# STATE OF INDIANA

# Drinking Water State Revolving Fund Loan Program

# Intended Use Plan
# State Fiscal Year 2023
## July 1, 2023 – June 30, 2023

**For Drinking Water SRF Base Program and**
**Drinking Water SRF General Supplemental Funds**
**Appropriated in FFY 2023**

**Drinking Water State Revolving Fund Loan Program**
**Intended Use Plan SFY 2023**

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

**SFY 2023**

## I. Introduction

Pursuant to the Safe Drinking Water Act (SDWA), 40 CFR 35.3555 and the Federal Fiscal Year (FY) 2023 Consolidated Appropriations Act, the 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) 2023 for its Drinking Water State Revolving Fund (DWSRF) Loan Program. An IUP is prepared each fiscal year to identify the uses of all monies available to the DWSRF 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 DWSRF Loan Base Program during SFY 2023 and the SFY 2023 DWSRF General Supplemental funds appropriated through the Bipartisan Infrastructure Law (BIL). Collectively, all grants from EPA to the DWSRF Loan Program are referred to herein as Capitalization Grants.

The mission of the DWSRF Loan Program is to provide low-cost financial assistance in order to construct necessary and environmentally sound drinking water infrastructure; to facilitate statewide compliance with state and federal drinking water standards; to maintain a fiscally self-sufficient program as a continuing source of funding for improvement and protection of public health; and, to conduct any other activity permitted by the SDWA.

The DWSRF Loan Program is administered by the Authority. The Authority is responsible for setting priorities for loan assistance from the DWSRF, which is evidenced by the DWSRF Loan Program Project Priority List (PPL) for SFY 2023 which is attached as Exhibit B. Projects listed on the PPL may be funded with DWSRF Base Program funds or DWSRF General Supplemental Funds.

The Authority assures that no person or entity shall be excluded from participation in, or be denied the benefit of, or otherwise be subjected to discrimination in any program, service, or activity on the basis of race, color, or national origin as required by Title VI of the Civil Rights Act of 1964. This requirement is included in all Financial Assistance Agreements and contract documents funded through the State Revolving Fund Loan Programs.

## II. Project Priority List

The SFY 2023 PPL includes 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 names of the public water systems along with a description of the types of projects, the expected amount of assistance, and the population are listed on the PPL, as required by 40 CFR 35.3555 (c)(2)(i). In addition, Disadvantaged Communities meeting the Disadvantaged Criteria are identified on the PPL. The PPL is 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 DWSRF Loan Program will continue to fund green projects. The PPL in Exhibit B sets forth green projects that may be included in the Green Project Reserve Sustainability Incentive Program.

The DWSRF Loan Program will ensure that DWSRF assistance is not provided to any public water system with an Enforcement Tracking Tool (ETT) score greater than or equal to 11, unless the conditions delineated in the SDWA section 1452(a)(3)(B) and (C) are met.

Because the Authority's funds consist of an indistinguishable combination of Federal, State, and recycled monies, EPA determined that Federal Crosscutter requirements must be applied to projects identified by the Authority whose cumulative funding is equivalent to the amount of the capitalization grant (i.e. equivalency projects). The Indiana Drinking Water SRF Loan Program identifies the proposed equivalency projects for SFY 2023 in Exhibit C.

### *A. Project Scoring and Ranking System*

To determine which projects will receive loans, the Authority follows criteria for assistance established by the SDWA and 40 CFR 35.3555(c)(1). To the extent practical, the Authority expects to give priority to projects that propose the following items:

1. Address the most serious risk to human health, including complete lead service line removal;

2. Are necessary to ensure compliance with the SDWA; and

3. Assist Disadvantaged Communities most in financial need, on a per household basis, according to the Authority's affordability criteria/ Disadvantaged Community criteria.

4. Bonus points will be available for projects that can prove technical, managerial, and financial capability, assist a Disadvantaged Community, projects that submit PERs early, include brownfield redevelopment (through the Authority Brownfields Program), include Green Project Reserve (GPR) Sustainability Incentive Program components, climate resiliency elements and/or Regionalization.

5. Deduction points – projects that disconnect from a viable treatment system to create their own system will have points deducted.

The priority system, designed to implement the SDWA criteria, is attached as Exhibit D, DWSRF Loan Program Project Scoring and Ranking Worksheet. All projects are ranked and undergo public review as required by 40 CFR 35.3555(c)(2).

In addition to being ranked and scored, "Project readiness criteria" will be applied to assure that projects are ready for DWSRF 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 DWSRF Loan Program established timeframes, and (3) Initiating the steps required by State statute and the DWSRF Loan Program to proceed with a financial closing with the DWSRF 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 loan through the DWSRF Loan Program.

### *B. Fundable Range*

To inform the public of estimates regarding the DWSRF's financial capacity and to direct DWSRF Loan Program assistance to the highest priorities where possible, including but not limited to projects that directly and/or indirectly impact Disadvantaged Communities, the Authority calculates a "Fundable Range" for those projects that are on the PPL. Projects are included in the Fundable Range based on a project's rank and score.

The DWSRF Loan Program uses the Fundable Range to plan and prioritize its responsibilities and resources. On July 1, 2022, the Authority determined that funds available were insufficient to fund all projects on the PPL, therefore, those projects within the Fundable Range were afforded priority of resources; most notably, preference in closing a loan as soon as the necessary programmatic and financial steps were 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. Projects that are eligible for Additional Subsidization may be funded in advance of projects in the Fundable Range to meet additional federal requirements. In addition, the DWSRF 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 public health. See bypass procedures outlined in Section C.

### *C. Bypass Procedure*

When the Authority has determined that funds on-hand are insufficient to fund projects in addition to those within a Fundable Range. The Authority will use the following bypass procedures to allow other projects on the PPL to receive financial assistance from the DWSRF Loan Program. As allowed by 40 CRF 35.3555(c)(2)(ii), these bypass procedures enable projects originally identified outside a Fundable Range to be funded when higher-priority projects have not yet progressed to a stage allowing 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 2023.

The following bypass process is used when the Authority uses a Fundable Range:

1. If applicable, the DWSRF Loan Program will note a Fundable Range on the 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 required to bid the entire DWSRF Loan Program financed project in advance of a DWSRF loan closing.

3. Up to March 31 of the current fiscal year, only projects in the Fundable Range will be permitted to close a DWSRF loan. However, to meet the additional requirements of the SDWA and the terms and conditions of the current capitalization grant(s), the DWSRF Loan Program will give priority to projects that meet the Disadvantaged Community criteria and permit those projects to be funded in advance of projects in the Fundable Range. In addition, the DWSRF 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 public health. These projects would be permitted to close a traditional DWSRF loan in advance of the projects in the Fundable Range.

4. After March 31 of that fiscal year, the DWSRF Loan Program will permit the bypass of projects within the Fundable Range that have not closed or scheduled to close a loan. However, projects that have received deductive points in the rank and score may not receive funding during the bypass period. The DWSRF Loan Program will extend the Fundable Range by the amount of such bypassed projects. This is intended to afford Participants otherwise outside 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 DWSRF Loan Program loan under applicable DWSRF Loan Program lending requirements will be permitted to do so. If the DWSRF 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 DWSRF Loan Program may institute additional or alternative conditions and limits other than as expressed in the 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 DWSRF Loan Program at a loan closing, and (iv) conditionally reserving funding for any Participant commitments, etc.

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

8. Projects that are necessary to alleviate unanticipated catastrophic or emergency situations that pose a threat to public health may be elevated to the top of the PPL upon the recommendation of the Indiana Department of Environmental Management's Drinking Water Program. Emergency projects may include, but are not limited to, the

loss of safe drinking water resulting from the following events: flood, fire, system collapse, tornado, weather damage or hazardous spills and projects that address an immediate risk to public health and/or safety either by drinking water contamination or other emergent circumstances. Emergency projects may include the loss of safe drinking water due to lead contamination. Therefore, as allowed by 40 CFR 35.3555 (c)(2)(iii)-such emergency projects may be added to the top of the PPL for immediate assistance. One or more projects in the original Fundable Range may be moved out of the Fundable Range in order to provide loans to emergency projects.

## III. 2023 DWSRF Loan Program Goals and Objectives

The DWSRF Loan Program sets short- and long-term goals as required by 40 CFR 35.3555(c)(5). Short-term goals and objectives are those the Authority expects to achieve during SFY 2023, while long-term goals and objectives are those the Authority expects to achieve over a longer period.

### *A. Short-Term Goals and Objectives*

During SFY 2023, the DWSRF Loan Program expects to achieve the following short-term goals and objectives:

ST1 Goal: Seek the immediate award of the Federal Fiscal Year (FFY) 2023 Capitalization Grant and the BIL DWSRF General Supplemental Capitalization Grant. Upon award, continue to disburse loan proceeds such that the 2023 Capitalization Grants can promptly be utilized.

ST1a Goal: Ensure that Additional Subsidization is provided pursuant to the terms and conditions of the current capitalization grants and as described in Section 1452 of the Safe Drinking Water Act (SDWA). Additional Subsidization from the DWSRF Base Program may be provided in the form of principal forgiveness, negative interest loans, grants, other loan forgiveness, and through buying, refinancing, or restructuring debt (or any combination of these). Additional Subsidization from the DWSRF General Supplemental Program may be provided in the form of principal forgiveness, and grants.

ST1b Goal: Ensure that Davis Bacon Act wage rules apply to all assistance agreements made with funds appropriated under the 2023 Capitalization Grant.

ST1c Goal: Ensure that all American Iron and Steel requirements (AIS) as set forth in the current Capitalization Grant are met. Ensure that all Build America, Buy America requirements as set forth in the Capitalization Grant are met for equivalency projects.

ST1d Goal: If practical, equivalency projects selected for the DWSRF Base Loan Program and the DWSRF General Supplemental program will be identified in Exhibit C. A list equivalency projects will be included in the Annual Report.

ST1e Goal: Ensure that Participants are developing and implementing an Asset Management Program (AMP) that meets the requirements set forth in the DWSRF

Loan Program Guidelines. Effective July 1, 2023, ensure all Participants have developed and are implementing an AMP that meets the DWSRF Loan Program Guidelines prior to entering into a financial assistance agreement.

ST2 Goal: Ensure that all DWSRF Loan Program Participants achieve or maintain compliance with existing or future requirements of the Safe Drinking Water Act.

ST3 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.

ST4 Goal: Work diligently with Participants and effectively manage projects to assist Participants in closing loans and constructing 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. WIIN Grants, State appropriation, etc.).

ST7 Goal: Promote regional solutions for drinking water issues. Provide Regional Assistance Program (RAP) State grants to qualifying projects that promote a regional solution.

ST8 Goal: Ensure that Participants completed non-revenue water audits as required by IC 8-1-30.8 and participate in regional study area activities as required by IC 5-1.2-11.5.

ST9 Goal: Work to build a sufficient project pipeline of projects to enable the Authority to utilize funds appropriated under BIL to the DWSRF Emerging Contaminants Program.

ST10 Goal: Conduct outreach to Disadvantaged Communities that may include presenting at workshops and conferences to advertise the availability of additional funding and providing assistance as needed to Disadvantaged Communities in accessing the DWSRF Loan Program.

### *B. Long-Term Goals and Objectives*

During SFY 2023, the Authority 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 DWSRF Loan Program by judiciously managing its assets in order to realize a rate of return that will sustain the DWSRF 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 DWSRF 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 draws 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 DWSRF loan pool and made available to other Participants, to minimize un-liquidated obligations.

LT6 Goal: Report all uses of DWSRF Loan Program funds in the Drinking Water SRF Data System and the Drinking Water SRF Annual Summary 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 DWSRF Loan Program and its Participants comply as required with Disadvantaged Business Enterprise fair share objectives, Federal environmental crosscutters and the Single Audit Act.

LT10 Goal: Provide interest rate breaks to Participants which include the removal of lead service lines, Green components, and Climate Resiliency projects.

LT11 Goal: Monitor DWSRF Set-Aside uses and activities and reconcile balances to EPA Set-Aside account balances. Continue the transfer of unused balances to the DWSRF Loan Program, thereby increasing the DWSRF Set-Aside spending rate and reducing un-liquidated obligations. Coordinate with the Indiana Department of Environmental Management and/ or the IFA Water Resources and Infrastructure Planning Program to develop new Set-Aside programs as needed.

LT12 Goal: Provide at least 15% of the DWSRF Loan Program to systems serving fewer than 10,000 persons.

LT13 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.

LT14 Goal: Coordinate with the Indiana Department of Environmental Management's Drinking Water Branch to identify public water systems with Enforcement Targeting Tool (ETT) scores of 11 or greater that may benefit from DWSRF Loan Program funding.

LT15 Goal: Ensure that DWSRF Loan Program assistance is provided to public water systems with an ETT score greater than or equal to 11, only when the conditions delineated in the SDWA section 1452(a)(3)(B) and (C) are met.

LT16 Goal: Continue to support the Alliance of Indiana Rural Water's Indiana Drinking Water Certified Operator Apprenticeship Program, which has been approved by the Department of Labor.

## IV. Financial Status of the DWSRF Loan Program

### *A. Sources and Uses of Funds*

Capitalization Grants, Guarantee Revenue Bond proceeds, and State Match Revenue Bond proceeds are used to capitalize the DWSRF Loan Program. In turn, the majority of the bond proceeds are loaned to Participants for eligible projects. The DWSRF 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 35.3555(c)(4), Exhibit E, Intended Uses of the Funds, identifies the intended uses of the funds held in DWSRF Loan Program accounts, and how those uses support the goals of the DWSRF Loan Program. Exhibit E also demonstrates how the Authority meets the requirements of 40 CFR 35.3550(1) by using all of the funds in the DWSRF Loan Program in an expeditious and timely manner.

### *B. Available Funds*

During SFY 2023, the Authority intends to provide funds to meet existing loan commitments and to make new loans through the issuance of additional Guarantee Revenue Bonds and State Match Bonds. The issuance of these bonds will occur 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 DWSRF Loan Program when a financial assistance agreement is entered into with a Participant.

In order to maximize the amount of funds that the DWSRF Loan Program may lend, the State employs a leveraged financing structure, which limits precision in predicting capacity. Future funding capacity can vary materially if there are changes in the calculating assumptions such as future loan interest rates, future interest rates on Guarantee Revenue Bonds and State Match Revenue Bonds, the rate at which Capitalization Grants are converted to cash, the amount of future Capitalization Grants, and future investment rates. These bond issues have also provided the needed State Match funding and provided funds for loans. The 2019E bond issue is a partial source of match for the DWSRF Base Program

match requirement. The remainder of the required match for the DWSRF Base Program and the DWSRF General Supplemental Program will come from the 2021B ($6,000,000 deposited and disbursed on November 16, 2021). In addition, the State has deposited and disbursed State Match in excess of that required to meet the match requirements of these SFY 2023 Capitalization Grants, which will be banked toward future grants expected to be awarded in SFY 2023.

The maximum amount of funding available for loans depends on:

- Demand for the DWSRF Loan Program, as evidenced by projects;
- Readiness-to-proceed of Participants as evidenced by completion of a PER and other steps necessary to secure a DWSRF Loan Program loan within SFY 2023; and
- Capacity of the DWSRF 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 expects to seek and be awarded a SFY 2023 Base Program Capitalization Grant and the SFY 2023 DWSRF General Supplemental Capitalization Grant. The Authority will apply for the 2023 Capitalization Grants when made available by EPA. The Authority anticipates a base program grant in the amount of $10,711,000, and a DWSRF General Supplemental grant in the amount of $27,502,000. The Authority has provided the needed State Match of 20%, or $ 2,142,200 to meet the requirements of the DWSRF Base Program and 10%, or $2,750,200 to meet the match requirements of the DWSRF General Supplemental Program.

### *C. Capitalization Grant Draw Process*

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

### *D. Allocation of Funds to the DWSRF and the Set-Aside Accounts*

The SDWA permits the State to use a Capitalization Grant for a variety of purposes to protect drinking water. In addition to making loans for the construction of drinking water infrastructure, the State may use the Capitalization Grant to support activities such as: provide technical assistance to drinking water systems; improve the technical, managerial, or financial capacity of drinking water systems; and develop programs to protect sources of drinking water. As required by 40 CFR 35.3555 (c)(3)(i), the State must provide the rationale for allocating Capitalization Grant funds between infrastructure loans and other activities known as "Set-Asides."

Pursuant to Section 1452(g)(2) of the SDWA, the DWSRF Loan Program may cover the reasonable costs of administering the program, and to provide technical assistance to public water systems within the State to one of the following, whichever is greatest, plus any fees collected by the DWSRF Loan Program.

- $400,000 per year;
- 1/5% of the current valuation of the fund; and
- An amount equal to 4 percent of all grant awards to the fund under this section for the fiscal year.

In SFY 2023, the following set-asides will be taken from the DWSRF Base Capitalization Grant:

- Four percent (4%) Administration and Technical Assistance or approximately $428,440. The Authority plans to use this set-aside to administer the program, as further set forth in Exhibit G.

- Two percent (2%) Small Systems Technical Assistance or approximately $214,220. The Authority plans to use this set-aside to engage professional services to conduct community outreach and assistance with preliminary planning to allow Disadvantaged Communities ease of access to the State Revolving Fund and related programs, as further set forth in Exhibit G.

- Ten percent (10%) State Program Management or approximately $1,071,100. The Authority plans to use this set-aside to continue work on the Indiana Certified Operator Apprenticeship Program.

- Ten percent (10%) Local Assistance and Other State Programs, or approximately $1,071,100. The Authority plans to use this set-aside for the creation of a State-Wide Lead Service Line Inventory as further set forth in Exhibit G.

In SFY 2023, the following set-asides will be taken from the DWSRF General Supplemental Capitalization Grant:

- Four percent (4%) Administration and Technical Assistance or approximately $1,100,080. The Authority plans to use this set-aside to administer the program, as further set forth in Exhibit G.

- Two percent (2%) Small Systems Technical Assistance or approximately $550,040. The Authority plans to use this set-aside to engage professional services to conduct community outreach and assistance with preliminary planning to allow Disadvantaged Communities ease of access to the State Revolving Fund and related programs, as further set forth in Exhibit G.

- Ten percent (10%) Local Assistance and Other State Programs, or approximately $2,750,200. The Authority plans to use this set-aside for the completion of a State-Wide Lead Service Line Inventory as further set forth in Exhibit G.

As stated in EPA Policy Memo of February 9, 1999, the Indiana DWSRF Loan Program can earmark 1452 (g) (2) (B) Set-Aside funds that it intends to use at a later time and for which a workplan has not been prepared. These unspecified funds, also called “banked” funds, are deposited into the DWSRF and directed toward infrastructure projects in the

short-term. The DWSRF Loan Program retains the authority to reclaim the funds from a future Capitalization Grant.

On June 30, 2022, the balance of unexpended dollars in the Set-Aside funds was $1,929,094. The balance in each Set-Aside is listed in the attached spreadsheet, Exhibit I, Summary of Set-Aside Funds. A historic summary of Indiana DWSRF banked funds is presented in Exhibit I, Unspecified DWSRF Set-Aside Funds.

### *E. Other Types of Assistance Provided*

Pooled Financing

The SRF Pooled Loan Program supplements the DWSRF 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 DWSRF 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 drinking water project that will result in a significant improvement in drinking 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.

In SFY 2021 the Authority began the administration of the Water Infrastructure Assistance Fund, 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 continue to 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(s) and under the provisions of the SDWA. Additional Subsidization may be in the forms of forgiveness of principle, negative interest loans, grants, other forgiveness, and through buying, refinancing, or restructuring debt (or any combination of these). It is the intent of the DWSRF Loan Program to provide Additional Subsidization in the form of principle forgiveness but reserves the right to provide additional subsidy as set forth above. The DWSRF 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 DWSRF Loan Program has not set a cap on the amount of principal forgiveness that a Participant may receive.

**Additional Subsidization** will be provided through the FY 2023 Base Program Capitalization Grant as follows:

1. To Disadvantaged Communities, as defined in section VI, at the DWSRF Loan Program's discretion as described in Section 1452 of the Safe Drinking Water Act (SDWA). The allowable percentage is from twelve (12%) to thirty-five (35%) percent of the current capitalization grant.

2. To eligible SRF recipients, an additional fourteen (14%) of the Capitalization Grant, as outlined in the Terms and Conditions of the 2023 capitalization grant, shall be utilized to provide additional subsidy.

**Additional Subsidization** may be provided through the FY 2023 BIL DWSRF General Supplement Capitalization Grant as follows:

3. Forty-nine (49%) percent, or $13,475,980[1], of the Capitalization Grant shall be provided as Additional Subsidization to Disadvantaged Communities, as defined in Section VI, at the DWSRF Loan Program's discretion as described in Section 1452 of the Safe Drinking Water Act (SDWA).

The DWSRF Loan Program shall identify those Participants who will receive Additional Subsidization (in the manner as described above) and the amount of the Additional Subsidization prior to executing a financial assistance agreement. In cases where a project cost exceeds principal forgiveness, base SRF loan funds will make up a portion or all of the difference.

[1] Based on previous year's allotment

### *G. Transfers Between DWSRF and CWSRF*

The Authority has retained the flexibility to permit transfers between the DWSRF and the CWSRF of Capitalization Grants and other funds held in or allocable to such funds to the extent permitted by the CWA and the SDWA, specifically 40 CFR 35.3555(c)(8). Exhibit E, Intended Uses of the Funds, identifies transfer balances.

Any transfer would only be made between accounts established for like purposes and be subject to like restrictions by 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 expect only to make transfers in a manner consistent with agreements related to outstanding Guarantee Revenue Bonds and State Match Revenue Bonds.

### *H. Interest Rates*

As allowed by 40 CFR 35.3555 (c)(3)(iii), Indiana's DWSRF 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 discounted further based on the Participant's median household income (MHI) from the 2016-2020 American Community Five Year Survey and projected post-project monthly user rates.

The Participant's financial information is reviewed by the DWSRF Loan Program to finalize a DWSRF 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 DWSRF 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.

Interest rates for not-for-profits and for-profit entities will be set at the discretion of the Authority and may be higher, but no lower than the interest rates calculated by the means set forth immediately above.

In SFY 2023 the DWSRF Loan Program will continue to offer loans with extended term financing. More information on extended term financing can be found in Section I. Participants that qualify for and opt to close a loan with extended term financing will receive an increased interest rate as shown:

| Loan Term | Interest Rate Increase |
|---|---|
| 21-25 | +0.1% |
| 26-30 | +0.2% |

| | |
|---|---|
| 31-35 | +0.3% |

### *I. Terms*

**Standard 20 Year Term Loans**

Standard DWSRF Loan Program loans will be structured so that minimum annual principal repayments commence one year after expected completion of the project, and final principal payment will occur no later than 20 years after expected completion of the project. Additionally, the State expects level debt service payments except in limited circumstances, such as where DWSRF Loan Program debt service is wrapped around a Participant's existing debt based on user rate affordability. Executing a DWSRF 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**

The DWSRF Loan Program may offer Participants extended term financing at its discretion provided the useful life of the project is equal to or greater than the loan term.

- As permitted by the Safe Drinking Water Act, a loan term up to 40 years may be given to a Participant who is defined as "Disadvantaged", See Section VI.

- 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.

### *J. Cross-collateralization of the CWSRF with the DWSRF*

To the extent permitted by the Clean Water Act (CWA) and the SDWA, and their incumbent regulations, specifically 40 CFR 35.3555(c)(9), the State has cross-collateralized the Clean Water State Revolving Fund (CWSRF) and the DWSRF Loan Programs to optimize their capitalization requirements and to better manage the specific funding needs of projects assisted through them. States may not combine the assets of the SRF programs as security for bond issues to acquire State match for either program.

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 expects 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 expects 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 does not expect this arrangement to affect negatively 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 a volume of additional loans it otherwise might have been able to make.

### *K. Fees Assessed on Recipients*

As permitted by 40 CFR 35.3555 (c)(3)(iv), the State assesses Participants a Loan Closing Fee of $1,000 to offset loan processing costs incurred by the DWSRF Loan Program. The Authority will not assess the $1,000 fee for those communities receiving all additional subsidization. The DWSRF 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, thus these funds are non-program income. The total dollar amount in the DWSRF Administrative Fee Account as of July 1, 2022, was $42,979.75.

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

The DWSRF Fees accumulated may be used by the Authority for program administration, other purposes for which capitalization grants can be awarded under section 1452, State match under sections 1452(e) and (g)(2) of the Safe Drinking Water Act, or for the combined financial administration of the DWSRF Loan Program and CWSRF Loan Program 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 DWSRF Fees will be provided in Exhibit K of the DW Annual Report.

The SRF 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 Drinking Water SRF 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 Drinking Water SRF Fee Account as of July 1, 2022, was $7,921,339.98, of which $3,585,672 remain available for award to future Drinking Water projects.

### *L. DWSRF 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 DWSRF Loan Program and make recommendations that support fiscal sustainability, in accordance with 40 CFR 35.3555 (c)(3)(v).

### *M. Assurances*

As required by 40 CFR 31.26, the Authority, hereby affirms that it retains an independent auditor to review and audit the use of funds deposited in the DWSRF Loan Program in accordance with the auditing procedures of the federal General Accounting Office and the requirements of the federal Single Audit Act and the federal Office of Management and the Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards.

As required by 40 CFR 35.3560(a), the Authority affirms that it will receive grant payment in accordance with its capitalization grant agreement.

As required by 40 CFR 35.3550(p), the Authority affirms that it will comply with the requirements of the capacity development authority, capacity development strategy, and operation certification program provisions in order to avoid withholdings of funds.

## V. Small Systems

Of the total amount available for assistance from the DWSRF Loan Program each year, the State will make at least 15 percent of each Capitalization grant available solely for providing loan assistance to small systems to the extent such funds can be obligated for eligible projects, as required by 40 CFR 35.3555 (c)(2)(iv). A small system is a public water system that regularly serves 10,000 or fewer persons. Population size is a criterion in the DWSRF scoring system (see Exhibit D) to prioritize financing of these systems.

## VI. Disadvantaged Community Assistance

As permitted by 40 CFR 35.3555(c)(7), the State intends to provide assistance to Disadvantaged Communities. The Authority has successfully advertised the DWSRF Loan Program to Disadvantaged Communities through outreach by presenting at workshops and conferences, through newsletters, and working closely with the Indiana Department of Environmental Management to advertise the availability of additional funding and assistance available to Disadvantaged Communities. In the last five years (July 2017 – June 2021) the Authority has successfully financed approximately $285 million in low-interest loans to Disadvantaged Communities.

The Authority defines a Disadvantaged Community as an eligible Participant that meets one of the following criteria:

1) A project area with an MHI below 80% of the State MHI, as established by 2016-2020 American Community Five Year Survey[2];

2) Projects that have a positive, direct impact on a census tract(s), or other targeted project area, which has an MHI below 80% of the State MHI may also receive Additional Subsidization;

3) An estimated post project user rate greater than $45.00 per month;

4) An average annual residential post project user rate that would exceed one (1%) percent of the Participant's Median Household Income (MHI).

5) Schools that serve 50% or greater number of kids that qualify to receive free and reduced meals. Applicable to the Indiana Lead in Public Schools and Childcare program.

These communities receive the lowest interest rate the State provides to DWSRF Loan Program Participants, and States may provide a range of six (6%) percent to thirty-five (35%) percent of Additional Subsidization of the current Capitalization Grant and/or 40-year loan terms for the benefit of Disadvantaged Communities.

## VII. Public Participation

Pursuant to 40 CFR 35.3555 (b), the State will conduct a meaningful public review during the development of the SFY 2023 IUP. The DWSRF Loan Program has public noticed the Amended and Restated IUP on the SRF Loan Program website from September 20, 2022, to October 11, 2022. Each quarter the PPL are public noticed for a three-week period. Further detail on public notices of the PPL can be found in Exhibit B. Copies of this proposed IUP and PPLs are also available to the public upon request and posted on the SRF Loan Program website.

The Authority provides outreach to various groups, organizations associated with Indiana communities by presenting at relevant conferences (Regional meetings, conducted by the Authority or the Authority's contractors, AWWA, EWIG, etc.) and informing the public of the public review comment period of the DW IUP through targeted mailings. The Spring 2023 SRF newsletter encouraged public comment for the Indiana IUPs. The Newsletter is emailed to Financial Advisors, Engineering Firms, Bond Counsels, and other interested parties.

The DWSRF Loan Program will respond to any substantive SFY 2023 IUP comment or concern.

According to 40 CFR 35.3555(d), this IUP, including the PPL, may be amended during SFY 2023 in accordance with federal and state law, and any amendments to the PPL for the addition of drinking water projects will be subject to public review.

[2] Also known as the 2020: ACS 5-Year Estimates

Exhibit A: DWSRF Loan Program Definitions

Terms used in this document have the following meanings:

**Additional Subsidization** means to provide assistance from the DWSRF Based Program in the form of principal forgiveness, negative interest rate loans, grants, other forgiveness, and through buying, refinancing, or restructuring debt (or any combination of these) in accordance with Section 1452 of the Safe Drinking Water Act and the terms and conditions of the current capitalization grant. Additional Subsidization from the DWSRF General Supplemental Program may be provided in the form of principal forgiveness, and grants. Priority for additional subsidies should be given to communities that could not otherwise afford such projects.

**American Iron and Steel (AIS)** means P.L. 113-235, Consolidated and Further Continuing Appropriations Act, 2015 (Act), includes an "American Iron and Steel (AIS)" requirement in section 436 that requires Clean Water State Revolving Loan Fund (CWSRF) and Drinking Water State Revolving Loan Fund (DWSRF) assistance recipients 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 executed beginning January 17, 2014 (enactment of the Act), through the end of Fiscal Year 2015.

**Asset Management Plan (AMP)** means the program developed and implemented by the Utility demonstrating that it has the technical, managerial, legal, and financial capability to operate and maintain its water and/or wastewater system.

**Bipartisan Infrastructure Law (BIL)** means Public Law 117-58, signed into law on November 15, 2021. The Law includes additional provisions and funding to supplement the SRF Loan Programs.

**Binding Commitment** means a closed DWSRF loan.

**Build America Buy America (BABA)** means Public Law 117-58 which requires all DWSRF Equivalency assistance recipients, absent a waiver, to document that all iron, steel, manufactured products, and construction materials used in the project are produced in the United States.

**Bypass Process** means the procedure which allows the State to bypass projects identified in a Fundable Range if the Indiana Finance Authority determines that there may be insufficient resources to fund all loans on the PPL during the SFY. It allows 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 DWSRF.

**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. The CWSRF Loan Program includes both CWSRF Base Program Funding and the CWSRF General Supplemental Funding.

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

**DWSRF Base Program Funding** means the State's Drinking Water State Revolving Fund created in accordance with the SDWA and state law, funded through the annual federal appropriation bill.

**DWSRF Emerging Contaminants Funding** is a fund source through the BIL to address emerging contaminants in drinking water with a focus on perfluoroalkyl and polyfluoroalkyl substances through capitalization grants under section 1452(t) of the SDWA for the purposes described in section 1452(a)(2)(g).

**DWSRF General Supplemental Funding** is a fund source through the BIL with the same eligibilities as the DWSRF Loan Program.

**DWSRF Lead Service Line Removal Funding** is a fund source through the BIL provided for lead service line replacement projects and associated activities directly connected to the identification, planning, design, and replacement of lead service lines.

**DWSRF Loan Program** means the State's revolving fund loan program for drinking water infrastructure established under and pursuant to IC 5-1.2-10 and the programs afforded thereby.

**Emerging Contaminants** means emerging contaminants in drinking water with a focus on perfluoroalkyl and polyfluoroalkyl substances (PFAS) Projects that address any contaminant listed on any of EPA's Contaminant Candidate Lists are eligible (i.e., CCl1 – draft CCL5).

**Environmental Protection Agency (EPA)** means the federal agency responsible for promulgating regulations to implement environmental statutes including the Safe Drinking Water Act and from which the DWSRF receives Capitalization Grants.

**Equivalency Project** means a project or projects in an amount equal to the current capitalization grant(s). DWSRF 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, e) Signage Requirement, and f) Prohibition of Certain Telecommunication and Video Surveillance Services and g) Build America, Buy America when the requirement effective May 14, 2022.

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

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

**Fundable Range** means an estimated current loan capacity which is determined by fiscal 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 DWSRF'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 DWSRF Loan Program. Federal Capitalization Grants provide security for, and the DWSRF 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's environmental regulatory agency.

**Indiana Finance Authority (Authority)** means the State entity that administers the Indiana SRF Loan Programs pursuant to Indiana Code 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 Drinking Water SRF. The IUP shall include all requirements set forth in the SDWA.

**Maximum Contaminant Level (MCL)** means the highest level of a contaminant that EPA allows in drinking water.

**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.

**Participant(s)** means public water systems that are eligible for financial assistance from the DWSRF Loan Program. Public Water Systems eligible for DWSRF Loan Program assistance are for-profit and non-profit Community Water Systems (e.g. municipalities, political subdivisions, and private mobile home parks) and non-profit Non-Community Water Systems (e.g. schools, churches, day cares, and group homes).

**Political Subdivision** means a 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.

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

**Project** means a drinking water infrastructure project proposed by Participants for DWSRF financing, which will be reviewed for qualification and ranking under Section 1452 of the SDWA.

**Project Planning Meeting** means an initial meeting held with a Participant to gain an understanding of the Participant's needs, and to explain DWSRF Loan Program requirements.

**Project Priority List (PPL)** ranks, in descending priority of need, projects for which Participants have requested financial assistance from the DWSRF 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 1452 of the SDWA. The PPL is created by the Program, updated quarterly, and may be amended as necessary.

**Public Water System (PWS)** means a system that supplies piped water for human consumption and has at least 15 service connections or 25 persons who are served by the system for 60 or more days each year.

**Readiness to Proceed** means projects that are ready for DWSRF 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 DWSRF Loan Program established timeframes, and (3) Initiating the steps required by State statute and the DWSRF Loan Program to proceed with a financial closing with the DWSRF 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 DWSRF Loan Program loan.

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

**SDWA** means the Safe Drinking Water Act of 1974, as amended, Section 1452, and the rules and regulations promulgated thereunder including 40 CFR Part 35.

**Set-Asides** means the allowed uses of DWSRF Capitalization Grant monies specifically identified in Section 1452 of the SDWA that are not directly associated with the construction of capital improvement projects.

**Small System Technical Assistance Fund (SSTAF)** means funds from DWSRF Set-Asides that are made available to qualified Participants in order to provide assistance with planning and design costs related to Participant's DWSRF Loan Program project.

**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 Grants for the DWSRF Base Program and the State's commitment to provide match funds equal to 10 percent of the federal Capitalization Grant from the DWSRF General Supplemental Program.

**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 DWSRF and CWSRF Loan Programs.

# Exhibit B
## Project Priority Lists

This Exhibit shows the dedicated Lead Service Line Removal Project Priority List.

Project Priority Lists are updated on a quarterly basis and posted for public notice for three weeks.

# SFY 2023 - Drinking Water

Indiana Drinking Water State Revolving Fund (DWSRF) Loan Program
SFY 2023 Project Priority List, July 1, 2022, 1st Quarter Final*
Projects Applying for Financial Assistance in State Fiscal Year 2023 (July 1, 2022 - June 30, 2023)

| PPL Rank [1] | PPL Score | Participant | MHI [2, 3] | Population Served | PWSID No(s). | SRF Project No. | Project Description | Lead Service Line Replacement Cost | Emerging Contaminants? [4] | Disadvantaged Community? [5] | Estimated Green Project Reserve Cost | Green Project Reserve Category [6] | Current User Rate (per 4,000 gallons) [2] | Estimated Post-Project User Rate (per 4,000 gallons) [2] | Requested Funds | Cumulative Requested Funds | SFY 2023 Fundable Range ($100 Million) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 92 | Evansville - Treatment Plant | $42,623 | 173,000 | 5282002 | DW220482 03 | New Treatment Plant | $0 | No | Yes | TBD | TBD | $33.74 | $45.86 | $200,000,000 | $200,000,000 | **Fundable Range $100 Million** *(Borrowers are Eligible for up to $10 Million at a Subsidized Rate)* |
| 2 | 85 | Northwest Jasper Regional Water District Distribution System Improvements | $53,155 | 3,815 | 5237015 | DW210837 02 | Water Main Extension and Storage | $0 | No | Yes | $0 | N/A | $44.01 | $49.50 | $5,500,000 | $205,500,000 | |
| 3 | 80 | BBP Water Corporation | $44,375 | 9,650 | 5260001 | DW231260 02 | Distribution Improvements | $0 | No | Yes | $0 | N/A | $48.76 | $56.56 | $5,625,250 | $211,125,250 | |
| 4 | 77 | Frankton | $51,714 | 1,800 | 5248008 | DW223648 01 | Storage, Distribution, and Supply Improvements + Lead Service Line Replacement | $3,201,000 | No | Yes | TBD | TBD | $42.28 | $236.58 | $21,362,000 | $232,487,250 | |
| 5 | 65 | Poseyville | $50,511 | 966 | 5265008 | DW230565 01 | Treatment Improvements | $0 | No | Yes | TBD | TBD | $65.36 | $96.75 | $2,950,000 | $235,437,250 | |
| 6 | 52 | Milton | $39,688 | 650 | 5289011 | DW224189 01 | Storage, Treatment, Distribution Improvements + Lead Service Line Replacement | $1,176,750 | No | Yes | TBD | TBD | $58.76 | $186.77 | $2,399,860 | $237,837,110 | |
| 7 | 50 | Oxford | $42,250 | 1,200 | 5204005 | DW223404 01 | Supply and Treatment Improvements | $1,854,050 | No | Yes | $0 | N/A | $29.18 | $113.97 | $12,344,000 | $250,181,110 | |
| 8 | 49 | LaFontaine | $45,917 | 906 | 5285004 | DW223085 02 | Supply, Treatment, and Distribution System Improvements | $872,000 | No | Yes | $0 | N/A | $41.95 | $101.59 | $4,223,700 | $254,404,810 | |
| 9 | 48 | Monticello - RCA Neighborhood | $42,565 | 5,300 | 5291011 | DW220791 03 | Distribution System Improvements + Lead Service Line Replacement | $659,000 | No | Yes | $0 | N/A | $22.05 | $25.07 | $4,100,000 | $258,504,810 | |
| 10 | 48 | Kentland | $48,864 | 1,735 | 5256005 | DW222156 01 | Storage, Treatment, and Distribution Improvements | $217,000 | No | Yes | TBD | TBD | $26.13 | $80.01 | $11,063,500 | $269,568,310 | |
| 11 | 48 | LaCrosse | $51,932 | 540 | 5246015 | DW224446 02 | Distribution Improvements + Lead Service Line Replacements | $415,000 | No | Yes | $0 | N/A | $51.50 | $129.41 | $3,272,900 | $272,841,210 | |
| 12 | 48 | Arcadia | $55,566 | 1,700 | 5229001 | DW222929 02 | Treatment, Supply, and Distribution Improvements | $3,083,200 | No | Yes | $0 | N/A | $36.19 | $96.98 | $7,889,820 | $280,731,030 | |
| 13 | 47 | Chandler | $55,903 | 19,295 | 5287002 | DW181987 03 | Distribution System Improvements | $0 | No | No | $0 | N/A | $35.21 | $35.21 | $20,000,000 | $300,731,030 | |
| 15 | 46 | Rensselaer | $48,989 | 5,912 | 5237005 | DW221937 02 | Storage and Distribution Improvements + Lead Service Line Replacement. | $5,128,970 | No | Yes | $0 | N/A | $39.19 | $47.40 | $5,367,500 | $306,098,530 | |
| 16 | 45 | Chalmers | $61,023 | 550 | 5291003 | DW230891 01 | Distribution and Treatment Improvements + Lead Service Line Replacement | $1,140,000 | No | Yes | $0 | N/A | $48.11 | $86.10 | $1,573,000 | $307,671,530 | |
| 17 | 44 | Chesterfield | $44,219 | 2,800 | 5248004 | DW230648 01 | Supply, Treatment, and Distribution System Improvements + Lead Service Line Replacement | $5,560,000 | No | Yes | $0 | N/A | $23.80 | $73.59 | $14,179,736 | $321,851,266 | |
| 18 | 44 | Columbus | $67,387 | 44,061 | 5203002 | DW211403 01 | Supply, Treatment, and Distribution Improvements | $0 | Yes | No | $0 | N/A | $9.82 | $16.72 | $22,200,000 | $344,051,266 | |
| 19 | 38 | Winamac/Tippecanoe River State Park | $41,250 | 2,400 | 5266005 | DW221466 01 | Connection to State Park | $0 | Yes | Yes | TBD | TBD | $37.14 | $37.14 | $10,113,349 | $354,164,615 | |
| 20 | 38 | Brownsburg | $89,089 | 23,750 | 5232002 | DW231032 02 | Distribution Improvements + Lead Service Line Replacements | $3,630,400 | No | No | $0 | N/A | $19.21 | $19.82 | $5,499,520 | $359,664,135 | |
| 21 | 35 | Reelsville | $64,583 | 2,800 | 5267006 | DW221167 03 | Well and Treatment Improvements | $0 | No | Yes | $0 | N/A | $47.54 | $66.19 | $1,600,000 | $361,264,135 | |
| 22 | 34 | Cambridge City | $37,917 | 1,900 | 5289002 | DW221689 02 | Water Main Replacements and Storage Improvements | $0 | No | Yes | $0 | N/A | $21.97 | $44.13 | $4,580,000 | $365,844,135 | |
| 23 | 34 | Milan | $46,700 | 1,899 | 5269003 | DW221569 01 | Storage Improvements and Water Main Replacements | $0 | No | Yes | TBD | TBD | $37.20 | $68.45 | $2,918,175 | $368,762,310 | |
| 24 | 33 | Lakeville | $39,605 | 750 | 5271008 | DW222571 01 | Storage and Distribution System Improvements | $0 | No | Yes | TBD | TBD | $31.40 | $100.04 | $7,540,000 | $376,302,310 | |
| 25 | 33 | Atlanta | $53,026 | 735 | 5229002 | DW224029 03 | Distribution and Storage Extensions | $0 | No | Yes | $0 | N/A | $58.28 | $289.70 | $11,935,000 | $388,237,310 | |
| 26 | 32 | Odon | $30,368 | 1,379 | 5214005 | DW223714 02 | Treatment, Storage, and Supply Improvements | $0 | No | Yes | $0 | N/A | $36.24 | $70.71 | $4,764,400 | $393,001,710 | |
| 27 | 32 | Holton Community Water Corporation | $60,055 | 2,363 | 5269008 | DW223569 01 | Water Main Replacements and Storage Improvements | $0 | No | Yes | $0 | N/A | $54.18 | $77.50 | $3,987,377 | $396,989,086 | |
| 28 | 32 | Valley Rural Utility Company | $102,281 | 5,529 | 5215004 | DW224615 01 | Distribution Improvements | $0 | No | Yes | $0 | N/A | $36.68 | $200.37 | $6,792,100 | $403,781,186 | |
| 29 | 31 | Madison | $41,568 | 11,967 | 5239006 | DW220939 03 | Treatment, Storage, and Distribution System Improvements | $0 | No | Yes | TBD | TBD | $9.48 | $15.12 | $12,370,800 | $416,151,986 | |
| 30 | 31 | Shirley | $53,000 | 960 | 5233013 | DW223930 01 | Meter, Supply, and Treatment Improvements | $0 | No | Yes | TBD | TBD | $50.67 | $93.15 | $3,384,000 | $419,535,986 | |
| 31 | 31 | Hoosier Hills Regional Water District | $56,314 | 8,642 | 5269002 | DW210469 01 | Storage and Distribution System Improvements and Water Main Extension | $0 | No | No | TBD | TBD | $34.82 | $37.00 | $3,300,000 | $422,835,986 | |
| 32 | 31 | LaPaz | $62,596 | 574 | TBD | DW230271 01 | New Water Utility | $0 | No | Yes | TBD | WE, EE, EI | N/A | $276.17 | $19,137,000 | $441,972,986 | |
| 33 | 30 | Maysville Regional Water and Sewer District | $56,303 | 1,634 | 5202037 | DW220502 01 | Water Main Extension, Storage, and Distribution System Improvements | $0 | No | Yes | $0 | N/A | $36.25 | $65.00 | $2,500,000 | $444,472,986 | |
| 34 | 29 | Laurel | $19,846 | 560 | 5224004 | DW222724 01 | Storage and Treatment Improvements with Security Updates | $0 | No | Yes | $0 | N/A | $26.00 | $70.25 | $1,745,000 | $446,217,986 | |
| 35 | 29 | Evansville - Main Replacement | $42,623 | 173,000 | 5282002 | DW181282 02 | Distribution System Improvements | $0 | No | Yes | $0 | N/A | $33.74 | $45.86 | $97,000,000 | $543,217,986 | |
| 36 | 29 | North Liberty/Potato Creek State Park | $48,458 | 1,896 | 5271010 | DW224571 01 | Connection to State Park | $0 | No | No | $0 | N/A | $42.41 | $42.41 | $6,473,450 | $549,691,436 | |

| | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 37 | 29 | Ingalls | $55,043 | 7,600 | 5248012 | DW221148 02 | Storage and Distribution System Improvements | $0 | No | Yes | TBD | TBD | $38.96 | $45.00 | $2,093,009 | $551,784,445 |
| 38 | 28 | Connersville | $38,980 | 15,000 | 5221001 | DW223821 01 | Distribution Improvements | $0 | No | Yes | TBD | TBD | $23.54 | $27.30 | $6,797,950 | $558,582,395 |
| 39 | 28 | Angola/Pokagon SP/Trine SRA | $45,957 | 8,612 | 5276001 | DW231376 01 | Connection to State Park and State Recreational Area | $0 | No | Yes | $0 | TBD | $26.11 | $26.11 | $7,359,704 | $565,942,099 |
| 40 | 28 | Lynn | $49,722 | 1,149 | 5268004 | DW222468 01 | Storage and Distribution Improvements, Valve Updates | $0 | No | Yes | $0 | N/A | $36.26 | $72.21 | $2,972,500 | $568,914,599 |
| 41 | 28 | Swayzee | $55,417 | 918 | 5227020 | DW222227 02 | Water Treatment System Improvements | $0 | No | Yes | TBD | TBD | $34.13 | $67.16 | $2,381,508 | $571,296,107 |
| 42 | 28 | Bourbon | $60,976 | 1,767 | 5250002 | DW221350 01 | Treatment and Well Improvements | $0 | No | Yes | TBD | TBD | $31.03 | $66.94 | $4,714,000 | $576,010,107 |
| 43 | 28 | Wakarusa | $64,432 | 1,800 | 5220029 | DW223120 01 | Supply and Water Treatment Plant Improvements | $0 | Yes | Yes | TBD | TBD | $25.00 | $60.55 | $5,059,500 | $581,069,607 |
| 44 | 28 | New Richmond | $67,917 | 333 | 5254009 | DW221754 01 | New Wells and Water Mains & Improved Treatment and Distribtion Systems | $0 | Yes | Yes | $0 | N/A | $31.80 | $86.43 | $1,559,400 | $582,629,007 |
| 45 | 27 | Williamsport | $48,920 | 1,800 | 5286004 | DW223386 02 | Distribution and Storage Improvements | $0 | No | Yes | $0 | N/A | $37.15 | $47.08 | $1,466,100 | $584,095,107 |
| 46 | 27 | Daviess County Rural Water | $51,907 | 7,969 | 5214002 | DW230414 01 | Storage and Booster Station Improvements | $0 | No | Yes | $0 | N/A | $45.16 | $53.16 | $4,667,000 | $588,762,107 |
| 47 | 27 | Bristol | $54,276 | 1,675 | 5220003 | DW222820 01 | Distribution and Storage Improvements | $0 | No | Yes | $0 | N/A | $16.22 | $47.50 | $11,919,000 | $600,681,107 |
| 48 | 26 | Andrews | $43,125 | 1,149 | 5235001 | DW160935 01 | New Plant | $0 | No | Yes | TBD | TBD | $38.48 | $147.99 | $5,200,000 | $605,881,107 |
| 49 | 26 | Cloverdale | $51,908 | 2,060 | 5267003 | DW223267 01 | Water Main Replacements | $0 | No | Yes | $0 | N/A | $38.86 | $53.38 | $4,801,735 | $610,682,842 |
| 50 | 25 | Centerville | $46,500 | 2,533 | 5289003 | DW231489 03 | Distribution, Storage, and Treatment Improvements | $2,560,000 | No | Yes | $0 | N/A | $38.38 | $90.00 | $13,289,000 | $623,971,842 |
| 51 | 25 | Brown County Water Utility | $58,765 | 11,300 | 5207001 | DW201407 03 | Supply and Distribution System Improvements | $0 | No | Yes | $0 | N/A | $51.08 | $55.64 | $4,300,000 | $628,271,842 |
| 52 | 24 | Washington | $40,080 | 13,690 | 5214007 | DW190414 01 | Distribution System Improvements | $0 | No | Yes | $0 | N/A | $33.79 | $38.86 | $3,300,000 | $631,571,842 |
| 53 | 23 | Attica | $55,000 | 3,147 | 5223001 | DW220823 01 | Treatment, Storage, and Distribution System Improvements | $0 | No | No | $0 | N/A | $33.25 | $26.99 | $2,400,000 | $633,971,842 |
| 54 | 23 | Greenfield | $57,950 | 21,000 | 5230004 | DW221230 01 | Storage and Distribution System Improvements | $0 | No | No | TBD | TBD | $30.00 | $36.00 | $10,926,000 | $644,897,842 |
| 55 | 22 | Middlebury | $85,694 | 3,572 | 5220014 | DW231120 02 | Treatment and Storage Improvements | $0 | No | Yes | $0 | N/A | $36.66 | $76.43 | $18,238,000 | $663,135,842 |
| 56 | 21 | Spiceland | $54,844 | 940 | 5233016 | DW222633 03 | Supply and Treatment Improvements | $0 | Yes | Yes | $0 | N/A | $52.20 | $101.40 | $6,541,000 | $669,676,842 |
| 57 | 20 | Elkhart County Regional Sewer District | $58,509 | 3,849 | TBD | DW230720 01 | New Water Utility | $0 | No | Yes | $0 | N/A | N/A | $56.33 | $13,120,045 | $682,796,887 |
| 58 | 19 | East Chicago - Storage and Treatment | $35,396 | 27,457 | 5245012 | DW224345 07 | Storage and Treatment Improvements | $0 | No | Yes | TBD | TBD | $7.36 | $7.36 | $12,850,000 | $695,646,887 |
| 59 | 16 | Carmel | $115,109 | 90,173 | 5229004 | DW181129 01 | Treatment, Storage and Distribution System Improvements | $0 | No | No | TBD | TBD | $25.31 | $29.87 | $51,000,000 | $746,646,887 |
| 60 | 6 | Tipton | $63,451 | 5,200 | 528004 | DW230380 01 | Storage and Treatment Improvements | $0 | No | No | $0 | N/A | $37.15 | $37.15 | $2,541,000 | $749,187,887 |
| -- | 26 | Otterbein | $51,250 | 1,262 | 5204004 | DW232004 01 | Treatment, Storage, and Distribution System Improvements | $0 | No | Yes | TBD | WE | $57.92 | $65.00 | $1,560,000 | $750,747,887 |
| **TOTAL REQUESTED FUNDS - PRELIMINARY ENGINEERING REPORTS (PERs)** | | | | | | | | **$29,497,370** | | | **$0** | | | | **$750,747,887** | |

| PPL Rank [1] | PPL Score | Participant | MHI [2, 3] | Population Served | PWSID No(s). | SRF Project No. | Project Description | Lead Service Line Replacement Cost | Emerging Contaminants? | Disadvantaged Community? | Estimated Green Project Reserve Cost | Green Project Reserve Category [4] | 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 | | Crothersville | $44,900 | 1,524 | 5236001 | DW231736 01 | Distribution and Storage Improvements + Lead Service Line Replacements | TBD | TBD | Yes | TBD | TBD | $57.30 | $60.00 | $10,647,260 | $10,647,260 |
| Application Only | | Hymera | $38,194 | 800 | 5277004 | DW231977 01 | Storage Improvements | TBD | TBD | Yes | TBD | TBD | $48.56 | $55.36 | $1,342,500 | $11,989,760 |
| Application Only | | Knightstown | $55,000 | 2,223 | 5236001 | DW231833 01 | Storage and Distribution System Improvements | TBD | TBD | No | TBD | TBD | $35.86 | $43.00 | $15,607,864 | $27,597,624 |
| Application Only | | Loogootee | $42,500 | 3,915 | 5251005 | DW210251 01 | Storage and Distribution System Improvements | TBD | TBD | Yes | TBD | TBD | $31.54 | $46.35 | $2,700,000 | $30,297,624 |
| Application Only | | Valparaiso Lakes Area Conservancy District | $67,273 | 2,565 | 5264033 | DW222064 01 | Water Main Looping | TBD | TBD | No | TBD | TBD | $41.00 | $43.24 | $340,000 | $30,637,624 |
| **TOTAL REQUESTED FUNDS - APPLICATIONS ONLY** | | | | | | | | **$0** | | | **$0** | | | | **$30,637,624** | |

| | | |
|---|---|---|
| **TOTAL REQUESTED FUNDS - PERs & APPLICATIONS** | **$29,497,370** | **$0** | **$781,385,511** |

**Footnotes:**

[1] A community must submit a complete Preliminary Engineering Report to the DWSRF 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] The Indiana DWSRF Loan Program defines a Disadvantaged Community in Section VII of the IUP.

[4] Emerging Contaminants funds are reserved for DWSRF eligible projects whose primary purpose must be to address emerging contaminants, with a focus on PFAS, using the broad CCL 1 - 5.

[5] Disadvantaged Community determinations in this PPL are based on MHI and rates provided at the time the PPL was posted for public notice. Additional information on populations positively impacted by the project may be submitted and considered prior to loan closing.

[6] EE = Energy Efficiency, EI = Environmentally Innovative, GI = Green Infrastructure, WE = Water Efficiency, CR = Climate Resiliency.

* This project priority list was published on July 1, 2022 for a 3-week comment period.

**Indiana DW SRF Loan Program**
**Exhibit C - Intended Equivalency Projects***

**DWSRF Base Program FFY 2023 Capitialization Grant** Grant Amount: $10,711,000

| Community | Project Description | Total Project Cost | Equivalency Amount | will submit DBE report | will comply with federal cross-cutters | will comply with the single audit act | Will comply with BABA requirement | will comply with signage requirment | will be reported to FSRS to meet FFATA requirements |
|---|---|---|---|---|---|---|---|---|---|
| Chandler | Distribution System Improvements | $20,000,000 | $10,711,000 | yes | yes | yes | n/a closed prior to 5/14/22 | yes | yes |

**Equivalency Project Cost Total: $10,711,000**

**BIL DWSRF General Supplemental Loan Program FFY 2023 Capitialization Grant** Grant Amount: $27,502,000

| Community | Project Description | Total Project Cost | Equivalency Amount | will submit DBE report | will comply with federal cross-cutters | will comply with the single audit act | Will comply with BABA requirement | will comply with signage requirment | will be reported to FSRS to meet FFATA requirements |
|---|---|---|---|---|---|---|---|---|---|
| Evansville | Distribution System Improveme | $ 97,000,000 | $ 27,502,000 | yes | yes | yes | Yes** | yes | yes |

**Equivalency Project Cost Total: $27,502,000**

* These are the proposed equivalency projects. The actual equivalency projects will be outlined in the 2023 Drinking Water SRF Annual Report.

** The project submitted engineering plans and specifications prior to May 14, 2022. An anticipated waiver, proposed by the EPA will apply to the project.

Exhibit D

DWSRF Loan Program Project Scoring and Ranking Worksheet

This Exhibit documents the scoring system utilized to rank projects in PPLs between July 1, 2022, and June 30, 2023, as found in Exhibit B of this IUP.

**INDIANA FINANCE AUTHORITY**

**Drinking Water State Revolving Fund Loan Program**

**Project Scoring and Ranking Worksheet[1]**

**State Fiscal Year 2023 (July 1, 2022 to June 30, 2023)**

| | |
|---|---|
| Project Name: | |
| SRF Project No.: | PWSID No.: |
| Reviewer: | Date: |

| | **Score** | Maximum Allowed Score |
|---|---|---|
| Section 1: Acute Public Health / SDWA Compliance | 0 | 55 |
| Section 2: Chronic Public Health / SDWA Compliance | 0 | 25 |
| Section 3: Public Health / Water Works Regulations Compliance | 0 | 14 |
| Section 4: Affordability and Population | 0 | 6 |
| **Total Project Score:** | **0** | 100 |

**Bonus Points**

| | | |
|---|---|---|
| 1. Other Funds Available | 0 | 3 |
| 2. Capacity Development / Sustainability / Disadvantaged Community | 0 | 25 |
| 3. Regionalization | 0 | 10 |
| **Total Bonus Points:** | **0** | 38 |

**Deduction Points**

| | | |
|---|---|---|
| Non-Regionalization | 0 | -10 |
| **Total Deduction Points:** | **0** | -10 |

| | |
|---|---|
| **TOTAL POINTS EARNED:** | **0** |

**Instructions:**

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

1. Address the most serious risk to human health;
2. Are necessary to ensure compliance with the Safe Drinking Water Act (SDWA); and
3. Assist systems most in financial need on a per household basis, according to the State's affordability criteria.

Points are assigned to proposed projects that intend to correct deficiencies. For example, if the Public Water System has persistent violations of a Maximum Contaminant Level (MCL) but the proposed project does not address that problem, the points associated with persistent violations of a MCL will not be assigned. However, if the Participant does not have persistent MCL violations, but the project will address another Public Water System's persistent MCL violations, such as through consolidation, the points associated with the persistent MCL violations will be assigned.

The total number of available points is 100. The total number of available bonus points is 38. 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 other funds available, capacity development/sustainability/disadvantaged community, regionalization as well as deducting points associated with non-regionalization. **If a tie occurs, the project with the lowest Median Household Income will prevail.**

A loan recipient must submit a Preliminary Engineering Report (PER) on or before May 1 to DWSRF in order to be Scored and Ranked on the PPL. A PER submitted after May 1, will be scored and unranked. Projects which submit applications only (without a PER) will appear unscored and unranked, in the Application-only Section of the PPL.

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

**Section 1: Acute Public Health / SDWA Compliance (upper limit 55 points)**

Instructions: Assign points to projects that address acute public health concerns occurring within the last three years. The upper limit for points in this section is 55. Acute public health concerns affect an individual in the immediate short-term.

| Criteria to be corrected by project | Maximum Points | **Points earned** |
|---|---|---|
| 1. Administrative Order, Agreed Order, or the Indiana Department of Environmental Management (IDEM) declares a waterborne emergency at existing waterworks for acute public health concerns. | 50 Points | **0** |
| 2. Interim Enhanced/Long Term 1/Long Term 2 Surface Water Treatment Rule violation (including Filter Backwash Recycling and Ground Water Rules) i.e., inadequately treated surface water or groundwater under the influence of surface water. | 50 Points | **0** |
| 3. Persistent Total Coliform Rule (TCR) or Nitrate violations. | 50 Points | **0** |
| 4. Inadequate individual home water supplies documented by the local or state health department to show health hazards, such as exceeding drinking water Maximum Contaminant Levels (MCL). | 50 Points | **0** |
| 5. Consolidation of a non-complying public water system (acute public health concerns). | 50 Points | **0** |
| 6. Condition determined to be an acute public health concern (including lead or copper) by IDEM or the Indiana State Department of Health (ISDH). | 50 Points | **0** |
| 7. Project corrects a compliance issue associated with an Enforcement Targeting Tool (ETT) score of 11 or greater | 50 Points | **0** |
| **Total Points:** | **0** | |

**Section 2: Chronic Public Health / SDWA Compliance (upper limit 25 points)**

Instructions: Assign points to projects that address chronic public health concerns occurring within the last three years. The upper limit for points in this section is 25 points. Chronic public health concerns affect an individual over a lifetime.

| Criteria to be corrected by project | Maximum Points | **Points earned** |
|---|---|---|
| 1. Administrative Order or Agreed Order for chronic public health concerns. | 20 Points | **0** |
| 2. Persistent MCL violations of the National Primary Drinking Water Regulations (Microorganisms, Disinfectants, Disinfection Byproducts, Inorganic and Organic Chemicals, and Radionuclides). | 20 Points | **0** |
| 3. Consolidation of a non-complying public water system (chronic public health concerns). | 20 Points | **0** |
| 4. Condition determined to be a chronic public health concern (including lead or copper) by IDEM or ISDH. | 20 Points | **0** |
| **Total Points:** | **0** | |

**Section 3: Public Health / Water Works Regulations Compliance (upper limit 14 points)**

Instructions: Assign points to projects for infrastructure improvements that will bring the existing public water systems into compliance with IDEM and/or water works regulations, such as Recommended Standards For Water Works (10 States Standards). The upper limit for points in this section is 14 points.

| Criteria to be corrected by project | Maximum Points | **Points earned** |
|---|---|---|
| 1. Resolve an IDEM connection ban, early warning notice or a non-SDWA violation. | 10 Points | **0** |
| 2. Resolve inadequate pressure in water works. | 10 Points | **0** |
| 3. Resolve conditions of inadequate water supply, including individual home wells and redundancy. | 7 Points | **0** |
| 4. Ensure that drinking water receives appropriate treatment to meet secondary standards. | 7 Points | **0** |
| 5. Ensure storage capacity in the water works is adequate. | 7 Points | **0** |
| 6. Reduce leakage and increase accountability. | 5 Points | **0** |
| 7. Ensure adequate flow in distribution system. | 5 Points | **0** |
| 8. Prevent conditions favoring the entrance of contaminants (including lead or copper, or non-regulated contaminants) into the distribution system. | 5 Points | **0** |
| 9. Install eligible security measures (alternate intake, fencing, lighting, cameras, motion detectors, secure chemical and fuel storage, security hatches, and access panels). | 5 Points | **0** |
| **Total Points:** | **0** | |

**Section 4: Affordability, Disadvantaged Communities, and Population (upper limit 6 points)**

Instructions: Affordability points are assigned to assist community water systems most in need on a per household basis. Therefore, non-community systems are not eligible to receive affordability points. The upper limit for points in this section is 6 points. Sources for median household income and population data include the U.S. Census and the IDEM Safe Drinking Water Information System (SDWIS). The post project annual water bill is based on an average monthly water bill (based on 4,000 gallons) x 12 months and rounded to one decimal place.

| Criteria to be corrected by project | Maximum Points | **Points earned** |
|---|---|---|
| **1. Affordability and Disadvantaged Communities: post-project annual water bill as a percentage of median household income.** *Community water systems only.* | | |
| Greater than or equal to 1.5 % | 5 Points | **0** |
| 1.0 – 1.4 % | 4 Points | **0** |
| Less than or equal to 0.9 % | 1 Point | **0** |
| **2. Population served by the project.** *Community and non-community water systems.* | | |
| Less than or equal to 10,000 | 1 Point | **0** |
| Greater than or equal to 10,001 | 0 Points | **0** |
| **Total Points:** | **0** | |

**Section 5: Bonus (upper limit 28 points)**

Instructions: Bonus points encourage community water systems to perform planning and proper operation and maintenance. Non-community water systems are not eligible for bonus points. The upper limit for points in this section is 38 points.

| Criteria to be corrected by project | Maximum Points | Points earned |
|---|---|---|
| **1. Other Funds Available** | | |
| Points are assigned to encourage community water systems to have other funds (cash on hand, grants or other loans) in addition to the construction loan from the DWSRF Loan Program. The percentage is calculated by dividing the other funds by the total project cost and rounding to a whole number. Assign points based on whether the system has the committed funds (**Awarded**) or is still in process of applying for other funds (**Applying**). | | |
| Less than or equal to 10 % | 0 points | **0** |
| 11-50 % (Awarded: 2 points / Applying: 1 points) | 1-2 points | **0** |
| Greater than or equal to 50% (Awarded: 3 points / Applying: 2 points) | 2-3 points | **0** |
| **2. Capacity Development / Sustainability / Disadvantaged Community** | | |
| 1. Completes a self-assessment survey to assess the technical, managerial and financial capability of the utility. | 1 point | **0** |
| 2. Attends training for Utility Board Drinking Water Administrators | 1 point | **0** |
| 3. Consolidation of a SDWA compliant public water system or interconnection | 1 point | **0** |
| 4. Zero SDWA violations in last 12 months | 1 point | **0** |
| 5. Project includes Wellhead Protection Plan Implementation measures | 1 point | **0** |
| 6. Member of InWARN Network | 1 point | **0** |
| 7. Recognized with a Hoosier Water Guardian Award | 1 point | **0** |
| 8. >95% customers metered | 1 point | **0** |
| 9. Unaccounted for water <15% | 1 point | **0** |
| 10. Public Water System utilizes a Water Conservation Ordinance | 1 point | **0** |
| 11. Project includes the remediation/redevelopment of a brownfield (IC 13-11-2-19.3) in conjunction with the Indiana Finance Authority Brownfields Program | 1 point | **0** |
| 12. Project incorporates sustainable infrastructure as identified on the Green Project Reserve Sustainability Incentive Drinking Water Checklist. One point is awarded for each category, four points maximum. | | |
| Category 1: Green Infrastructure | 1 point | **0** |
| Category 2: Water Efficiency | 1 point | **0** |
| Category 3: Energy Efficiency | 1 point | **0** |
| Category 4: Environmentally Innovative | 1 point | **0** |
| Category 5: Climate Resiliency | 2 points | **0** |
| 13. SFY23 Bonus Points for submitting on or before April 1, 2022 | 5 points | **0** |
| 14. Disadvantaged Community | 3 points | **0** |
| **3. Regionalization** | | |
| Regionalize with a nearby drinking water system | 5 points | **0** |
| Remain regionalized with a nearby drinking water system | 5 Points | **0** |
| **Total Bonus Points:** | | **0** |

**Section 6: Deduction Points (Limit -10)**

**Instruction:** Deduction points are assigned when a project involves disconnection from an active and available regional water system.

| | | |
|---|---|---|
| Non-Regionalization | - 10 Points | **0** |
| **Total Deduction Points:** | | **0** |

Exhibit E
Expeditious and Timely Use of Funds

This Exhibit identifies the intended uses of the funds held in various accounts of the DWSRF, and how those uses support the goals of the DWSRF. This Exhibit also demonstrates how the Authority meets the requirements of 40 CFR 35.3550(1) by using all of the funds in the DWSRF in an expeditious and timely manner.
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**Sources, Uses and Available Balances in SRF Accounts**

The following accounts have been created and exist under the Authority's Drinking Water Trust Indenture and comprise its DWSRF. Set forth on the attached Schedule 1 (the "Use Schedule") is detail on what funds are held in the DWSRF and how they were expeditiously and timely used in SFY 2022 and will continue to be in perpetuity.

**Drinking Water Purchase Account**

*Sources of Funds:* Funds held in this account[1] come from proceeds of Program Bonds[2] 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 2022 as well as loans anticipated to be closed in SFY 2023 and after.

*Uses of Funds*: These funds are used to make loans for qualified Proposed Projects as permitted by 40 CFR 35.3525(a). This use directly furthers the primary purpose of the DWSRF Loan Program by financing qualified Proposed Projects that facilitate compliance with the Safe Drinking Water Act and protect public health.

*Available Balance*: As of July 1, 2022, the aggregate amount of closed and committed loans exceeded the balance in this account ("Excess Commitments"). As additional loans are closed in SFY 2022, such committed amounts will contribute to additional Excess Commitments. The aggregate amount held in this account as of July 1, 2022 is shown in the Use Schedule. Accordingly, none of the funds presently on deposit in this account are available for other SRF Loan Program 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] These bonds are revenue bonds within the meaning of 40 CFR 35.3525(e), the net proceeds of which were deposited in the DWSRF. 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 DWSRF. 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 Intended Use Plan ("Plan")) to make loans from the DWSRF 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; their proceeds (together with other match sources) have matched all capitalization grants awarded to date as well as the not-yet-available FFY 2022 (FFY refers to the Federal Fiscal Year ending September 30 of the year listed) grant by reason of over-match.

**Drinking Water 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 35.3525(e) 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 that facilitate compliance with the Safe Drinking Water Act and protect public health.

*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.

**Drinking Water 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 35.3525(e) and 40 CFR 35.3550(g)(3), respectively. This use indirectly furthers the primary purpose of the SRF by making loan proceeds available to finance qualified Proposed Projects that facilitate compliance with the Safe Drinking Water Act and protect public health.

*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.

**DRINKING WATER RESERVE**[3] contains the following accounts:

**Drinking Water 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

[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 Safe Drinking Water Act, as amended.

35.3525(e) and 40 CFR 35.3550(g)(3), respectively, and *secondly* transferred to the Reserve Deficiency Account, as described below.

*Available Balance*: Approximately annually, this account is fully depleted to make payments on Program Bonds, with any excess available balances to be transferred to the Reserve Deficiency Account. Accordingly, none of the funds presently on deposit[4] in this account are available for other SRF purposes.

**Drinking Water Reserve Grant Account**

*Sources of Funds:* Funds held in this account[5] come from federal capitalization grants drawn when funds are loaned, up to the amount therein (and in the 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 security[7] for outstanding Guarantee Revenue Bonds as permitted by 40 CFR 35.3525(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 35.3525(e) and 40 CFR 35.3550(g)(3), respectively. This use both directly and indirectly furthers the primary purpose of the DWSRF Loan Program by making financing for qualified Proposed Projects that facilitate compliance with the Safe Drinking Water Act and protect public health.

*Available Balance*: The aggregate amount held in this account (as of July 1, 2022 and as anticipated in SFY 2023) 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 and/or agencies obligations.

**Drinking Water 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

[4] And before any transfers to the CWSRF 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 from principal on loan repayments funded from such proceeds. As of July 1, 2022, 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 35.3525(e) 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 $59.4 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 DWSRF 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 2022 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 transfers to the CWSRF as discussed elsewhere in this Exhibit.

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, 2022 nor are any so anticipated in SFY 2023.

**DRINKING WATER EQUITY**[9] contains the following accounts:

**Drinking Water Equity Grant Account**

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

*Uses of Funds*: These funds are used (i) as security[10] and as a source of payment for the outstanding Guarantee Revenue Bonds as permitted by 40 CFR 35.3525(e), (ii) to fund any transfers to the Authority's CWSRF as permitted by law including Section 302 of the Safe Drinking Water Act, and (iii) to fund that portion of any loans closed but not presently on deposit in the Purchase Account[11] 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 DWSRF Loan Program by making financing for qualified Proposed Projects that facilitate compliance with the Safe Drinking Water Act and protect public health.

[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 DWSRF treats it as part of the "reserve" for the purposes of this Plan and the federal Safe Drinking Water Act, as amended.

[10] 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 2022 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, 2022.

[11] In addition to meeting any Excess Commitments as of July 1, 2022, 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, 2022, (b) PERs submitted and under review by the DWSRF as of July 1, 2022 and (c) additional PERs to be submitted (including as set in the new PPL in SFY 2023), each as detailed in the Use Schedule.

*Available Balance*: The aggregate amount held in this account (as of July 1, 2022 and as anticipated in SFY 2023) is shown in the Use Schedule.[12] In furtherance of these purposes, the funds in this account are invested with certain short-term investments and State and Local Government Series (SLGS) securities.

**Drinking Water 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 35.3525(e) and 40 CFR 35.3550(g)(3), respectively, like the Equity Grant Account and (ii) to fund that portion of any loans closed but not on deposit in the Purchase Account in the event additional leveraged Guarantee Revenue Bonds could not be issued for any reason to meet such commitments. This use both directly and indirectly furthers the primary purpose of the SRF by making financing for qualified Proposed Projects that facilitate compliance with the Safe Drinking Water Act and protect public health.

*Available Balance*: The aggregate amount held in this account as of July 1, 2022 is shown in the Use Schedule.[13]

## Additional Information Concerning Expected Uses of SRF Funds

**Use of Available Balances to Meet Closed Loan Commitments.** Under its existing practices, the Authority closes DWSRF loans with Participants without the necessity of having available balances in its Purchase Account to fully fund those loan commitments on the date a DWSRF loan is closed. As of July 1, 2022, there were Excess Commitments. By closing new loans for qualified Proposed Projects with (a) approved PERs as of July 1, 2022, (b) PERs submitted and under review by the DWSRF as of July 1, 2022 and (c) additional PERs to be submitted (including as set in the new PPL in SFY 2023), 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 2023. 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 2023) in the event additional Guarantee Revenue Bonds could not to be issued.

[12] And before any transfers to the CWSRF as discussed elsewhere in this Exhibit.
[13] And before any transfers to the CWSRF as discussed elsewhere in this Exhibit.

**Use of Available Balances as a Reserve and Source of Payment for Guarantee Revenue Bonds.** Amounts held in the 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 35.3525(e). In addition to this use, a portion of these funds are also held to meet (a) Excess Commitments in SFY 2023 in the event additional Guarantee Revenue Bonds could not to be issued and (b) any transfers to the CWSRF 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 35.3550(g)(3). In addition to this use, a portion of these funds are held to meet (a) Excess Commitments in SFY 2023 in the event additional Guarantee Revenue Bonds could not to be issued and (b) any transfers to the CWSRF as permitted by law.

**Use of Available Balances to Possibly Transfer Funds to the Wastewater SRF.** As of July 1, 2022, about $23.6 million has been transferred to DWSRF. As of July 1, 2022, the cumulative transfer amount available for additional transfers from CWSRF to the DWSRF could result in up to approximately $123.9 million of allowable transfers which includes 33% of the FFY 2022 grant. The full amount of any such potential transfers is banked.

Further, transfers can be made from DWSRF to the CWSRF up to the cumulative amount made from CWSRF to 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 one or more of the Authority's 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 DWSRF or CWSRF 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: 30-Jun-2022 (Actual) | Future Deposits in SFY |
|---|---|---|
| **A. Funds Committed to Projects by DWSRF** | | |
| Purchase Account | $ - | $ - |
| | $ - | $ - |
| **B. Other Funds Held in DWSRF** | | |
| Reserve Grant Account | $ 5,400,000 | $ - |
| Reserve Earnings Account | - | - |
| Reserve Support Account | - | |
| Reserve Deficiency Account | - | - |
| Equity Grant Account | 56,900,000 | $ 21,400,000 |
| Equity Earnings Account | 24,600,000 | - |
| | $ 86,900,000 | $ 21,400,000 |
| **Total Available Funds (A. and B. above)** | $ 86,900,000 | $ 21,400,000 |

| **Proof of Timely & Expedious Use of Above Funds Held in DWSRF*** | |
|---|---|
| Closed Loan (Undrawn loan amounts covered by on-hand Purchase A/C Funds) | $ - |
| Closed Loan Excess Commitments (after Application of above Purchase A/C **) | 27,500,000 |
| Closed Loan to be funded directly from Equity (undrawn portion of loan) | 100,000 |
| PERs In-house (approved & under-review) Awaiting Loan Closing | 750,700,000 |
| Other Projects on new SFY's PPL, Requesting Loan Funding | 30,600,000 |
| *1. Use: to cover Loan Demand**** | 808,900,000 |
| *2. Use: to cover Series Reserve Requirement* | 5,300,000 |
| **Possible Uses of Funds** (1 & 2 above without considering other secondary purposes for holding them in the DWSRF) # are as follows: | $ 814,200,000 |

| | |
|---|---|
| **Uses of Funds (1 & 2 above):** | $ 814,200,000 |
| **Less: Total Available Funds (A. and B. above)** | 108,300,000 |
| **Amount by which "*Possible Uses of Funds*" EXCEED "*Total Available Funds*"** | $ 705,900,000 |

Notes:

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

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

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

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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.

Exhibit G

**SFY 2023 – Set Aside Workplan for the DWSRF Base Capitalization Grant**

In SFY 2023 (July 1, 2022 – June 30, 2023), Indiana's Drinking Water State Revolving Fund (DWSRF) Loan Program will use its DWSRF Set-Aside allotments to continue promoting the implementation of the Safe Drinking Water Act (SDWA).

ADMINISTRATIVE SET-ASIDE

The DWSRF Loan Program may cover the reasonable costs of administering the program, and to provide technical assistance to public water systems within the State to one of the following, whichever is greatest, plus any fees collected by the DWSRF Loan Program.

- $400,000 per year;
- 1/5% of the current valuation of the fund; and
- An amount equal to four (4%) percent of all grant awards to the fund under this section for the fiscal year.

In SFY 2023, the State will take four percent, or $428,440, of the Administrative Set-Aside for the administration of the DWSRF Loan Program, which may include funding DWSRF salaries, benefits, and miscellaneous expenses incurred with program management. The State will not bank any of the Administrative Set-Aside.

TECHNICAL ASSISTANCE TO SMALL SYSTEMS SET-ASIDE

In SFY 2023, the State will also take two percent, or $214,220, of the Technical Assistance Set-Aside allowed through the DWSRF Loan Program grant to engage professional services to conduct community outreach and assistance with preliminary planning to allow Disadvantaged Communities ease of access to the State Revolving Fund and related programs.

STATE PROGRAM MANAGEMENT SET-ASIDE

In SFY 2023, the State will take ten percent or $1,071,100 of the State Program Management Set-Aside to ensure safe drinking water for Indiana residents.

1. **Name of program:** Indiana Drinking Water Certified Operator Apprenticeship Program
   a. **Amount:** approximately $1,071,100 of the 2023 State Program Management Set-Aside
   b. **Purpose:** To provide training of skilled workers and standardize training across Indiana for Certified Operators for Drinking Water systems.
   c. **Agency Responsibilities**: The Authority will work with a third-party contractor to administer the Apprenticeship Program and provide assistance for the training, supplies, and salary of eligible apprentices.
   d. **Deliverables**: The project will deliver qualified, Certified Operators for drinking water systems in Indiana to meet the needs of the future.
   e. **Evaluation of Project**: Success will be measured by the number of eligible apprentices that complete the 288 hours of coursework, and by the number of eligible apprentices that become Certified Operators.
   f. S**chedule:** The Authority will continue an agreement with a third-party, in effect through March 2023. Apprenticeship training began in Jan 2019 and the second cohort will graduate Dec 2021. Additional graduations are expected approximately every six months.

LOCAL ASSISTANCE/ STATE PROGRAMS

In SFY 2023, the State will take ten percent or $1,071,100 of the Local Assistance/ State Programs Set-Aside to ensure safe drinking water for Indiana residents.

1. **Name of program:** Indiana Drinking Water Lead Service Line Inventory
    a. **Amount:** approximately $1,071,100 of the 2023 Local Assistance Set-Aside
    b. **Purpose:** To provide funds and professional services to assist Indiana communities to locate lead service lines in their drinking water system. The program will prioritize assisting small and Disadvantaged Systems.
    c. **Agency Responsibilities**: The Authority will work with third-party contractors to administer the Inventory Program and complete investigations.
    d. **Deliverables**: The project will identify lead service lines in Indiana and assist communities in targeting funds to remove lead service lines from systems.
    e. **Evaluation of Project**: Success will be measured by the number of communities that complete inventories.
    f. **Schedule:** The Authority will engage with a third-party, in effect through August of 2024.

Exhibit G – Continued

**SFY 2023 – Set Aside Workplan for DWSRF General Supplemental Grant**

In SFY 2023 (July 1, 2022 – June 30, 2023), Indiana's Drinking Water State Revolving Fund (DWSRF) Loan Program will use its DWSRF Set-Aside allotments to continue promoting the implementation of the Safe Drinking Water Act (SDWA).

ADMINISTRATIVE SET-ASIDE

The DWSRF Loan Program may cover the reasonable costs of administering the program, and to provide technical assistance to public water systems within the State to one of the following, whichever is greatest, plus any fees collected by the DWSRF Loan Program.

- $400,000 per year;
- 1/5% of the current valuation of the fund; and
- An amount equal to four (4%) percent of all grant awards to the fund under this section for the fiscal year.

In SFY 2023, the State will take four percent, or $1,100,080, of the Administrative Set-Aside for the administration of the DWSRF Loan Program, which may include funding DWSRF salaries, benefits, and miscellaneous expenses incurred with program management. The State will not bank any of the Administrative Set-Aside.

TECHNICAL ASSISTANCE TO SMALL SYSTEMS SET-ASIDE

In SFY 2023, the State will also take two percent, or $550,040, of the Technical Assistance Set-Aside allowed through the DWSRF General Supplemental Loan Program grant to engage professional services to conduct community outreach and assistance with preliminary planning to allow disadvantaged communities ease of access to the State Revolving Fund and related programs.

LOCAL ASSISTANCE / STATE PROGRAMS SET-ASIDE

In SFY 2023, the State will take ten percent or $2,750,200 of the Local Assistance and State Programs Set-Aside to ensure safe drinking water for Indiana residents.

2. **Name of program:** Indiana Drinking Water Lead Service Line Inventory
   a. **Amount:** approximately $2,750,200 of the 2023 Local Assistance Set-Aside
   b. **Purpose:** To provide funds and professional services to assist Indiana communities locate and report lead service lines in their drinking water systems in small and Disadvantaged Communities.
   c. **Agency Responsibilities**: The Authority will grant funds for inventory projects in small and Disadvantaged communities that identify service line materials through activities such as public outreach campaigns, inventory tools, site investigations, and predictive modeling.
   d. **Deliverables**: The project will identify lead service lines in Indiana and assist communities in targeting funds to remove lead service lines from systems.
   e. **Evaluation of Project**: Success will be measured by the number of communities that complete inventories.
   f. **Schedule:** The Authority will engage with a third-party and solicit applications from water systems, in effect through August of 2024.

Exhibit H

Unspecified DWSRF Set-Aside Funds (Amount Banked)

(Set-Aside from the Base DWSRF Capitalization Grant)

| | Administrative | Small System Technical Assistance | State Program Management | **Totals** |
|---|---|---|---|---|
| FY 2004 | $389,972 | $0 | $0 | **$389,972** |
| FY 2005 | $0 | $0 | $0 | **$0** |
| FY 2006 | $0 | $0 | $0 | **$0** |
| FY 2007 | $459,360 | $229,680 | $0 | **$689,040** |
| FY 2008 | $360,000 | $130,000 | $0 | **$490,000** |
| FY 2009 | $0 | $218,246 | $0 | **$218,246** |
| FY 2009 ARRA | $1,088,480 | $0 | $0 | **$1,088,480** |
| FY 2010 | $452,760 | $0 | $0 | **$452,760** |
| FY 2011 | $314,180 | $0 | $0 | **$314,180** |
| FY 2012 | $598,800 | $0 | $0 | **$598,800** |
| FY 2013 | $0 | $0 | $0 | **$0** |
| FY 2014 | $286,960 | $0 | $0 | **$286,960** |
| FY 2015 | $285,060 | $0 | $0 | **$285,060** |
| FY 2016 | $0 | $0 | $0 | **$0** |
| FY 2017 | $0 | $0 | $0 | **$0** |
| FY 2018 | $0 | $0 | $0 | **$0** |
| FY 2019 | $0 | $0 | $0 | **$0** |
| FY 2020 | $0 | $0 | $0 | **$0** |
| FY 2021 | $0 | $0 | $0 | **$0** |
| FY 2022 | $0 | $0 | $0 | **$0** |
| FY 2023 | $0 | $0 | $0 | **$0** |
| **Totals** | **$4,235,572** | **$577,926** | **$0** | **$4,813,498** |

Unspecified DWSRF Set-Aside Funds (Amount Banked)
(Set-Aside from the BIL DWSRF General Supplemental Capitalization Grant)

| | Administrative | Small System Technical Assistance | State Program Management | **Totals** |
|---|---|---|---|---|
| FY 2022 BIL | $0 | $0 | $2,744,500 | **$2,744,500** |
| FY 2023 BIL | $0 | $0 | $2,744,500 | **$2,744,500** |
| **Totals** | **$0** | **$0** | **$5,489,000** | **$5,489,000** |

Exhibit I

Summary of Set-Aside Funds in SFY 2022

DWSRF Base Capitalization Grants

| Capitalization Grant Year | Set-Aside | Award Amount | Balance on 7/1/2021 | ASAP Activity Date | Activity Amount | Description | Balance on 7/1/2022 |
|---|---|---|---|---|---|---|---|
| 2020 | Administrative | 673,200.00 | - | | | | - |
| | State Program Management[2] | 1,683,000.00 | 931,972.66 | 09/30/21 | $ 54,109.00 | Central Indiana Water Study | 877,863.66 |
| | | | | 09/30/21 | $ 3,621.25 | Central Indiana Water Study | 874,242.41 |
| | | | | 09/30/21 | $ 4,662.50 | Central Indiana Water Study | 869,579.91 |
| | | | | 09/30/21 | $ 54,109.00 | Central Indiana Water Study | 815,470.91 |
| | | | | 09/30/21 | $ 4,323.75 | Central Indiana Water Study | 811,147.16 |
| | | | | 09/30/21 | $ 27,925.00 | Water Loss | 783,222.16 |
| | | | | 09/30/21 | $ 22,212.00 | Central Indiana Water Study | 761,010.16 |
| | | | | 12/31/21 | $ 4,662.50 | Central Indiana Water Study | 756,347.66 |
| | | | | 12/31/21 | $ 21,171.25 | Central Indiana Water Study | 735,176.41 |
| | | | | 12/31/21 | $ 26,415.63 | Water Loss | 708,760.78 |
| | | | | 03/29/22 | $ 4,662.50 | Central Indiana Water Study | 704,098.28 |
| | | | | 03/29/22 | $ 2,200.00 | Central Indiana Water Study | 701,898.28 |
| | | | | 03/29/22 | $ 29,137.50 | Central Indiana Water Study | 672,760.78 |
| | | | | 03/29/22 | $ 105,659.70 | Water Loss | 567,101.08 |
| | | | | 6/27/2022 | $ 125,500.01 | Lead Sampling for Public Schools | 441,601.07 |
| | | | | 6/27/2022 | $ 4,662.50 | Central Indiana Water Study | **436,938.57** |
| | | | | | | | |
| 2021 | Administrative | 672,600.00 | 672,600.00 | 03/31/22 | 366,669.22 | Administration | 305,930.78 |
| | | | | 03/31/22 | 184,493.44 | Administration | 121,437.34 |
| | | | | 03/31/22 | 121,437.34 | Administration | - |
| | State Program Management[3] | 1,681,500.00 | 1,681,500.00 | 06/27/22 | 189,344.21 | Apprenticeship Scholarship Program | **1,492,156** |
| | | | | | | | |
| 2022 Base Program* | Administrative | 428,440.00 | - | | | | - |
| | Technical Assistance | 214,220.00 | - | | | | - |
| | State Program Management | 1,071,100.00 | - | | | | - |
| | Local Assistance | 1,606,650.00 | - | | | | - |
| | | | | | | | |
| 2022 General Supplemental* | Administrative | 1,100,080.00 | - | | | | - |
| | Technical Assistance | 550,040.00 | - | | | | - |
| | Local Assistance | 275,020.00 | - | | | | - |
| | | | | | | | |
| 2023 Base Program* | Administrative | 428,440.00 | - | | | | - |
| | Technical Assistance | 214,220.00 | - | | | | - |
| | State Program Management | 1,071,100.00 | - | | | | - |
| | Local Assistance | 1,606,650.00 | - | | | | - |
| | | | | | | | |
| 2022 General Supplemental* | Administrative | 1,100,080.00 | - | | | | - |
| | Technical Assistance | 550,040.00 | - | | | | - |
| | Local Assistance | 275,020.00 | - | | | | - |
| | | | | | | | |
| | | | | | | **Total Set-Aside Balance 7/1/2022:** | **1,929,094.36** |

* - Not awarded by July 2022

1 - Central Indiana Water Supply Study and Water Loss

2 - Public School Lead Sampling Program, Daycare Lead Testing, & Regional Water Planning