



CLEAN WATER STATE REVOLVING FUND LOAN PROGRAM GUIDELINES

FOR

CWSRF PROGRAM AND CWSRF EMERGING CONTAMINANTS PROGRAM

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CLEAN WATER STATE REVOLVING FUND LOAN PROGRAM GUIDELINES

Section 1: Purpose

Pursuant to IC 5-1.2-4-1 (2), the following Guidelines shall be used to implement the Clean Water State Revolving Fund (SRF) Program established by IC 5-1.2-10. The purpose of the SRF Loan Program is to:

- (1) Provide funding for Loans or other Financial Assistance, including forgiveness of principal as permitted under federal law, to or for the benefit of Participants for the planning, design, construction, renovation, improvement, or expansion of wastewater collection and treatment systems and other activities necessary or convenient in order to facilitate compliance with state and federal water quality standards.
- (2) Conduct all other activities permitted by the Clean Water Act.
- (3) Pay the cost of administering the Clean Water SRF Loan Program.

Section 2: Definitions

The following definitions apply throughout this document:

Additional Subsidization means to provide additional subsidization, including forgiveness of principal, negative interest loans, grants, other forgiveness, and refinancing, or restructuring debt (or any combination of these) in accordance with the Clean Water Act Section 603(i) as amended by the Water Resources Reform and Development Act of 2014 (WRRDA) and the EPA capitalization grant's terms and conditions. Priority may be given to Participants that meet the State's affordability criteria as set forth in the intended use plan and for communities that could not otherwise afford such projects as determined by the Authority.

Asset Management Program (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. AMPs shall be inclusive of the requirements of the Fiscal Sustainability for Clean Water projects. The AMP certification will meet the requirements of both AMP and FSP. The AMP or the certification stating that the AMP has been developed shall be provided to the Authority at or prior to the time of the submission of the Participant's preliminary engineering report. The Participant shall submit to the Authority information on the estimated and actual life cycle management costs over the useful life of the asset financed.

Authority means the Indiana Finance Authority, created under IC 5-1.2-3-1, which administers the Program.

Authorized Representative means a person who has been designated by the governing Board of a Participant to sign documents on behalf of that Board.

Best Management Practice (BMP) means a practice or combination of practices that have been determined to be the most effective and practicable means of preventing or reducing water pollution to a level compatible with water quality goals.

Board means the governing body of a Participant seeking Financial Assistance.

Bond is the debt instrument which evidences the long term financing undertaken by a Participant in accordance with Indiana statutes for incurring debt.

Categorically Excluded means categorically excluded from substantive environmental review, which applies to a Proposed Project that has no physical impact, such as a planning project, or to a Proposed Project with minimal environmental impact as defined in the State Environmental Review Process (SERP) document.

Categorical Exclusion or CE is an environmental document issued when a Proposed Project has no physical impact or has minimal environmental impact as defined by the SERP.

Change Order means proposed work that is being added to or deleted from the original contract, which may alter the original contract amount and/or completion date.

Clean Water Act or CWA means the Federal Water Pollution Control Act (FWPCA), 33 U.S.C. 1251 et seq., in effect on January 1, 1989, amended on December 16, 1996, and further amended by the Water Resources Reform and Development Act of 2014 (WRRDA), in effect on October 1, 2014, and further amended by the Infrastructure Investment and Jobs Act of 2021, dated November 15, 2021, also referred to as the Bipartisan Infrastructure Law (BIL) (Public Law 117-58).

Clean Water SRF or CWSRF means the State's Clean Water State Revolving Fund Loan Program created in accordance with the CWA and State Law. (See definition of Program)

Due Diligence means a process that provides financial disclosures to the Program, as well as economic matters related to a Participant and its ability to repay a Loan to the Program.

Environmental Assessment or EA is a document prepared pursuant to the SERP upon completion of the SRF Program's review of a Preliminary Engineering Report or any other document describing the Proposed Project and its environmental impacts.

Environmental Impact Statement or EIS is a document prepared for a Proposed Project if it is determined by the Program that the construction or operation, or both, of a Proposed Project will result in significant environmental impacts. The purpose, content, and format of an EIS will be in accordance with the SERP.

Environmental Protection Agency (EPA) Capitalization Grant means a federal grant, as evidenced by an agreement with the United States Environmental Protection Agency that provides funds to capitalize the Clean Water SRF Loan Program.

Equivalency Project means a project or projects in an amount equal to the current Capitalization Grant. Equivalency Projects must comply with all of the following: a) FFATA Reporting Requirements, b) Single Audit Act (see 2 CFR 200 Subpart F), c) Federal Cross Cutters, including but not limited to the Uniform Relocation and Real Property Acquisition Policies Act), d)

Disadvantaged Business Enterprise, e) 40 U.S.C. Chapter 11 Procurement for Architectural and Engineering Services, f) signage requirement, g) Prohibition of Certain Telecommunication and Video Surveillance Services, h) Build America, Buy America requirements (unless under a waiver) and l) and any other equivalency requirements set forth in the current Capitalization Grants terms and conditions.

Financial Aid Agreement means an agreement between a Participant and the Authority pursuant to IC 5-1.2-11-11 that contains the terms and conditions of the grant, loan or other financial assistance provided from the Supplemental Drinking Water and Wastewater Assistance Fund.

Financial Assistance means the types of financial assistance authorized by the Clean Water Act, including providing Additional Subsidization.

Financial Assistance Agreement means an agreement between a Participant and the Authority pursuant to IC 5-1.2-10-17 that contains the covenants between a Participant and the Authority concerning Financial Assistance from the Clean Water SRF.

Financial Assistance Closing means the occasion in which a Participant tenders its note, bond, guaranty agreement, or credit enhancement agreement to the Authority and the Authority provides Clean Water SRF Financial Assistance to a Participant.

Finding of No Significant Impact or FNSI means a document, issued with an EA, that states the construction and operation of a Proposed Project, or the improvements thereto will not significantly impact the environment.

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

Funded Project means a Proposed Project which received funding through an executed Financial Assistance Agreement or Financial Aid Agreement by and between the Authority and a Participant.

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

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

Loan means purchasing the notes or bonds of a Participant to finance a Proposed Project or Refinance an existing eligible debt obligation.

Note means the legal instrument, in which a Participant promises in writing to pay a sum of money to the Authority, either at a fixed or future time or on demand of the Authority, under specific terms.

Operation and Maintenance includes the activities required to ensure the continuing dependable and economic function of the Treatment Works, including maintaining compliance with National Pollutant Discharge Elimination System permits as follows:

- (1) Operation is the control and management of the unit processes and equipment that make up the Treatment Works. This includes financial and personnel management, records, reporting, laboratory control, process control, safety and emergency operation planning, and operating activities.
- (2) Maintenance is the preservation of the functional integrity and efficiency of equipment and structures by implementing systems of preventive and corrective maintenance.

Participant means the following:

- (1) Political Subdivision as defined in IC 36-1-2-13.
- (2) Regional Water, Sewage, or Solid Waste District organized under IC 13-26-1.
- (3) Conservancy District established for purpose set forth in IC 14-33-1-1(a)(5).
- (4) Any other owner of a Treatment Works that is authorized by the Clean Water Act to borrow from the Clean Water SRF.

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

Program means the Clean Water State Revolving Fund Loan Program as established by IC 5-1.2-10. The CWSRF Loan Program includes the CWSRF Base and General Supplemental Program and the CWSRF Emerging Contaminants Program.

Project Priority List or PPL ranks, in descending priority of need, Proposed Projects for which Applicants have requested Financial Assistance from the Clean Water SRF for eligible expenses. The PPL is created by the Program, and may be amended as necessary.

Proposed Project means the activities or tasks a Participant identifies in its PER or other document required by the SRF Program related to the planning, design, and or construction of a Proposed Project for which a Participant may commit and expend funds.

Refinancing means the refinancing of a Participant's issued and outstanding bond, note or other debt obligation as permitted by the Clean Water Act through the Clean Water SRF under criteria used by the Authority.

Record of Decision or ROD means a document issued by the SRF Program upon the completion of an EIS which includes a determination of whether to proceed with a Proposed Project.

Sewer Charge System means a set of documents submitted by a Participant to the Program that may include a rate study, sewer rate ordinance, and any interlocal agreements or contracts that will determine the financial and legal capability associated with the operation and use of the Treatment Works project financed by the CWSRF.

SRF Policy Guidelines means guidance of general applicability (as from time to time published, amended, and supplemented by the Authority) pertaining to participants utilizing financial assistance in connection with their projects funded in whole or in part through the Drinking Water or Clean Water SRF Program.

State Environmental Review Process or SERP means a National Environmental Policy Act-compliant environmental review approved by the U.S. Environmental Protection Agency.

Study Area means the geographical area comprising a Participant's boundaries which also includes the location of the Proposed Project to be financed or refinanced by such Participant through the Clean Water SRF.

Substantial Completion Date of Construction means the date determined by a Participant and provided to the Program when all but minor components of a Funded Project have been constructed, all equipment is operational, and the Funded Project is capable of functioning as designed.

Substantive Environmental Impact means a significant adverse environmental impact which may result directly or indirectly from the construction, upgrade, expansion or operation of a Proposed Project.

Supplemental Drinking Water and Wastewater Assistance Fund means the fund established under IC 5-1.2-11 to provide money for grants, loans, and other financial assistance to Participants for the purposes described in IC 5-1.2-11-6.

Treatment Works means any devices and systems for storage, transport, treatment, recycling, and reclamation of municipal sewage, domestic sewage, or liquid industrial wastes used to implement the Clean Water Act, or necessary to recycle or reuse water at the most economical cost over the design life of the works. These include one or all of the following:

- (1) Intercepting sewers, outfall sewers, sewage collection systems, individual systems, pumping, power, and other equipment and their appurtenances.
- (2) Extensions, improvements, remodeling, additions, and alterations thereof.
- (3) Elements essential to provide a reliable recycled supply such as standby treatment units and clear well facilities.
- (4) Any works including land that will be an integral part of the treatment process or is used for ultimate disposal of residue resulting from such treatment (including land for composting sludge, temporary storage of such compost, and land used for the storage of treated Clean Water in land treatment systems before land application) and interests in land that are necessary for construction.

- (5) Any other method or system for preventing, abating, reducing, storing, treating, separating, or disposing of municipal waste or industrial waste, including waste in combined storm water, sanitary sewer systems and from nonpoint sources.
- (6) Any other activities that are permitted by the CWA under the definition of Treatment Works.

Water Resources Reform and Development Act of 2014 (WRRDA) means the law signed by the President on June 10, 2014. Among its provisions are amendments to Title I, II, V and VI of the Federal Water Pollution Control Act.

Section 3: Uses of the Clean Water SRF

The Clean Water SRF will be used to do the following:

- (1) Provide Financial Assistance for Proposed Project planning, design, and/or construction or for other activities that are permitted by the Clean Water Act.
- (2) Restructure a Participant's outstanding indebtedness as determined to be eligible for repurchase by the Authority under the Clean Water Act.
- (3) Pay reasonable direct and indirect Program administration costs.
- (4) Provide funds for technical assistance as permitted by the federal law and the capitalization grants.
- (5) As permitted by federal law and state law, clean water funds may be transferred to the drinking water loan program at the discretion of the Authority and as provided in the applicable intended use plan. The Clean Water emerging contaminants capitalization grant funds may be transferred to the Drinking Water emerging contaminants capitalization grant and vice versa.

Section 4: Criteria for Determining Financial Assistance Eligibility

4-1 Project Priority List

A Proposed Project must be on the PPL to be awarded Financial Assistance from the Authority. The PPL becomes effective on the first day of the State's fiscal year and is amended as necessary.

4-2 Intended Use Plan

- (1) The Program will prepare annually an IUP and PPL pursuant to the Clean Water Act, to be effective on the first day of the State's fiscal year.
- (2) The Program will adopt an IUP after public notice of the plan and after responding to any comments received as determined by Program staff. The Program may amend the IUP to add eligible Proposed Projects, and change or amend Proposed Projects as necessary from time to time.

- (3) Placement on the PPL will be based on the following criteria:
 - (a) The Proposed Project must be consistent with the uses of the Clean Water SRF as identified in the Clean Water Act and IC 5-1.2-10.
 - (b) A Participant must submit general project information on an application form provided by the Program that is signed by a Participant's Authorized Representative.

Section 5: Program Standards

Loans and other available Clean Water SRF Financial Assistance for Proposed Projects will be made only to a Participant that meets all of the following criteria:

- (1) Owns, operates, and maintains, or causes to be operated and maintained, a Treatment Works for its useful life.
- (2) Demonstrates financial, managerial, technical, and legal capability to meet the terms of the Financial Assistance Agreement and to operate and maintain the Treatment Works for its useful life.
- (3) Establishes and maintains just and equitable rates and charges for the use of and the service rendered by the Treatment Works. Agrees to:
 - (a) Maintain financial records in accordance with generally accepted government accounting principles for utilities (including standards relating to the reporting of infrastructure); and
 - (b) Provide to the Authority prior to loan closing and as requested from time to time, a copy of a current audit of the Treatment Works financial records as conducted by the State Board of Accounts or other certified independent auditor during the term of its Financial Assistance Agreement.
- (4) Agrees to allow inspection by the Authority of the financial records related to the Treatment Works during the term of the Financial Assistance Agreement.
- (5) Agrees to participate in Regional study area activities conducted by the Authority. Unless otherwise requested by the Authority, the regional study area activities shall include the Participant attending a regional planning meeting.
- (6) Agrees to submit its Asset Management Program or the certification to the Authority no later than the time of submission of the Participant's preliminary engineering report.
- (7) Agrees, as directed, and as required, by the Authority, to submit information on the estimated (and actual) life cycle management costs over the useful life of the asset financed.
- (8) Meets all other Program requirements.

Section 6: Preliminary Engineering Report (PER)

6-1 Purpose

The purpose of a PER is to provide the information necessary for the Program to determine the technical, economic, and environmental adequacy of a Proposed Project. A PER must be approved by the Program prior to receiving Financial Assistance for a Proposed Project, unless it is a refinancing. PER information and data requirements are dependent on the type of Proposed Project and shall be determined by Program staff.

The Program may request additional information from a Participant that it deems necessary to adequately assess the technical, economic, and environmental adequacy of the Proposed Project.

6-2 Development and Implementation of Asset Management Program and Fiscal Sustainability Plan

The AMP shall meet the criteria as set forth in the IFA's Asset Management Program Guidelines as determined by the Program. The AMP or the certification stating that the AMP has been developed shall be provided to the Authority at or prior to the time of the submission of the Participant's preliminary engineering report.

For wastewater projects, and upon request for drinking water projects, the PER shall contain statements confirming that the Participant's AMP is inclusive of the requirements of a Fiscal Sustainability Plan (FSP). The FSP shall meet the criteria as set forth in CWA Section 603(d)(1)(E) and as determined by the Program.

A Participant shall certify to the Program, through a combined certification, that it has met the requirements of the AMP and the FSP.

6-3 Cost and Effectiveness Analysis

A Participant shall certify to the Program prior to closing a loan that it has conducted a cost and effectiveness analysis as described in the PER Guidance and as set forth in Section 602(b)(13)(A) and (B) in the CWA.

6-4 Development of Feasible Alternatives

The PER shall contain a section identifying and evaluating the range of feasible alternatives that were evaluated during the planning process, including that of taking no action. The rationale for the selected alternative along with the reasons for rejecting the others must be included.

6-5 Environmental Information

The PER consists of the following environmental information:

- (1) A comparison of the potential environmental impacts among feasible alternatives, including that of taking no action.
- (2) An assessment of the cumulative environmental impacts of the feasible alternatives within each of the following categories:
 - (a) Disturbed and undisturbed land;
 - (b) Historic and Architectural Resources;

- (c) Wetlands;
 - (d) Surface Waters;
 - (e) 100-Year Floodplains and Floodways;
 - (f) Groundwater;
 - (g) Plants and animals;
 - (h) Prime Farmland and Geology;
 - (i) Air Quality;
 - (j) Open Space & Recreational Opportunities;
 - (k) National Natural Landmarks;
 - (l) Lake Michigan Coastal Zone (Lake, Porter & LaPorte counties only); and
 - (m) Secondary Impacts
- (3) The environmental information document will include an evaluation of the environmental impacts of taking no action to modify, improve, or expand an existing Treatment Works.
 - (4) Specific mitigation measures will be listed, as necessary, which will eliminate, minimize, or compensate for the environmental impacts enumerated above.
 - (5) If a Proposed Project is to be completed in several distinct phases, the environmental information associated with the first phase must consider the cumulative impacts of the entire proposed system, including all succeeding phases. As succeeding phases are constructed, no additional environmental information will be required if there have been no significant changes to the original PER.
 - (6) If, however, a Proposed Project contemplates significant changes to the original PER, the Program will conduct a review of the environmental impacts of the Proposed Project.

If the construction of a Proposed Project is initiated five or more years after the date of approval of a PER, an additional environmental information document will be required unless it is determined by the SRF Program that there have been no substantial changes in the environmental impacts of the Proposed Project.

6-6 Interest Rate Incentive Programs

The Program may provide assistance in the form of an interest rate discount to eligible communities which request funding for Proposed Projects that address nonpoint source pollution, green infrastructure, water or energy efficiency improvements, other environmentally innovative activities, or resiliency planning. Additional incentives in line with the Clean Water Act may be offered. A Participant must prepare and submit appropriate information as requested by Program staff, in order to qualify for the interest rate discounts requested.

6-7 Public Participation

The PER will include the following:

- (1) A record of the public hearing.
- (2) A copy of the publisher's affidavit from the newspaper with the public hearing notice.

Copies of all written comments submitted by the public during the PER process will be routed through the Program for review.

6-8 Public Hearings

At least one Public Hearing will be held by a Participant within the Proposed Project's Study Area for the purpose of discussing the Proposed Project. A copy of the PER and/or documents reasonably describing a Proposed Project will be available to all attendees at the Public Hearing. Requirements for the Public Hearing will include the following:

- (1) The Public Hearing will be publicized in at least one newspaper of general circulation in the Study Area a minimum of ten days prior to the date of the Public Hearing.
(Participants wishing to use electronic publication of notices must seek the advice of their counsel and adhere to state law.)
- (2) The PER will be available for public review for a minimum of ten days prior to the date of the Public Hearing.
- (3) Written comments will be accepted during the Public Hearing and for a period of five days following the Public Hearing according to SRF Guidelines.
- (4) A sign-up sheet will be available at the Public Hearing for all individuals interested in receiving the CE, EA/FNSI, or EIS/ROD or environmental documents.

6-9 Amendment and Addendum

If there is a significant change in the scope of the project after the PER has been approved, then a Participant will be required to prepare a PER Amendment (needed for work prior to a loan closing) or a PER Addendum (needed for work following a loan closing).

Section 7: Environmental Impact Assessment

7-1 Categorical Exclusions

The following classes of projects may be Categorically Excluded from substantive environmental review:

- (1) Minor addition, rehabilitation, improvement, or expansion of any existing treatment works that will disturb only previously disturbed land.
- (2) Rehabilitation of a Treatment Works distribution system that will disturb only previously disturbed land.
- (3) Planning and design or other "non-construction" projects.

A Categorical Exclusion (CE) may be rescinded by the Program if it is determined that sufficient information exists to suggest that substantive environmental impacts may occur as a result of the construction or operation, or both, of any Treatment Works construction project that received a CE.

The Program will public notice all new or rescinded Categorical Exclusions to www.srf.in.gov and may publish in one newspaper of general circulation within the Study Area.

7-2 Environmental Assessment

The purpose of an Environmental Assessment (EA) is to document, for public evaluation and comment, the potential environmental impacts of the Proposed Project and describe the feasible Treatment Works alternatives. The EA will be provided as an attachment to the FNSI document and will be prepared according to the SERP.

7-3 Finding of No Significant Impact

The purpose of issuing a Finding of No Significant Impact (FNSI) is to notify the public that based upon the Program's evaluation of all pertinent information submitted in the PER and information submitted by State and federal agencies, the construction and operation of the Proposed Project will result in no significant adverse environmental impact.

- (1) The FNSI and attached EA will be issued for public comments for thirty days. If significant public comments are received during the public comment period, the FNSI will be reevaluated and a new FNSI, if appropriate, will be issued for public comments for thirty days.
- (2) A final decision to proceed, or not to proceed, with the Proposed Project will be issued by the Program after all public comments have been evaluated

7-4 Environmental Impact Statement

The criteria for initiating an EIS are established under 40 CFR 6.108. A Record of Decision (ROD) will be issued by the Program upon completion of an EIS that will include a determination of whether to proceed with the Proposed Project. The ROD will contain specific mitigation measures that will minimize, eliminate, or compensate for the environmental impacts of the construction or operation, or both, of the Proposed Project. The ROD will be issued for public comments for thirty days and will be considered final in the absence of significant public comments. If significant public comments are received during the comment period, the ROD will be reevaluated and a new ROD, if appropriate, will be issued for public comments for thirty days.

Section 8: Due Diligence Process

The Due Diligence process will include the following tasks:

- (1) A Participant will submit a completed Due Diligence form issued or authorized by the Program with the required documentation.
- (2) The Program staff will review or cause to be reviewed the Due Diligence form and documentation.

8-1 Sewer Charge System

- (1) Every Participant will obtain the Authority's approval of its sewer charge system as part of the financial due diligence process.
- (2) Each Participant will establish rates and charges at a level adequate to produce and maintain sufficient revenue to properly operate and maintain the Treatment Works, and to repay all debt obligations of the Treatment Works.

8-2 Sewer Use Ordinance

A Participant's sewer use ordinance will meet the following requirements:

- (1) Prohibit any new unapproved connections into the Treatment Works.
- (2) Require that new sewers and connections to the Treatment Works be properly designed, constructed, and not subject to excessive infiltration and inflow.
- (3) Require that all Clean Water introduced into the Treatment Works meet the following criteria:
 - (a) Not contain toxins or other pollutants in amounts or concentrations that endanger public safety or physical or biological integrity of the Treatment Works.
 - (b) Not cause violation of effluent or water quality limitations
- (4) Ensure that applicants for privately owned individual systems provide assurance of access to these systems at all reasonable times for such purposes as inspection, monitoring, building, operation, rehabilitation, and replacement.

8-3 Interlocal Agreement

If the Proposed Project will serve two or more Participants, an interlocal service agreement, contract, or other legally binding instrument necessary for the financing, construction, operation, and maintenance of the Proposed Project will be submitted for approval by Authority staff prior to loan closing. If a Participant is a multi-county infrastructure Authority under IC 36-7-23, the Authority may require similar documentation and assurances.

8-4 Additional Subsidization

The Program may provide assistance in the form of principal forgiveness, negative interest rate loans, grants, other forgiveness, and refinancing, or restructuring debt (or any combination of these) to communities which meet eligibility requirements. Priority shall be given to communities that meet the State's Affordability Criteria and as described in the IUP for communities that could not otherwise afford such projects. The Program will determine eligibility for providing additional subsidization prior to loan closing.

Section 9: Bidding and Procurement

Section 9 will not apply to a Refinancing.

9-1 Professional Services

Participants conducting procurement for the uses authorized by the Clean Water SRF for professional services will proceed pursuant to IC 5-16-11.1. Equivalency Projects must comply with 40 U.S.C. Chapter 11 or an equivalent State requirement for the procurement of architectural and engineering services.

9-2 Procurement of Construction and Equipment

Participants conducting procurement for the uses authorized by the Clean Water SRF for any activity other than professional services will proceed pursuant to IC 36-1-12.

9-3 Disadvantaged Business Enterprises (DBEs)

A Participant receiving Equivalency funding shall make the following good faith efforts to ensure that disadvantaged business enterprises are utilized when possible. Good faith efforts include taking the following actions:

- (1) Ensure DBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities; including placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
- (2) Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitation for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
- (3) Consider in the contracting process whether firms competing for large contracts could be subcontracted with DBEs. This will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
- (4) Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.
- (5) Use the services and assistance of the Small Business Administration and the Minority Business Development Agency of the U.S. Department of Commerce.
- (6) If the prime contractor awards subcontracts, require the prime contractor to take the steps in numbers 1 through 5 above.

Section 10: Pre-Construction

Section 10 does not apply to a Refinancing unless noted below

10-1 Construction Permit

A Participant must obtain a construction permit from the Department of Environmental Management (IDEM) in accordance with State rules or other permitting authority if applicable, in conjunction with the approved Preliminary Engineering Report prior to awarding any construction contract.

10-2 Acquisition of Land, Easements, and Existing Facilities

A Participant is responsible for acquisition of land, easements, and any existing facilities necessary to construct, operate, and maintain the Proposed Project. A Participant must certify to the Program that it has, or will have by a mutually agreeable date, the required property rights prior to entering into any contract to construct, operate and maintain the Proposed Project. All acquisitions of property by exercise of power of eminent domain will comply with the procedure in IC 32-24-1 et seq. and, if applicable 49 CFR 24.

10-3 Bid Tabulations

Certified bid tabulations and recommendations of award will be submitted by a Participant to the Program for review and approval prior to Participant's award of any construction contract.

10-4 Pre-Construction Contract Requirements

Participant must provide copies of the following to the Program for a Participant to enter into any construction contract:

- (1) Executed contracts.
- (2) Notices to contractors to proceed.
- (3) Bid bonds.
- (4) Performance and payment bonds.
- (5) Construction schedules.

10-5 Federal Prevailing Wages (Davis Bacon Act)

Federal prevailing wages as prescribed by the Davis-Bacon Act are required for any treatment works projects that are funded by the CWSRF Program. Federal prevailing wages may be required for refinancings if the project was constructed after October 30, 2009.

10-6 Pre-Construction Conference

Prior to the initiation of construction, Participant shall hold a Pre-Construction Conference with all necessary parties, including the Program.

10-7 American Iron and Steel (AIS)

Participants, absent a waiver or exception, are required to use iron and steel products produced in the United States for projects for the construction, alteration, maintenance, and repair of treatment works. Applies to refinancings if there is construction after January 17, 2014.

The AIS provisions apply to all projects (Equivalency or non-Equivalency).

10-8 Build America, Buy America (BABA)

Participants, absent a waiver or exception, are required to document that all iron, steel, manufactured products, and construction materials used in the project are produced in the United States. **The BABA requirement applies to Equivalency projects only.**

Section 11: Construction

Section 11 does not apply to a Refinancing.

11-1 Change Orders

- (1) A Participant will submit copies of every and all Change Order(s) issued for the Funded Project to the Program for review and approval, including but not limited to Change Orders which:
 - (a) Alter the scope or design of the Funded Project; or
 - (b) Increase or decrease the amount of financing needed for the Funded Project; or
 - (c) Increase or decrease the completion date.
- (2) If a Change Order results in the expenditure of more Clean Water SRF funds than the current amount of Financial Assistance approved by the Authority, an amendment increasing the amount of Financial Assistance must be executed prior to the implementation of the Proposed Projects contemplated by the Change Order. Any additional Financial Assistance will comply with existing law as to the borrowing power of a Participant.

11-2 Inspections

- (1) The Program will conduct construction inspections to:
 - (a) Determine compliance with the Program approved PER, the Financial Assistance Agreement, and other applicable federal requirements, including but not limited to, the Davis Bacon Act, American Iron and Steel and BABA (if applicable), provisions as set forth in the CWA.
 - (b) Confirm inclusion, when possible, of any GPR components.
 - (c) Confirm development and implementation of Participant's Asset Management Program including Fiscal Sustainability Plan requirements.
 - (d) Confirm substantial completion of the Funded Project(s) in the final inspection.
 - (e) Protect the Authority's financial interest in the Funded Project(s).

Inspections performed by the Program are not conducted to replace a Participant's responsibility to properly monitor the construction of its Funded Project(s).

- (2) During the construction of the Funded Project(s), a Participant will:
 - (a) Conduct construction inspections to ensure that the construction complies with the Program approved PER, and the terms and conditions of each construction contract.

- (b) Maintain inspector logs, with entries sufficient to establish the amount and quality of work completed by the contractor including weather conditions and problems encountered, if any.
- (c) Maintain the required records related to a Participant's compliance with the Davis Bacon Act, the American Iron and Steel requirements and with the provisions of BABA (if applicable).
- (d) Conduct a pre-final inspection making a punch list of incomplete and unacceptable work to be corrected before final inspection.
- (e) Provide the Program with the Certificate of Substantial Completion for each Funded Project, the final certification of Davis Bacon compliance and other certifications as required by the Authority to meet state and federal requirements.
- (f) If requested by the Authority during inspection, provide the Authority access to the Participant's completed AMP.

11-3 As-Built Plans

Upon request by the Program and after completion of the Funded Project, a Participant shall provide as-built plans for the Funded Project to the Program. These may be submitted in an electronic format.

Section 12: Disbursement of Loan Proceeds

The Financial Assistance will be disbursed as follows:

- (1) The Program will review and certify the Clean Water SRF loan share of the appropriate costs incurred for the Funded Project. These costs will be documented as requested by the Program. The Authority may pay these costs in accordance with the Financial Assistance Agreement.
- (2) A Participant will approve all requests for loan disbursement and provide such approval to the Program.
- (3) Loan proceeds disbursed to or on behalf of a Participant will be used only for authorized purposes. Funds will not be applied to pay costs associated with an unapproved contract Change Order.
- (4) The Program may at any time review and audit requests for loan disbursements and make adjustments for circumstances including, but not limited to, the following:
 - (a) Mathematical errors.
 - (b) Items not yet purchased or constructed.
 - (c) Ineligible items.
- (5) All files and records pertaining to the Funded Project will be maintained by a Participant and made accessible to the Program upon request. These files and records will be retained by a Participant for at least six years after initiation of operation as determined by the Program. However, if any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the six-year period, the

records will be retained until completion of the action and resolution of all issues that arise from it or until the end of the regular six- year period, whichever is later.

Section 13: Reservation of Rights

The following rights are reserved:

- (1) The Clean Water State Revolving Fund Loan Program Guidelines do not prohibit a Participant from requiring more assurances, guarantees, indemnity, or other contractual requirements from any party performing work on any Proposed or Funded Project.
- (2) The Clean Water State Revolving Fund Loan Program Guidelines do not affect the Program's right under existing rules to take remedial action, including, but not limited to, administrative enforcement action and actions for breach of contract against a Participant that fails to carry out its obligations under these Guidelines.
- (3) Review or approval by or for the Program does not relieve a Participant of its responsibility to properly plan, design, build, and effectively operate and maintain the Treatment Works as required by federal and state statutes, rules, regulations, permits, and best management practices. Neither the Program nor the Authority is responsible for increased costs resulting from defects in the plans, design drawings, specifications, inspections, construction, or other sub-agreement documents related to any Proposed or Funded Project.

Section 14: Criteria for Supplemental Drinking Water and Wastewater Assistance Fund

- (1) The Proposed project must be consistent with the uses of the Supplemental Drinking Water and Wastewater Assistance Fund as set forth in IC 5-1.2-11-6.
- (2) A Participant must submit general project information on an application form provided by the Program or in a form acceptable to the Program that is signed by a Participant's Authorized Representative.
- (3) Preference may be given to less populated and/or lower income areas.