State Revolving Fund Loan Program

ACEC

September 23, 2021

State Revolving Fund
100 N. Senate Avenue, Room 1275
Indianapolis, Indiana 46204

cmeiners@ifa.in.gov
317-234-3661
SRF Programs Staff Changes

Jacob
Gayle
Kary
Brandi
Amber
Staci
SRF Programs Provide

- Financing for drinking water and wastewater projects
- Federal funds administered by the State
- Below market interest rates
- 20-year repayment period (35-year for pipe projects)
- Disbursements as needed
## SRF Savings 2017-2021

### Clean Water

<table>
<thead>
<tr>
<th></th>
<th>SFY 2021</th>
<th>SFY 2020</th>
<th>SFY 2019</th>
<th>SFY 2018</th>
<th>SFY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Loans</strong></td>
<td>25</td>
<td>34</td>
<td>39</td>
<td>26</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total Amount</strong></td>
<td>$273,634,132</td>
<td>$541,515,962</td>
<td>$402,186,453</td>
<td>$276,606,839</td>
<td>$366,766,844</td>
</tr>
<tr>
<td><strong>Savings</strong></td>
<td>$49,880,619</td>
<td>$135,180,990</td>
<td>$101,919,265</td>
<td>$35,279,310</td>
<td>$66,522,616</td>
</tr>
</tbody>
</table>

### Drinking Water

<table>
<thead>
<tr>
<th></th>
<th>SFY 2021</th>
<th>SFY 2020</th>
<th>SFY 2019</th>
<th>SFY 2018</th>
<th>SFY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Loans</strong></td>
<td>17</td>
<td>12</td>
<td>17</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total Amount</strong></td>
<td>$75,900,073</td>
<td>$106,868,400</td>
<td>$168,799,778</td>
<td>$45,333,000</td>
<td>$25,442,000</td>
</tr>
<tr>
<td><strong>Savings</strong></td>
<td>$29,458,855</td>
<td>$31,868,147</td>
<td>$28,190,343</td>
<td>$13,993,425</td>
<td>$10,285,731</td>
</tr>
</tbody>
</table>

### Grand Total

<table>
<thead>
<tr>
<th></th>
<th>SFY 2021</th>
<th>SFY 2020</th>
<th>SFY 2019</th>
<th>SFY 2018</th>
<th>SFY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Loans</strong></td>
<td>42</td>
<td>46</td>
<td>56</td>
<td>36</td>
<td>32</td>
</tr>
<tr>
<td><strong>Total Amount</strong></td>
<td>$349,534,205</td>
<td>$648,384,362</td>
<td>$570,986,231</td>
<td>$321,939,839</td>
<td>$392,208,844</td>
</tr>
<tr>
<td><strong>Savings</strong></td>
<td>$79,339,474</td>
<td>$167,049,137</td>
<td>$130,109,607</td>
<td>$49,272,735</td>
<td>$76,808,347</td>
</tr>
</tbody>
</table>
# Indiana State Revolving Fund Loan Program Funding Summary

<table>
<thead>
<tr>
<th>State Fiscal Year</th>
<th>Drinking Water Funding</th>
<th>Clean Water Funding</th>
<th>Total Program Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$25,442,000</td>
<td>$366,766,844</td>
<td>$392,208,844</td>
</tr>
<tr>
<td>2018</td>
<td>$45,333,000</td>
<td>$276,606,839</td>
<td>$321,939,839</td>
</tr>
<tr>
<td>2019</td>
<td>$168,278,383</td>
<td>$402,186,453</td>
<td>$570,464,836</td>
</tr>
<tr>
<td>2020</td>
<td>$106,868,400</td>
<td>$541,515,962</td>
<td>$648,384,362</td>
</tr>
<tr>
<td>2021</td>
<td>$63,063,073</td>
<td>$254,478,132</td>
<td>$317,541,205</td>
</tr>
<tr>
<td></td>
<td>$408,984,856</td>
<td>$1,841,554,230</td>
<td>$2,250,539,086</td>
</tr>
</tbody>
</table>
SRF Programs Results as of July 1, 2021

- **Clean Water**
  - $5.1 Billion
  - 622 Loans

- **Drinking Water**
  - $1.05 Billion
  - 299 Loans
- Community submits project documents
- PER Approved
- Bid Review Complete

- Financial Due Diligence Submitted
- Loan Closing

- Project is constructed and loan drawn down
  - Post Loan Monitoring
## Quarter Calendar

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>July 1 – September 30</td>
</tr>
<tr>
<td>Q2</td>
<td>October 1 – December 31</td>
</tr>
<tr>
<td>Q3</td>
<td>January 1 – March 31</td>
</tr>
<tr>
<td>Q4</td>
<td>April 1 – June 30</td>
</tr>
</tbody>
</table>
### SRF Interest Rates

**SRF Rates July 1, 2021 – September 30, 2021**

#### Wastewater SRF Interest Rates

<table>
<thead>
<tr>
<th>Tier</th>
<th>MHI Range</th>
<th>User Rates (Over $50)</th>
<th>User Rates ($30 to $50)</th>
<th>User Rates (Under $30)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier III</td>
<td>under $46,082</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Tier II</td>
<td>$46,083 to $57,602</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Tier I</td>
<td>over $57,603</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
</tbody>
</table>

#### Drinking Water SRF Interest Rates

<table>
<thead>
<tr>
<th>Tier</th>
<th>MHI Range</th>
<th>User Rates (Over $45)</th>
<th>User Rates ($25 to $45)</th>
<th>User Rates (Under $25)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier III</td>
<td>under $46,082</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Tier II</td>
<td>$46,083 to $57,602</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Tier I</td>
<td>over $57,603</td>
<td>2.00%</td>
<td>2.00%</td>
<td>2.00%</td>
</tr>
</tbody>
</table>
SFY 2022:

• Fundable Range Established – Q1, July

• Earmark Funds *Until March*
  • Permits
  • Land
  • Bids
  • Financial

• Bypass – April - June
IFA Brownfields Program

State and Federal funding

Low Interest Loan Incentive – State Funds
Revolving Loan Fund Incentive – Federal Funds
Petroleum Orphan Sites
IDEM Supplemental Environmental Project
Tax waiver brownfields determination
Brownfields Project/SRF

- 0.5% interest rate break
- Submit documentation prior to close
- Timing
SRF Incentive Programs:

- GPR
- NPS
- Brownfields
- Lead Service Line Replacement
- Extended Term Financing
GPR
• 0.5% interest rate break
• Categorical/Business Case
• Submit documentation prior to close
• Planning, design, construction

Non-Point Source
• 0.5% interest rate break
• Septic System Elimination, non-point source treatment
• Submit documentation prior to close
• Could include entire project cost
Lead Service Line Replacement

- Interest rate break to 0.00%
- Only complete lead service lines are eligible
  *Meter or shut off valve
- Tracking
### Lead Line Replacement Incentive

**Utility ABC’s Financing Cost**

<table>
<thead>
<tr>
<th></th>
<th>Original Loan</th>
<th>Loan Structured with Lead Line Rate Reduction Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New SRF Loan</strong></td>
<td>$10,000,000</td>
<td>$12,500,000</td>
</tr>
<tr>
<td><strong>Interest Rate</strong></td>
<td>2.25%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Debt Service</strong></td>
<td>$12,500,000</td>
<td>$12,500,000</td>
</tr>
<tr>
<td><strong>Amount available for lead line project</strong></td>
<td></td>
<td>$2,500,000</td>
</tr>
</tbody>
</table>

- Interest rate savings will allow Utility to apply $2,500,000 towards costs associated with lead line replacement project at no additional costs to rate payers.
- Similar methodology is applied to GPR projects.
Extended Term Financing

- Up to 35 years
- Pipe only
- Useful life
  - Entire project ≥ loan term
- Slightly higher rate
  - 10 basis points per 5 years

<table>
<thead>
<tr>
<th>Loan Term</th>
<th>Interest Rate Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>21-25</td>
<td>+0.1%</td>
</tr>
<tr>
<td>26-30</td>
<td>+0.2%</td>
</tr>
<tr>
<td>30-35</td>
<td>+0.3%</td>
</tr>
</tbody>
</table>
How to these work together?

1. Floor is 2.00% for projects without lead service line replacement
2. Lead service line replacement projects can be as low as 0.00%
3. GPR, NPS, BF all reduced prior to addition of extended term financing increase

Examples:

1. Project with GPR:
   Rate = 2.35%, GPR reduces rate to floor of 2.00%
2. Project with GPR and Extended term of 35 years:
   Rate = 2.35%, GPR reduces rate to 2.00%, 35 year term increases rate to 2.30%
3. Project with Lead Line Replacement and Extended Term of 35 years:
   Rate = 2.35%, Lead line replacement reduces rate to 0.00%, 35 year term increases rate to 0.30%
Water Meter Replacement

Small Issue Loan
Applications may be submitted at any time
Maximum borrowing amount is $250,000

matrix rate, 10 years

Meters
Install
Software
Transferred to IFA in 2016 from DNR

Applications may be submitted at any time

Loan Terms

Maximum borrowing amount is $250,000

- 2.0% for loan terms between 1 year and 5 years
- 2.5% for loan terms over 5 years to 10 years

Scoring system – January 2021

OCRA Match?
Flood control projects must provide benefits to their communities and may include one or more of the following endeavors:

- The removal of obstructions and accumulated debris from channels of streams
- The clearing and straightening of channels of streams
- The creating of new and enlarged channels of streams, wherever required
- The building or repairing of dikes, levees, or other flood protective works
- The construction of bank protection works for streams
- The establishment of floodways
- Conducting all other activities that are permitted by the federal Flood Control Act or federal Clean Water Act
Questions?
Camille Meiners, PE
Technical Review Coordinator
317-234-3661
cmeiners@ifa.in.gov
www.srf.in.gov