



Reminders Regarding Your SRF Loan

In connection with a community entering into a loan arrangement with the Indiana State Revolving Fund (“SRF”) Loan Program to finance projects related to the communities wastewater or drinking water utility (“Utility”), the community should be aware that it has agreed, on an ongoing basis for as long as any loans with SRF remain outstanding, to the following terms via the communities authorizing instrument approving the loan (the “Authorizing Instrument”) and/or the Financial Assistance Agreement, Financial Aid Agreement and / or Funding Agreement (“IFA Agreement”) entered into with SRF in connection with the loan.

1. Community shall own, operate and maintain the Utility for the useful life of the Project financed by the SRF loan. Accordingly, the Participant may not sell, transfer or lease the Utility while the SRF Bonds are outstanding and any existing intent or discussions regarding such should be communicated with SRF.
2. Community shall provide to SRF audited financial statements of the Utility at least every two (2) years. Such audited financial statements shall be performed by the Indiana State Board of Accounts or an independent public accountant and shall be submitted to SRF within nine (9) months following the end of the calendar year to which the audit pertains.
3. Community shall have developed, certified and implemented an Asset Management Program (AMP) that meets SRF Policy Guidelines. Such AMP should be updated and maintained over the life of the SRF loan.
4. Community shall make any required monthly deposits (to accumulate your required reserve and semi-annual loan SRF payments) with its depository bank (generally it is The Bank of New York Mellon Trust Company, N.A., at its Indianapolis location) on-time, prior to the end of each calendar month. Such deposits must be made via ACH or wire transfers (checks are no longer acceptable) and SRF supports the best practice for such deposits to be made in the middle of the month.
5. If the Community desires to prepay its loans after it has been outstanding for at least ten (10) years, then notice should be sent directly to SRF at least sixty (60) days prior to the date fixed for redemption. Additionally, any prepayment of the Community’s obligations are subject to SRF’s consent.
6. No money derived from the Community’s Utility can be transferred to the “general fund” of the Community or used for any purpose not connected to the Utility. This prohibition includes making any “inter-community” loans, even if such loan is repaid in the same calendar year. In addition, any funds and accounts of the Community’s wastewater utility must be kept separate and apart from any funds and accounts of the Community’s drinking water utility (and vice-versa).
7. Community shall maintain rates and charges of its Utility’s customers that is at a level adequate to produce and maintain sufficient revenues for the proper operation and maintenance of the Utility and to provide 1.25x coverage on all obligations of the Utility (including the SRF loan) payable from the revenues of the Utility. At any time while the outstanding loan with SRF is outstanding, SRF may require the Community to demonstrate that such rates and charges are adequate to meet this requirement.

8. Community may not issue any additional obligations (which would include bonds, notes, bank loans, equipment lease among others) that would be payable from revenues of the Utility, without SRF's written consent. At least 14 days in advance of any request to issue additional obligations, a community should contact SRF and provide its required checklist of documents (including a "parity report" demonstrating that the "additional indebtedness test" in the Authorizing Instrument can be satisfied).
9. Community may not without SRF consent mortgage, pledge or otherwise encumber its Utility or sell, lease or otherwise dispose of any portion of the Utility except for machinery, equipment or property that is obsolete or no longer suitable for use.
10. Community may not without SRF consent enter into any lease, contract or agreement or incur any liabilities in connection with the Utility (other than for normal operating expenditures) and cannot borrow money (including, without limitation any loan from other utilities operated by the Community) in connection with the Utility. For example, this prevents leasing equipment such as remote water reader equipment from an equipment manufacture or finance company.
11. Community may not amend its Authorizing Instrument, regardless of any materiality determination, without consent of SRF.
12. Community is required to retain a qualified federal tax law rebate professional and comply with its commitments as made at its bond closing under its Rebate Agreement.
13. It has come to the Indiana Finance Authority's (IFA) attention that some communities participating in our financial assistance programs have experienced attempts to misdirect a community's payment to a contractor or the Bank of New York to a fraudulent party. The IFA recommends that all participants in our programs verify all requests to modify a contractor's or Bank of New York's account or wiring information. If you receive a request from one of your contractors or the Bank of New York claiming their account information/wiring instructions have changed, please call the vendors, contractors, and/or bank to verbally verify the request is legitimate. This verification will assist in identifying incorrect information that may have been presented to your organization.

This list is not intended to be all-inclusive; communities should regularly read their SRF bond transcript papers (including particularly its Authorizing Instrument and IFA Agreement related to your SRF loan together with any Rebate or Disclosure Agreements you may have entered into). Please contact any of the individuals at SRF listed below directly in the event the community has any questions or believes it may have taken any actions contrary to the above.

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