation	2R	1.0 791,926.0	5B-M IN0023183				$220					$220
35	Indianapolis PER 5B Interceptor Model Extensions 2006	3I	1.0 791,926.0	5B-X IN0023183						$200			$200
36	Indianapolis PER 5B Castleton Relief Sewer Design	2R	1.0 791,926.0	5B-V IN0023183					$3,561				$3,561
37	Indianapolis PER 5B Belmont N. Parallel Interceptor Design	3I	1.0 791,926.0	5B-DD IN0023183						$16,500			$16,500
38	Indianapolis PER 5C Multiple Hearth Furnace Design	1	1.0 791,926.0	5C-A IN0023183	$1,000								$1,000

Not scored and unranked.

	Indianapolis PER 5C UnScored Projects	1	791,926.0	Various IN0023183	$41,400							$41,400	$41,400
	Indianapolis PER 5D	1	791,926.0	Various IN0023183		$238,949						$238,949	$238,949
	Indianapolis PER 5E	1	791,926.0	Various IN0023183		$69,421						$69,421	$69,421
	NEWBURGH	3I	31,002.0	WW06598705 IN0023892			$2,700					$2,700	$2,700
											Ranked and Un-ranked total:		

1=Plant Work
2R=Sewer Rehabilitation or Infiltration/Inflow Correction
2K=Combined Sewer Overflow
3I=Interceptors
4W=Collector Sewers

A=AWT
B=New Plant
C=Disinfection
D=Dechlorination
F=Phosphorus Removal
N=Ammonia Removal
X=Expansion
<=Community Under 3500

I=Secondary Treatment
II=Advanced Treatment
IIIA=Inflow/Infiltration Correction
IIIB=Major Sewer System Rehabilitation
IVA=New Collection Sewers
IVB=New Interceptors
V=Combined Sewer Overflow Correction

*Indicates that Funding Categories amount are an approximate dollar value

APPENDIX C

Project Priority Ranking and Scoring

Project Priority Ranking System
Clean Water Scoring Sheet

Date:
Ranking Scorers Name:
Community Name:
Community Population:
Completed PER Submittal Date:
Priority Points (PP):

Circle One:

List 1 consists of communities whose population is less than or equal to10,000.
List 2 consists of communities whose population is greater than 10,000.

Ranking System
The priority points are developed by utilizing the following formula.
The formula is as follows: Total Points = ((NF+SC+PSP) x PF) + LFCF; where

NF = Needs Factor
SC = System Condition
PSP = Priority Segment Points
PF = Project Factor
LFCF = Local Fiscal Capacity Factor

1. **Needs Factor (NF)**

   A. ORF = Outstanding Resource Factor, assign a value of 1 point, if the sewer system planning area contains a outstanding state resource water, outstanding national resource water or high quality water. Otherwise 0 points are assigned.

   Total ORF Points = _____

   B. DWF = Drinking Water Factor, assign a value of 1 point, if the existing Publicly Owned Treatment Works (POTW) discharge or a communities on-site systems cause a documented impact on drinking water supplies. Otherwise 0 points are assigned.

   Total DWF Points = _____

   C. WF = Watershed Factor, assign a value of 1 point, if stream degradation from improper sewage disposal systems or treatment can be documented from latest

approved list with any of the following:

1. Streams listed as not meeting use on the 303(d) list for e-coli.
2. Bacterial test results document that the stream is not meeting use.

Total WF Points = _____

D. RF=Regionalization Factor, A maximum of 2 points may be assigned for this factor. Assign a value of 1 point for each of the following:

1. Project will not result in new discharges from point sources or non-point sources.
2. The authority proposes to extend sewer service to areas outside of its boundaries.

Total RF Points = _____

Needs Factor (NF) = ORF+DWF+WF+RF
Needs Factor (NF) = ___ + ___ + ___ + ___
Needs Factor (NF) = _____

2. System Condition (SC)

A. FPR = Facility Performance Rating, this rating consists of a current conditions factor (CCF) and an operations excellence factor (OEF) in the following formula of FPR = CCF + OEF. The current conditions factor (CCF) has 1 point assigned to each of the following items evaluated, for a maximum of 5 points for this factor.

a. Corrects a sanitary or combined sewer overflow or overflows including elimination; _____pt.
b. Corrects a WWTP non-compliance issue or issues, _____pt.
c. Corrects an excessive I/I problem, _____pt.
d. Corrects a lift station problem, _____pt.
e. Corrects an on-site wastewater treatment system from polluting surface or ground water sources, or _____pt.
f. Corrects a surface or groundwater pollution from other sources _____pt.

Total CCF Points = _____

B. The operations excellence factor OEF has points assigned to each of the following items evaluated.

<u>Treatment Facilities</u>
Community Actual Monthly BOD_____, SS_____
Community Permit Monthly BOD_____, SS_____

a. Plant performance compared to permit limits for a 2 year period or previous 24 month period.
   1. Monthly BOD/SS are consistently 20% below permit limits = 1 point or

   2. Monthly BOD/SS are consistently 40% below permit limits = 2 points _____pts.

b. How long has plant been producing effluent no greater than 80% of its permit limits?
   1. 2 years minimum = 1 point or
   2. Greater than 2 years = 2 points. ____pt.

c. Current average daily plant load as a percentage of the design capacity.
   Average Daily Plant Load = mgd Design Capacity = mgd
   Average Daily Plant Load/Design Capacity = %
   1. 80-90 % = 1 point.
   2. 90-100 % = 2 points.
   3. Greater than 100 % = 3 points. ____pts.

d. Control of Industrial discharges.
   1. Local Ordinances = 1 point, or
   2. Pretreatment Program = 1 point. ____pt.

e. Monthly self monitoring reports. (Last 12 months)
   1. Submitted on-time and complete information = 1 point. ___pt.

C. Collection Systems (CS)

a. Zero sewer system dry weather overflows reported in the last 2 years = 2 points. ____pts.

b. Zero basement back-ups reported in the last 2 years = 2 points. ____pts.

c. Entity has documented proof of the implementation of the Nine Minimum Controls for the last 2 years = 2 points. _____pts.

d. Entity has documented proof of the implementation of a CSOP in the last 2 years = 2 points. ____pts.

Total maximum points for the sections B + C is a combined 15 points.

Total SC = FPR + OEF + CS
Total SC = _____ + ____ + _____
Total SC Points = _____

3. Watershed Basin

Priority Segments Points (PSP): assign a value of 1 point, to segments within drainage basins which have been designated by the State as priority basins. These basins are Lake Michigan (GLI), St Joseph River and Maumee River Basins.

Total PSP Points = _____

4. Project Factor (PF)

Project Factor (PF) = STF + SSO + CSO+ INFI + INFL; where

STF = Septic Tank Factor
SSO = Sanitary Sewer Overflows
CSO = Combined Sewer Overflows
INFI = Infiltration Factor
INFL = Inflow Factor

Septic Tank Factor (STF) = number of households with failing septic tanks systems to be eliminated by the project and the number of households with properly operating septic tank systems to be eliminated by this project.

_____ Failing Septic Systems +
_____ Properly Operating Septic Systems
_____ Total STF X 1 = _____ Total STF Points = _____

Sanitary Sewer Overflows (SSO) = a value of 1 point will be assigned to each SSO eliminated by the project.

_____ SSO Eliminated X 1 = _____
Total SSO Points = _____

Combined Sewer Overflows (CSO) = a value of 1 point will be assigned to each CSO eliminated by the project or to receive treatment by the project.

_____ CSO Eliminated or Receiving Treatment X 1 = _____
Total CSO Points = _____

Infiltration Factor (INFI) = a factor which assesses groundwater that indirectly enters a collection system that will be removed by the project. This is for collection systems which have an infiltration rate greater than 120 gpcd. The points will be assigned as follows:

(Note: this information is in the PER) Estimated removal from PER = _____

a. 20%-30% estimated removal of identified/quantified infiltration = 3 points.
b. 10%-20% estimated removal of identified/quantified infiltration = 2 points.

c. 0%-10% estimated removal of identified/quantified infiltration = 1 point.

Total INFI Points = _____

Inflow Factor (INFL) = a factor which assesses storm water that directly enters a collection system that will be removed by the project. Collection systems which have an inflow rate greater than 275 gpcd. The points will be assigned as follows:
(Note: this information is in the PER) Estimated removal from PER = _____

a. 20%-30% estimated removal of identified/quantified inflow = 3 points.
b. 10%-20% estimated removal of identified/quantified inflow = 2 points.
c. 0%-10% estimated removal of identified/quantified inflow = 1 point.

Total INFL Points = _____

Project Factor (PF) = STF + SSO + CSO+ INFI + INFL
Project Factor (PF) = _____ + _____ + _____ + _____ + _____
Project Factor (PF) = _____

5. Water Quality Factor (WQF) = consists of the formula of DRP + WQS + SCP + PRV + IWS; where

DRP = Dilution Ratio Points
WQS = Water Quality Score
SCP = Segment Classification Points
PRV = Pollution Reduction Value
IWS = Impaired Water Score

Dilution Ration Points (DRP): Dilution Ratio Points (DRP) = the ratio of the 7-day, 10 year low flow of the receiving stream to the design flow of the plant. To calculate the Dilution Ratio the following equation is used:

7-day Q10 of receiving stream in cfs / (design flow in mgd) X (1.55 cfs/mgd) = dilution ratio

The resultant is the dilution ratio. The scale of points is as follows:

a. 0-.99 = 1 point
b. 1.00 – 4.99 = 2 points
c. 5.00 – 9.99 = 3 points
d. 10.0 or greater = 4 points

Total Dilution Ratio Points = _____

Water Quality Score (WQS) = the intent with this factor is to establish why the project is being conducted and the benefit or impact the project has on established water quality standards present or future requirements.

Circle Applicable Items

a. Is the project necessary to achieve or maintain compliance with effluent limitations based on water quality standards for conventional pollutants? Yes = 5 points, No = 0 points.
b. Is the project necessary to achieve or maintain compliance with effluent limitations based on water quality standards for toxic substances? Yes = 5 points, No = 0 points.
c. Is the project necessary to achieve compliance with effluent limitations based on water quality standards for additional or more stringent limits than existing NPDES permit? Yes = 5 points, No = 0 points.

Total points for this WQS section is based on a + b + c.

Total WQS Points = _____

Segment Classification Points (SCP) = 3 points will be assigned to water quality limited segments, which is defined as a water body where the technology based controls at discharge points are not sufficient to achieve State Water Quality Standards (WQS). 2 points will be assigned to effluent limited segments, which are defined as a water body where the technology based controls are sufficient to meet the WQS.

Total SCP Points = _____

Pollution Reduction Value (PRV) = this is only for non-point source projects to assign points to a combined based estimate of e-coli pollutant which will be controlled or reduced by the project.

a. 75% reduction and greater = 4 points.
b. 50% - 74.99% = 3 points.
c. 25% - 49.99% = 2 points.
d. Less than or equal to 24.99% = 1 point.

Total PRV Points = _____

Impaired Water Score (IWS) = this score is related to having the project reduce the level of pollutants that currently affect a 303 (d) listed water body or an outstanding and exceptional resource water and are the pollutants proposed to be reduced or removed related to the impairment. Yes = 5 points; No = 0 points.

Total IWS Points = _____

Water Quality Factor (WQF) = DRP + WQS + SCP + PRV + IWS
Water Quality Factor (WQF) = _____ + _____ + _____ + _____ + _____
Water Quality Factor (WQF) = _____

6. Local Fiscal Capacity Factor (LFCF)

This factor is the median household income for the area divided by the state median household income = %. Points will be assigned in accordance with the following schedule:

a. Area MHI is less than 40% of the state MHI = 4 points.
b. Area MHI is greater than or equal to 40% of the state MHI but less than 60% of the state MHI = 3 points.
c. Area MHI is greater than or equal to 60% of the state MHI but less than 80% of the stat MHI = 2 points.
d. Area MHI is greater than or equal to 80% of the state MHI but less than 100% of the state MHI = 1 point.
e. Area MHI is greater than 100% of the state MHI = 0 points.

Area MHI = _____
State MHI = _____
Area MHI / State MHI = _____%
Total LFCF Points = _____

Final Calculations

Total Points = ((NF+SC+PSP) x PF) + LFCF; where

NF = Needs Factor
SC = System Condition
PSP = Priority Segment Points
PF = Project Factor
LFCF = Local Fiscal Capacity Factor

((NF + SC + PSP + WQF) x PF) + LFCF

Where: ((_____ + _____ + _____ + _____) X _____) + _____

Total Points = _____

APPENDIX D

Intended Use of Funds

Appendix D to the Intended Use Plan for SFY[1] 2008

INTENDED USES OF FUNDS IN THE INDIANA FINANCE AUTHORITY'S SRF ACCOUNTS

This Appendix identifies the intended uses of the funds held in various accounts of the CWSRF, and how those uses support the goals of the CWSRF. This Appendix also demonstrates how the Authority meets the requirements of 40 CFR 35.3135(d) by using all of the funds in the CWSRF in an expeditious and timely manner.

Sources, Uses and Available Balances in SRF Accounts

The following accounts have been created and exist under the Authority's Wastewater Trust Indenture and comprise its CWSRF. Set forth on the attached Schedule 1 (the "Use Schedule") is detail on what funds are held in the CWSRF and how they were expeditiously and timely used in SFY 2007 and will continue to be in perpetuity.

Wastewater Purchase Account.

Sources of Funds: Funds held in this account[2] come from proceeds of Program Bonds[3] issued by the Authority. The Authority expects to cause additional Program Bonds to be issued at times and in amounts sufficient to meet the funding requirements for loans presently closed as of the end of the SFY 2007 as well as loans anticipated to be closed in SFY 2008 and after.

Uses of Funds: These funds are used to make loans for qualified Proposed Projects as permitted by 40 CFR 35.3120(a). This use directly furthers the primary purpose of the CWSRF Program by financing

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[1] Refers to the State Fiscal Year ending on June 30 of the year listed.

[2] Pursuant to SRF Indenture modification, the former State Match Loan Account was consolidated into this Account effective May 30, 2007.

[3] To date, the Authority (or its processor issuer) has issued multiple series of bonds including several refunding series (the "Program Bonds"), a portion of which are issued for the CWSRF. An allocated portion of the Program Bonds were deposited in the Purchase Account (with such bonds being referred to as the "Guarantee Revenue Bonds" in this Report) to make loans from the CWSRF and a further allocated portion of the Program Bonds were deposited in the Purchase Account (or the former State Match Loan Account) as state match (with such bonds being referred to as the "State Match Revenue Bonds" in this Report) to make loans or for other permitted purposes. The Guarantee Revenue Bonds are revenue bonds within the meaning of 40 CFR 35.3120(d), the net proceeds of which were deposited in the CWSRF. The State Match Revenue Bonds are revenue bonds within the meaning of 40 CFR 35.3135(b)(2), the net proceeds of which were deposited in the CWSRF; their proceeds (together with other match sources) have matched all capitalization grants awarded to date as well as a portion of the not-yet-available FFY 2008 (FFY refers to the Federal Fiscal Year ending September 30 of the year listed) grant by reason of over-match.

qualified Proposed Projects and through their construction improves water quality in the State of Indiana.

Available Balance: As of July 1, 2007, the aggregate amount of closed and committed loans were approximately equal to the balance in this account. As additional loans are closed in SFY 2008, such committed amount will exceed amount available in this account ("Excess Commitments"). The aggregate amount held in this account as of July 1, 2007 is shown in the Use Schedule. Accordingly, none of the funds presently on deposit in this account are available for other SRF purposes except to finance closed and committed loans related to qualified Proposed Projects.

Wastewater Participant Loan Principal Account.

Sources of Funds: Funds held in this account come from principal payments on loans made from the Purchase Account and the former State Match Loan Account.

Uses of Funds: These funds are used to make payments on the outstanding Guarantee Revenue Bonds as permitted by 40 CFR 35.3120(d) and the Authority's Operating Agreement with EPA. This use indirectly furthers the primary purpose of the SRF by making loan proceeds available to finance qualified Proposed Projects and through their construction improves water quality in the State of Indiana.

Available Balance: Approximately annually, this account is fully depleted to make payments on Program Bonds. Accordingly, none of the funds presently on deposit in this account are available for other SRF purposes.

Wastewater Participant Loan Interest Account.

Sources of Funds: Funds held in this account come from interest payments on loans made from the Purchase Account and the former State Match Loan Account.

Uses of Funds: These funds are used to make payments on the outstanding Guarantee Revenue Bonds and outstanding State Match Revenue Bonds as permitted by 40 CFR 35.3120(d) and 40 CFR 35. 3135(b)(2), respectively. This use indirectly furthers the primary purpose of the SRF by making loan proceeds available to finance qualified Proposed Projects and through their construction improves water quality in the State of Indiana.

Available Balance: Approximately annually, this account is fully depleted to make payments on Program Bonds. Accordingly, none of the funds presently on deposit in this account are available for other SRF purposes.

WASTEWATER RESERVE[4] contains the following accounts:

Wastewater Reserve Earnings Account.

Sources of Funds: Funds held in this account come from interest payments on loans made from the Purchase Account and the State Match Loan Account together with other earnings on invested Reserve accounts.

Uses of Funds: These funds are *first* used to make payments on the outstanding Guarantee Revenue Bonds and outstanding State Match Revenue Bonds as permitted by 40 CFR 3120(d) & (f) and 40 CFR 35.3135(b)(2), respectively, and *secondly* transferred to the Reserve Deficiency Account, as described below.

Available Balance: Approximately annually, this account is fully depleted to make payments on Program Bonds, with any excess available balances to be transferred to the Reserve Deficiency Account. Accordingly, none of the funds presently on deposit[5] in this account are available for other SRF purposes.

[4] Pursuant to SRF Indenture modification, effective May 30, 2007, the following Reserve accounts are pledged to particular series of Program Bonds by means of subaccounts therein. Such pledged accounts serving as the Reserve for only one Series of Program Bonds (a "Series Reserve") and are held at a fixed amount (a "Series Reserve Requirement") subject to annual reductions as principal on such Series of Program Bonds are repaid as required by the SRF indenture. While not labeled under this Reserve group of accounts, amount held in Equity serve as security for the payment of Program Bonds, and thus, are part of the "reserve" for the purposes of this Report and the federal Water Quality Act of 1987, as amended.

[5] And before any further transfers to the DWSRF as discussed elsewhere in this Appendix.

Wastewater Reserve Grant Account.

Sources of Funds: Funds held in this account[6] come from Federal capitalization grants drawn when funds are loaned or administrative expenses are incurred, up to the amount therein (and in the Support Account and Equity Grant Account) that equals the perpetuity amount, and any amounts in excess thereof come from State Match.[7]

Uses of Funds: These funds are used (i) as security[8] for outstanding Guarantee Revenue Bonds as permitted by 40 CFR 35.3120(d) & (e) and (ii) as a source of payment for the outstanding Guarantee Revenue Bonds and outstanding State Match Revenue Bonds as permitted by 40 CFR 35. 3120(d) & (f) and 40 CFR 35.3135(b)(2), respectively. This use both directly and indirectly furthers the primary purpose of the CWSRF Program by making financing for qualified Proposed Projects available and through their construction improves water quality in the State of Indiana.

Available Balance: The aggregate amount held in this account (as of July 1, 2007 and as anticipated in SFY 2008) is shown in the Use Schedule.[9] In furtherance of these purposes, the funds in this account are invested with certain short-term investments, treasury obligations[10] and long-term high-quality investment contracts (the "Investment Agreements"). The Investment Agreements (a) pay interest semi-annually serving as a source of payment for the outstanding Guarantee Revenue Bonds and outstanding State Match Revenue Bonds, (b) mature and may be terminated at the Authority's option as set forth in the attached Schedule 2, and (c)

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[6] Pursuant to SRF Indenture modification, the former State Match Account was consolidated into this Account effective May 30, 2007.

[7] State Match in this account came from State Match Revenue Bonds, and is either from (a) original proceeds that were held as reserve balances from State Match Revenue Bonds issued in 1993, 1994, 1995 and 1997 or (b) principal on loan repayments funded from such proceeds. As of July 1, 2007, such amounts related to State Match on deposit in this account have not been applied to Guarantee Revenue Bonds but may be so applied to make any regularly scheduled payments on the outstanding Guarantee Revenue Bonds as permitted by 40 CFR 35.3120(d) and the Authority's Operating Agreement with EPA.

[8] Pursuant to the financing indentures related to the cross-collateralized outstanding Program Bonds, the Authority is presently required to maintain reserves of at least $681 million, which is to be held in the Reserve accounts and is not anticipated to used to make loans to Participants. A portion of the reserves have been allocated to the CWSRF for purpose of this IUP (as shown in the amount set out in the Use Schedule). This is a minimum invested funds requirement. However, the Authority views invested amounts in excess of the foregoing minimum requirement as security and as a source of payment for the outstanding Program Bonds. Further, the Authority expects that the foregoing minimum requirement will increase as additional Program Bonds are issued in SFY 2008 and beyond. Such excess purposes are served by the Equity accounts to the extent that they are not anticipated to be used to make loans to Participants.

[9] And before any further transfers to the DWSRF as discussed elsewhere in this Appendix.

[10] Other than a $655,000 SLGS treasury bond.

qualified Proposed Projects available and through their construction improves water quality in the State of Indiana.

Available Balance: The aggregate amount held in this account (as of July 1, 2007 and as anticipated in SFY 2008) is shown in the Use Schedule. In furtherance of these purposes, the funds in this account are invested with Investment Agreements. The Investment Agreements as allocable to the Support Account (a) pay interest semi-annually serving as a source of payment for the outstanding Guarantee Revenue Bonds and outstanding State Match Revenue Bonds, (b) mature and may be terminated at the Authority's option as set forth in the attached Schedule 2, and (c) are available in full (as security) at any time if needed to pay the outstanding Guarantee Revenue Bonds. Further, Support Account balances are anticipated to applied to as a scheduled source of payment for the outstanding Guarantee Revenue Bonds and when so applied will be replaced by retaining earnings in the Equity Grant Account in an amounts necessary to preserve perpetuity as authorized and required by the Authority's Operating Agreement with EPA.

Wastewater Reserve Deficiency Account.

Sources of Funds: Funds held in this account, if any, will come from other Reserve accounts discussed above when the amounts held in the group of accounts serving as the Reserve any Series of Program Bonds (a "Series Reserve") exceeds its Series Reserve Requirement.

Uses of Funds: These funds are used to fund each Series Reserve by immediately transferring them as necessary (the *first* possible use) to each Series Reserve that is below its Series Reserve Requirement on each February 1 and August 1 and *secondly* (if not required for such *first* use) shall be transferred to an Equity account (the *secondary* use; which is expected to occur). Any such transfer is either made to a Grant Account or Earnings Account depending on the source of the funds transferred to the Reserve Deficiency Account.

Available Balance: No amounts were held in this account as of July 1, 2007 nor are any so anticipated in SFY 2008.

WASTEWATER EQUITY[11] contains the following accounts:

Wastewater Administration Account.

Sources of Funds: Funds held in this account come from the outstanding State Match Revenue Bonds or other available funds in the SRF.

Uses of Funds: These funds are applied to reasonable costs of administering the CWSRF Program as permitted by 40 CFR 35.3120(g). The Authority so applied these funds during the SFY 2007 (and expects to apply them and other funds in the CWSRF[12] to this purpose in the SFY 2008). Any funds not expended in SFY 2007 are banked for management of the CWSRF in perpetuity by the Authority.

Available Balance: As of July 1, 2007, the aggregate amount held in this account is shown in the Use Schedule. All of these funds are expected to be used solely to pay reasonable costs of administering the CWSRF Program. Accordingly, none of the funds presently on deposit in this account are available for other SRF purposes.

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[11] While funds held in these Equity accounts are not pledged to the payment of Program Bonds, the SRF Program Representative may, but is not required to, direct that they be used to pay Program Bonds. Further, the Authority would expect such to occur if it was necessary to pay such bonds and, thus, while not labeled under as Reserve in this Report, the CWSRF treats it as part of the "reserve" for the purposes of this Report and the federal Water Quality Act of 1987, as amended.

[12] Amounts set aside in this account only represent a portion of the funds the Authority is permitted by 40 CFR 35.3120(g) to apply to costs of administering the CWSRF Program. Additionally the Authority continues to bank for this purpose the remaining amount up to the full 4% limit as measured against total grants (including the not-yet-available FFY 2008 grant expected to be awarded in SFY 2008).

Wastewater Equity Grant Account.

Sources of Funds: Funds held in this account come from Federal capitalization grants drawn when funds are loaned or administrative expenses are incurred, up to the amount therein (and in the Reserve Grant Account and Support Account) that equals the perpetuity amount, and any amounts in excess thereof come from State Match.

Uses of Funds: These funds are used (i) as security[13] and as a source of payment for the outstanding Guarantee Revenue Bonds as permitted by 40 CFR 35.3120(d) & (e), (ii) to fund any transfers to the Authority's DWSRF as permitted by law including Section 302 of the Safe Drinking Water Act, (iii) to provide funds to meet costs of administering the CWSRF in perpetuity, and (iv) to fund that portion of any loans closed but not presently on deposit in the Purchase Account[14] in the event additional leveraged Guarantee Revenue Bonds could not be issued for any reason to meet such commitments. This use both directly and indirectly furthers the primary purpose of the CWSRF Program by making financing for qualified Proposed Projects available and through their construction improves water quality in the State of Indiana.

Available Balance: The aggregate amount held in this account (as of July 1, 2007 and as anticipated in SFY 2008) is shown in the Use Schedule.[15] In furtherance of these purposes, the funds in this account are invested with certain short-term investments, treasury obligations[16] and long-term high-quality investment contracts (the "Investment Agreements"). The Investment Agreements (a) pay interest semi-annually serving as a source of payment for the outstanding Guarantee Revenue Bonds and outstanding State Match Revenue Bonds, (b) mature and may be terminated at the Authority's option as set forth in the attached Schedule 2, and (c) are available in full (as security) at any time if needed to pay the outstanding Guarantee Revenue Bonds.

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[13] Pursuant to the financing indentures, the Authority may use these funds if the Reserve Grant Account were insufficient to pay outstanding Program Bonds. Further, the Authority expects that the foregoing minimum requirement of Reserve accounts will increase as additional Program Bonds are issued in SFY 2008 and will result in a transfer of any uncommitted amounts in the Equity Grant Account to the Reserve Grant Account inclusive of any Capitalization Grants drawn into the SRF after July 1, 2007.

[14] In addition to meeting any Excess Commitments as of July 1, 2007, additional Excess Commitments will occur before additional Guarantee Revenue Bonds are issued. This will result from closing new loans for qualified Proposed Projects with (a) approved preliminary engineering reports (PERs) as of July 1, 2007, (b) PERs submitted and under review by the CWSRF as of July 1, 2007 and (c) additional PERs to be submitted (including as set in the new PPL in SFY 2008), each as detailed in the Use Schedule.

[15] And before any further transfers to the DWSRF as discussed elsewhere in this Appendix.

[16] Other than a $655,000 SLGS treasury bond.

Wastewater Equity Earnings Account.

Sources of Funds: Funds held in this account come from (a) transfers from the Reserve Earnings Account and the Participant Loan Interest Account undertaken approximately annually or at the time of an issuance of additional Program Bonds and (b) earnings on amounts invested in the Equity accounts.

Uses of Funds: These funds are used (i) as security and as a source of payment for the outstanding Guarantee Revenue Bonds and outstanding State Match Revenue Bonds as permitted by 40 CFR 35. 3120(d) & (f) and 40 CFR 35.3135(b)(2), respectively, like the Equity Grant Account and (ii) to fund that portion of any loans closed but not on deposit in the Purchase Account in the event additional leveraged Guarantee Revenue Bonds could not be issued for any reason to meet such commitments. This use both directly and indirectly furthers the primary purpose of the SRF by making financing for qualified Proposed Projects available and through their construction improves water quality in the State of Indiana.

Available Balance: The aggregate amount held in this account as of July 1, 2007 is shown in the Use Schedule.[17]

ADDITIONAL INFORMATION CONCERNING EXPECTED USES OF SRF FUNDS

Use of Available Balances to Meet Closed Loan Commitments. Under its existing practices, the Authority closes CWSRF Program loans with Participants without the necessity of having available balances in its Purchase Account to fully fund those loan commitments on the date a CWSRF Program loan is closed. As of July 1, 2007, there were no Excess Commitments. By closing new loans for qualified Proposed Projects with (a) approved PERs as of July 1, 2007, (b) PERs submitted and under review by the CWSRF as of July 1, 2007 and (c) additional PERs to be submitted (including as set in the new PPL in SFY 2008), the aggregate amount of Excess Commitments would become as shown in the Use Schedule.

The Authority expects to cause additional Program Bonds to be issued at times and in amounts sufficient to meet the funding requirements for loans presently closed and those anticipated to be closed in SFY 2008. Additionally, certain amounts held in the Equity Grant Account and Equity Earnings Account are available and would be used to meet a portion of the projected funding requirements for loans presently closed (and those anticipated to be closed in SFY 2008) in the event additional Guarantee Revenue Bonds could not to be issued.

[17] And before any further transfers to the DWSRF as discussed elsewhere in this Appendix.

Use of Available Balances as a Reserve and Source of Payment for Guarantee Revenue Bonds. Amounts held in the Support Account, Reserve Deficiency Account, Equity Grant Account, Reserve Grant Account Reserve Earnings Account and Equity Earnings Account secure, and are a source of payment, for Guarantee Revenue Bonds as permitted by 40 CFR 35.3120(d) & (f). In addition to this use, a portion of these funds are also held to meet (a) Excess Commitments in SFY 2008 in the event additional Guarantee Revenue Bonds could not to be issued, (b) costs of administering the CWSRF Program in perpetuity, and (c) any transfers to the DWSRF as permitted by law.

Use of Available Balances as a Source of Payment for State Match Revenue Bonds. All SRF earnings including amounts held in the Reserve Earnings Account and Equity Earnings Account secure, and are a source of payment, for State Match Revenue Bonds as permitted by 40 CFR 35.3135(b)(2). In addition to this use, a portion of these funds are held to meet (a) Excess Commitments in SFY 2008 in the event additional Guarantee Revenue Bonds could not to be issued, (b) costs of administering the CWSRF Program in perpetuity, and (c) any transfers to the DWSRF as permitted by law.

Use of Available Balances as a Source of Payment for Administrative Expenses. All SRF amounts[18] are held to meet costs of administering the CWSRF Program in perpetuity if and as permitted by law.

Use of Available Balances to Possibly Transfer Funds to the Drinking Water SRF. During SFY 2008, the Authority expects to continuously refine its analysis of the ability of the resources in its DWSRF to meet demand for its loans. Present analysis evidences that after a transfer as of July 1, 2007 from the CWSRF to the DWSRF, requested Wastewater loans in SFY 2008 will not be met as both the DWSRF and CWSRF Programs would be at their leveraged loan capacity.

As of July 1, 2007, about $23.6 million has been transferred to DWSRF. As of July 1, 2007, the cumulative transfer amount available for additional transfers from CWSRF to the DWSRF could result in up to $40.45 million of allowable transfers including 33% of the FFY 2007 grant. The full amount of any such potential transfers is banked.

Further, transfers can be made from DWSRF to the CWSRF up to the cumulative amount made from CWSRF to the DWSRF to date, together with an amount equal to 33 percent of aggregate Drinking Water Capitalization Grants awarded. The full amount of any such potential transfers is banked.

Since the inception of the DWSRF, the Authority (or its predecessor) has banked transfers up to maximum permitted limit and continues to do so; funds held in the Equity Grant Account might be used for this purpose. Such transfer may be effectuated by a transfer of an invested balance from (a) one or more of the Authority's Investment

[18] Additionally the Authority continues to bank for this purpose the remaining amount up to the full 4% limit as measured against total grants (including the not-yet-available FFY 2008 grant expected to be awarded in SFY 2008).

Agreements or (b) other investments. These invested funds would then be used to support the issuance of Guarantee Revenue Bonds, the proceeds of which would be used to make Program loans. Any such determination would be based on whether the CWSRF or DWSRF program is more in need of funds (when considering their respective priorities) than the other. While a transfer from DWSRF to the CWSRF is not expected, it is also banked to reserve the Authority's discretion.

Schedule 1
to Exhibit I for the WWSRF A R (2006)

	Account Balances* as of: 30-Jun-2006 (Actual)	Future Deposits in SFY
A. Funds Committed to Closed (Undrawn) Loans by WWSRF		
Purchase Account & SRF Program Fund	$ 337,300,000	$ -
State Match Loan (SML) Account	2,300,000	-
	$ 339,600,000	$ -
B. Other Funds Held in WWSRF		
Administration Accounts	600,000	-
Grant Account-Reserve & Equity	534,600,000	39,100,000
State Match Account -Reserve & Equity	40,500,000	
Reserve Earnings Account	13,300,000	
Excess Earnings Account	85,300,000	-
	$ 674,300,000	$ 39,100,000
Total Available Funds (A. and B. above)	$ 1,013,900,000	$ 39,100,000

Proof of Timely & Expedious Use of Above Funds Held in WWSRF	
Closed Loans (Undrawn loan amounts covered by on-hand Purch. & SML Accts)	$ 339,600,000
Closed Loans Excess Commitments (after Application of above Purch. & SML Accts**)	68,800,000
PERs In-house (approved & under-review) Awaiting Loan Closing	267,400,000
Other Projects on new SFY's PPL, Requesting Loan Funding	67,600,000
*1. Use: to cover Loan Demand****	743,400,000
Funds held in existing Administrative Account	600,000
Remainder of 4% banked funds available for Administrative purposes	8,700,000
2. Use: to cover Administrative Costs in Perpetuity	9,300,000
3. Use: to cover Reserve Requirement #	573,300,000
Possible Uses of Funds (1, 2 & 3 above without considering other secondary purposes for holding them in the WWSRF) are as follows:	$ 1,326,000,000
Uses of Funds (1, 2 & 3 above):	$ 1,326,000,000
Less: Total Available Funds (A. and B. above)	1,053,000,000
Amount by which "Possible Uses of Funds" EXCEED "Total Available Funds"	$ 273,000,000

Notes:

* Amounts are approximate & rounded to nearest $100,000

** This amount is a net unfunded amount of closed loans after application of the June 30th on-hand balance.

*** While use will likely be met with future Program Bonds, possible that on-hand funds could be used.

\# Minimum reserve requirement under Program Bond Indenture.

SCHEDULE 2

SRF INVESTMENT AGREEMENTS

Funds held in the Reserve Grant Account and certain other accounts are invested in the following Investment Agreements which mature, and may be terminated at the Authority's option only, as follows:

Investment Agreement with:	Final Maturity Date[19]	Optional Termination Date[20]	Scheduled Repayments of Invested Amounts[21]
AIG Matched Funding Corp., dated January 21, 1993	2/1/15	N/A	$2 to $3 million
AIG Matched Funding Corp., dated March 24, 1994	2/1/16	N/A	$1 to $2 million
AIG Matched Funding Corp., dated February 7, 1995	2/1/17	N/A	N/A
AIG Matched Funding Corp., dated September 30, 1997	2/1/19	Any time	N/A
AIG Matched Funding Corp., Dated, September 29, 1998	2/1/20	2/1/10	$1 to $6 million
Citigroup Global Company Inc., Dated, February 13, 2006	8/1/16	Any time	$1 to $5 million
Trinity Plus Funding Company, LLC, Dated January 9, 2001	8/1/23	8/1/08	$0.1 to $18 million
AIG Matched Funding Corp., Dated, November 14, 2001	2/1/23	N/A	$1 to $10 million
AIG Matched Funding Corp., Dated, December 27, 2002	2/1/24	N/A	$1 to $2 million
Trinity Plus Funding Company, LLC, Dated March 21, 2006	2/1/29	N/A	$3 to $10 million
FSA Capital Management Services LLC, Dated June 19, 2007	2/1/28	N/A	$-0- to $15 million

The Authority has structured these Investment Agreements in a manner to assure as great as flexibility as practical to serve the variety of needs required by the SRF. The long-term nature of these investments assures long-term access to quality investment sources and, thereby, balances revenue certainty against known debt obligations associated with Program Bonds. This fosters the ability to issue additional Program Bonds to fund a prudent, maximum level of leveraged loans. Further, repayment features are consistent with the reserve purposes associated with most of these invested funds. These optional termination dates and scheduled repayment features associated with the Investment Agreements, in total, assure access to invested balances at reasonable intervals and are expected to facilitate future leveraged bond issues. However, it also to be understood that this restricts the SRF Program's ability to make use of these invested sums for other purpose (including certain of those uses recited elsewhere in this Appendix) without negotiating different termination provisions which could result in a charged losses upon any such alternate termination depending upon market conditions and other factors.

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[19] If not repaid sooner, all invested sums are required to be repaid to the Authority by this date.

[20] On or after this date, the Authority may terminate the investment at its option and all invested sums will then be required to be repaid to the Authority without any premium (or other market to market payment).

[21] Each February 1 (except for the 2000 & the first 2001 Investment Agreements, which is each August 1), commencing in 2008 (except for the first 2001 Investment Agreements, which is 2019), a portion of the invested sums is required to repaid annually to the Authority. These annual amounts are set out in a schedule to each agreement and range within the amounts shown in this column.