

STATE OF INDIANA

Clean Water State Revolving Fund Loan Program



**Intended Use Plan
State Fiscal Year 2021
July 1, 2020 – June 30, 2021**

**Clean Water State Revolving Fund Loan Program
Intended Use Plan SFY 2021**

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**State of Indiana
Clean Water State Revolving Fund Loan Program
Intended Use Plan**

SFY 2021

I. Introduction

Pursuant to Sections 603(g), 606(c) and 216 of the Clean Water Act as previously amended and as further amended by the Water Resources Reform and Development Act, (collectively, the “Clean Water Act” or “CWA”) and the FY 2021 Appropriations 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) 2021, for its Clean Water State Revolving Fund (CWSRF) Loan Program. An IUP is prepared each fiscal year to identify the uses of all monies available to the CWSRF Loan Program during that fiscal year. Acronyms and terms used herein are defined in Exhibit A, Definitions.

This IUP sets forth the intended use of all funds appropriated to the CWSRF Loan Program during SFY 2021. Collectively, all funding from EPA to the CWSRF Loan Program are referred to herein as Capitalization Grants.

The mission of the CWSRF Loan Program 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 CWA.

The CWSRF Loan Program is administered by the Authority. The Authority is responsible for setting priorities for loan assistance from the CWSRF Loan Program, which is evidenced by the CWSRF Loan Program Project Priority Lists (PPLs) for SFY 2021, which is attached as Exhibit B.

II. Project Priority List (PPL)

The SFY 2021 PPLs include all applications and projects. Projects for which a Preliminary Engineering Report (PER) has been submitted have been ranked and scored. All other projects for which the Authority received applications but for which PERs have not been submitted, are listed alphabetically un-scored and un-ranked. The CWSRF Loan Program has a PPL that consists of all Participants with populations of less than 10,000 and a second PPL that consists of all Participants with populations of 10,000 or greater. The PPLs are updated quarterly, and public noticed for comments each quarter for a two week period. The PPLs are posted on the Authority’s website at www.srf.in.gov.

The PPLs in Exhibit B also show the amount of SRF funds that are estimated to be used toward the Green Project Reserve Sustainability Incentive Program. The Authority is committed to

documenting an amount equal to 10% of the 2021 Capitalization Grant toward green project components.

Nonpoint Source projects are integrated in the PPLs and are included with their score and rank noted.

The Authority expects to use the CWSRF Loan Program to finance the planning, design and construction of the following project need categories under Section 212, 319 and 320 of the Clean Water Act:

PROJECT CATEGORIES

I. Secondary Treatment	IV B. New Interceptors
II. Advanced Treatment	V. Combined Sewer Overflow Correction
III A. Infiltration/Inflow Correction	VI. Stormwater Infrastructure
III B. Major Sewer System Rehabilitation and Correction	VII. Nonpoint Source Water Pollution Abatement
IV A. New Collection Systems	

A. Project Scoring and Ranking System

The Indiana SRF Loan Program Scoring and Ranking System can be found in Exhibit C. Scoring reflects the State’s water quality goals and accounts for population differences. Priorities include:

1. Project need categories;
2. Water quality points;
3. Brownfield reuse;
4. Financial Capability;
5. Bonus points will be available for projects that include Green Project Reserve (GPR) Sustainability Incentive Program components, climate resiliency elements, Regionalization, and participation in the Clean Watershed Needs Survey.
6. Deduction points - projects that disconnect from a viable treatment system will have points deducted.

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

In addition to being ranked and scored and in the Fundable Range, “Project readiness criteria” will be applied to assure that projects are ready for CWSRF Loan Program financing. Steps towards “project readiness” can be demonstrated by: (1) Submitting a PER; (2) Obtaining PER Approval, a construction permit, and bidding the project pursuant to the CWSRF Loan Program established timeframes; and (3) 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 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, and demonstrating the ability to repay the CWSRF Loan Program loan.

B. Fundable Range

To inform the public of current estimates regarding the CWSRF Loan Program’s financial capacity and to efficiently direct CWSRF Loan Program assistance to the highest priorities where possible, the State calculates the Fundable Range for those projects that are on the PPLs. Projects are included in the Fundable Range based on a project’s rank and score.

Historically, the CWSRF Loan Program uses a Fundable Range to plan and prioritize its responsibilities and resources. On July 1, 2020 the Authority estimated that funds available were insufficient to fund all Projects on the PPLs, therefore, those Projects within the Fundable Range are afforded priority of resources; most notably, preference in closing a loan as soon as the necessary programmatic and financial steps are completed.

Projects that are outside of the Fundable Range may receive funding in advance of those projects identified in the Fundable Range by following the bypass procedure outlined below. In addition, at the discretion of the CWSRF Loan Program, projects that have Green Project Reserve components or projects that are eligible for Additional Subsidization, or projects that have bid architectural and engineering services pursuant to the CWA (“A & E”) and are selected as an equivalency project may be funded in advance of projects in the Fundable Range to meet additional federal requirements. Also, projects that are viable only because of non-SRF financial assistance may be funded in advance of projects in the Fundable Range, and projects that would alleviate an emergency situations that poses a threat to the environment or to public health. See bypass procedures outlined in Section C.

C. Bypass Process

When the Authority has determined that funds on-hand are insufficient to fund projects in addition to those within a Fundable Range, the State will use the following bypass procedures to allow other projects on the PPLs to receive financial assistance from the CWSRF Loan Program during SFY 2021. 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. Due to high demand, the term for Projects in the Fundable Range to close has been extended for SFY 2021.

The following Bypass Process is used when the Authority uses a Fundable Range:

1. If applicable, the CWSRF Loan Program will note the Fundable Range on each PPL, and notify all Participants with 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 projects.
2. All Participants that are eligible for subsidized financing are requested to bid the entire SRF financed project in advance of a CWSRF loan closing.
3. Up to March 31 of that fiscal year, only projects in the Fundable Range will be permitted to close a CWSRF subsidized loan. However, to meet the additional requirements of the Clean Water Act and the terms and conditions of the current capitalization grant the CWSRF Loan Program may give projects that are eligible to receive Additional Subsidization (in the form of principal forgiveness) or projects that have Green Project Reserve components or projects that have procured A & E services pursuant to the CWA and are selected as an equivalency project priority and may permit those projects to be funded in advance of projects in the Fundable Range. In addition, the CWSRF Loan Program will give priority to projects that are viable only because of non-SRF financial assistance, and those projects that would alleviate an emergency situation that poses a threat to environmental or public health. These projects would be permitted to be funded in advance of the projects in the Fundable Range.
4. After March 31 of that fiscal year, the CWSRF Loan Program will permit a bypassing of projects within the Fundable Range that have not closed or scheduled to close their loan. However, projects that have received deductive points in the rank and score may not receive funding during the bypass period. 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.
5. After March 31 of that fiscal year, any project ready to close a CWSRF Loan Program loan under applicable CWSRF Loan Program lending requirements will be permitted to do so. If the CWSRF Loan Program determines there is insufficient lending capacity, then the highest-scored projects at a readiness-to-proceed stage may close.
6. Notwithstanding the foregoing, after March 31 of that fiscal year, 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.

7. All unfunded projects are eligible to remain on subsequent SFY's PPLs if they inform the CWSRF Loan Program of their desire to do so.

III. 2021 CWSRF Loan Program 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 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 while long-term goals and objectives are those the State expects to achieve over a longer course of time. Each year these goals are reviewed and updated from the previous IUP. For purposes of this IUP, short-term goals and objectives are those the State expects to achieve in SFY 2021.

A. Short-Term Goals and Objectives

During SFY 2021, the CWSRF Loan Program expects to achieve the following short-term goals and objectives:

ST1 Goal: Seek the immediate award of the Federal Fiscal Year (FFY) 2021 Capitalization Grant. Upon award, continue to disburse loan proceeds such that the 2021 Capitalization Grant can promptly be utilized.

ST 1a Goal: Ensure that Additional Subsidization is provided pursuant to the terms and conditions of the current capitalization grant and Additional Subsidization is provided as permitted by the Water Resources Reform and Development Act (WRRDA). Additional Subsidization may be provided in the form of principal forgiveness, negative interest loans or grants.

ST 1b Goal: Ensure that not less than 10% of the 2021 Capitalization Grant is allocated to fund Green Project Reserve Projects. Work diligently to identify and fund projects that address or have components of Green Project Reserve infrastructure, water or energy efficiency improvements, include environmentally innovative activities, or climate resilient improvements. Exhibit B shows projects expected to include Green Project Reserve activities.

ST 1c Goal: Ensure that Davis Bacon wage rules apply to all assistance agreements made with funds appropriated under the 2021 Capitalization Grant.

ST 1d Goal: Ensure that all American Iron and Steel requirements (AIS) as set forth in the current Capitalization Grant are met.

ST 1e Goal: If practical, equivalency projects will be identified in Exhibit D. A list of equivalency projects will be included in the Annual Report. The requirements of Section 602(b)(14) A & E procurement shall be satisfied by compliance with 40 USC Chapter 11.

ST 1f Goal: Ensure that Participants are studying and evaluating the cost and effectiveness of the proposed project or activity as required in Section 602(b)(13) of the Clean Water Act.

ST 1g Goal: Ensure that Participants are developing and implementing an Asset Management Program (AMP) that meets the requirements set forth in the CWSRF Loan Program Guidelines and that those Asset Management Programs include the components that meet the minimum requirements of a Fiscal Sustainability Plan as set forth in Section 603(d)(1)(E) of the Clean Water Act.

ST 2 Goal: Document the environmental benefits derived from the CWSRF Loan Program projects using the Clean Water Benefits Reporting system sanctioned by the EPA. Goals identified are:

- Abatement of combined sewer overflow (CSO) discharges along stream segments, ultimately reducing pollution to the Ohio River;
- Elimination of septic systems in communities, eliminating failing systems that discharge to waters of the state;
- SRF funds targeted to abate pathogen or nutrient loadings to impaired water bodies (303(d) listed streams); and
- Increased compliance with NPDES permits.

ST 3 Goal: Conduct a total of 30 technical, on-site and/ or virtual inspections between the CWSRF and DWSRF Loan Programs during the construction phase and the post-construction phase to document the construction progress, as well as the appropriate use of SRF funds. Inspections may be on-site and/or virtual.

ST 4 Goal: Work diligently with Participants and effectively manage projects to assist Participants in closing loans and constructing their projects in a timely, efficient manner.

ST5 Goal: Ensure that EPA funds are accessed when eligible expenses are incurred to minimize un-liquidated obligations.

ST6 Goal: Consider other available funding opportunities from Federal and/or State sources to further achieve the goals of the SRF (i.e. WIFIA).

ST7 Goal: Promote regional solutions for wastewater issues.

ST8 Goal: Ensure that Participants take part in regional study area activities as required by IC 5-1.2-11.5.

B. Long-Term Goals and Objectives

During SFY 2021, the State will continue to work to achieve the following long-term goals:

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

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

LT3 Goal: Monitor all outstanding loans and the financial capability of Participants through the use of an in-house monitoring system and, in conjunction with the Bank of New York Mellon Trust Company, ensure the CWSRF Loan Program continues to avoid loan defaults. In particular, review the financial statements for Participants receiving a State Board of Accounts examination report in the current calendar year. Require new Participants to utilize paying agent agreements and offer all prior Participants the opportunity to enter into a paying agent agreement. Conduct financial on-site visits as warranted.

LT4 Goal: Leverage EPA Capitalization Grants to generate loans that exceed two-times the awarded grant amounts.

LT5 Goal: Monitor Participant's draw of funds to assure loans are being drawn within two years. Work with Participants to spend down remaining funds. Assure that any un-drawn funds are returned to the loan pool and made available to other Participants.

LT6 Goal: Report all uses of CWSRF Loan Program funds in the Clean Water Benefits Reporting (CBR) database and the Clean Water SRF National Information Management System (NIMS) as required by the EPA and the Federal Funding Accountability and Transparency Act (FFATA). Submit required reports to EPA in a well-prepared and timely manner.

LT7 Goal: Periodically publish an SRF Loan Program newsletter.

LT8 Goal: Continue to look for co-funding opportunities between the Brownfields Program and the SRF Loan Program. Continue to look for co-funding opportunities between the USDA Rural Development and the SRF Loan Programs.

LT9 Goal: Ensure that the CWSRF Loan Program and its participants comply as required with Disadvantaged Business Enterprise fair share objectives, Federal environmental cross cutters and the Single Audit Act.

LT10 Goal: Provide interest rate breaks to communities which adopt Nonpoint Source Projects, Green components and Climate Resiliency projects. The CWSRF Loan Program

will meet quarterly with the Indiana Department of Environmental Management (IDEM) Watershed Assessment and Planning Branch to identify Projects on the CWSRF Loan Program PPL which may benefit from SRF funding.

LT11 Goal: Work with the IDEM Total Maximum Daily Load (TMDL) section to develop a system to assist communities in the implementation of TMDLs and offer interest rate breaks to communities eligible for CWSRF Loan funding, which implement TMDL.

LT12 Goal: Complete continuing education courses to ensure that all SRF Loan Program technical reviewers remain aware of innovations in the wastewater and drinking water industry and can review both wastewater and drinking water projects.

IV. Financial Status of the CWSRF Fund

A. 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.

As required by 40 CFR 35.3135 (c), Exhibit E, Intended Uses of the Funds, identifies the intended uses of the funds held in CWSRF Loan Program accounts, and how those uses support the goals of the CWSRF Loan Program. Exhibit E also demonstrates how the Authority meets the requirements of 40 CFR 35.3135(d) by using all of the funds in the CWSRF Loan Program in an expeditious and timely manner.

B. Available Funds

During SFY 2021, the State intends to provide funds to continue meeting existing loan commitments and to make additional loans for new projects by causing additional Guarantee Revenue Bonds and State Match Bonds to be issued. The issuance of these bonds will occur as, when and in amounts that are necessary for the State to meet the cash flow borrowing needs of existing and new loans. Binding Commitments are only made from the CWSRF Loan Program if and when a financial assistance agreement is entered into with a Participant.

The Authority expects to seek and be awarded a 2021 Capitalization Grant. The Authority will apply for the 2021 Capitalization Grant when it is made available by EPA. The Authority anticipates a grant in the amount of \$38,298,000¹. When added to the funds currently available to the State, the State estimates that it could, in aggregate, generate additional funds for lending in an amount sufficient to fund the majority of projects that have been scored and ranked on the SFY 2021 CWSRF Loan Program PPLs.

¹ Estimate, based on previous year's allotment

The maximum amount of funding available for loans depends on:

- Demand for the CWSRF Loan Program, as evidenced by projects;
- Participant's readiness-to-proceed, as evidenced by completion of a PER and other steps necessary to secure a CWSRF Loan Program loan within SFY 2021; 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 Authority'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 also provided the needed State Match funding and provided funds for loans. The balance of the bond proceeds, not available for loans, are used for reserve funds, administrative expenses, costs of issuance, etc.

C. Allocation of Available Funds

Projects will be financed 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 and CWSRF Loan Program requirements.

In addition to being ranked and scored and in the Fundable Range, "Project readiness criteria" will be applied to assure that projects that are ready for CWSRF Loan Program financing will be given priority.

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

D. Capitalization Grant Draw Process

The Authority's Grant Draw Process as of February 1, 2017 is presented in Exhibit F, Capitalization Grant Draw Process.

E. Other Types of Assistance Provided

Pooled Financing

The SRF Pooled Loan Program supplements the CWSRF Loan Program. Participants in the SRF Pooled Loan Program are eligible for financing at the same "AAA" interest rate available to the SRF Loan Program at the time of the Participant's loan closing. Most Participants realize substantial savings when compared to their "open market" rate. Since the SRF Pooled Loan Program supplements the CWSRF Loan Program, the State has the right to blend a large project with assistance from the SRF Pooled Loan Program. For instance, the State may require non-construction loans ("planning and design") loans to be funded by the

SRF Pooled Loan Program. Furthermore, the State may require requests for additional funding to be funded by the SRF Pooled Loan Program.

The Authority 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 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.

Indiana Water Infrastructure Assistance Program

Beginning in SFY 2021, the Authority will administer the Water Infrastructure Assistance Program as authorized by IC 5-1.2-14. The purpose of this State funded program is to establish the water infrastructure assistance fund as a source of money for grants, loans, and other financial assistance to, or for the benefit of, participants in the Program. The Water Infrastructure Assistance Program will be jointly administered with the SRF Loan Programs and follow similar procedures, including shared applications and shared Project Priority Lists.

Selection preference of projects for receiving funding from the Water Infrastructure Assistance Fund include:

1. Projects that are ineligible for funding through the Clean Water or Drinking Water SRF Loan Program and/or Participants that are ineligible for funding through the Clean Water or Drinking Water SRF Loan Program.
2. Participants serving less than 3,200 customers. Forty percent (40%) of the fund will be set aside for these Participants.
3. Other Projects deemed appropriate by the Authority that meet the requirements of IC 5-1.2-14.

F. Additional Subsidization

Additional Subsidization may be provided to eligible recipients under both the terms and conditions of the current capitalization grant and under the provisions of WRRDA. Additional Subsidization may be in the form of forgiveness of principle, negative interest loans, or grants (or any combination of these). It is the intent of the CWSRF Loan Program to provide Additional Subsidization in the form of principle forgiveness. The CWSRF Loan Program has the authority to offer loans and other financial assistance (i.e. Additional Subsidization) to or for the benefit of participants under Indiana Code 5-1.2-10-4. The CWSRF Loan Program has not set a cap on the amount of principal forgiveness that a community may receive.

Additional Subsidization may be provided:

1. Ten (10%) percent, or \$3,829,800², of the current Capitalization Grant shall be provided as Additional Subsidization to eligible recipients for initial financing for an eligible recipient or to buy, refinance, or restructure the debt obligations of eligible recipients only where such debt was incurred after the enactment of the FY 2021 Appropriations Act.
2. a) To benefit a municipality that meets the CWSRF Loan Program affordability criteria, as outlined in part G of this section; b) To benefit a municipality that does not meet the CWSRF Loan Program affordability criteria but seeks Additional Subsidization to benefit individual ratepayers in the residential user rate class; c) To implement a process, material technique, or technology that addresses water or energy efficiency goals, mitigates stormwater runoff, or encourages sustainable project planning, design and construction (EPA’s Sustainability Policy); or d) as permitted under the CWA. The allowable percentage is from zero (0%) percent to thirty (30%) percent of the FY 2021 Capitalization Grant as set forth in WRRDA.

The CWSRF Loan Program shall identify those communities who will receive Additional Subsidization (as described above) and the amount of the Additional Subsidization prior to executing a financial assistance agreement. All CWSRF Loan Program requirements must be complied with. In cases where a project cost exceeds principal forgiveness, base SRF loan funds may make up a portion or all of the difference.

G. Affordability Criteria

The CWSRF Loan Program will use the below affordability criteria to assist in identifying applicants that would have difficulty financing projects without Additional Subsidization.

- a) **Median Household Income (MHI)** – applicants with a lower MHI may receive Additional Subsidization in advance of applicants with a high MHI.
- b) **User rates** – applicants that have high post-project user rates may receive Additional Subsidization in advance of applicants with lower-post project user rates.
- c) **Unemployment data**³ – unemployment data will be considered.
- d) **Population trends**³ – population trends will be considered.
- e) **Other factors/data** deemed relevant by the CWSRF Loan Program may be considered, including but not limited to, projects that have a regional solution.

² Estimate based on previous year’s allotment

³ Unemployment data and population trends will be considered and used as a “tie breaker” if communities are similarly situated.

H. Transfers between CWSRF and DWSRF

The Authority has retained the flexibility to permit transfers between the DWSRF Loan Program and the CWSRF Loan Program 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). Exhibit E, 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 Grant Equity account 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 Authority would not expect such transfers to have a material impact on the capacity of the CWSRF Loan Program to finance projects during SFY 2021. Notwithstanding the foregoing, but subject to the Safe Drinking Water Act, the State retains the flexibility to transfer undrawn CWSRF Loan Program grants and/or to fund direct DWSRF Loan Program loans with transfers. The Authority would expect to only make transfers in a manner consistent with agreements related to outstanding Guarantee Revenue Bonds and State Match Revenue Bonds.

I. Interest Rates

The CWSRF Loan Program recognizes the continued need to balance the level of subsidy with the inherent limited capacity of the CWSRF Loan Program to meet demand for loans and participant affordability constraints. This balancing is reflected in the Authority's present interest rate policy.

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 daily 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 MHI from the 2014-2018 American Community Five Year Survey 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 a rate study before a rate ordinance is adopted by the Participant's governing body.

Participants that delay the repayment of new debt around existing debt service may be charged 25 additional basis points to help offset the additional subsidy they are afforded. The CWSRF Loan Program has the 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, positive effect on User Rates.

In SFY 2021 the CWSRF Loan Program began to offer loans with extended term financing. More information on extended term financing can be found in part J of this section.

Participants that qualify for and opt to close a loan with extended term financing will receive an increased interest rate as shown:

<u>Loan Term</u>	<u>Interest Rate Increase</u>
21-25	+0.1%
26-30	+0.2%
30-35	+0.3%

J. Terms

Standard 20 Year Term Loans

Consistent with applicable law, standard 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 or the useful life of the project, whichever is shorter after expected completion of the project. The CWSRF Loan Program may offer Participant’s 30 year loan terms at its discretion provided the useful life of the project is equal to or greater than 30 years. 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.

Loan Terms That Exceed 20 Years

On August 3, 2017, the Authority received EPA approval to offer extended term financings in both CWSRF and DWSRF Loan Programs. A loan term up to 35 years may be given to all Indiana utilities to correct the issue of aging infrastructure for all water and sewer projects having a useful life equal to the loan term.

K. Cross-collateralization of the CWSRF with the DWSRF

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 Authority 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 Authority 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.

L. Fees Assessed on Recipients

The Authority assesses all Participants a Loan Closing Fee of \$1,000 to off-set loan processing costs incurred by the CWSRF Loan Program. The CWSRF Loan Program may also assess a Non-Use Fee on funds not used for Project costs two years following the loan closing in order to encourage prompt use of funds. Participants must use non-SRF monies to fund payment of these fees. The total dollar amount in the CWSRF Administrative Fee Account as of July 1, 2020 was \$148,927.90.

As permitted by 40 CFR Part 35 and the EPA Fee Policy dated October 20, 2005, effective November 13, 2015, the Authority implemented a CWSRF Fee for the CWSRF Loan Program. The CWSRF Fees collected will be deposited in the Wastewater Program Fund, a segregated account that is not designated as part of the accounts comprising the SRF Fund and separate from the Drinking Water Program Fund account where the DWSRF Fees will be deposited

It is the intention of the Authority to use the accumulated CWSRF Fees for the allowable purposes outlined in the EPA Fee Policy dated October 20, 2005 and as permitted under 40 CFR Part 35. The allowable purposes include the use of the CWSRF Fees for projects, needs, costs or expenses that support or further the goals, purposes or objectives of the CWA; for state match; for other water quality related purposes; for combined financial administration of the CWSRF and DWSRF Funds where the programs are administered by the same state agency as is the case in Indiana and for all other permitted uses. A detailed summary of the actual use of the CWSRF Fees will be provided in Exhibit K of the CWSRF Annual Report.

The CWSRF Fee charged by the Authority will be separately stated from interest charges imposed in respect of financial assistance structured in the form of a loan; provided however, as set out in its standard forms of financial assistance agreement, the Authority may adjust the interest rate on the bonds evidencing any SRF loan to be lowered, with the difference between the amount payable as the original rate on such bonds and the lower rate being deemed an SRF Fee in connection with the CWSRF Program. Any such recharacterization of the otherwise stated interest charges as fees will be accomplished by notice given by the Authority to the Participant prior to the date of any scheduled interest payment is due and prior to deposit of any interest payment in the SRF Fund.

The total amount in the CWSRF Fee Account as of July 1, 2020 was \$6,853,997, of which \$4,528,255 remains unallocated.

M. CWSRF Financial Planning and Long-term Financial Health

The Authority employs financial advisor, Public Financial Management, Inc., to periodically evaluate the financial status and health of the CWSRF Loan Program and make recommendations that support sustainability.

N. Assurances, Specific Proposals

The Authority 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 July 1, 2020, Binding Commitments exceeded 120 percent of all grants awarded to date (that is, FFY 1994 through 2020), significantly in advance of the foregoing Binding Commitment deadlines. Further, such Binding Commitments would exceed 200 percent of Capitalization Grants (inclusive of the FFY 2020 Capitalization Grant). Such amounts are banked toward meeting future Binding Commitment requirements.
- c) 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 Exhibit E, the State has used all CWSRF funds in a timely and expeditious manner and will continue to do so.
- d) 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.

In accordance with Section 606(b) of the Clean Water Act, the Authority, hereby affirms that it retains an independent auditor to review and audit the use of funds deposited in the CWSRF Loan Program in accordance with the auditing procedures of the federal General Accounting Office, the requirements of the federal Single Audit Act, and the federal Office of Management and Budget's "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards".

O. Administrative Expenses

Pursuant to Section 603(d)(7) of the CWA, the CWSRF Loan Program may cover the reasonable costs of administering the fund utilizing one of the following, whichever is greatest, plus any fees collected by the CWSRF Loan Program.

- An amount equal to 4 percent of all grant awards received less any amounts used in previous years;
- \$400,000 per year; or

- 1/5% of the current valuation of the fund.

The CWSRF Loan Program intends to take an amount equal to 4 percent of all grant awards received, less any amounts used in previous years to offset CWSRF Loan Program costs, including administrative, legal and financial fees and expenses, to operate the CWSRF Loan Program in perpetuity. At the end of SFY 2020, the amount available for administrative expenses incurred by the Clean Water SRF Loan Program is \$3,102,351.

V. Public Participation

Public notice is made through the SRF Loan Program website, www.srf.in.gov. The CWSRF Loan Program has public noticed the IUP on the SRF Loan Program website from September 15, 2020 through September 30, 2020. Each quarter, the PPLs will be public noticed for a two week period. Further detail on public notices of the PPLs can be found in Exhibit B. Copies of this proposed IUP and PPLs are also available to the public upon request. The PPLs are also posted on the SRF Loan Program website.

The CWSRF Loan Program will respond to any major SFY 2021 IUP comment and a response will be determined by the nature of the comment or concern.

This IUP, including the PPLs, may be amended during SFY 2021 in accordance with federal and state law. As described in Exhibit B, the State intends to amend the PPLs quarterly during SFY 2021. The IUP may also be amended from time-to-time to reflect any minor changes which constitute data revision or clarification.

Exhibit A

CWSRF Loan Program Definitions

Terms used in this document have the following meanings:

Additional Subsidization means to provide assistance in the form of principal forgiveness, negative interest rate loans, or grants in accordance with the Clean Water Act (CWA) Section 603(i) as amended by the Water Resources Reform and Development Act of 2014 (WRRDA) and the terms and conditions of the current capitalization grant. Priority for additional subsidies may be given to communities that could not otherwise afford such projects and as set forth in this IUP.

American Iron and Steel (AIS) means Section 608 of the CWA , which codifies the “American Iron and Steel (AIS)” requirement previously set forth in EPA’s SRF appropriations that requires Clean Water State Revolving Loan Fund (CWSRF) assistance recipients, absent a waiver, to use iron and steel products that are produced in the United States for projects for the construction, alteration, maintenance, or repair of a public water system or treatment works if the project is funded through an assistance agreement.

Asset Management Program (AMP) means the program developed and implemented by the Participant demonstrating that it has the technical, managerial, legal and financial capability to operate and maintain its water and/or wastewater system. AMPs shall be inclusive of the requirements of the Fiscal Sustainability Plan requirements for Wastewater projects.

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 Act (CWA) means the Federal Water Pollution Control Act (FWPCA), 33 U.S.C. 1251 et seq., in effect on January 1, 1989, amended December 16, 1996, and further amended by the WRRDA, in effect on June 10, 2014.

Clean Water State Revolving Fund (CWSRF) Loan Program means the State’s revolving fund loan program for wastewater infrastructure established under and pursuant to IC 5-1.2-10 and the programs afforded thereby.

Cost and Effectiveness means an evaluation of the processes, materials, techniques, and technologies for carrying out the proposed project or activity for which assistance is sought under this program and documentation that the selected alternative maximizes the potential for

efficient water use, reuse, recapture, and conservation, and energy conservation, taking into account the cost of constructing the project or activity; the cost of operating and maintaining the project or activity over the life of the project or activity; and the cost of replacing the project or activity.

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.

Equivalency Project means a project or projects in an amount equal to the current capitalization grant. Equivalency Projects must comply with all of the following; a) FFATA reporting requirements, b) Single Audit Act, c) Federal Cross Cutters, d) Disadvantaged Business Enterprise, and e) 40 U.S.C. Chapter 11 Procurement for Architectural and Engineering Services.

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

Fiscal Sustainability Plan (FSP) a plan that is consistent with SRF Policy Guidelines includes (a) an inventory of critical assets that are a part of the treatment works; (b) an evaluation of the condition and performance of inventoried assets or asset groupings; (c) a certification that the Participant has evaluated and will be implementing water and energy conservation efforts as part of the plan; and (d) a plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities. Fiscal Sustainability Plan requirements shall be included in the required AMP, and an AMP certification will meet the requirements of both AMP and FSP.

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.

Green Project Reserve (GPR) Sustainability Incentive Program means assistance in the form of interest rate discounts to address green infrastructure, water or energy efficiency improvements, other environmentally innovative activities, or climate resiliency planning.

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 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 5-1.2-3.

Intended Use Plan (IUP) means a plan prepared by the Authority identifying the intended uses of the amount of funding available to the Clean Water SRF. The IUP shall include all requirements set forth in the CWA.

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

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

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

Participant means a political subdivision, 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 IC 36-1-2-13, and any other owner of a Treatment Works that is authorized by the CWA to borrow from the CWSRF.

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 a project.

Pre-Planning Meeting means an initial meeting held with a Participant to gain an understanding of the Participant's needs and to explain CWSRF Loan Program requirements.

Project Priority List (PPL) ranks, in descending priority of need, projects for which Participants have requested financial assistance from the CWSRF for eligible expenses. It includes 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. The PPL is created by the Program, updated quarterly, and may be amended as necessary.

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

Readiness to Proceed means projects that are ready for CWSRF Loan Program financing. Steps towards "project readiness" can be demonstrated by: (1) Submitting a PER; (2) Obtaining PER Approval, a construction permit, and bidding the project pursuant to the CWSRF Loan Program established timeframes; and (3) 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 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 and demonstrating the ability to repay the CWSRF Loan Program loan.

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

State means the State of Indiana.

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

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 Indiana Finance Authority as needed to fund its State Match.

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

Treatment Works means any devices and systems used in the storage, treatment, recycling, and reclamation of municipal sewage or industrial wastes of a liquid nature to implement section 201 of the CWA or necessary to recycle or reuse water at the most economical cost over the estimated life of the works, including intercepting sewers, outfall sewers, sewage collection systems, pumping power, and other equipment, and their appurtenances; extensions, improvements, remodeling additions and alterations thereof; elements essential to provide a reliable recycled supply such as standby treatment units, and clear well facilities; and acquisition of the land that will be integral part of the treatment process (including land use for the storage of treated wastewater in land treatment systems prior to land application) or will be used for ultimate disposal of residues resulting from such treatment and acquisition of other land, and interests in land, that are necessary for construction.

Exhibit B
Project Priority Lists

This Exhibit shows all Project Priority Lists published up to the date of this plan.

Project Priority Lists are updated on a quarterly basis and posted for public notice for two weeks at each quarter.

SFY 2021 - Wastewater (Large Systems)

Indiana Wastewater State Revolving Fund (WWSRF) Loan Program
 SFY 2021 Project Priority List, July 22, 2020, 1st Quarter FINAL*
 Projects Applying for Financial Assistance in State Fiscal Year 2021 (July 1, 2020 - June 30, 2021)
 Population 10,000 or greater

PPL Rank ¹	PPL Score	Participant	MHI ²	Population Served	NPDES No.	SRF Project No.	Project Description	Needs Category ³	EPA's Sustainability Policy Category ⁴	Estimated Green Project Reserve Cost	Green Project Reserve Category ⁵	Current User Rate (per 4,000 gallons) ²	Estimated Post-Project User Rate (per 4,000 gallons) ²	Requested Funds	Cumulative Requested Funds	SFY 2021 Fundable Range ⁶ (\$140 Million)
1	64	Kokomo	\$43,588	57,947	IN0032875	WW210734 03	Plant and Collection System Improvements	I, II, V	1, 2, 3	TBD	TBD	\$38.40	\$40.32	\$21,463,500	\$21,463,500	Fundable Range (\$140 Million)
2	55	Clinton County Building Corporation	\$52,488	33,301	IN0022934	WW190812 01	New Collection System	IV-A	1	TBD	TBD	\$51.23	\$85.29	\$9,169,000	\$30,632,500	
3	54	Fort Wayne	\$48,023	264,052	IN0032191	WW182002 14	Combined Sewer Plan	I, III-A, V	1	TBD	TBD	\$48.64	\$49.08	\$23,000,000	\$53,632,500	
4	49	CWA Authority, Inc.	\$44,709	903,393	IN0023183	WW162749 04	Combined Sewer Plan	IV-B	1	TBD	TBD	\$44.32	TBD	\$265,560,972	\$319,193,472	
5	46	Elkhart	\$40,440	52,308	IN0025674	WW182620 04	Combined Sewer Plan	V	1	TBD	TBD	\$31.05	\$44.00	\$23,850,000	\$343,043,472	
6	45	Bedford	\$40,675	13,285	IN0025623	WW201247 03	Plant Upgrade	I	1, 2, 3	TBD	TBD	\$36.42	\$51.00	\$11,225,000	\$354,268,472	
7	43	East Chicago Sanitary District	\$31,907	28,448	IN0622829	WW192445 02	Plant and Collection System Improvements	I, III-B	1, 2, 3	TBD	TBD	\$18.26	\$28.60	\$12,951,000	\$367,219,472	
8	39	Richmond Sanitary District	\$37,145	35,653	IN0025615	WW210989 08	Collection System Improvements	III-B	1, 2, 3	TBD	TBD	\$43.44	\$43.44	\$8,780,300	\$375,999,772	
9	34	Evansville	\$38,646	118,952	IN0032956	WW211282 20	Collection System Improvements	III-B	1, 2, 3	TBD	TBD	\$70.15	\$72.00	\$26,268,500	\$402,268,272	
10	32	Jeffersonville	\$55,828	47,175	IN0023302	WW191110 09	Plant Improvements and Combined Sewer Plan	II, IV-B, V	1, 2, 3	\$1,305,000	EE	\$53.60	\$58.88	\$30,975,000	\$433,243,272	
11	29	Jeffersonville-Clarksville Flood Control District	\$54,240	115,702	NA	WW211610 01	Storm Water Improvements	IV-A, IV-B	1	TBD	TBD	\$53.60	\$60.54	\$7,437,000	\$440,680,272	
12	27	South Dearborn Regional Sewer District	\$43,744	15,274	IN0024538	WW212415 01	Plant Improvements	I	1, 2, 3	TBD	TBD	\$46.07	\$67.26	\$20,657,000	\$461,337,272	
13	26	Washington	\$40,645	12,609	IN0025658	WW190714 02	Collection System Improvements	III-B	1, 2, 3	TBD	TBD	\$53.78	\$61.85	\$2,218,000	\$463,555,272	
14	18	Brownsburg	\$70,354	25,264	IN0021245	WW211732 04	Collection System Improvements	III-B	1	TBD	TBD	\$36.89	Under \$65	\$6,900,000	\$470,455,272	
15	15	Ben Davis Conservancy District	\$40,109	10,473	IN0023183	WW181349 01	New Plant	I	1	TBD	TBD	\$30.00	TBD	\$13,485,000	\$483,940,272	
TOTAL REQUESTED FUNDS - PRELIMINARY ENGINEERING REPORTS (PERs)										\$1,305,000				\$483,940,272		

PPL Rank ¹	PPL Score	Participant	MHI ^{2,3}	Population Served	PWSID No.	SRF Project No.	Project Description	Needs Category ³	EPA's Sustainability Policy Category ⁴	Estimated Green Project Reserve Cost	Green Project Reserve Category ⁵	Current User Rate (per 4,000 gallons) ²	Estimated Post-Project User Rate (per 4,000 gallons) ²	Estimated Total Project Cost	Cumulative Total
TOTAL REQUESTED FUNDS - APPLICATIONS ONLY										\$0				\$0	
TOTAL REQUESTED FUNDS - PERs & APPLICATIONS										\$1,305,000				\$483,940,272	

Footnotes:

- ¹ A community must submit a complete Preliminary Engineering Report to the WWSRF Loan Program in order for the project to be scored and ranked on the Project Priority List (PPL).
- ² Additional subsidization may be provided to participants who have a low Median Household Income (MHI) and/or high post-project user rates as outlined in the Intended Use Plan (IUP). The amount of the additional subsidization shall be determined and set forth in the financial assistance agreement.
- ³ Needs Categories:
 I. Secondary Wastewater Treatment
 II. Advanced Wastewater Treatment
 III-A. Infiltration/Inflow Correction
 III-B. Sewer Replacement/Rehabilitation
 IV-A. New Collector Sewers and Appurtenances
 IV-B. New Interceptors Sewer and Appurtenances
 V. Combined Sewer Overflow (CSO) Correction
 VI. Stormwater Management Programs
 VI A. Stormwater Conveyance Infrastructure
 VI B. Stormwater Treatment Systems
 VI C. Green Infrastructure
 VI D. General Stormwater Management
 VII. Nonpoint Source (NPS) Control
 VII A. NPS Control: Agriculture (Cropland)
 VII B. NPS Control: Agriculture (Animals)
 VII C. NPS Control: Silviculture
 VII E. NPS Control: Ground Water Protection
 VII F. NPS Control: Marinas
 VII G. NPS Control: Resource Extraction
 VII H. NPS Control: Brownfields
 VII I. NPS Control: Storage Tanks
 VII J. NPS Control: Sanitary Landfills
 VII K. NPS Control: Hydro modification
 VII M. NPS Control: Other Estuary Management Activities
 X. Recycled Water Distribution
 XII. Decentralized Wastewater Treatment Systems
- ⁴ EPA's Wastewater and Drinking Water Infrastructure Sustainability Policy. **Category 1:** projects that are based on a "fix it first" approach that focuses on system upgrade and replacement in existing communities. **Category 2:** investigations, studies, or plans that improve the technical, managerial, and financial capacity of the assistance recipient to operate, maintain, and replace financed infrastructure. **Category 3:** preliminary planning, alternatives assessment, and eligible capital projects that reflect the full life cycle costs of infrastructure assets, conserve natural resources, or use alternative approaches to integrate natural or "green" systems into the built environment.
- ⁵ EE = Energy Efficiency, EI = Environmentally Innovative, GI = Green Infrastructure, WE = Water Efficiency, CR = Climate Resiliency.
- ⁶ Borrowers eligible for up to \$25,000,000 at a subsidized interest rate.

* This project priority list was published on July 8, 2020 for a 2-week comment period.

SFY 2021 - Wastewater (Small Systems)
 Indiana Wastewater State Revolving Fund (WWSRF) Loan Program
 SFY 2021 Project Priority List, July 22, 2020, 1st Quarter FINAL*
 Projects Applying for Financial Assistance in State Fiscal Year 2021 (July 1, 2020 - June 30, 2021)

PPL Rank ¹	PPL Score	Participant	MHI ²	Population Served	NPDES No.	SRF Project No.	Project Description	Needs Category ³	EPA's Sustainability Policy Category ⁴	Estimated Green Project Reserve Cost	Green Project Reserve Category ⁵	Current User Rate (per 4,000 gallons) ²	Estimated Post-Project User Rate (per 4,000 gallons) ²	Requested Funds	Cumulative Requested Funds	SFY 2021 Fundable Range ⁶ (\$135 Million)
1	66	Wells County Regional Sewer District	\$56,265	9,897	IN0022411	WW192790 01	New Collection System	IV-A	1	TBD	TBD	\$0.00	\$254.18	\$7,368,000	\$7,368,000	Fundable Range (\$135 Million)
2	63	Adams County Regional Water and Sewer District	\$51,713	1,659	IN0039314	WW190201 02	New Collection System	IV-A, IV-B	1	\$0	N/A	\$93.30	\$157.16	\$10,650,000	\$18,018,000	
3	62	LaGrange County Regional Utility District	\$60,675	5,583	IN0060097	WW190544 03	Plant and Collection System Improvements	I, III-B	1, 2, 3	TBD	TBD	\$72.00	\$96.13	\$7,300,000	\$25,318,000	
4	62	Whitley County Regional Water and Sewer District	\$61,153	519	IN0022624	WW183292 01	New Collection System	IV-A	1	TBD	TBD	\$0.00	\$248.00	\$7,400,000	\$32,718,000	
5	60	Long Beach	\$103,569	1,108	IN0023752	WW180846 01	Collection System Expansion	IV-A	1	TBD	TBD	\$32.19	\$165.05	\$7,310,000	\$40,028,000	
6	58	Elwood: West Elwood	\$40,122	8,449	IN0032719	WW210148 03	Collection System Expansion	IV-A	1	TBD	TBD	\$50.24	\$85.29	\$1,714,718	\$41,742,718	
7	57	Butler	\$56,827	2,729	IN0022462	WW200817 01	Plant Upgrade	I, V	1, 2, 3	TBD	TBD	\$60.64	\$60.64	\$6,406,000	\$48,148,718	
8	55	Brown County Regional Sewer District	\$61,455	568	TBD	WW181707 01	New Plant and Collection System	I, II, IV-A	1	TBD	TBD	\$0.00	\$221.15	\$10,300,000	\$58,448,718	
9	52	Morgantown	\$43,393	1,030	IN0036820	WW191955 01	Plant and Collection System Improvements	I, II, III-B	1, 2	TBD	TBD	\$34.99	\$129.38	\$7,033,175	\$65,481,893	
10	50	Westlakes Regional Sewer District	\$45,381	1,587	IN0063088	WW200157 01	Plant and Collection System Improvements	I, III-B	1, 2, 3	TBD	TBD	\$95.31	\$110.10	\$772,000	\$66,253,893	
11	50	Posey County Regional Sewer District	\$62,583	3,989	TBD	WW192665 02	New Plant and Collection System	I, IV-A	1	TBD	TBD	\$0.00	\$108.80	\$11,000,000	\$77,253,893	
12	50	Monrovia	\$73,029	1,500	IN0060640	WW210655 01	Plant and Collection System Improvements	I, III-B	1, 2, 3	TBD	TBD	\$56.73	\$78.13	\$3,672,752	\$80,926,645	
13	49	Thralls Station Regional Sewer District	\$21,786	860	IN0109592	WW201184 02	Infiltration/Inflow Correction	III-A	1, 2, 3	TBD	TBD	\$82.20	\$101.46	\$1,134,000	\$82,060,645	
14	49	Turkey Creek Regional Sewer District	\$40,341	500	IN0045802	WW210349 02	Collection System Expansion	IV-A	1	TBD	TBD	\$65.90	\$71.83	\$2,672,000	\$84,732,645	
15	49	Middlebury	\$68,152	3,572	IN0023761	WW210420 03	Collection System Expansion	IV-A	1	TBD	TBD	\$34.25	\$44.74	\$4,939,700	\$89,672,345	
16	48	Monticello	\$44,276	5,282	IN0020176	WW210291 04	Combined Sewer Plan	V	1, 2	TBD	TBD	\$69.46	\$80.41	\$10,965,385	\$100,637,730	
17	48	Rochester	\$46,409	6,043	IN0021661	WW210825 01	Plant Improvements	I, I	1, 2, 3	TBD	TBD	\$28.78	\$42.90	\$9,988,500	\$110,626,230	
18	46	Frankton	\$49,352	1,980	IN0020028	WW211248 01	New Plant and Collection System Improvements	I, II, III-B	1	TBD	TBD	\$26.03	\$136.00	\$28,033,000	\$138,659,230	
19	45	Milltown	\$33,813	896	IN0020460	WW200231 01	New Plant	I	1, 2, 3	TBD	TBD	\$45.90	\$80.33	\$1,640,000	\$140,299,230	
20	45	Highland Sanitary District	\$63,699	9,025	IN0023060	WW211545 01	Collection System Improvements	III-B, IV-A	1, 2, 3	TBD	TBD	\$18.71	\$20.42	\$7,633,700	\$147,932,930	
21	43	Elwood	\$40,122	8,449	IN0032719	WW190909 03	Combined Sewer Plan	V	1	\$0	N/A	\$42.76	\$50.24	\$2,814,000	\$150,746,930	
22	41	Western Wayne Regional Sewer District	\$44,228	3,677	IN0054402	WW141789 01	Plant Upgrade	I, II	1, 2, 3	\$2,344,000	EE, EI	\$43.82	\$53.95	\$18,000,000	\$168,746,930	
23	41	Daleville	\$50,417	1,636	Stormwater	WW192818 01	Storm Water Improvements	VI	1	TBD	TBD	\$60.31	\$68.10	\$1,510,800	\$170,257,730	
24	41	Sellersburg	\$62,143	9,013	IN0020419	WW211010 01	Plant Improvements and Expansion	I, II	1, 2	TBD	TBD	\$22.85	\$59.51	\$25,275,000	\$195,532,730	
25	40	Chesterfield	\$41,222	2,336	IN0063983	WW211948 03	Plant and Collection System Improvements	I, II, III-B	1, 2, 3	TBD	TBD	\$65.05	\$89.15	\$1,523,000	\$197,055,730	
26	40	Crothersville	\$50,921	1,755	IN0022683	WW191736 01	Combined Sewer Plan	V	1, 2, 3	TBD	TBD	\$43.42	\$85.58	\$5,744,618	\$202,800,348	
27	40	Atlanta	\$62,604	890	IN0022306	WW200529 01	Infiltration/Inflow Correction	III-B	1, 2, 3	TBD	TBD	\$67.00	\$114.19	\$1,508,329	\$204,308,677	
28	39	South Henry Regional Waste District	\$48,235	1,851	IN0055131	WW192233 01	Collection System Improvements	III-B	1, 2, 3	TBD	TBD	\$49.85	\$79.73	\$5,433,000	\$209,741,677	
29	38	New Ross	\$54,091	477	IN0059790	WW191454 01	Plant Improvements	I	1, 2, 3	TBD	TBD	\$50.00	\$60.00	\$360,000	\$210,101,677	
30	38	Clayton	\$65,000	998	IN0021431	WW201037 02	Plant and Collection System Improvements	II, III-A, IV-B	1, 2	TBD	TBD	\$40.00	\$96.64	\$6,206,000	\$216,307,677	
31	37	Westville	\$43,510	6,343	IN0024848	WW200746 02	Plant and Collection System Improvements	I, III-A	1, 2, 3	TBD	TBD	\$52.96	\$29.04	\$10,901,620	\$227,209,297	
32	36	East Shore Conservancy District	\$39,010	1,211	IN0021288	WW211850 01	Collection System Improvements	III-B, IV-B	1	TBD	TBD	\$75.00	\$252.55	\$3,119,000	\$230,328,297	
33	36	Darlington	\$58,500	822	Stormwater	WW192554 02	Storm Water Improvements	VI	1	TBD	TBD	\$65.65	\$118.16	\$1,012,056	\$231,340,353	
34	35	Thorntown	\$46,861	1,429	IN0024589	WW192106 01	Plant and Collection System Improvements	I, III-B	1, 2, 3	TBD	TBD	\$29.88	\$49.71	\$1,954,000	\$233,294,353	
35	34	Topeka	\$43,510	1,022	IN0021571	WW211144 01	Plant Improvements	I, II	1, 2, 3	TBD	TBD	\$35.90	\$84.68	\$7,631,000	\$240,925,353	

36	34	Dale	\$47,500	1,442	IN021598	WW200947 02	Plant and Collection System Improvements	I, III-A, III-B	1, 2, 3	TBD	TBD	\$49.62	\$49.62	\$2,611,000	\$243,536,353
37	30	Alexandria	\$52,051	5,025	IN0020044	WW211448 03	Plant Improvements	II	1, 2, 3	TBD	TBD	\$45.03	\$55.41	\$1,405,000	\$244,941,353
38	27	Nashville	\$43,542	1,349	IN0023876	WW212307 01	Plant and Collection System Improvements	I, III-B	1, 2, 3	TBD	TBD	\$59.98	\$105.98	\$6,122,400	\$251,063,753
39	27	Whitestown	\$77,802	7,220	IN0064211	WW212206 05	Collection System Improvements	III-B	1, 2, 3	TBD	TBD	\$57.12	TBD	\$9,541,000	\$260,604,753
40	26	New Whiteland	\$63,901	5,955	Stormwater	WW191541 03	Storm Water Improvements	VI	1, 2, 3	TBD	TBD	\$45.83	\$50.37	\$990,000	\$261,594,753
41	25	Lake Lemon Conservancy District	\$56,319	1,250	NA	WW200653 01	Nonpoint Source - Sedimentation Removal	VII	1	TBD	TBD	\$0.00	\$8.62	\$1,200,000	\$262,794,753
TOTAL REQUESTED FUNDS - PRELIMINARY ENGINEERING REPORTS (PERs)										\$2,344,000				\$262,794,753	

PPL Rank ¹	PPL Score	Participant	MHI ^{2,3}	Population Served	PWSID No.	SRF Project No.	Project Description	Needs Category ³	EPA's Sustainability Policy Category ⁴	Estimated Green Project Reserve Cost	Green Project Reserve Category ⁵	Current User Rate (per 4,000 gallons) ²	Estimated Post-Project User Rate (per 4,000 gallons) ²	Estimated Total Project Cost	Cumulative Total
Application Only	Loogootee	\$44,125	2,560	IN0039541	WW211351 01	Plant and Collection System Improvements	I, II, III-A	1, 2, 3	TBD	TBD	\$47.51	\$54.64	\$6,513,000	\$6,513,000	
Application Only	Roanoke	\$64,583	1,842	IN0021440	WW212535 01	Plant and Collection System Improvements	I, II, III-A	1, 2, 3	TBD	TBD	\$38.39	TBD	\$9,806,000	\$16,319,000	
TOTAL REQUESTED FUNDS - APPLICATIONS ONLY										\$0				\$16,319,000	
TOTAL REQUESTED FUNDS - PERs & APPLICATIONS										\$2,344,000				\$279,113,753	

Footnotes:
¹ A community must submit a complete Preliminary Engineering Report to the CWSRF Loan Program in order for the project to be scored and ranked on the Project Priority List (PPL).
² Additional subsidization may be provided to participants who have a low Median Household Income (MHI) and/or high post-project user rates as outlined in the Intended Use Plan (IUP). The amount of the additional subsidization shall be determined and set forth in the financial assistance agreement.
³ Needs Categories:
I. Secondary Wastewater Treatment
II. Advanced Wastewater Treatment
III A. Infiltration/Inflow Correction
III B. Sewer Replacement/Rehabilitation
IV A. New Collector Sewers and Appurtenances
IV B. New Interceptors Sewer and Appurtenances
V. Combined Sewer Overflow (CSO) Correction
VI. Stormwater Management Programs
VI A. Stormwater Conveyance Infrastructure
VI B. Stormwater Treatment Systems
VI C. Green Infrastructure
VI D. General Stormwater Management
VII. Nonpoint Source (NPS) Control
VII A. NPS Control: Agriculture (Cropland)
VII B. NPS Control: Agriculture (Animals)
VII C. NPS Control: Silviculture
VII E. NPS Control: Ground Water Protection
VII F. NPS Control: Marinas
VII G. NPS Control: Resource Extraction
VII H. NPS Control: Brownfields
VII I. NPS Control: Storage Tanks
VII J. NPS Control: Sanitary Landfills
VII K. NPS Control: Hydro modification
VII M. NPS Control: Other Estuary Management Activities
X. Recycled Water Distribution
XII. Decentralized Wastewater Treatment Systems
⁴ EPA's Wastewater and Drinking Water Infrastructure Sustainability Policy. Category 1: projects that are based on a "fix it first" approach that focuses on system upgrade and replacement in existing communities. Category 2: investigations, studies, or plans that improve the technical, managerial, and financial capacity of the assistance recipient to operate, maintain, and replace financed infrastructure. Category 3: preliminary planning, alternatives assessment, and eligible capital projects that reflect the full life cycle costs of infrastructure assets, conserve natural resources, or use alternative approaches to integrate natural or "green" systems into the built environment.
⁵ EE = Energy Efficiency, EI = Environmentally Innovative, GI = Green Infrastructure, WE = Water Efficiency, CR = Climate Resiliency.
⁶ Borrowers eligible for up to \$25,000,000 at a subsidized interest rate.
* This project priority list was published on July 8, 2020 for a 2-week comment period.

Exhibit C
INDIANA FINANCE AUTHORITY
Clean Water State Revolving Fund Loan Program
Project Scoring and Ranking Worksheet¹

Project Name:	
SRF Project Number: WW	NPDES #: IN00
Reviewer:	Date:

Check only one:

List A: Small Community applicant population \leq 10,000.	
List B: Large Community applicant population $>$ 10,000.	

	Score	Maximum Allowed Score
Section 1: Project Need	0	50 points
Section 2: Water Quality Benefits	0	40 points
Section 3: Brownfield Re-Use	0	5 points
Section 4: Financial Capability	0	5 points
Total Project Score:	0	100 Possible Points

Bonus Points

Sustainable Infrastructure	0	4 points
Climate Resiliency	0	1 point
Clean Water Needs Survey Submittal	0	1 point
Regionalization	0	6 points
Early Submission	0	10 points
Total Bonus Points:	0	22 Possible Points

Deduction Points

Non-Regionalization		-10 Points
Total Deduction Points:	0	-10 Possible Points

Total Points Earned:	0	
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Instructions:

Projects are scored using the following criteria to develop the Clean Water State Revolving Fund (CWSRF) Loan Program Project Priority List (PPL). To the extent practical, the CWSRF Loan Program expects to give priority to projects that:

1. Provide a Water Quality Benefit;
2. Improve the condition of the system; and
3. Assist systems most in financial need.
4. Employ other best practices, such as collaboration with other entities.

Points are assigned only when the proposed project intends to correct the problem identified under the appropriate section(s) with the associated points. For example, if the treatment system has persistent violations but the proposed project does not address the violations, the points associated with the violations will not be assigned. However, if the applicant has persistent violations and addresses them, the points associated with the violations will be assigned.

The total number of available points is 100. The total number of available bonus points is 22. The total score is determined by adding the total points associated with the project with the total amount of bonus points earned for projects that include sustainable infrastructure, climate resiliency, completing the CWNS and regionalization as well as deducting points associated with non-regionalization. **If a tie occurs, then the project that was submitted first prevails.**

A loan recipient must submit a complete Preliminary Engineering Report (PER) 2-weeks prior to July 1 to CWSRF in order to be Scored and Ranked on the PPL. A PER submitted after July 1, will be scored and unranked. Projects which submit applications only (and no PER) will appear as unscored and unranked. An applicant will receive 10 bonus points if a complete PER is submitted on or before May 1.

¹ Scoring will be applied to multiple funding sources administered by the Authority

Section 1: Project Need

This section scores projects by the type of project proposed for funding. Points are given based on type of project, with additional points given to priority projects mentioned on page 1.

Categories of Need: Projects may fall into several categories based on EPA's criteria.

Category	Points	Earned
Category I: Secondary Treatment	4 Points	
Category II: Advanced Treatment	4 Points	
Category IIIA: Infiltration/Inflow Correction	3 Points	
Category IIIB: Major Sewer System Rehabilitation	3 Points	
Category IVA: New Collection Sewers	4 Points	
Category IVB: New Interceptors	2 Points	
Category V: Combined Sewer Overflow Correction	5 Points	
Category VI: Storm Water	2 Points	
Category VII: Non-Point Source	3 Points	
Total Points:		0

Additional Points will be provided if the following information is provided in the PER:

Wastewater Treatment Plant (WWTP) Age of facility - 50% or more was constructed more than 20 years ago.	Yes	1 Point	
	No	0 Points	
Total Points:			0

Septic Tank Factor (STF) = number of existing septic tanks to be eliminated by the project.	Project removes 1-25 septics	1 Point	
	Project removes 26-75 septics	2 Points	
	Project removes 76-125 septics	3 Points	
	Project removes \geq 126 septics	4 Points	
Total Points:			0

Combined Sewer Overflows (CSO) = The proposed project eliminates a percentage of EITHER annual average overflow volume OR number of events per year on a system wide basis.	Project removes 1-25%	1 Point	
	Project removes 26-50%	2 Points	
	Project removes 51-75%	3 Points	
	Project removes 76-100%	5 Points	
Total Points:			0

Sanitary Sewer Overflows (SSO) = The proposed project eliminates a percentage of EITHER annual average overflow volume OR number of events per year on a system wide basis.	Project removes 1-25%	1 Point	
	Project removes 26-50%	2 Points	
	Project removes 51-75%	3 Points	
	Project removes 76-100%	4 Points	
Total Points:			0

Regionalization Factor: Points assigned if the proposed project reduces the number of National Pollution Discharge Elimination System (NPDES) dischargers by regionalization.	Eliminates one or more NPDES discharger	4 Points	
Total Points:			0

Infiltration/Inflow (I/I): The project proposes to correct an existing collection system that has excessive I/I.	Yes	2 Points	
	No	0 Points	
Total Points:			0

Total Points Section 1 Earned:	0
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Section 2: Water Quality Benefits

This section assigns points to projects providing an environmental benefit to a receiving stream.

Dilution Ratio Points (DRP): (7-day Q_{10} of receiving stream in cfs / (design flow in mgd) x (1.55 cfs/mgd)). This is the calculation of effluent limits outlined in a WWTP NPDES permit.		
0-.99	4 Points	
1.00 – 4.99	3 Points	
5.00 – 9.99	2 Points	
10.0 or greater	1 Point	
Total Points:		0

Outstanding Resource Factor: Assign a value of 4 points if the project will improve water quality in an Outstanding State Resource (327 IAC 2-1.5-2 (3)), Exceptional Use Stream (327 IAC 2-1-11), Natural, Scenic and Recreational River or Stream (312 IAC 7-2), Outstanding Rivers List for Indiana (Indiana Register 20070530-IR 312070287NRA), or a salmonid stream (327 IAC 2-1.5-5(a)(3)).	4 Points	
Total Points:		0

<http://www.in.gov/legislative/register/20070530-IR-312070287NRA.xml.pdf>

Drinking Water Factor: Assign a value of 4 points, if the proposed project positively affects a drinking water supply.	4 Points	0
Total Points:		0

Implementation Factor: Assign a value of 4 points if the proposed project implements an approved Total Maximum Daily Load (TMDL).	4 Points	
Total Points:		0

Priority Segments Points: Assign a value of 1 point, if project affects segments within drainage basins which have been designated by the State as priority basins. These basins are Lake Michigan - Great Lakes Initiative (GLI), St. Joseph River and Maumee River Basins.	1 Point	
Points Earned:		0

Water Quality Score: Points assigned based on benefit or impact to the project to maintain or achieve compliance on established water quality standards, or in anticipation of future requirements.		
a. The project is necessary to achieve or maintain compliance with effluent limitations based on water quality standards for conventional pollutants (i.e., CBOD5, TSS).	5 Points	
b. The project is necessary to achieve or maintain compliance with effluent limitations based on water quality standards for toxic substances (i.e. heavy metals and man-made organic compounds).	5 Points	
c. The project is necessary to achieve compliance with effluent limitations based on water quality standards for additional or more stringent limits than existing NPDES permit.	5 Points	
Total Points:		0

Pollution Reduction Value: This is only for nonpoint source projects where points will be assigned based on an estimate of the <i>E. coli</i> pollutant which will be controlled or reduced by the project. A defined area is needed.		
75% reduction and greater	6 Points	
50% - 74%	5 Points	
25% - 49%	4 Points	
Less than or equal to 24%	3 Points	
Total Points:		0

Impaired Water Score: Points are given to projects that reduce or remove pollutants causing the impairment of a 303 (d) listed water body, impairment documented in the IDEM External Data Framework (Tier 2 data or higher), or an outstanding and exceptional resource water.	7 Points	
Total Points:		0

Total Points Section 2 Earned:	0
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Section 3: Brownfield Reuse

Brownfield Reuse: A value of 5 points will be awarded to a project involving remediation/redevelopment of a Brownfield (IC13-11-2-19.3) in conjunction with the Indiana Brownfields Program.		
SRF Project also has an Indiana Brownfields Program project in-house.	5 Points	
Total Points Section 3 Earned:		0

Section 4: Financial Capability

A. Financial Capability: Post-project annual wastewater bill as a percentage of Median Household Income.		
1. Greater than or equal to 2.0 %	5 Points	
2. 1.5 – 1.9 %	3 Points	
3. 1.0 – 1.4 %	1 Point	
4. Less than or equal to 0.9 %	0 Points	
Total Points Section 4 Earned:		0

BONUS POINTS

Bonus points are provided as additional incentives to encourage best practices such as sustainable infrastructure. The upper limit for points in this section is 22 points.

Sustainable Infrastructure

Sustainable Infrastructure: Project incorporates sustainable infrastructure as identified on the Green Project Reserve Sustainability Incentive Clean Water Checklist. One point is awarded for each category, four points maximum.

Checklist/Points		
Category	Points	Earned
Green Infrastructure	1 Point	
Water Efficiency	1 Point	
Energy Efficiency	1 Point	
Environmentally Innovative	1 Point	
Total Sustainability Points Earned:		0

Climate Resiliency

Climate Resiliency: One (1) point will be awarded when a community proposes a climate resiliency project.

Climate Resiliency	1 Point	0
Total Climate Resiliency Points Earned:		0

Clean Watershed Needs Survey

Clean Watershed Needs Survey: One (1) point will be awarded when a community completes the Clean Watershed Needs Survey.

Complete CWNS Survey	1 Point	
Total Needs Survey Points Earned:		0

Regionalization

Regionalization: Six (6) points will be awarded when a community Regionalizes with another system.

Regionalize with a nearby wastewater system	5 Points	
Remain regionalized with a nearby wastewater system	5 Points	
Participate in Regional Cooperative Activities	1 Point	
Total Regionalization Points Earned:		0

Early Submission

Early Submission

Complete Preliminary Engineering Report was submitted on or before May 1	10 Points	
Total Early Submission Points Earned:		0

DEDUCTION POINTS

Regionalization

Non-Regionalization: Project involves disconnection from an active and available regional wastewater system.

Disconnecting from a viable wastewater treatment system.	- 10 Points	
Total Deduction Points Earned:		0

**Indiana CW SRF Loan Program
Exhibit D - Intended Equivalency Projects***

CWSRF Loan Program FFY 2021 Capitalization Grant: \$ **38,298,000**

Community	Project Description	Total Project Amount	Equivalency Amount	will submit DBE report	complied with federal cross-cutters	procured A/E services per 40 USC Chapter 11 and received certification	will comply with the Single Audit Act 2 CFR 200 Subpart F	will comply with signage requirement	will report to FSRS to meet FFATA requirements
Fort Wayne	Combined Sewer Plan	\$ 20,000,000	\$ 20,000,000	yes	yes	yes	yes	yes	yes
Jeffersonville	Plant Improvements and Combined Sewer Plan	\$ 30,760,000	\$ 18,298,000	yes	yes	n/a	yes	yes	yes
Equivalency Project Cost Total:			\$ 38,298,000						

* These are the proposed equivalency projects. The actual equivalency projects will be reported in the 2021 Clean Water SRF Annual Report.

Exhibit E

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

This Exhibit 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 Exhibit 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 E-1 (the "Use Schedule") is detail on what funds are held in the CWSRF and how they were expeditiously and timely used in SFY 2020 and will continue to be in perpetuity.

Wastewater Purchase Account.

Sources of Funds: Funds held in this account¹ come from proceeds of Program Bonds² 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 2020 as well as loans anticipated to be closed in SFY 2021 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 qualified Proposed Projects and through their construction improves water quality in the State of Indiana.

Available Balance: As of July 1, 2020, the aggregate amount of closed and committed loans exceeded the balance in this account ("Excess Commitments"). As additional loans are closed in SFY 2021, such committed amounts will contribute to additional Excess Commitments. The aggregate amount held in this account as of July 1, 2020 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.

¹ Pursuant to SRF Indenture modification, the former State Match Loan Account was consolidated into this Account effective May 30, 2007.

² To date, the Authority (or its predecessor 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 Plan) 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 Plan) 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 the not-yet-available FFY 2021 (FFY refers to the Federal Fiscal Year ending September 30 of the year listed) grant by reason of over-match.

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 RESERVE³ 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

³ 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 serve 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, amounts held in Equity serve as security for the payment of Program Bonds, and thus, are part of the "reserve" for the purposes of this Plan and the federal Water Quality Act of 1987, as amended.

Reserve Deficiency Account. Accordingly, none of the funds presently on deposit⁴ in this account are available for other SRF purposes.

Wastewater Reserve Grant Account.

Sources of Funds: Funds held in this account⁵ 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.⁶

Uses of Funds: These funds are used (i) as security⁷ 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, 2020 and as anticipated in SFY 2021) is shown in the Use Schedule.⁸ In furtherance of these purposes, the funds in this account are invested with certain short-term investments, State and Local Government Series (SLGS) securities, and treasury obligations.

Wastewater Reserve Support 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 Equity Grant Account) that equals the perpetuity amount.

Uses of Funds: These funds are used (i) as security 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

⁴ And before any further transfers to the DWSRF as discussed elsewhere in this Exhibit.

⁵ Pursuant to SRF Indenture modification, the former State Match Account was consolidated into this Account effective May 30, 2007.

⁶ 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, 2020, 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.

⁷ Pursuant to the financing indentures related to the cross-collateralized outstanding Program Bonds, the Authority is presently required to maintain reserves of at least \$94.4 million, which is to be held in the Reserve accounts and is not anticipated to be used to make loans to Participants. A portion of the reserves have been allocated to the CWSRF for purpose of this Intended Use Plan (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 2021 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.

⁸ And before any further transfers to the DWSRF as discussed elsewhere in this Exhibit.

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, 2020 and as anticipated in SFY 2021) is shown in the Use Schedule. Support Account balances are anticipated to be 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, 2020 nor are any so anticipated in SFY 2021.

WASTEWATER EQUITY⁹ 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 2020 (and expects to apply them and other funds in the CWSRF¹⁰ to this purpose in the SFY 2021). Any funds not expended in SFY 2021 are banked for management of the CWSRF in perpetuity by the Authority.

⁹ 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 Plan, the CWSRF treats it as part of the "reserve" for the purposes of this Plan and the federal Water Quality Act of 1987, as amended.

¹⁰ 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 2021 grant expected to be awarded in SFY 2021).

Available Balance: As of July 1, 2020, 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.

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 security¹¹ 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 Account¹² 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, 2020 and as anticipated in SFY 2021) is shown in the Use Schedule.¹³ In furtherance of these purposes, the funds in this account are invested with certain short-term investments, State and Local Government Series (SLGS) securities, and treasury obligations.

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

¹¹ 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 2021 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, 2020.

¹² In addition to meeting any Excess Commitments as of July 1, 2020, 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, 2020, (b) PERs submitted and under review by the CWSRF as of July 1, 2020 and (c) additional PERs to be submitted (including as set in the new PPL in SFY 2021), each as detailed in the Use Schedule.

¹³ And before any further transfers to the DWSRF as discussed elsewhere in this Exhibit.

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, 2020 is shown in the Use Schedule.¹⁴

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, 2020, there were Excess Commitments. By closing new loans for qualified Proposed Projects with (a) approved PERs as of July 1, 2020, (b) PERs submitted and under review by the CWSRF as of July 1, 2020 and (c) additional PERs to be submitted (including as set in the new PPL in SFY 2021), 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 2021. 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 2021) in the event additional Guarantee Revenue Bonds could not to be issued.

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 2021 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 2021 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 amounts¹⁵ 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.

As of July 1, 2020, about \$23.6 million has been transferred to DWSRF. As of July 1, 2020, the cumulative transfer amount available for additional transfers from CWSRF to the DWSRF could result in up to approximately \$105.8 million of allowable transfers which includes 33 percent of the FFY 2020 grant. The full amount of any such potential transfers is banked.

¹⁴ And before any further transfers to the DWSRF as discussed elsewhere in this Exhibit.

¹⁵ Additionally the Authority continues to bank for this purpose the remaining amount up to the full 4 percent limit as measured against total grants (including the not-yet-available FFY 2021 grant expected to be awarded in SFY 2021).

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 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.

Exhibit E-Schedule 1

	Account Balances* as of:	Future Deposits in SFY
	30-Jun-2020 (Actual)	
<u>A. Funds Committed to Projects by CWSRF</u>		
Purchase Account	\$ 12,500,000	\$ -
	<u>\$ 12,500,000</u>	<u>\$ -</u>
<u>B. Other Funds Held in CWSRF</u>		
Reserve Grant Account	\$ 91,000,000	\$ -
Reserve Earnings Account	500,000	-
Reserve Support Account	-	-
Reserve Deficiency Account	-	-
Equity Grant Account	146,800,000	57,600,000
Equity Earnings Account	68,200,000	
Equity Administrative Account	300,000	
	<u>\$ 306,800,000</u>	<u>\$ 57,600,000</u>
Total Available Funds (A. and B. above)	<u><u>\$ 319,300,000</u></u>	<u><u>\$ 57,600,000</u></u>

Proof of Timely & Expedious Use of Above Funds Held in CWSRF*

Closed Loan (Undrawn loan amounts covered by on-hand Purchase A/C Funds)	\$ 12,500,000
Closed Loan Excess Commitments (after Application of above Purchase A/C **)	179,400,000
Closed Loan to be funded directly from Equity (undrawn portion of loan)	-
PERs In-house (approved & under-review) Awaiting Loan Closing	746,700,000
Other Projects on new SFY's PPL, Requesting Loan Funding	16,300,000
1. Use: to cover Loan Demand***	<u>954,900,000</u>
Funds held in existing Administrative Account	300,000
Remainder of 4% banked funds available for Administrative purposes	2,100,000
2. Use: to cover Administrative Costs in Perpetuity	<u>2,400,000</u>
3. Use: to cover Series Reserve Requirement	<u>85,700,000</u>
Possible Uses of Funds (1, 2 & 3 above without considering other secondary purposes for holding them in the CWSRF) # are as follows:	<u><u>\$ 1,043,000,000</u></u>

Uses of Funds (1, 2 & 3 above):	\$ 1,043,000,000
Less: Total Available Funds (A. and B. above)	376,900,000
Amount by which "Possible Uses of Funds" EXCEED "Total Available Funds"	<u><u>\$ 666,100,000</u></u>

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. When covered by issuance of Program Bonds used to make subsidized loan, a reserve of 40% to 50% is funded from Equity and additional Program Bonds are used to make pooled loan at a market rate. Such Program Bonds would not be sufficient to meet all needs.

Exhibit F

MEMORANDUM

To: U.S. EPA, Region 5
From: James P McGoff, Director of Environmental Programs
Date: February 1, 2017
Re: Indiana's Capitalization Grant Draw Process

This memorandum summarizes the agreement between the Indiana Finance Authority ("IFA") and U.S. EPA ("EPA") regarding Indiana's new capitalization grant draw process. The IFA will implement the new draw process for both the Indiana State Revolving Fund (SRF) Clean Water and Drinking Water Programs (collectively, the "SRF Programs").

The IFA anticipates implementing the new grant draw process for the Drinking Water SRF Program with the FFY 2016 Drinking Water capitalization grant, and for the Clean Water SRF Program with the FFY 2017 Clean Water capitalization grant.

The IFA anticipates drawing all future SRF capitalization grant funds at a 100% federal cash draw ratio, in both SRF Programs. The IFA understands EPA will permit this draw methodology as long as the IFA continues its current practice of depositing and disbursing all required state match for each new capitalization grant before requesting the first draw. This methodology is documented in an exhibit to the IFA's Annual SRF Program Reports, entitled "Cumulative History of the State Match," and is also included as "Exhibit B to the Arbitrage Certificate--Uses of Purchase Accounts" that is included with each IFA bond financing.

The IFA will implement the following procedures. SRF Program Participant reimbursement and/or disbursement requests will be received, reviewed and if eligible, approved each week by IFA staff for payment. Payment of disbursement requests may be funded from IFA bond proceeds (except those requests deemed funded by State Match bond proceeds), recycled loan payments or other available State funds. Once SRF Program Participant requests have been approved for payment, a list of disbursements for each SRF Program will be documented and used as support for a cash draw from a currently available EPA capitalization grant. The IFA understands that all payments made to SRF Program Participants to pay for eligible SRF Program expenses, regardless of funding source, may be reimbursed with a draw from a current EPA capitalization grant, pursuant to this new grant draw methodology.

The IFA anticipates that it will request an amount equal to the total disbursements in a given week for each program from U.S. Treasury. The capitalization grant draws will be requested from the oldest open capitalization grants with unliquidated funds.

Once the wire transfers are received by the IFA's SRF Programs trustee (currently, BNY Mellon), the IFA will direct the funds drawn to be deposited into the respective SRF Program Equity Grant Account.

For the Drinking Water Program, the IFA plans to begin making weekly capitalization grant draws on or after March 1, 2017. The FFY 2016 capitalization grant has funds currently available for draw.

For the Clean Water Program, the IFA plans to implement this process upon the award of the FFY 2017 capitalization grant, which is expected to be in the late spring or summer of calendar year 2017.