



State Revolving Fund Loan Programs

Drinking Water, Wastewater, Nonpoint Source

SRF Newsletter

January 2007

Happy New Year! 2007 brings with it good news and bad news. As you will see in this newsletter, the good news is that our Program had a record year during 2006 in the number of loans closed and the savings provided to Indiana communities, which totaled almost \$40 Million. The bad news is that we were unable to provide subsidized loans for all of the projects that were ready to move forward. For those communities that did not receive funding, we will provide a pooled financing opportunity in April, and will again rank and score projects in July 2007 for our next round of subsidized loans. However, at this time we anticipate only having \$75 to \$100 Million available for our Wastewater Program and \$30 to \$50 Million for our Drinking Water Program during State fiscal year 2008. As in the past, SRF staff will continue to look for alternative funding solutions for Indiana's wastewater and drinking water needs, and we appreciate your input and support.

Jim McGoff, Director

2006 ACCOMPLISHMENTS

38- the total number of communities served

\$252,646,000- the total amount of dollars loaned

3.27%- the average interest rate

1,382,960- the total population served

10- the total number of technical assistance grants

\$39,002,404- the savings to these 38 communities over the next 20 years (compared to open market interest rates)

2006- a great year!

DRINKING WATER SYSTEMS, YOU CAN HELP THE DWSRF INCREASE FUNDING!

The SRF Loan Program is preparing to conduct the 2007 Drinking Water Infrastructure Needs Survey and Assessment, a survey of community water systems to assess 20-year capital improvement needs. The results of the survey determine Indiana's allocation of annual Drinking Water SRF dollars. **Due to the results of the 2003 survey, \$7 million more dollars were available to Indiana DWSRF Loan Program Participants!**

Your help is needed to keep Indiana ahead of the curve! If you are a community drinking water system serving a population of 3,300 or more, your system may be one of the 111 systems in Indiana selected for inclusion in the survey. Surveys will be mailed out to selected systems in January or February 2007, with a response requested by March 2007.

Bottom line: if we want our legislators to know we need funding for drinking water capital improvement projects, we have to let them know! The survey will produce an accurate assessment of the nation's and state's drinking water system capital improvement needs and will be part of a report to Congress to let our legislators know the true drinking water need!

If you have any questions, please contact Sarah Hudson, SRF Drinking Water Program Administrator, at (317) 232-8663. The SRF thanks you in advance for taking the time to complete the survey!

SRF POOLED LOANS

Both the Drinking Water and Wastewater SRF Loan Programs have committed all available funds for fully subsidized loans for the remainder of SFY 2007 (July 1, 2006-June 30, 2007). However, the "SRF Pooled Program" - which provides a "AAA" interest rate - will be offered to eligible Participants. The first SRF Pooled Loan closing occurred April 25, 2006; interest rates ranged from 4.44% to 4.50%. Most Participants realized substantial savings when compared to their "open market" rate. Pooled loan closings are tentatively schedule for April and October 2007.

TWO NEW CLOSING REQUIREMENTS

Effective immediately, all communities that are eligible for SRF subsidized financing must bid the entire SRF financed project before closing an SRF loan. Last fiscal year, subsidized funding was held until Nov 1 for projects listed in the "fundable range." Starting July 1, this date will extend to December 31. Communities within SRF's fundable range wishing to close a loan must bid by December 1 and close a loan by December 31. With OCRA award announcements in mid November, communities in the OCRA application process will have the opportunity to receive their OCRA award notification prior to the SRF deadline. Communities participating in the SRF Pooled Loan Program are also strongly encouraged to bid projects prior to loan closing to assure appropriate loan sizing.

Also effective immediately, all communities that close a loan will be asked to enter into a Paying Agent Agreement with The Bank of New York. This Agreement assists the communities in making monthly transfers to their bond & interest and debt service reserve accounts. In addition, the communities will be provided preferred investment opportunities.

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...AND NOW A WORD FROM OUR BIDDING EXPERT

The SRF Loan Programs have changed the requirements for equipment bidding/procurement to ensure procurement transactions provide open and free competition. These requirements include: (1) a minimum of two suppliers listed in addition to allowing substitutions; (2) justification must be submitted and approved by SRF prior to bidding a sole-source supplier; and (3) "packaging" is strongly discouraged.

INNOVATION IN WEST LAFAYETTE

The City of West Lafayette received an Environmental Protection Agency PISCES (Performance and Innovation in the SRF Creating Environmental Success) Award for a wastewater project with innovative environmental and economic benefits. West Lafayette used WWSRF financing to establish a Fats, Oils and Grease Program, as well as a Cogeneration Facility at its wastewater treatment plant. The plant will receive and treat fats, oils, and grease to produce methane gas and an earth-like byproduct. Congrats!

Operations Supervisor Adam Downey and Chief Operator Mark Moore pose at the West Lafayette treatment plant.



STAFF UPDATES:

We are pleased to welcome two new staff to the SRF Loan Programs, Bill Harkins as our new SRF Technical Review Coordinator (IDEM Section Chief) and Debbie Wright as SRF Program General Counsel.

Prior to joining the Indiana Finance Authority, Bill worked as a staff attorney in the IDEM Office of Legal Counsel where he primarily concentrated on water issues. Bill received his undergraduate degree in economics from Villanova University and a J.D. from Indiana University School of Law-Indianapolis.

Before joining IFA, Debbie was an attorney with the remediation section of IDEM's Office of Legal Counsel for approximately six years. She was also corporate counsel for Hillenbrand Industries, Inc. for six years.

Please welcome them to the SRF Loan Programs!

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