

ALABAMA



DRINKING WATER STATE REVOLVING FUND

FISCAL YEAR 2009 ANNUAL REPORT

AS OF SEPTEMBER 30, 2009

PLEASE NOTE that this report does not constitute nor is it suitable for use as an official financial statement. This report is not prepared by an independent auditor or accountant, and is provided for informational purposes only.

ALABAMA DRINKING WATER SRF ANNUAL REPORT

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I. INTRODUCTION:

The State of Alabama herewith submits its Drinking Water State Revolving Fund (DWSRF) Annual Report for fiscal year 2009 (October 1, 2008 – September 30, 2009). This report describes how the State of Alabama has met the goals and objectives of its Drinking Water State Revolving loan program as identified in the Intended Use Plans (IUP).

II. EXECUTIVE SUMMARY:

Fiscal year 2009 was the eleventh year of operation of the Alabama Drinking Water Finance Authority and the Drinking Water State Revolving Fund (DWSRF) Loan Program.

EPA awarded the FY 2009 DWSRF Capitalization Grant for \$8,146,000 to the Department on August 8, 2009.

No State Match funds have been appropriated (cash match) for the DWSRF program since its inception. All state matching funds have been obtained by the issuance of revenue bonds by the Alabama Drinking Water Finance Authority.

A Capitalization Grant of \$19,500,000 under the American Recovery and Reinvestment Act of 2009 (ARRA) was received on August 19, 2009. No state match funds (cash match) were required. ADEM will utilize 4% of the capitalization grant, \$780,000 for administrative costs and the remaining net to fund direct loans.

At the close of the FY 2009 reporting period, none of the FY 2009 capitalization grant funds had been drawn. The FY 2009 grant funds will be committed to make direct loans, fund the bond pool subsidy account, and to fund set-aside activities as noted in Exhibit 7.

Loan agreements (binding commitments) with eight (8) borrowers totaling \$25,934,363 were executed during the fiscal year. These binding commitments are enumerated in Exhibit 1. These loans were originated from EPA DWSRF Capitalization Grant funds, ARRA Grant Funds, interest earnings, repayments, and bond proceeds. A detailed breakdown of the components of each of loan is provided in Exhibit 2.

At the close of FY 2009, three (3) ARRA funded loans from the FY 2009 IUP project list had been executed. The remaining FY 2009 loans were expected to close by December 31, 2009.

<u>SRF Funded Loans (5)</u>	<u>ARRA Loans (3)</u>
\$18,030,000	\$7,904,363

DWSRF loan assistance totaling \$12,297,692.95 was disbursed to DWSRF loan recipients during the fiscal year. Exhibit 5 details these disbursements.

The FY 2009 DWSRF Capitalization Grant provided set-asides as shown:

DWSRF Cap Grant:	\$8,146,000
20% State Match Requirement:	\$1,629,200
Administration (4% max)	\$325,840
<u>Set-aside Totals:</u>	<u>\$325,840</u>
Net Cap Grant for Loans	\$7,820,160

The FY 2009 ARRA Capitalization Grant provided set-asides as shown:

ARRA Cap Grant:	\$19,500,000
20% State Match Requirement	\$0
Administration (4% max)	\$780,000
Net Cap Grant for Loans	\$18,720,000

Exhibit 6 details the amounts drawn from the Federal DWSRF Capitalization Grants for construction.

III. GOALS AND ACCOMPLISHMENTS:

A. Short Term Goals and Accomplishments

The FY 2009 DWSRF Intended Use Plan describe the short-term goals of the program. The goals included:

1. Commitment to use the capitalization grant funds to provide assistance to wastewater projects which will proceed quickly to construction, creating jobs, promoting economic recovery.
2. To enter into binding commitments for projects, which will proceed to construction or award of construction contracts for 50% of ARRA Capitalization Grant by June 17, 2009.
3. To enter into binding commitments for projects funded by the ARRA Capitalization Grant, which will proceed to construction or award of construction by February 17, 2010.
4. To provide DWSRF loans with principal forgiveness in an amount of 50% of the ARRA Capitalization Grant for the construction of wastewater treatment and collection facilities on the DWSRF fundable list.
5. The Department recognizes that the goal of the ARRA is to expeditiously fund eligible projects that simultaneously will create jobs, promote economic recovery, and generate long-term benefits from infrastructure investment. In this grant, the Department is being called upon to accomplish goals that may not previously have been priorities in its base SRF program. Some priorities and activities in the Department's base program that may not practically be attainable within the timeframes associated with the ARRA will be pursued using funds made available through the base DWSRF program.
6. To provide low interest loans for the construction of public water supply facilities to the fullest extent possible for projects on the DWSRF Priority List.
7. To implement the State's DWSRF in compliance with the goals of the Safe Drinking Water Act and to ensure conformance with Federal crosscutting issues.
8. To protect the public health and the environment and promote the completion of cost-effective water treatment, storage, and distribution facilities.

During the fiscal year, Alabama has implemented the short-term goals of the DWSRF Loan Program as follows:

1. Priority was given to projects that were ready to proceed to construction based on estimated start of construction date as submitted with pre-application. The Department will include conditions in its assistance agreements to ensure that assistant recipients make timely progress with respect to entering into contracts and/or construction. If a recipient fails to maintain progress with these conditions, they may be offered funding from other DWSRF monies so that ARRA funding can be provided for a project that is ready to proceed. At the end of FY 2009, one project was removed from the ARRA funding list and offered funds from other SRF sources.
2. Alabama was unable to meet this commitment as there were no binding commitments made by June 17, 2009. As a note, Alabama received its ARRA Capitalization Grant on August 19, 2009.
3. Binding commitments were made for three of the six remaining projects from its fundable project list. The Department fully expects to meet this goal
4. All ARRA funded projects on the IUP project list have been assigned a proportional amount of principal forgiveness totaling 50% of the ARRA Capitalization Grant
5. One project from the FY 2009 project priority list was unable to meet the goal and requirements of ARRA. Non ARRA SRF funds will be used for this purpose.
6. Alabama's leveraging of state and federal capitalization funds provides municipalities with DWSRF loans with an interest rate approximately 1.5%-2% less than the most advantageous rates commonly available to local governments: 3.50 % for FY 2009 borrowers.
7. All Alabama DWSRF projects are required to complete the State Environmental Review Process (SERP) prior to the disbursement of DWSRF funds. All DWSRF funded projects have either successfully completed the required environmental reviews or are currently under review.

All projects are reviewed to ensure compliance with the Safe Drinking Water Act and conformance with federal crosscutting issues. Comments regarding the environmental impact of proposed projects are solicited via a Finding of No Significant Impact (FNSI) or Categorical Exclusion (CE). Those entities solicited for comments include, but are not limited to, the EPA, the Corps of Engineers, the Fish and Wildlife Service of the U.S. Interior Department, the State Department of Public Health, the State Department of Conservation and Natural Resources, the Alabama Department of Economic and Community Affairs and the State Historical Commission.

8. The method used in drafting the project priority list and the state review of planning documents submitted with DWSRF loan applications and pre-applications promote the protection of public health and the environment with the funding of cost-effective systems.

B. Long Term Goals and Accomplishments

In its Intended Use Plan for FY 2009, the State of Alabama described long-term goals for the DWSRF program.

These long-term goals included:

1. To maintain the DWSRF program and the long-term fiscal integrity of the fund.
2. To provide a self-perpetuating source of low interest loans for the construction of public water treatment and distribution facilities needed to meet the public health goals of the Safe Drinking Water Act.
3. To fund projects which will have a positive impact on public health and ensure compliance with the Safe Drinking Water Act.
4. To assist systems in ensuring affordable water supply.

During the reporting period, Alabama has made progress in implementing the long-term goals of the DWSRF Loan Program as follows:

1. In its administration of the DWSRF program, the State of Alabama has considered the long-term fiscal health of the DWSRF. Due to revenue shortfalls in the General Fund, the FY 2009 State Match appropriation was not funded. In order to meet the requirements of the EPA Capitalization Grant Agreement, the Authority plans to sell bonds ("leverage") for the balance of the required matching funds. EPA staff reviews and approves application of this process to assure compliance with regulations. Demonstration of compliance with EPA regulations relative to the use of State Match Bonds is achieved by provision of calculations that show that the loan interest repayments are sufficient to amortize the principal and interest payments for the State Match Bonds.

The DWSRF working group includes, as integral members, persons who have extensive experience in the issuance of tax-free bonds, are knowledgeable of the cash flow requirements of such issues, have technical expertise related to the planning and design reviews required by the State and EPA prior to DWSRF funding and are capable of providing assistance in the disbursements of DWSRF funds to the loan recipients. The Intended Use Plan disclosed the Authority's intention to use leveraging much in the same manner as previous years.

The Authority continues to set a loan interest rate approximately 1.5%-2% less than the most advantageous rate commonly available to municipalities: 3.50% for the FY 2009 project list. The Department's experience with the program indicates that this is a sufficient incentive to seek DWSRF financing for eligible projects. The net bond proceeds are committed to loan applicants.

2. Alabama's DWSRF is designed to be a perpetual source of low cost financial assistance for the construction of public water supply facilities needed to meet compliance standards and public health requirements. Once ultimate capitalization has been achieved, the program may utilize the direct loan repayments, undedicated interest from the bond debt service reserve funds and construction funds and assets of the Master State Revolving Account as the source funds to support bond issues and/or to fund direct loans. Exhibit 9 details the latest projections of the DWSRF's future cash flows. As of September 30, 2009, the Master State Revolving Fund (MSRF) had a balance of approximately \$16,913,839.

The State is using its grant funds and bond proceeds in a manner that ensures the timely and expeditious use of DWSRF funds. The use of grant funds to make direct loans is emphasized. Using DWSRF assets in this manner decreases the issuance of debt (bonds), increases the credit quality of the Authority Bonds and provides for increased volumes of direct loan repayments that may be recycled into future loans.

3. Both the method used in drafting the project priority list and the state review of DWSRF loan applications promote protection of the public health and the environment by first providing financial assistance to projects that address the most critical needs. All of the FY 2009 IUP projects address deficiencies in water treatment and distribution facilities or inadequate raw water sources.
4. The nature of the DWSRF program (subsidized interest rates) ensures that applicants are receiving a cost-effective method of financing. In addition, technical staff of the Drinking Water Branch of ADEM reviews each project to determine cost-effectiveness and the general need for the project. Various set-aside activities, as detailed elsewhere in this report, support this goal as well.

IV. DETAILS OF ACCOMPLISHMENTS

A. Fund Financial Status

1. Binding Commitments

During the fiscal year, loan agreements (binding commitments) with eight (8) borrowers totaling \$25,934,363 were executed. These loans were originated from EPA DWSRF Capitalization Grant funds, ARRA Grant Funds, interest earnings, repayments, and bond proceeds.

Exhibit 2 provides a complete listing of the projects and the funding levels and sources associated with each project.

At the close of FY 2009, three ARRA funded loans had been executed from the FY 2009 IUP project list. The remaining FY 2009 loans are expected to close by December 31, 2009. Execution of binding commitments (loan agreements) with these borrowers will be performed on a schedule designed to ensure that DWSRF funds are available as needed for construction. The FY 2009 program will assist a total of nine (9) municipalities to obtain approximately \$30.9 million in low-interest loan funding. Six ARRA funded projects for FY 2009 will be provided a portion in principal forgiveness.

2. Sources of Funds

The source of funds used to provide loans during the reporting period included federal capitalization grants, bond proceeds, interest earnings, and repayments.

No State Match funds have been appropriated (cash match) for the DWSRF program since its inception. All state matching funds have been obtained by the issuance of revenue bonds by the Alabama Drinking Water Finance Authority. The total amount of deficit in State Match appropriations (cash) is \$21,267,940 for the FY 1997 – FY 2009 DWSRF capitalization grants. As of the close of FY 2009, \$39,725,000 in State Match Bonds had been issued and will be retired by the interest component of loan repayments. The net proceeds of the State Match Bonds have been used for project loan funding.

DWSRF loan repayments of \$17,938,338.80 were received during the reporting period. Exhibit 12 provides detailed information on loan repayments to the Alabama DWSRF.

3. Disbursements and Guarantees

DWSRF loan assistance totaling \$36,126,804.98 was disbursed to DWSRF loan recipients during the period. Exhibit 5 details these disbursements.

The table below details ADEM's DWSRF Administrative costs that were obligated from the 4% administrative set-aside from the federal capitalization grants.

DWSRF Administrative Costs: from 4% Set-Aside	
Salaries:	\$173,704.61
Fringes:	\$51,893.13
Travel:	\$311.25
Professional Services	\$2,231.31
Supplies	\$0.00
Equipment:	\$0.00
Total Direct Costs:	\$228,140.30
Indirect Costs:	\$63,707.43
Total	\$291,847.73

The following table details ADEM's costs that were obligated from the 0.75% loan administration fee assessed to DWSRF loan recipients. This fee is utilized for PWSS, source water protection, well head protection, Class V UIC, and drinking water operator certification activities.

DWSRF Costs: from 0.75% Loan Administration Fee	
Salaries:	\$785,281.64
Fringes:	\$262,290.13
Travel:	\$611.25
General Expense:	\$138,042.49
Equipment:	\$0
Total Direct Costs:	\$1,186,225.69
Indirect Costs:	\$285,628.80
Total	\$1,471,854.49

The 0.75% loan administration fee assessed to DWSRF loan recipients and received during the reporting period was \$1,726,532.55.

This fee is received by ADEM when semi-annual loan payments become due (February 15 and August 15). All fees collected as a result of open grants are held separately and used only for the administration of the DWSRF. The State of Alabama earmarks certain loans in an amount equal to the capitalization grant for this purpose. The following table shows the loans that originate from currently open grants:

FY	Recipient	Loan Amount	Repayment Initiation Date
2007	Shelby County	\$16,370,000	2/15/09

During FY 2009, a total of \$107,428.13 in fees collected from the recipients listed above were deposited and held in a special account. As of the close of FY 2009, none of the fees from this account have been expended.

4. Financial Statements

The most recent audit of Alabama's DWSRF (through FY 2008) revealed no material weaknesses in the program. A copy of this audit was submitted to EPA. The audit contract for FY 2009 is pending. EPA will receive a copy of the audit when it is available.

5. Credit Risk of the SRF

Alabama utilizes the issuance of revenue bonds (“leveraging”) to generate the funds necessary to fulfill a large portion of the drinking water infrastructure needs of its project list. Therefore, the financial status and credit quality of the loan recipients are reviewed internally and evaluated by both Authority personnel and members of the investment banking community. The credit risk assessment and rating process is crucial in determining the financial capability of the potential borrowers and the most cost-effective method of marketing the Authority bonds.

The basic procedures involved in the determination of the credit quality of the loan recipients are:

- review of the applicant's existing bond rating
- determination of outstanding debt
- verification of the presence and sufficiency of a dedicated source of revenue for repayment of the loan
- demographics of the recipients' service area

Applicants are required to submit the most recent 3 years of audited financial statements, as well as other information, during the application process in order to document the ability to repay the proposed loan. The financial review is performed on all communities in order to determine whether or not they represent a significant risk of default. Assistance is provided only to communities that pass this analysis and, if necessary, agree to additional credit security pledges, including the full faith and credit of the community or specific revenue pledges.

In addition to providing assurance that an applicant is capable of repaying their loan, the credit review provides information necessary to determine whether or not a loan may be included in the bond pool. Bond pool projects are typically those that are the most creditworthy.

Funding projects in a manner that includes only the highest credit quality loans in the bond pool has been determined to be a cost-effective method of reducing bond insurance premiums. Additionally, the origination of direct loans from sources such as the capitalization grants, cash in the Master State Revolving Fund and State Match Cash (if any), rather than bond proceeds, helps assure that the program makes timely and expeditious use of SRF assets.

In order to maintain the fiscal integrity of the DWSRF, the Authority cannot loan funds to municipalities that do not have the means to repay their loan.

B. Assistance Activity

During FY 2009, loan agreements (binding commitments) with eight (8) borrowers totaling \$\$25,934,363 were executed. These binding commitments are enumerated in Exhibit 1. These loans were originated from EPA DWSRF Capitalization Grant funds, ARRA Grant Funds, bond proceeds, repayments, and interest earnings. A detailed breakdown of each of the loans is included in Exhibit 2.

The interest rate associated with the FY 2008 and FY2009 projects was 3.50%. The interest rates reflect the condition of the market for tax-exempt bonds and the relative credit quality of the borrowers at the time that the Authority Bonds were sold.

Exhibit 2 is a breakout of the components of DWSRF project loans. The project fund, capitalized interest cost, finance expenses and cost of local loan closing are shown for each project.

Exhibit 3 details the sources and uses of bond proceeds in the program during the reporting period.

Exhibit 4 is the DWSRF Flow of Funds Chart that details the movement of funds in the DWSRF.

Exhibit 5 details the disbursements from the DWSRF at the project level.

Exhibit 6 relates to cash draws from the Federal Capitalization Grants.

Exhibit 7 details draws from the Capitalization Grant for Set-aside Activities.

Exhibit 8 breaks down DWSRF assistance by population, as proof of the program meeting EPA's requirement that 15% of all assistance be directed to small communities.

Included in Exhibit 9 are the long-term cash flow projections for the Alabama DWSRF. These cash flows incorporate the loans already made by the Authority and those projected to be offered and show how the DWSRF Master Fund revolves perpetually.

Exhibit 10 details projected disbursements from the Alabama DWSRF for project construction during the reporting period.

Exhibit 11 provides data relative to achievement of EEO/MBE/WBE goals in the award of construction contracts funded by the Alabama DWSRF.

Exhibit 12 details the repayments of DWSRF loans by borrowers through the close of the fiscal year.

C. Provisions of the Operating Agreement and Grant Conditions

The State of Alabama agreed to a number of conditions in the DWSRF Operating Agreement and Grant Agreement. The following major conditions have been met as described in the operating and grant agreements:

- Biennial Report
- Binding Commitments
- Timely and Expeditious Use of Funds
- Annual Audit
- Annual Review
- National Reporting Needs
- Records and Data Management
- Attainment of MBE/WBE Goals

- Federal Crosscutting Authorities
- State Environmental Review Process
- Cash Draw Procedures

These conditions have been met as described in detail below:

1. Biennial Report: In lieu of a biennial report for the FY 2008 – FY 2009 period, ADEM has elected to provide separate annual reports for FY 2008 and FY 2009.
2. Binding Commitments: The State has entered into 108 binding commitments totaling \$304,395,416.00 over the life of the program; \$25,934,363 during the reporting period. The total amount of capitalization grants awarded for FY 1997 – FY 2009 is \$133,985,700. The Alabama DWSRF meets the “Binding Commitments” requirement.
3. Timely and Expeditious Use of Funds: DWSRF loan assistance totaling \$12,297,692.95 was disbursed to DWSRF loan recipients during the reporting period. The pace of expenditure of funds is expected to increase significantly as the State proceeds with implementation of the DWSRF program. A total of 86 payment requests have been processed by ADEM. The Department is monitoring the projects to ensure timely initiation of operations in accordance with the established schedules.

In order to ensure that the loan repayment stream necessary to meet the financial obligations of the Authority's Bonds is met, the Special Conditions Loan Agreement (the legal document which commits DWSRF funds to a project) explicitly specifies the date on which loan repayments are to commence, regardless of the status of construction completion. Additionally, federal tax laws that govern the use of proceeds from the sale of tax-free bond issues encourages that 95% of such proceeds be disbursed no later than 3 years after the issuance of the bond.

4. Annual Audit: The most recent audit of Alabama's DWSRF (through FY 2006) revealed no material weaknesses in the program. EPA will receive a copy of the audit when it is available.
5. Annual Review: EPA's annual overview conducted during FY 2009 revealed no major findings. It was recommended the state should continue to make every effort to increase MBE/WBE participation. Alabama anticipates to renegotiate its fair share goals and objectives.
6. National Reporting Needs: The Department annually provides EPA with project-level data in its Priority List and the Intended Use Plan. Additionally, information is provided to EPA quarterly and as requested.
7. Records and Data Management: ADEM receives and reviews project documents from loan applicants. These documents, together with the Department's review memos, summary checklists and the loan agreement documentation, are included in the official project files maintained by the State. These files are made available to EPA and the public upon request. Computer databases are maintained for all projects and are backed up regularly by both DWSRF staff and the Department's local area network administrators.
8. MBE/WBE Requirements: All DWSRF borrowers are required to comply with the Civil Rights Act of 1964 and 1990, Executive Order 11246 (Equal Employment Opportunity), and Executive Orders 11625 and 12138 (MBE/WBE). Each loan recipient must implement the six affirmative steps to attain “fair share” goals and ensure that its prime contractors also comply. The FY 2009 DWSRF capitalization grant specified that the

State require loan recipients to make a good faith effort to achieve 5.0% MBE and 17.0% WBE participation for construction contracts.

MBE contracts awarded during FY 2009 totaled \$116,967.00 (0.6%), while WBE participation was \$351,500.00 (1.7%). The total MBE/WBE participation rate for the reporting period was 2.2%. MBE/WBE percentages fell short of the stated program goals. The Department continues to ensure the loan applicants and contractors and suppliers make and document a good faith effort to meet the goals.

The State of Alabama submits Standard Form 5700-20A to EPA Region IV for their review on a quarterly basis to document efforts toward achieving MBE/WBE objectives.

9. Federal Crosscutting Authorities: The State of Alabama and all recipients of DWSRF funds have complied with applicable federal authorities (federal crosscutters). Recipients of DWSRF assistance agreed to do this in the loan application as well as the loan agreement between the recipient and the Authority. Projects are required to complete the State Environmental Review Process (SERP) in a manner consistent with the crosscutting requirements.
10. State Environmental Review Process: The Department conducts environmental reviews on all funded projects in accordance with the State Environmental Review Process (SERP). Categorical Exclusions (CEs) or Findings of No Significant Impact (FONSIs) are issued for each project.
11. Cash Draw Procedures: The State has drawn cash from the Federal Capitalization Grants in a manner consistent with the Capitalization Grant Agreements and the DWSRF ACH Guidance. Exhibit 6 details the amount and date of the draws related to project funding and program administration.

The rate of cash draws from the Federal Capitalization Grants is based on the dollar-for-dollar draws of direct loan projects and a "leveraging ratio" applied to the disbursement of bond proceeds to Bond Pool projects. A "leveraging ratio" is applied to each payment of bond proceeds to loan recipients to calculate the proportional federal share drawn from the ACH and deposited to the ARA.

Consistent with EPA policy, draws from the federal grant for the direct loan projects are required to be proportional to the disbursement of state match funds to borrowers for eligible project costs. Accordingly, the proceeds of the State Match Bonds are the first funds disbursed to members of the Bond Pool. In this manner, the State manages its disbursements to borrowers to ensure that state funds are spent first; thereby meeting the proportionality requirement.

V. Program Changes:

A. Comparison with the Intended Use Plan

The FY 2009 Intended Use Plan had a draft fundable list for ten (10) projects that totaled approximately \$30.9 million. One project (Millport) opted out of funding.

Use of a leveraged loan program maximizes the DWSRF's ability to fund projects that apply for funds and are able to demonstrate the ability to meet the financial, technical and environmental review requirements of the program.

B. Modification of Goals and Objectives

The basic goals and objectives of the Alabama DWSRF are not expected to vary from those stated previously. The Department will seek to execute the procedures necessary to meet the program goals in an expeditious manner in subsequent programs.

C. Transfer from CWSRF to DWSRF

As outlined in the FY 2009 Intended Use Plan funds were reserved for transfer from the CWSRF to the DWSRF program. No transfer was utilized.

VI. Proposed Improvements:

A. Modification of the Program

FY 2009 was the twelfth year of operation of Alabama's DWSRF loan program. Modifications to the MBE/WBE requirements occurred in during the year and be required for all FY 2009 projects. Modifications to the program are expected in FY 2009. This would include an additional Capitalization Grant derived from the ongoing economic stimulus legislation. Any modifications be proposed will be discussed in the FY 2009 Intended Use Plan.

Exhibits

Exhibit 1 - Binding Commitments

Project Name	Project #	Bind Date	Completion Date	Loan Amount	Repay Date	Interest Rate	Funds Source	IUP FY
Albertville Water Treatment & Distribution Improvements	FS010060-02	12/1/2008	7/1/2010	\$13,305,000.00	8/15/2010	3.50%	DL:EPA	2008
Douglas Water Filter Plant Upgrade (Supplemental)	FS010099-01	12/1/2008	2/15/2009	\$440,000.00	8/15/2009	3.50%	DL:EPA	2008
Tuskegee Water Treatment Plant Improvements	FS010031-02	1/1/2009	9/30/2009	\$3,065,000.00	2/15/2010	3.50%	DL:EPA	2008
South Bullock Deep Well Water Supply Improvements	FS010112-01	6/1/2009	10/31/2009	\$705,000.00	2/15/2010	3.50%	DL:EPA	2008
Munford Water Authority New Drinking Water Well	FS010029-02	8/1/2009	4/1/2010	\$515,000.00	8/15/2010	3.50%	DL:EPA	2008
Weaver Well and Storage Tank	FS010121-01	9/15/2009	9/15/10	\$1,305,658.00	2/15/2011	3.50%	DL:ARRA	2009
Troy Utility Complex Elevated Storage Tank Painting	FS010124-01	9/15/2009	4/26/10	\$333,289.00	2/15/2011	3.50%	DL:ARRA	2009
Decatur Water System Improvements	FS010118-01	9/15/2009	8/31/2011	\$6,265,416.00	2/15/2012	3.50%	DL:ARRA	2009
8 Loans				Total:	\$25,934,363.00			

Note: "Funds Source" designates the source of loan funding, e.g.:

DL:EPA = Direct Loan funded by the Master State Revolving Fund and/or the EPA Grant

DL:ARRA = Direct Loan funded by the American Recovery and Reinvestment Act Grant

Exhibit 2 - DWSRF Loan Summary

FY: 1998
Direct Loan? Yes

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
CREMS Etowah Co. Water Authority - Storage Tank	DL:EPA	\$300,000.00	\$9,121.33	\$4,950.00	\$928.67	\$0.00	\$315,000.00
Moundville Water Treatment Facility	DL:EPA	\$700,000.00	\$12,308.90	\$11,550.00	\$1,141.10	\$0.00	\$725,000.00
Nectar Water System Improvements	DL:EPA	\$310,000.00	\$5,543.87	\$5,115.00	\$4,341.13	\$0.00	\$325,000.00
Northeast Etowah Co. Storage Tank	DL:EPA	\$290,000.00	\$6,638.62	\$4,785.00	\$3,576.38	\$0.00	\$305,000.00
Quint-Mar Water System Improvements	DL:EPA	\$570,000.00	\$7,175.14	\$9,405.00	\$3,419.86	\$0.00	\$590,000.00
Ragland Water System Improvements	DL:EPA	\$573,240.00	\$14,504.65	\$9,458.00	\$2,797.35	\$0.00	\$600,000.00
Wattsville Water System Improvements	DL:EPA	\$801,700.00	\$24,323.54	\$13,228.00	\$748.46	\$0.00	\$840,000.00
Sum		\$3,544,940.00	\$79,616.05	\$58,491.00	\$16,952.95	\$0.00	\$3,700,000.00

Direct Loan? No

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
Cullman WTP Expansion	98Ba	\$5,957,000.00	\$79,094.02	\$90,838.78	\$48,067.20	\$0.00	\$6,175,000.00
Dale Co. 1998 Water System Improvements	98Ba	\$2,020,000.00	\$99,665.26	\$40,160.30	\$20,174.44	\$0.00	\$2,180,000.00
Demopolis / Jefferson Rd & Hwy 43 Water Tanks	98Ba	\$885,000.00	\$20,822.65	\$13,680.98	\$10,496.37	\$0.00	\$930,000.00
Eufaula Water System Improvements	98Ba	\$1,200,000.00	\$31,229.42	\$18,535.52	\$10,235.06	\$0.00	\$1,260,000.00
Fort Payne / Lookout Mountain Water Line Extensio	98Ba	\$1,114,000.00	\$28,998.74	\$17,211.56	\$9,789.70	\$0.00	\$1,170,000.00
Madison Co. WTP and Storage Tanks	98Ba	\$11,700,000.00	\$664,713.14	\$186,017.23	\$94,269.63	\$0.00	\$12,645,000.00
Marbury 1998 Water System Improvements	98Ba+DL:EPA	\$2,430,000.00	\$220,042.26	\$39,866.09	\$20,091.65	\$0.00	\$2,710,000.00
Northport WTP Expansion	98Ba	\$2,500,000.00	\$71,405.21	\$38,689.23	\$19,905.56	\$0.00	\$2,630,000.00
Ozark Water System Improvements	98Ba	\$1,050,000.00	\$40,884.88	\$16,476.02	\$12,639.10	\$0.00	\$1,120,000.00
Wall Street / Reeltown Storage Tank	98Ba	\$477,850.00	\$12,516.55	\$7,428.92	\$7,204.53	\$0.00	\$505,000.00
Sum		\$29,333,850.00	\$1,269,372.13	\$468,904.63	\$252,873.24	\$0.00	\$31,325,000.00
Summary for FY 1998 (17 loans)		\$32,878,790.00	\$1,348,988.18	\$527,395.63	\$269,826.19	\$0.00	\$35,025,000.00

FY: 1999
Direct Loan? Yes

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
Belforest Line Extensions and Storage Tank	DL:EPA	\$890,000.00	\$20,411.95	\$17,800.00	\$1,788.05	\$0.00	\$930,000.00
Bibb Co. Highway 219 South Water System Expans	DL:EPA	\$615,000.00	\$10,818.93	\$12,300.00	\$1,881.07	\$0.00	\$640,000.00
Covington Co. Water System Improvements	DL:EPA	\$190,000.00	\$2,365.52	\$3,800.00	\$3,834.48	\$0.00	\$200,000.00
Grant / North Marshall WTP Upgrade	DL:EPA	\$325,000.00	\$7,462.43	\$6,500.00	\$1,037.57	\$0.00	\$340,000.00
Hurtsboro Water System Improvements	DL:EPA	\$330,000.00	\$7,572.18	\$6,600.00	\$827.82	\$0.00	\$345,000.00
Jackson Co. / Hollywood-Fackler Water Project	DL:EPA	\$252,000.00	\$5,824.42	\$5,040.00	\$2,135.58	\$0.00	\$265,000.00
Level Plains Water System Improvements	DL:EPA	\$327,550.00	\$5,747.56	\$6,551.00	\$151.44	\$0.00	\$340,000.00
Marion Co. PWA AL Hwy 19 & CR-25 Water Project	DL:EPA	\$617,000.00	\$12,530.06	\$12,340.00	\$3,129.94	\$0.00	\$645,000.00
Munford Wells and Line Upgrades	DL:EPA	\$620,000.00	\$14,266.42	\$12,400.00	\$3,333.58	\$0.00	\$650,000.00
New Brockton Water System Improvements	DL:EPA	\$675,000.00	\$5,469.66	\$13,900.00	\$630.34	\$0.00	\$695,000.00
Ohatchee Water System Improvements	DL:EPA	\$110,000.00	\$1,944.03	\$2,200.00	\$855.97	\$0.00	\$115,000.00
Owens Crossroads Gravity Filtration Upgrade	DL:EPA	\$795,000.00	\$13,946.28	\$15,900.00	\$153.72	\$0.00	\$825,000.00
Peterson Water System Storage Tank and Main	DL:EPA	\$620,000.00	\$10,903.45	\$12,400.00	\$1,696.55	\$0.00	\$645,000.00
Smiths Water Line Improvements	DL:EPA	\$700,000.00	\$12,340.34	\$14,000.00	\$3,659.66	\$0.00	\$730,000.00
Steele Water Works Improvements	DL:EPA	\$350,000.00	\$8,120.88	\$7,000.00	\$4,879.12	\$0.00	\$370,000.00
Swearingin Water System Improvements	DL:EPA	\$750,000.00	\$15,249.77	\$15,000.00	\$4,750.23	\$0.00	\$785,000.00
Tuskegee Water System Improvements	DL:EPA	\$2,000,000.00	\$72,864.47	\$40,000.00	\$2,135.53	\$0.00	\$2,115,000.00
Sum		\$10,166,550.00	\$227,838.35	\$203,731.00	\$36,880.65	\$0.00	\$10,635,000.00

Direct Loan? No

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
Boaz Industrial Park PS & Transmission Main Upgr	2000Ba	\$525,000.00	\$9,233.90	\$12,299.10	\$3,467.00	\$0.00	\$550,000.00
Chilton Water System Improvements	2000Ba	\$2,505,000.00	\$91,158.62	\$59,482.91	\$4,358.47	\$0.00	\$2,660,000.00
Leeds Weems Spring Filtration Plant Upgrade	2000Ba	\$500,000.00	\$8,814.18	\$11,740.05	\$4,445.77	\$0.00	\$525,000.00
NE AL / Waterloo Springs Water Treatment Plant	2000Ba	\$2,000,000.00	\$40,341.88	\$46,736.57	\$2,921.55	\$0.00	\$2,090,000.00
Northport WTP Expansion (Supplemental)	2000Ba	\$1,115,000.00	\$10,408.38	\$25,828.11	\$3,763.51	\$0.00	\$1,155,000.00
Russell Co. Water Works Improvements	2000Ba	\$375,000.00	\$495.64	\$8,609.37	\$894.99	\$0.00	\$385,000.00
VAW Water System Improvements	2000Bb	\$4,235,000.00	\$74,039.13	\$98,616.40	\$2,344.47	\$0.00	\$4,410,000.00
Sum		\$11,255,000.00	\$234,491.73	\$263,312.51	\$22,195.76	\$0.00	\$11,775,000.00

Summary for FY 1999 (24 loans) \$21,421,550.00 \$462,330.08 \$467,043.51 \$59,076.41 \$0.00 \$22,410,000.00

FY: 2000

Direct Loan? Yes

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
CREMS Water Authority-Storage Tank (Supplement	DL:EPA	\$124,692.00	\$0.00	\$2,057.00	\$3,251.00	\$0.00	\$130,000.00
Five Star Water Works Improvements	DL:EPA+MSRF	\$6,000,000.00	\$55,535.36	\$97,399.00	\$2,065.64	\$0.00	\$6,155,000.00
Hanceville Water Distrib. Lines and Storage Tank	DL:EPA	\$1,280,382.00	\$38,612.21	\$21,284.00	\$4,721.79	\$0.00	\$1,345,000.00
McIntosh Well No. 3 and Tank No. 2	DL:EPA	\$760,000.00	\$20,896.47	\$12,580.00	\$1,523.53	\$0.00	\$795,000.00
Sumiton Water System Improvements 2000	DL:EPA/MSRF	\$1,856,000.00	\$86,971.69	\$31,253.00	\$775.31	\$0.00	\$1,975,000.00
Thorsby 2000 Water System Expansion Project	DL:EPA	\$541,007.50	\$12,112.86	\$8,941.00	\$2,938.64	\$0.00	\$565,000.00
White House Water System Improvements	DL:EPA	\$974,000.00	\$14,073.52	\$15,903.00	\$1,023.48	\$0.00	\$1,005,000.00
Sum		\$11,536,081.50	\$228,202.11	\$189,417.00	\$16,299.39	\$0.00	\$11,970,000.00

Direct Loan? No

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
Bay Minette Water System Improvements	2000Bc	\$2,110,000.00	\$25,213.85	\$34,655.35	\$20,130.80	\$0.00	\$2,190,000.00
Carroll's Creek 1.0 MG Storage Tank	2000Bc	\$1,416,000.00	\$46,696.72	\$23,736.54	\$13,566.74	\$0.00	\$1,500,000.00
Evergreen Water Distribution System Improvements	2000Bc	\$950,000.00	\$18,889.32	\$15,745.24	\$10,365.44	\$0.00	\$995,000.00
Harvest-Monrovia Water Improvements	2000Bc	\$10,000,000.00	\$645,612.29	\$172,485.51	\$81,902.20	\$0.00	\$10,900,000.00
Limestone South Treatment Facility	2000Bc	\$4,568,500.00	\$186,521.59	\$77,064.63	\$37,913.78	\$0.00	\$4,870,000.00
Oneonta Straight Mountain Water Improvements	2000Bc	\$1,680,000.00	\$50,956.78	\$28,088.24	\$15,954.98	\$0.00	\$1,775,000.00
Sum		\$20,724,500.00	\$973,890.55	\$351,775.51	\$179,833.94	\$0.00	\$22,230,000.00

Summary for FY 2000 (13 loans) \$32,260,581.50 \$1,202,092.66 \$541,192.51 \$196,133.33 \$0.00 \$34,200,000.00

FY: 2001
Direct Loan? Yes

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
Asbury Water System Improvements	DL:EPA	\$542,200.00	\$12,279.75	(\$1,022.00)	\$1,542.25	\$0.00	\$555,000.00
Boaz Industrial Park PS & Mains (Supplemental)	DL:EPA	\$382,375.00	\$861.56	(\$3,006.00)	\$4,769.44	\$0.00	\$385,000.00
Englewood-Hulls Mains, Pump Station, and Storage	DL:EPA	\$515,000.00	\$7,033.00	(\$1,372.00)	\$4,339.00	\$0.00	\$525,000.00
Fort Payne Water Improvements	DL:EPA	\$529,300.00	\$0.00	(\$1,314.00)	\$2,014.00	\$0.00	\$530,000.00
Hale County Water Improvements	DL:EPA	\$1,520,000.00	\$45,142.73	\$10,943.00	\$3,914.27	\$0.00	\$1,580,000.00
Thorsby Well No. 7 Project	DL:EPA	\$863,600.00	\$19,684.06	\$2,888.00	\$3,827.94	\$0.00	\$890,000.00
Sum		\$4,352,475.00	\$85,001.10	\$7,117.00	\$20,406.90	\$0.00	\$4,465,000.00

Direct Loan? No

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
Albertville Water Treatment Plant Improvements	2002Ba	\$5,000,000.00	\$180,321.62	\$61,338.84	\$13,339.54	\$0.00	\$5,255,000.00
Andalusia Elevated Storage Tank Project	2002Ba	\$1,160,000.00	\$47,200.60	\$14,298.78	\$3,500.62	\$0.00	\$1,225,000.00
Cullman Center Hill Waterline Phase II and III	2002Ba	\$2,606,000.00	\$58,078.13	\$31,574.04	\$9,347.83	\$0.00	\$2,705,000.00
Hartselle East Loop Water Main - Phase II	2002Ba	\$3,303,520.00	\$142,035.08	\$40,795.29	\$8,649.63	\$0.00	\$3,495,000.00
Harvest-Monrovia Water Improvements (Supplemen	2002Ba	\$8,970,000.00	\$344,194.51	\$110,304.87	\$25,500.62	\$0.00	\$9,450,000.00
Jackson 2001 Water System Improvements	2002Ba	\$6,772,000.00	\$384,703.53	\$84,742.15	\$18,554.32	\$0.00	\$7,260,000.00
Sum		\$27,811,520.00	\$1,156,533.47	\$343,053.97	\$78,892.56	\$0.00	\$29,390,000.00
Summary for FY 2001 (12 loans)		\$32,163,995.00	\$1,241,534.57	\$350,170.97	\$99,299.46	\$0.00	\$33,855,000.00

FY: 2002

Direct Loan? Yes

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
Franklin County Water Treatment Plant	MSRF	\$3,000,000.00	\$158,564.09	\$27,517.00	\$3,918.91	\$0.00	\$3,190,000.00
Grand Bay Elevated Storage Tank and Distribution	DL:EPA	\$1,700,000.00	\$88,151.98	\$13,569.00	\$3,279.02	\$0.00	\$1,805,000.00
Pinckard Water System Improvements	DL:EPA	\$400,000.00	\$18,952.64	(\$1,430.00)	\$2,477.36	\$0.00	\$420,000.00
Russellville Cedar Creek Reservoir Raw Water Intak	DL:EPA	\$3,000,000.00	\$176,321.07	\$27,517.00	\$1,161.93	\$0.00	\$3,205,000.00
Sum		\$8,100,000.00	\$441,989.78	\$67,173.00	\$10,837.22	\$0.00	\$8,620,000.00
Summary for FY 2002 (4 loans)		\$8,100,000.00	\$441,989.78	\$67,173.00	\$10,837.22	\$0.00	\$8,620,000.00

FY: 2003

Direct Loan? Yes

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
Atmore Water System Improvements	DL:EPA	\$875,000.00	\$35,922.22	\$2,713.00	\$1,364.78	\$0.00	\$915,000.00
Bayou La Batre Water System Improvements	2003 A Interest	\$325,000.00	\$2,236.72	\$3,794.00	\$3,969.28	\$0.00	\$335,000.00
Camden Water System Improvements	MSRF (STAG)	\$400,000.00	\$13,366.56	(\$2,831.00)	\$4,464.44	\$0.00	\$415,000.00
Cullman Water Upgrades	DL:EPA	\$2,700,000.00	\$101,127.00	\$24,016.00	\$4,857.00	\$0.00	\$2,830,000.00
Sum		\$4,300,000.00	\$152,652.50	\$27,692.00	\$14,655.50	\$0.00	\$4,495,000.00

Direct Loan? No

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
Madison Water System Improvements	2003Ba	\$11,000,000.00	\$249,719.46	\$161,190.19	\$29,090.35	\$0.00	\$11,440,000.00
South Alabama Utilities Water System Improvement	2003Ba	\$6,300,000.00	\$296,722.32	\$94,544.24	\$18,733.44	\$0.00	\$6,710,000.00
Tuscaloosa Water System Improvements	2003Ba	\$7,066,450.00	\$508,876.91	\$108,563.85	\$21,109.24	\$0.00	\$7,705,000.00
West Morgan - East Lawrence Drinking Water Infra	2003Ba (STAG)	\$8,000,000.00	\$575,912.60	\$122,865.25	\$21,222.15	\$0.00	\$8,720,000.00
Sum		\$32,366,450.00	\$1,631,231.29	\$487,163.53	\$90,155.18	\$0.00	\$34,575,000.00
Summary for FY 2003 (8 loans)		\$36,666,450.00	\$1,783,883.79	\$514,855.53	\$104,810.68	\$0.00	\$39,070,000.00

FY: 2004

Direct Loan? Yes

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
Butler County Water Authority Tank and Line Impro	DL:EPA	\$1,700,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,700,000.00
Cullman Water System Upgrades	DL:EPA/MSRF	\$2,393,000.00	\$105,325.46	\$20,432.00	\$1,242.54	\$0.00	\$2,520,000.00
Franklin County Water Treatment Plant (Supplemen	MSRF	\$3,000,000.00	\$97,842.10	\$27,517.00	\$4,640.90	\$0.00	\$3,130,000.00
Kushla Water System Improvements	DL:EPA	\$1,371,300.00	\$57,699.95	\$8,506.00	\$2,494.05	\$0.00	\$1,440,000.00
South Alabama Utilities Water System Improvement	DL:EPA	\$3,957,500.00	\$174,497.53	\$38,694.00	\$4,308.47	\$0.00	\$4,175,000.00
Stockton Interconnection and Tank	DL:EPA	\$1,411,300.00	\$25,651.02	\$8,973.00	\$4,075.98	\$0.00	\$1,450,000.00
Turnerville Water System Improvements	DL:EPA/MSRF	\$998,950.00	\$43,041.38	\$4,160.00	\$3,848.62	\$0.00	\$1,050,000.00
Sum		\$14,832,050.00	\$504,057.44	\$108,282.00	\$20,610.56	\$0.00	\$15,465,000.00

Direct Loan? No

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
Shelby County South Water Treatment Plant	2004Ba	\$20,001,940.64	\$1,223,059.36	\$0.00	\$0.00	\$0.00	\$21,225,000.00
Sum		\$20,001,940.64	\$1,223,059.36	\$0.00	\$0.00	\$0.00	\$21,225,000.00
Summary for FY 2004 (8 loans)		\$34,833,990.64	\$1,727,116.80	\$108,282.00	\$20,610.56	\$0.00	\$36,690,000.00

FY: 2005

Direct Loan? No

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
Cullman Water System Upgrades	2005Ba	\$1,352,410.62	\$62,589.38	\$0.00	\$0.00	\$0.00	\$1,415,000.00
Daphne Utilities Water System Improvements	2005Ba	\$3,403,818.32	\$91,181.68	\$0.00	\$0.00	\$0.00	\$3,495,000.00
Mobile Drinking Water Improvements	2005Ba	\$5,003,608.04	\$106,391.96	\$0.00	\$0.00	\$0.00	\$5,110,000.00
Northport Water System Improvements	2005Ba	\$2,742,670.10	\$142,329.90	\$0.00	\$0.00	\$0.00	\$2,885,000.00
Shelby County South Water Treatment Plant (Suppl	2005Ba	\$23,002,568.31	\$2,322,431.69	\$0.00	\$0.00	\$0.00	\$25,325,000.00
Sum		\$35,505,075.39	\$2,724,924.61	\$0.00	\$0.00	\$0.00	\$38,230,000.00
Summary for FY 2005 (5 loans)		\$35,505,075.39	\$2,724,924.61	\$0.00	\$0.00	\$0.00	\$38,230,000.00

FY: 2006

Direct Loan? Yes

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
Daphne Utilities Water System Improvements (Sup	DL:EPA	\$954,351.36	\$30,648.64	\$0.00	\$0.00	\$0.00	\$985,000.00
Douglas Water Filter Plant Upgrade	DL:EPA	\$2,071,338.39	\$53,661.61	\$0.00	\$0.00	\$0.00	\$2,125,000.00
Kushla Water System Improvements (Supplemental	DL:EPA	\$503,009.62	\$11,990.38	\$0.00	\$0.00	\$0.00	\$515,000.00
Lowndesboro Water System Improvements	DL:EPA	\$482,505.92	\$12,494.08	\$0.00	\$0.00	\$0.00	\$495,000.00
Saint Elmo-Irvington Well/Water Treatment Facility	DL:EPA	\$853,087.69	\$46,912.31	\$0.00	\$0.00	\$0.00	\$900,000.00
Sum		\$4,864,292.98	\$155,707.02	\$0.00	\$0.00	\$0.00	\$5,020,000.00
Summary for FY 2006 (5 loans)		\$4,864,292.98	\$155,707.02	\$0.00	\$0.00	\$0.00	\$5,020,000.00

FY: 2007

Direct Loan? Yes

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
Atmore Water System Improvements (Supplementa	DL:EPA	\$1,204,527.25	\$30,472.75	\$0.00	\$0.00	\$0.00	\$1,235,000.00
Clay County Water Treatment Plant Improvements	DL:EPA	\$1,640,752.33	\$39,247.67	\$0.00	\$0.00	\$0.00	\$1,680,000.00
Cullman Water Upgrades 2008	DL:EPA	\$1,193,510.46	\$6,489.54	\$0.00	\$0.00	\$0.00	\$1,200,000.00
Shelby County South Water Treatment Plant	DL:EPA	\$16,003,069.89	\$366,930.11	\$0.00	\$0.00	\$0.00	\$16,370,000.00
South Alabama Utilities Water System Improvement	DL:EPA	\$6,004,725.31	\$185,274.69	\$0.00	\$0.00	\$0.00	\$6,190,000.00
Sum		\$26,046,585.24	\$628,414.76	\$0.00	\$0.00	\$0.00	\$26,675,000.00
Summary for FY 2007 (5 loans)		\$26,046,585.24	\$628,414.76	\$0.00	\$0.00	\$0.00	\$26,675,000.00

FY: 2008

Direct Loan? Yes

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
Albertville Water Treatment & Distribution Improvem	DL:EPA	\$12,751,221.46	\$553,778.54	\$0.00	\$0.00	\$0.00	\$13,305,000.00
Douglas Water Filter Plant Upgrade (Supplemental)	DL:EPA	\$437,535.02	\$2,464.98	\$0.00	\$0.00	\$0.00	\$440,000.00
Munford Water Authority New Drinking Water Well	DL:EPA	\$505,804.40	\$9,195.60	\$0.00	\$0.00	\$0.00	\$515,000.00
Saint Elmo-Irvington Well/Water Treatment Facility	DL:EPA	\$300,221.38	\$4,778.62	\$0.00	\$0.00	\$0.00	\$305,000.00
South Bullock Deep Well Water Supply Improve	DL:EPA	\$693,948.64	\$11,051.36	\$0.00	\$0.00	\$0.00	\$705,000.00
Tuskegee Water Treatment Plant Improvements	DL:EPA	\$3,003,929.58	\$61,070.42	\$0.00	\$0.00	\$0.00	\$3,065,000.00
Sum		\$17,692,660.48	\$642,339.52	\$0.00	\$0.00	\$0.00	\$18,335,000.00
Summary for FY 2008 (6 loans)		\$17,692,660.48	\$642,339.52	\$0.00	\$0.00	\$0.00	\$18,335,000.00

FY: 2009

Direct Loan? Yes

Project Name	Funds Source	Project Amount	Cap Interest	Prog Finan	Local Cost	Discount	LoanAmount
Decatur Water System Improvements	DL:ARRA	\$6,101,029.17	\$164,386.83	\$0.00	\$0.00	\$0.00	\$6,265,416.00
Troy Utility Complex Elevated Storage Tank Paintin	DL:ARRA	\$327,832.77	\$5,456.23	\$0.00	\$0.00	\$0.00	\$333,289.00
Weaver Well and Storage Tank	DL:ARRA	\$1,284,365.39	\$21,292.61	\$0.00	\$0.00	\$0.00	\$1,305,658.00
Sum		\$7,713,227.33	\$191,135.67	\$0.00	\$0.00	\$0.00	\$7,904,363.00
Summary for FY 2009 (3 loans)		\$7,713,227.33	\$191,135.67	\$0.00	\$0.00	\$0.00	\$7,904,363.00
Grand Total		\$290,147,198.56	\$12,550,457.44	\$2,576,113.15	\$760,593.85	\$0.00	\$306,034,363.00

Exhibit 2 - FY 2009 Loans Without Binding Commitment as of 9/30/2009

FY: 2009

Direct Loan? Yes

Project Name	Project Amount
Albertville Water Treatment & Distribution Improvem	\$1,750,000.00
Birmingham Phase II Shades Mountain Filter Plant	\$10,000,608.91
Dauphin Island Reverse Osmosis WT Facility & 1 M	\$6,281,232.54
Dothan West Side Tank and Connecting Main	\$3,052,676.17
Walter Water Authority Water Line Upgrade	\$470,045.78
Sum	\$21,554,563.40

Summary for FY 2009 (5 loans)

Exhibit 3 – Sources and Uses of Bond Proceeds

There were no bonds issued during FY 2009

Alabama Drinking Water State Revolving Fund (DWSRF)

Roles and Responsibilities

Municipality

- Requests placement on SRF Priority List to improve DW system.
- Retains engineer to prepare SRF Application, perform environmental review, Plans and Specifications
- Demonstrates financial capability in order to qualify for SRF loan.
- Requests SRF funds for eligible construction and engineering .

ADEM

- Prepares SRF Priority List
- Applies for EPA grant on basis of Priority List; IUP - needs justify SRF funds from EPA
- Acts as agent to Authority in administration of SRF program
- Performs technical and environmental review of projects
- Reviews pay requests and instructs Trustee Bank to disburse funds to city

Alabama Drinking Water Finance Authority

[Composed of Governor, Lt.-Governor, Speaker-of-House, State Finance Director, Director of ADEM]

- Executes issuance of bonds, supported by SRF grant and SRF loan applications approved by ADEM, to fund DW needs of SRF loan applicants. By issuing bonds SRF grant is “leveraged” to produce 3X funds normally available and to mitigate shortage/absence of State Match.
- State Finance Director selects bond attorneys, financial advisors, trustee bank etc. related to bond issuance.
- Debt of borrowers is in the form of a bond warrant with the Authority.

Legislature

- Created the Alabama Drinking Water Finance Authority in 1997
- Appropriates State Matching funds; required as a condition of EPA SRF grant.

EPA

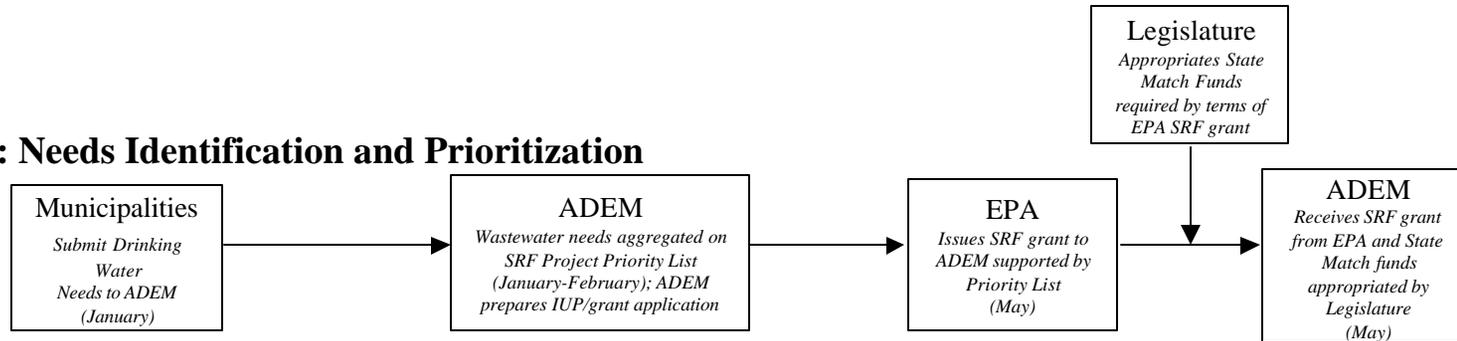
- Reviews state SRF grant application for EPA funds
- Issues SRF Capitalization Grant to ADEM
- Overviews Alabama’s SRF program and receives annual audit of SRF program by CPA.
- Provides assistance upon request.

Trustee Bank

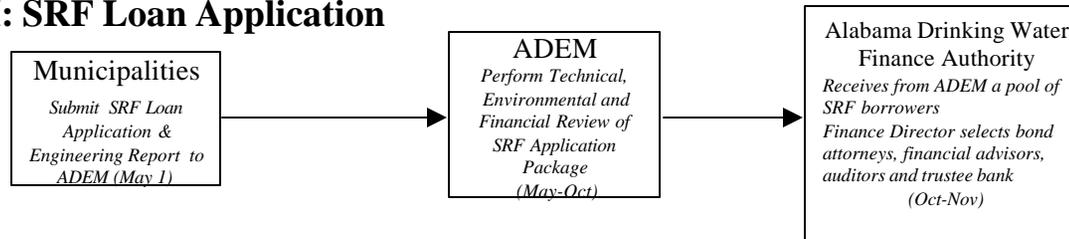
- Selected by State Finance Director
- Manages bond proceeds and loan funds under the direction of Authority and ADEM

Alabama Drinking Water State Revolving Fund (DWSRF)

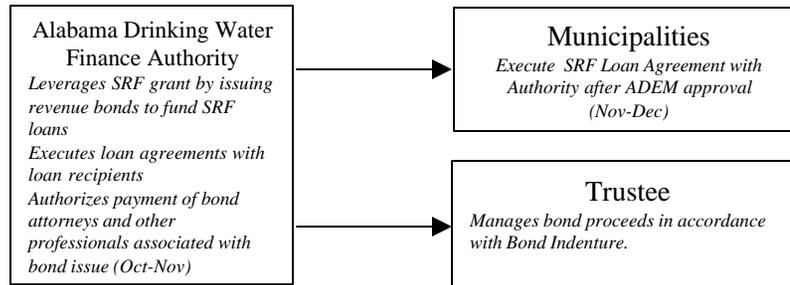
I: Needs Identification and Prioritization



II: SRF Loan Application



III: Bond Issuance



IV: Project Construction



Alabama DWSRF Flow of Funds

The attached flowchart and following narrative is intended to illustrate the relationship between various accounts of the DWSRF and the Federal and State capitalization funds. Please note that the attached flowchart attempts to describe the functions and interrelationships between general types of accounts within and related to the State's program; the Authority Bond Indentures exactly define accounts of and related to the DWSRF. The accounts "inside the DWSRF" are within the large rectangular box on the flowchart. Other associated accounts, such as the Trustee Bank's and the State's Administrative Fee Fund accounts are derived from the loan recipient assessments are outside the DWSRF.

1: **Debt Service Reserve:** This account is funded from bond proceeds. It is used to ensure that defaults by borrowers (loan recipients) do not cause a default in the bond principal and interest payments that amortize the Authority Bonds and thus serves as security for the DWSRF bondholders.

The capitalization requirement of the collateral account is determined by an analysis of the aggregate credit quality of loan recipients funded by bond proceeds. The credit analysis of the borrowers and the determination of the level of collateralization required is performed by the Authority's Financial Advisor in conjunction with bond rating services (AMBAC, Moody's, S&P) prior to the issuance and sale of bonds.

EPA does not allow collateral required for the State Match bonds to be derived from the Federal Capitalization grant. State Match bonds may only be collateralized from interest earnings.

2: **Capitalized Interest Fund:** Holders of CWSRF bonds must begin receiving payments from the DWSRF within 6 months after the sale of the Authority's bonds. Prior to the time that repayments of the CWSRF loans typically begin, funds are required to meet this obligation. The Capitalized Interest Fund is used for this purpose and uses bond proceeds as its source.

3: **Bond Pool Project Fund:** This account contains funds derived from the sale of bonds that are disbursed to the Bond Pool SRF loan recipients for eligible project costs. The funds in the Bond Pool Project Fund may consist of bond proceeds and/or State matching funds (both appropriated and leveraged) and/or funds from the Master Revolving Fund. In the DWSRF program to-date, since no State Match has been appropriated, bond proceeds alone have capitalized this account.

Since capitalization grant funds may be pledged to the Additional Reserve Account (ARA), disbursements to Loan Recipients from the Bond Pool Project Fund can trigger draws from the Federal Capitalization Grant. In that case, draws of federal grant funds from the ACH are calculated on the basis of a "Leveraging Ratio." The Leveraging Ratio is determined by dividing the amount that will be disbursed to the Bond Pool Loan Recipients by the portion of the ACH required for security in the Additional Reserve Account. The total amount of the ACH draws incurred on behalf of the Bond Pool Loan Recipients is limited by the Federal Share of the security required for the issuance of the Bonds.

The ACH draws are proportional to the disbursements to the Loan Recipients for incurred eligible costs and the Federal Share of the security for the Bonds.

Interest earned on the Project Fund is not typically pledged to specific projects at the time that the bonds are sold; the Project Fund is not "net funded." Interest earnings on the Bond Pool Project Fund are typically used to make direct loans. Direct loans made from interest earnings on the Bond Pool Project Fund are usually pledged to the Bond Repayment Fund. In the event of non-default, the direct loans originated from these interest earnings flow to the Master State Revolving Fund where they are subsequently used to make direct loans, or to fund the ARA of a future bond issue.

In order to comply with Federal tax law relative to tax-free bond issues, the Authority is required to restrict the yield (investment rate) that is earned on the Bond Pool Project Fund to the rate that is paid to the bond holders (the arbitrage rate). A (tax) rebate calculation is performed annually on this account in order to verify how much, if any, earned interest is in excess of that allowed by federal tax law (the arbitrage limit) and any excess is rebated to the IRS via the Rebate Fund. Interest that is not "excess" may be used either to redeem bonds or to make additional direct loans.

4: **Direct Loan Project Fund**: This is the account from which direct loan projects are funded. This account may be capitalized from a variety of sources such as the Master SRF Account, the State Match Cash, interest earnings and other sources that are not pledged as security to bond indentures. Cash from the Federal Capitalization Grant flows through this account prior to disbursement to Direct Loan Recipients, as these recipients present payment requests to the Department for incurred eligible expenses.

5: **Additional Reserve Account (ARA)**: The funds in the ARA are used to buy down the borrower's loan interest rate. It is a "loan subsidy" account.

The ARA account is yield restricted to the bond arbitrage rate. Funds in the ARA (typically non-rebatable interest earnings) that are not required for deposit to the Loan Repayment fund flow to the Master SRF Fund and may be used in subsequent years as a source of capital for making direct loans and/or Additional Reserve Account (ARA) funding.

6: **ADEM Administrative Fee and Setasides from Federal Capitalization Grant**: States are allowed to retain a maximum of 4% of the Federal Capitalization Grant for administration of the State's SRF program. There is also an allowance for certain setasides. As costs for these activities are incurred, draws will be made from the Federal Capitalization Grant. This account is outside the SRF.

7: **Bond Repayment Fund**: This fund is a holding account for the payments required to amortize the DWSRF Bonds. Funds flowing into this account are normally derived from a combination of deposits from the Capitalized Interest Fund, the Additional Reserve Account and from loan repayments. Because loan repayments may be deposited prior to the date that the Authority bond holders are scheduled to pay Authority Bond Principal and Interest payments to bondholders, and interest is earned on this account, excess funding may occur. After passing through the Rebate Fund, these excess funds ultimately flow to the DWMSRF Fund. Additionally, loan repayments from borrowers funded by interest earnings flow into this fund, and if not required to meet payments to bondholders, flow to the DWMSRF.

8: **Rebate Fund**: This account is required by Federal tax laws which restrict the earnings of funds associated with tax-exempt bonds. An independent accountant examines the accounts of the SRF annually and determines whether or not excess interest has been

earned and, if so, the amount of the excess interest earnings that must be rebated to the Federal Treasury. Non-excessive interest earnings flow to the Master SRF Fund for use in funding future years' projects.

9: **Drinking Water Master SRF Fund (DWMSRF)**: The DWMSRF is an account whose primary purpose is to fund Direct Loans and Additional Reserve Accounts. It is held by the State Treasurer and accrues interest. Sources for revenue for this fund include repayments of direct loans and interest earnings.

10: **Administrative Fee Funds (Trustee & ADEM)**: Borrowers of SRF funds are charged a fee based on a percentage of the outstanding principal balance at the time a payment is due and payable by the borrower. This percentage is currently set at 0.75%. The Trustee Bank and State Treasurer process these administrative fees outside the SRF. This administrative fee fund will be "dedicated to the administrative purposes associated with the SRF program" and is not subject to the 4% cap (of the capitalization grant) for administrative fees "inside the SRF." These funds are also used to compensate a Trustee Bank for its management of SRF accounts, including the payment of bondholders, the investment of SRF funds and the disbursement of payments to loan recipients. It may also be used to pay legal fees incurred in the process of executing binding commitments as well as auditing and tax rebate calculation expenses (accounting).

Exhibit 5 - DWSRF Construction Payments

Project Name	Pmt. Date	IUP FY	Funds Source	Pmt Amt.	Grant Draw
Douglas Water Filter Plant Upgrade	10/1/08	2006	DL:EPA	\$659,011.00	\$659,011.00
Turnerville Water System Improvements	10/23/08	2004	DL:EPA/MSRF	\$20,130.00	\$20,130.00
Douglas Water Filter Plant Upgrade	10/30/08	2006	DL:EPA	\$117,745.00	\$117,745.00
Saint Elmo-Irvington Well/Water Treatment Fa	10/30/08	2006	DL:EPA	\$223,551.00	\$223,551.00
South Alabama Utilities Water System Improv	11/10/08	2007	DL:EPA	\$420,862.00	\$420,862.00
Saint Elmo-Irvington Well/Water Treatment Fa	12/15/08	2006	DL:EPA	\$103,688.00	\$103,688.00
Atmore Water System Improvements (Supple	12/15/08	2007	DL:EPA	\$209,117.00	\$209,117.00
South Alabama Utilities Water System Improv	12/16/08	2007	DL:EPA	\$401,746.00	\$401,746.00
Kushla Water System Improvements (Supple	12/18/08	2006	DL:EPA	\$73,517.00	\$73,517.00
Cullman Water System Upgrades	12/23/08	2004	DL:EPA/MSRF	\$33,124.00	\$33,124.00
Cullman Water System Upgrades	12/23/08	2005	2005Ba	\$12,641.00	
Fort Payne Water Improvements	1/8/09	2001	DL:EPA	\$21,676.00	\$21,676.00
Clay County Water Treatment Plant Improvem	1/9/09	2007	DL:EPA	\$940,280.00	\$940,280.00
Turnerville Water System Improvements	1/9/09	2004	DL:EPA/MSRF	\$7,920.00	\$7,920.00
Albertville Water Treatment & Distribution Imp	1/12/09	2008	DL:EPA	\$1,583,710.00	\$1,583,710.00
Atmore Water System Improvements (Supple	1/12/09	2007	DL:EPA	\$34,944.00	\$34,944.00
West Morgan - East Lawrence Drinking Water	1/20/09	2003	2003Ba (STAG)	\$326,943.00	
Douglas Water Filter Plant Upgrade (Supplem	1/23/09	2008	DL:EPA	\$153,406.00	\$153,406.00
Douglas Water Filter Plant Upgrade	1/23/09	2006	DL:EPA	\$205,953.39	\$205,953.39
Albertville Water Treatment & Distribution Imp	1/27/09	2008	DL:EPA	\$314,332.00	\$314,332.00
Kushla Water System Improvements (Supple	2/3/09	2006	DL:EPA	\$3,284.62	\$3,284.62
Saint Elmo-Irvington Well/Water Treatment Fa	2/10/09	2006	DL:EPA	\$14,605.69	\$14,605.69
Saint Elmo-Irvington Well/Water Treatment Fa	2/10/09	2008	DL:EPA	\$55,185.00	\$55,185.00
Sumiton Water System Improvements 2000	2/13/09	2000	DL:EPA/MSRF	\$15,322.00	\$15,322.00
Atmore Water System Improvements (Supple	2/13/09	2007	DL:EPA	\$19,421.00	\$19,421.00
Jackson 2001 Water System Improvements	2/19/09	2001	2002Ba	\$81,727.00	
Albertville Water Treatment & Distribution Imp	3/9/09	2008	DL:EPA	\$96,461.00	\$96,461.00
Turnerville Water System Improvements	3/9/09	2004	DL:EPA/MSRF	\$201,568.00	\$201,368.00
Cullman Water System Upgrades	3/19/09	2004	DL:EPA/MSRF	\$54,832.00	\$54,832.00
Douglas Water Filter Plant Upgrade (Supplem	3/31/09	2008	DL:EPA	\$165,510.00	
Albertville Water Treatment & Distribution Imp	4/7/09	2008	DL:EPA	\$786,085.00	\$786,085.00
Jackson 2001 Water System Improvements	4/14/09	2001	2002Ba	\$166,296.00	
Cullman Water System Upgrades	4/14/09	2004	DL:EPA/MSRF	\$117,685.00	\$117,685.00
Clay County Water Treatment Plant Improvem	4/16/09	2007	DL:EPA	\$166,417.33	\$166,417.33
Albertville Water Treatment & Distribution Imp	4/29/09	2008	DL:EPA	\$523,370.00	\$523,370.00
Cullman Water System Upgrades	5/12/09	2004	DL:EPA/MSRF	\$81,853.00	
Lowndesboro Water System Improvements	5/18/09	2006	DL:EPA	\$62,580.92	\$62,580.92
Albertville Water Treatment & Distribution Imp	5/27/09	2008	DL:EPA	\$1,046,616.00	\$1,046,616.00
Saint Elmo-Irvington Well/Water Treatment Fa	5/28/09	2008	DL:EPA	\$88,359.00	
Jackson 2001 Water System Improvements	6/4/09	2001	2002Ba	\$64,146.00	
South Alabama Utilities Water System Improv	6/9/09	2007	DL:EPA	\$296,431.00	
Douglas Water Filter Plant Upgrade (Supplem	6/9/09	2008	DL:EPA	\$44,241.00	
Cullman Water System Upgrades	6/23/09	2004	DL:EPA/MSRF	\$58,942.00	
Albertville Water Treatment & Distribution Imp	6/25/09	2008	DL:EPA	\$703,676.00	\$703,676.00

Project Name	Pmt. Date	IUP FY	Funds Source	Pmt Amt.	Grant Draw
Atmore Water System Improvements (Supple	7/2/09	2007	DL:EPA	\$11,649.00	\$11,649.00
Douglas Water Filter Plant Upgrade (Supplem	7/17/09	2008	DL:EPA	\$60,835.00	\$60,835.00
Jackson 2001 Water System Improvements	7/17/09	2001	2002Ba	\$35,592.00	
Saint Elmo-Irvington Well/Water Treatment Fa	7/21/09	2008	DL:EPA	\$57,304.49	\$57,304.49
Cullman Water System Upgrades	7/21/09	2004	DL:EPA/MSRF	\$34,106.00	\$34,106.00
Saint Elmo-Irvington Well/Water Treatment Fa	7/21/09	2008	DL:EPA	\$41,979.51	\$41,979.51
Turnerville Water System Improvements	8/6/09	2004	DL:EPA/MSRF	\$3,317.73	\$3,317.73
Turnerville Water System Improvements	8/6/09	2004	DL:EPA/MSRF	\$40,683.27	\$40,683.27
Tuskegee Water Treatment Plant Improveme	8/12/09	2008	DL:EPA	\$244,793.00	
Jackson 2001 Water System Improvements	8/17/09	2001	2002Ba	\$11,655.00	
Albertville Water Treatment & Distribution Imp	8/21/09	2008	DL:EPA	\$389,095.00	\$389,095.00
Madison Water System Improvements	8/21/09	2003	2003Ba	\$2,117.00	
Cullman Water System Upgrades	8/26/09	2004	DL:EPA/MSRF	\$44,208.00	
Madison Water System Improvements	8/26/09	2003	2003Ba	\$3,220.00	
West Morgan - East Lawrence Drinking Water	8/28/09	2003	2003Ba (STAG)	\$109,293.00	
Albertville Water Treatment & Distribution Imp	9/1/09	2008	DL:EPA	\$386,596.00	
Madison Water System Improvements	9/3/09	2003	2003Ba	\$3,713.00	
South Bullock Deep Well Water Supply Impro	9/23/09	2008	DL:EPA	\$38,625.00	
Totals:				\$12,297,692.95	\$10,030,591.95

Over the life of the DWSRF program, 1178 payments totaling \$249,897,904.63 have been made.

Exhibit 6 - DWSRF Grant Draws for Construction

Draw #	Project Name	Draw Date	Draw Amount
371	Douglas Water Filter Plant Upgrade	10/1/2008	\$659,011.00
372	Atmore Water System Improvements (Supplemen	11/3/2008	\$32,229.00
372	Douglas Water Filter Plant Upgrade	11/3/2008	\$117,745.00
372	Saint Elmo-Irvington Well/Water Treatment Facilit	11/3/2008	\$223,551.00
372	Turnerville Water System Improvements	11/3/2008	\$20,130.00
373	South Alabama Utilities Water System Improveme	11/14/2008	\$420,862.00
374	Atmore Water System Improvements (Supplemen	12/17/2008	\$209,117.00
374	Saint Elmo-Irvington Well/Water Treatment Facilit	12/17/2008	\$103,688.00
374	South Alabama Utilities Water System Improveme	12/17/2008	\$401,746.00
375	Albertville Water Treatment & Distribution Improve	1/13/2009	\$1,583,710.00
375	Atmore Water System Improvements (Supplemen	1/13/2009	\$34,944.00
375	Cullman Water System Upgrades	1/13/2009	\$33,124.00
375	Fort Payne Water Improvements	1/13/2009	\$21,676.00
375	Kushla Water System Improvements (Supplement	1/13/2009	\$73,517.00
375	Turnerville Water System Improvements	1/13/2009	\$7,920.00
376	Atmore Water System Improvements (Supplemen	4/2/2009	\$19,421.00
376	Clay County Water Treament Plant Improvements	4/2/2009	\$940,280.00
376	Cullman Water System Upgrades	4/2/2009	\$54,832.00
376	Douglas Water Filter Plant Upgrade	4/2/2009	\$205,953.39
376	Douglas Water Filter Plant Upgrade (Supplementa	4/2/2009	\$153,406.00
376	Kushla Water System Improvements (Supplement	4/2/2009	\$3,284.62
376	Saint Elmo-Irvington Well/Water Treatment Facilit	4/2/2009	\$14,605.69
376	Saint Elmo-Irvington Well/Water Treatment Facilit	4/2/2009	\$55,185.00
376	Sumiton Water System Improvements 2000	4/2/2009	\$15,322.00
376	Turnerville Water System Improvements	4/2/2009	\$201,368.00
377	Albertville Water Treatment & Distribution Improve	7/10/2009	\$314,332.00
377	Albertville Water Treatment & Distribution Improve	7/10/2009	\$96,461.00
378	Albertville Water Treatment & Distribution Improve	7/10/2009	\$786,085.00
378	Albertville Water Treatment & Distribution Improve	7/10/2009	\$703,676.00
378	Atmore Water System Improvements (Supplemen	7/10/2009	\$11,649.00
378	Cullman Water System Upgrades	7/10/2009	\$117,685.00
Total:			\$7,636,515.70

**FY2009 Annual Report
Reflecting Activities Funded
Through
Drinking Water State Revolving Fund
Set Aside Funds**

The Drinking Water State Revolving Fund Grant allows a portion of the grant funds to be used for activities other than loans by setting aside some of these grant funds. These funds and activities are identified as follows:

- **2% Funds** – Fund 246 has been established to track expenditures of grant funds available from EPA for small system technical assistance. There were no expenditures during FY2009 from this fund.

There were no funds reserved from the FY2009 Grant.

- **4% Funds** – Fund 245 has been established to track activities and expenditures to support the reasonable cost of administering the Drinking Water SRF Program and providing technical assistance to public water systems in understanding and applying for the SRF Program. There were no expenditures during FY2009 from this fund.

Details of this set aside are covered in Part IV., A., 3.

- **10% Funds** – Fund 247 has been established to assist with program management of the Drinking Water Supervision Program in states. This fund allows a state to cover costs for administering the PWSS Program. There were no expenditures during FY2009 from this fund.

There were no funds reserved from the FY2009 Grant.

- **15% Funds** – Fund 248 has been established to provide local assistance to water systems for promoting Wellhead Protection Program activities, establishing a capacity development strategy and implementation of capacity development, and encouraging systems to comply with Source Water Assessment Program (SWAP). There were no expenditures during FY2009 from this fund.

There were no funds reserved from the FY2009 Grant.

Exhibit 8: DWSRF Assistance to Small Systems

Small System Funding

Project Name	IUP FY	Bind Date	Loan Amount	Population
Munford Water Authority New Drinking Water Well	2008	8/1/09	\$515,000.00	3975
South Bullock Deep Well Water Supply Improvements	2008	6/1/09	\$705,000.00	8610
			\$1,220,000.00	

Large System Funding

Project Name	IUP FY	Bind Date	Loan Amount	Population
Tuskegee Water Treatment Plant Improvements	2008	1/1/09	\$3,065,000.00	12,000
Douglas Water Filter Plant Upgrade (Supplemental)	2008	12/1/08	\$440,000.00	15,732
Alberville Water Treatment & Distribution Improvements	2008	12/1/08	\$13,305,000.00	20,000
Decatur Water System Improvements	2009	9/15/09	\$6,265,416.00	55,000
			\$23,075,416.00	

Total Project Funding:	\$24,295,416.00		
Large System Funding:	\$23,075,416.00	=	95.0%
Small System Funding:	\$1,220,000.00	=	5.0%

Perpetuity of the Fund

Subpart L, Drinking Water State Revolving Funds, implements Section 1452 of the Safe Drinking Water Act, as amended, 42 USC 300j-12. Section 1452(c) Fund Management, states the "State loan fund shall be established, maintained, and credited with repayments and interest. The fund corpus shall be available in perpetuity for providing financial assistance under this section." The EPA's program regulation, 40 CFR Section 35.3500(a) implements the SDWA directive and states the DWSRF is to operate in perpetuity.

To measure perpetuity, an attempt has been made to identify the true present worth of the program, compared to the original sum of contributed capital (corpus):

DWSRF Perpetuity of the Fund Measure

Contributed Capital

FY	Total Grant	Net Grant (minus set asides)	20% Match	Transfer from CWSRF	Total Contributed Capital
1998	\$8,465,600	\$8,126,976	\$1,693,120	\$2,793,648	\$12,613,744
1999	\$8,872,800	\$7,810,450	\$1,774,560	\$2,928,024	\$12,513,034
2000	\$9,221,400	\$8,249,969	\$1,844,280	\$3,043,062	\$13,137,311
2001	\$9,259,500	\$7,855,865	\$1,851,900	\$3,055,635	\$12,763,400
2002	\$8,052,500	\$6,685,924	\$1,610,500	\$2,657,325	\$10,953,749
2003	\$8,004,100	\$7,523,854	\$1,600,820	\$2,641,353	\$11,766,027
2004	\$8,303,100	\$7,970,976	\$1,660,620	\$2,740,023	\$12,371,619
2005	\$8,997,600	\$8,666,180	\$1,799,520	\$2,969,208	\$13,434,908
2006	\$8,229,300	\$7,900,144	\$1,645,860	\$0	\$9,546,004
2007	\$8,229,000	\$7,899,840	\$1,645,800	\$0	\$9,545,640
2008	\$8,146,000	\$7,820,160	\$1,629,200	\$0	\$9,449,360
2009	\$8,146,000	\$7,820,160	\$1,629,200	\$0	\$9,449,360
*2009	\$19,500,000	\$18,720,000	\$0	\$0	\$18,720,000
					\$156,264,156

*ARRA

Net Assets of Program (as of 9/30/09)

Direct Loan Principal Outstanding:	\$96,430,000
Available Cash and Investments:	\$16,913,840
Amount Due to Borrowers:	(\$21,050,237)
<u>Federal Letter of Credit Outstanding:</u>	<u>\$28,094,047</u>
Total Net Assets:	\$120,387,650

42 USC 300j-12c requires that "[t]he fund corpus shall be available in perpetuity for providing financial assistance"

The difference between contributed capital and current net assets can be attributed to the establishment of multiple sinking funds used to retire bonds. Alabama utilizes a leveraging model that utilizes these sinking funds to make up the difference between the state-level bond debt service and the net loan repayments from bond pool borrowers.

Exhibit 10 - Projected Disbursements

Outlay Date	Outlay Amount
10/1/2008	\$320,000.00
10/15/2008	\$394,104.00
11/1/2008	\$465,050.00
12/1/2008	\$1,795,050.00
1/1/2009	\$1,454,944.00
2/1/2009	\$2,291,994.00
3/1/2009	\$2,201,444.00
4/1/2009	\$2,056,444.00
5/1/2009	\$1,661,444.00
6/1/2009	\$1,651,944.00
7/1/2009	\$1,702,444.00
8/1/2009	\$919,444.00
9/1/2009	\$875,444.00
Grand Total	\$17,789,750.00

Exhibit - DBE Goals/Contract Summary

Project Name	IUP FY	Loan No.	Prime Contractor	Contract Amt.	Approval Date	Cap Grant No.	MBE/WBE Sub-Contractors	MBE \$	WBE \$
Green Pond	FY08	FS010108-01	Robinson and Sons Const. Services, Inc.	\$ 117,000.00	12/8/2008	FS984472-08	Allegiant General Contractors, LLC	\$ 50,551.00	
Cullman Galvanized Water Line Replacement - Phase II - Contract #1	FY07	FS010064-05	Apel Machine & Supply Company, Inc.	\$ 1,280,707.50	12/15/2008	FS984472-07	Cobblestone Masonry, Inc.		\$51,500.00
Albertville WTP Electrical Line Rebuild	FY08	FS010060-02	Power Products, Inc.	\$ 811,957.58	4/30/2009	FS984472-08	No Subcontractors Used		
Tuskegee-Water Treatment Plant Improvements	FY08	FS010031-02	AMCO, Inc.	\$ 2,642,800.00	9/8/2009	FS984472-08	No DBE Participation		
Munford-Water Authority New Drinking Water Well	FY08	FS010029-02	JAG Contracting	\$ 609,732.00	9/23/2009	FS984472-08	No DBE Participation		
Number of Contracts: 5				Total Contracts Amount:	\$ 5,462,197.08	Percentage %		\$ 50,551.00	\$ 51,500.00
				With MBE Participation:	\$ 50,551.00	0.9%			
				With WBE Participation:	\$ 51,500.00	0.9%			
				Total DBE:	\$ 102,051.00	1.9%			

Exhibit 12 - Loan Repayments (All Loans)

Payment Date	Principal	Interest	Total Payment
08-15-1999	\$395,000.00	\$130,498.45	\$525,498.45
02-15-2000	\$0.00	\$284,481.25	\$284,481.25
08-15-2000	\$1,180,000.00	\$374,668.05	\$1,554,668.05
02-15-2001	\$245,000.00	\$853,146.90	\$1,098,146.90
08-15-2001	\$1,725,000.00	\$1,170,533.72	\$2,895,533.72
02-15-2002	\$360,000.00	\$1,278,473.29	\$1,638,473.29
08-15-2002	\$2,355,000.00	\$1,416,519.25	\$3,771,519.25
02-15-2003	\$515,000.00	\$1,504,683.07	\$2,019,683.07
08-15-2003	\$3,730,000.00	\$1,873,845.56	\$5,603,845.56
02-15-2004	\$1,160,000.00	\$2,031,499.17	\$3,191,499.17
08-15-2004	\$4,160,000.00	\$2,135,153.20	\$6,295,153.20
01-01-2005	\$0.00	\$6,392.47	\$6,392.47
02-15-2005	\$605,000.00	\$2,152,013.79	\$2,757,013.79
07-01-2005	\$65,000.00	\$25,925.00	\$90,925.00
08-15-2005	\$4,765,000.00	\$2,265,421.46	\$7,030,421.46
01-01-2006	\$0.00	\$24,933.75	\$24,933.75
02-15-2006	\$845,000.00	\$2,293,263.06	\$3,138,263.06
07-01-2006	\$65,000.00	\$24,933.75	\$89,933.75
08-15-2006	\$5,725,000.00	\$2,489,212.43	\$8,214,212.43
01-01-2007	\$0.00	\$23,942.50	\$23,942.50
02-15-2007	\$1,340,000.00	\$2,659,016.45	\$3,999,016.45
07-01-2007	\$65,000.00	\$23,942.50	\$88,942.50
08-15-2007	\$6,710,000.00	\$2,950,494.30	\$9,660,494.30
01-01-2008	\$0.00	\$22,951.25	\$22,951.25
02-15-2008	\$1,370,000.00	\$3,202,845.88	\$4,572,845.88
07-01-2008	\$70,000.00	\$22,951.25	\$92,951.25
08-15-2008	\$7,160,000.00	\$3,254,169.22	\$10,414,169.22
01-01-2009	\$0.00	\$21,883.75	\$21,883.75
02-15-2009	\$1,490,000.00	\$3,851,703.80	\$5,341,703.80
07-01-2009	\$70,000.00	\$21,883.75	\$91,883.75
08-15-2009	\$8,485,000.00	\$3,997,867.50	\$12,482,867.50
	\$54,655,000.00	\$42,389,249.77	\$97,044,249.77

Exhibit 12 - Loan Repayments (Direct Loans Only)

Payment Date	Principal	Interest	Total Payment
08-15-1999	\$55,000.00	\$16,466.15	\$71,466.15
02-15-2000	\$0.00	\$52,543.75	\$52,543.75
08-15-2000	\$125,000.00	\$64,054.69	\$189,054.69
02-15-2001	\$245,000.00	\$182,983.57	\$427,983.57
08-15-2001	\$170,000.00	\$415,235.67	\$585,235.67
02-15-2002	\$360,000.00	\$436,500.72	\$796,500.72
08-15-2002	\$390,000.00	\$458,301.94	\$848,301.94
02-15-2003	\$515,000.00	\$481,323.20	\$996,323.20
08-15-2003	\$540,000.00	\$540,845.56	\$1,080,845.56
02-15-2004	\$1,160,000.00	\$539,453.75	\$1,699,453.75
08-15-2004	\$590,000.00	\$525,939.45	\$1,115,939.45
01-01-2005	\$0.00	\$6,392.47	\$6,392.47
02-15-2005	\$605,000.00	\$538,995.62	\$1,143,995.62
07-01-2005	\$65,000.00	\$25,925.00	\$90,925.00
08-15-2005	\$660,000.00	\$548,203.96	\$1,208,203.96
01-01-2006	\$0.00	\$24,933.75	\$24,933.75
02-15-2006	\$845,000.00	\$610,268.67	\$1,455,268.67
07-01-2006	\$65,000.00	\$24,933.75	\$89,933.75
08-15-2006	\$905,000.00	\$706,117.50	\$1,611,117.50
01-01-2007	\$0.00	\$23,942.50	\$23,942.50
02-15-2007	\$1,340,000.00	\$759,432.70	\$2,099,432.70
07-01-2007	\$65,000.00	\$23,942.50	\$88,942.50
08-15-2007	\$940,000.00	\$854,318.75	\$1,794,318.75
01-01-2008	\$0.00	\$22,951.25	\$22,951.25
02-15-2008	\$1,370,000.00	\$863,040.88	\$2,233,040.88
07-01-2008	\$70,000.00	\$22,951.25	\$92,951.25
08-15-2008	\$1,140,000.00	\$880,485.00	\$2,020,485.00
01-01-2009	\$0.00	\$21,883.75	\$21,883.75
02-15-2009	\$1,490,000.00	\$1,182,543.80	\$2,672,543.80
07-01-2009	\$70,000.00	\$21,883.75	\$91,883.75
08-15-2009	\$2,105,000.00	\$1,328,707.50	\$3,433,707.50
	\$15,885,000.00	\$12,205,502.80	\$28,090,502.80

Exhibit 12 - Loan Repayments 1/1/07 and 2/15/07

Project	Principal	Interest	Total Payment
Albertville Water Treatment Plant Impro	\$0.00	\$70,700.00	\$70,700.00
Andalusia Elevated Storage Tank Projec	\$0.00	\$16,537.50	\$16,537.50
Asbury Water System Improvements	\$25,000.00	\$7,962.50	\$32,962.50
Atmore Water System Improvements	\$35,000.00	\$12,352.50	\$47,352.50
Atmore Water System Improvements (S	\$0.00	\$19,717.12	\$19,717.12
Bay Minette Water System Improvemen	\$0.00	\$29,067.50	\$29,067.50
Bayou La Batre Water System Improve	\$15,000.00	\$4,498.75	\$19,498.75
Belforest Line Extensions and Storage T	\$45,000.00	\$12,738.75	\$57,738.75
Boaz Industrial Park PS & Mains (Suppl	\$15,000.00	\$5,162.50	\$20,162.50
Boaz Industrial Park PS & Transmission	\$0.00	\$7,505.00	\$7,505.00
Butler County Water Authority Tank and	\$0.00	\$21,883.75	\$21,883.75
Camden Water System Improvements	\$15,000.00	\$5,642.50	\$20,642.50
Carroll's Creek 1.0 MG Storage Tank	\$0.00	\$21,175.00	\$21,175.00
Chilton Water System Improvements	\$0.00	\$36,142.50	\$36,142.50
Clay County Water Treatment Plant Impr	\$0.00	\$22,050.00	\$22,050.00
Covington Co. Water System Improvem	\$10,000.00	\$2,765.00	\$12,765.00
CREMS Etowah Co. Water Authority - S	\$0.00	\$3,750.00	\$3,750.00
CREMS Water Authority-Storage Tank (\$0.00	\$1,732.50	\$1,732.50
Cullman Center Hill Waterline Phase II a	\$0.00	\$36,400.00	\$36,400.00
Cullman Water System Upgrades	\$100,000.00	\$35,532.50	\$135,532.50
Cullman Water System Upgrades	\$0.00	\$21,368.75	\$21,368.75
Cullman Water Upgrades	\$115,000.00	\$38,201.25	\$153,201.25
Cullman Water Upgrades 2008	\$45,000.00	\$15,750.00	\$60,750.00
Cullman WTP Expansion	\$0.00	\$68,625.00	\$68,625.00
Dale Co. 1998 Water System Improvem	\$0.00	\$26,156.25	\$26,156.25
Daphne Utilities Water System Improve	\$0.00	\$50,456.25	\$50,456.25
Daphne Utilities Water System Improve	\$0.00	\$15,437.50	\$15,437.50
Demopolis / Jefferson Rd & Hwy 43 Wat	\$0.00	\$10,312.50	\$10,312.50
Douglas Water Filter Plant Upgrade	\$0.00	\$33,312.50	\$33,312.50
Englewood-Hulls Mains, Pump Station,	\$25,000.00	\$7,087.50	\$32,087.50
Eufaula Water System Improvements	\$0.00	\$13,968.75	\$13,968.75
Evergreen Water Distribution System Im	\$0.00	\$13,186.25	\$13,186.25
Five Star Water Works Improvements	\$0.00	\$85,758.75	\$85,758.75
Fort Payne / Lookout Mountain Water Li	\$0.00	\$13,031.25	\$13,031.25
Fort Payne Water Improvements	\$0.00	\$7,175.00	\$7,175.00
Franklin County Water Treatment Plant	\$0.00	\$45,987.50	\$45,987.50
Franklin County Water Treatment Plant	\$125,000.00	\$44,148.75	\$169,148.75
Grand Bay Elevated Storage Tank and	\$0.00	\$26,862.50	\$26,862.50
Grant / North Marshall WTP Upgrade	\$15,000.00	\$4,641.25	\$19,641.25
Hale County Water Improvements	\$65,000.00	\$22,487.50	\$87,487.50
Hanceville Water Distrib. Lines and Stor	\$0.00	\$18,961.25	\$18,961.25
Hartselle East Loop Water Main - Phase	\$0.00	\$47,075.00	\$47,075.00

Project	Principal	Interest	Total Payment
Harvest-Monrovia Water Improvements	\$0.00	\$162,758.75	\$162,758.75
Harvest-Monrovia Water Improvements	\$0.00	\$127,312.50	\$127,312.50
Hurtsboro Water System Improvements	\$15,000.00	\$4,740.00	\$19,740.00
Jackson 2001 Water System Improvem	\$0.00	\$102,987.50	\$102,987.50
Jackson Co. / Hollywood-Fackler Water	\$10,000.00	\$3,653.75	\$13,653.75
Kushla Water System Improvements	\$55,000.00	\$20,282.50	\$75,282.50
Kushla Water System Improvements (S	\$0.00	\$8,043.75	\$8,043.75
Leeds Weems Spring Filtration Plant Up	\$0.00	\$7,110.00	\$7,110.00
Level Plains Water System Improvemen	\$15,000.00	\$4,641.25	\$19,641.25
Limestone South Treatment Facility	\$0.00	\$68,722.50	\$68,722.50
Lowndesboro Water System Improveme	\$0.00	\$7,718.75	\$7,718.75
Madison Co. WTP and Storage Tanks	\$0.00	\$151,968.75	\$151,968.75
Madison Water System Improvements	\$0.00	\$147,467.50	\$147,467.50
Marbury 1998 Water System Improvem	\$0.00	\$37,125.00	\$37,125.00
Marion Co. PWA AL Hwy 19 & CR-25 W	\$30,000.00	\$8,788.75	\$38,788.75
McIntosh Well No. 3 and Tank No. 2	\$0.00	\$11,261.25	\$11,261.25
Mobile Drinking Water Improvements	\$0.00	\$73,775.00	\$73,775.00
Moundville Water Treatment Facility	\$0.00	\$8,062.50	\$8,062.50
Munford Wells and Line Upgrades	\$30,000.00	\$8,887.50	\$38,887.50
NE AL / Waterloo Springs Water Treatm	\$0.00	\$28,538.75	\$28,538.75
Nectar Water System Improvements	\$0.00	\$3,562.50	\$3,562.50
New Brockton Water System Improvem	\$30,000.00	\$10,072.50	\$40,072.50
Northeast Etowah Co. Storage Tank	\$0.00	\$3,656.25	\$3,656.25
Northport Water System Improvements	\$0.00	\$43,468.75	\$43,468.75
Northport WTP Expansion	\$0.00	\$31,500.00	\$31,500.00
Northport WTP Expansion (Supplement	\$0.00	\$14,713.75	\$14,713.75
Ohatchee Water System Improvements	\$5,000.00	\$1,481.25	\$6,481.25
Oneonta Straight Mountain Water Impro	\$0.00	\$25,025.00	\$25,025.00
Owens Crossroads Gravity Filtration Up	\$40,000.00	\$11,356.25	\$51,356.25
Ozark Water System Improvements	\$0.00	\$13,406.25	\$13,406.25
Peterson Water System Storage Tank a	\$30,000.00	\$8,788.75	\$38,788.75
Pinckard Water System Improvements	\$0.00	\$5,950.00	\$5,950.00
Quint-Mar Water System Improvements	\$0.00	\$6,562.50	\$6,562.50
Ragland Water System Improvements	\$0.00	\$7,218.75	\$7,218.75
Russell Co. Water Works Improvements	\$0.00	\$4,838.75	\$4,838.75
Russellville Cedar Creek Reservoir Raw	\$0.00	\$49,962.50	\$49,962.50
Saint Elmo-Irvington Well/Water Treatm	\$0.00	\$3,593.75	\$3,593.75
Saint Elmo-Irvington Well/Water Treatm	\$10,000.00	\$2,194.31	\$12,194.31
Shelby County South Water Treatment	\$0.00	\$322,995.00	\$322,995.00
Shelby County South Water Treatment	\$0.00	\$214,856.26	\$214,856.26
Shelby County South Water Treatment	\$0.00	\$435,590.00	\$435,590.00
Smiths Water Line Improvements	\$35,000.00	\$10,072.50	\$45,072.50
South Alabama Utilities Water System I	\$165,000.00	\$58,865.00	\$223,865.00
South Alabama Utilities Water System I	\$0.00	\$90,661.25	\$90,661.25
South Alabama Utilities Water System I	\$0.00	\$44,533.61	\$44,533.61
Steele Water Works Improvements	\$15,000.00	\$5,036.25	\$20,036.25

Project	Principal	Interest	Total Payment
Stockton Interconnection and Tank	\$60,000.00	\$19,596.25	\$79,596.25
Sumiton Water System Improvements 2	\$85,000.00	\$29,548.75	\$114,548.75
Swearingin Water System Improvemen	\$35,000.00	\$10,763.75	\$45,763.75
Thorsby 2000 Water System Expansion	\$0.00	\$7,988.75	\$7,988.75
Thorsby Well No. 7 Project	\$40,000.00	\$12,075.00	\$52,075.00
Turnerville Water System Improvements	\$40,000.00	\$14,792.50	\$54,792.50
Tuscaloosa Water System Improvement	\$0.00	\$108,656.25	\$108,656.25
Tuskegee Water System Improvements	\$95,000.00	\$30,810.00	\$125,810.00
VAW Water System Improvements	\$0.00	\$60,138.75	\$60,138.75
Wall Street / Reeltown Storage Tank	\$0.00	\$5,625.00	\$5,625.00
Wattsville Water System Improvements	\$0.00	\$10,031.25	\$10,031.25
West Morgan - East Lawrence Drinking	\$0.00	\$123,067.50	\$123,067.50
White House Water System Improveme	\$0.00	\$13,378.75	\$13,378.75
	\$1,490,000.00	\$3,873,587.55	\$5,363,587.55

Exhibit 12 - Loan Repayments 7/1/07 and 8/15/07

Project	Principal	Interest	Total Payment
Albertville Water Treatment Plant Impro	\$230,000.00	\$70,700.00	\$300,700.00
Andalusia Elevated Storage Tank Projec	\$55,000.00	\$16,537.50	\$71,537.50
Asbury Water System Improvements	\$0.00	\$7,525.00	\$7,525.00
Atmore Water System Improvements	\$0.00	\$11,818.75	\$11,818.75
Atmore Water System Improvements (S	\$45,000.00	\$21,612.50	\$66,612.50
Bay Minette Water System Improvemen	\$100,000.00	\$29,067.50	\$129,067.50
Bayou La Batre Water System Improve	\$0.00	\$4,270.00	\$4,270.00
Belforest Line Extensions and Storage T	\$0.00	\$11,850.00	\$11,850.00
Boaz Industrial Park PS & Mains (Suppl	\$0.00	\$4,900.00	\$4,900.00
Boaz Industrial Park PS & Transmission	\$25,000.00	\$7,505.00	\$32,505.00
Butler County Water Authority Tank and	\$70,000.00	\$21,883.75	\$91,883.75
Camden Water System Improvements	\$0.00	\$5,413.75	\$5,413.75
Carroll's Creek 1.0 MG Storage Tank	\$65,000.00	\$21,175.00	\$86,175.00
Chilton Water System Improvements	\$120,000.00	\$36,142.50	\$156,142.50
Clay County Water Treatment Plant Impr	\$60,000.00	\$29,400.00	\$89,400.00
Covington Co. Water System Improvem	\$0.00	\$2,567.50	\$2,567.50
CREMS Etowah Co. Water Authority - S	\$15,000.00	\$3,750.00	\$18,750.00
CREMS Water Authority-Storage Tank (\$5,000.00	\$1,732.50	\$6,732.50
Cullman Center Hill Waterline Phase II a	\$120,000.00	\$36,400.00	\$156,400.00
Cullman Water System Upgrades	\$0.00	\$34,007.50	\$34,007.50
Cullman Water System Upgrades	\$55,000.00	\$21,368.75	\$76,368.75
Cullman Water Upgrades	\$0.00	\$36,447.50	\$36,447.50
Cullman Water Upgrades 2008	\$0.00	\$20,212.50	\$20,212.50
Cullman WTP Expansion	\$310,000.00	\$68,625.00	\$378,625.00
Dale Co. 1998 Water System Improvem	\$105,000.00	\$26,156.25	\$131,156.25
Daphne Utilities Water System Improve	\$140,000.00	\$50,456.25	\$190,456.25
Daphne Utilities Water System Improve	\$35,000.00	\$15,437.50	\$50,437.50
Demopolis / Jefferson Rd & Hwy 43 Wat	\$45,000.00	\$10,312.50	\$55,312.50
Douglas Water Filter Plant Upgrade	\$80,000.00	\$33,312.50	\$113,312.50
Douglas Water Filter Plant Upgrade (Su	\$15,000.00	\$7,700.00	\$22,700.00
Englewood-Hulls Mains, Pump Station,	\$0.00	\$6,650.00	\$6,650.00
Eufaula Water System Improvements	\$60,000.00	\$13,968.75	\$73,968.75
Evergreen Water Distribution System Im	\$45,000.00	\$13,186.25	\$58,186.25
Five Star Water Works Improvements	\$300,000.00	\$85,758.75	\$385,758.75
Fort Payne / Lookout Mountain Water Li	\$60,000.00	\$13,031.25	\$73,031.25
Fort Payne Water Improvements	\$25,000.00	\$7,175.00	\$32,175.00
Franklin County Water Treatment Plant	\$125,000.00	\$45,987.50	\$170,987.50
Franklin County Water Treatment Plant	\$0.00	\$42,242.50	\$42,242.50
Grand Bay Elevated Storage Tank and	\$70,000.00	\$26,862.50	\$96,862.50
Grant / North Marshall WTP Upgrade	\$0.00	\$4,345.00	\$4,345.00
Hale County Water Improvements	\$0.00	\$21,350.00	\$21,350.00
Hanceville Water Distrib. Lines and Stor	\$60,000.00	\$18,961.25	\$78,961.25
Hartselle East Loop Water Main - Phase	\$150,000.00	\$47,075.00	\$197,075.00
Harvest-Monrovia Water Improvements	\$465,000.00	\$162,758.75	\$627,758.75
Harvest-Monrovia Water Improvements	\$410,000.00	\$127,312.50	\$537,312.50
Hurtsboro Water System Improvements	\$0.00	\$4,443.75	\$4,443.75
Jackson 2001 Water System Improvem	\$305,000.00	\$102,987.50	\$407,987.50

Project	Principal	Interest	Total Payment
Jackson Co. / Hollywood-Fackler Water	\$0.00	\$3,456.25	\$3,456.25
Kushla Water System Improvements	\$0.00	\$19,443.75	\$19,443.75
Kushla Water System Improvements (S	\$20,000.00	\$8,043.75	\$28,043.75
Leeds Weems Spring Filtration Plant Up	\$25,000.00	\$7,110.00	\$32,110.00
Level Plains Water System Improvemen	\$0.00	\$4,345.00	\$4,345.00
Limestone South Treatment Facility	\$215,000.00	\$68,722.50	\$283,722.50
Lowndesboro Water System Improveme	\$20,000.00	\$7,718.75	\$27,718.75
Madison Co. WTP and Storage Tanks	\$605,000.00	\$151,968.75	\$756,968.75
Madison Water System Improvements	\$475,000.00	\$147,467.50	\$622,467.50
Marbury 1998 Water System Improvem	\$120,000.00	\$37,125.00	\$157,125.00
Marion Co. PWA AL Hwy 19 & CR-25 W	\$0.00	\$8,196.25	\$8,196.25
McIntosh Well No. 3 and Tank No. 2	\$35,000.00	\$11,261.25	\$46,261.25
Mobile Drinking Water Improvements	\$205,000.00	\$73,775.00	\$278,775.00
Moundville Water Treatment Facility	\$35,000.00	\$8,062.50	\$43,062.50
Munford Wells and Line Upgrades	\$0.00	\$8,295.00	\$8,295.00
NE AL / Waterloo Springs Water Treatm	\$95,000.00	\$28,538.75	\$123,538.75
Nectar Water System Improvements	\$15,000.00	\$3,562.50	\$18,562.50
New Brockton Water System Improvem	\$0.00	\$9,480.00	\$9,480.00
Northeast Etowah Co. Storage Tank	\$15,000.00	\$3,656.25	\$18,656.25
Northport Water System Improvements	\$110,000.00	\$43,468.75	\$153,468.75
Northport WTP Expansion	\$125,000.00	\$31,500.00	\$156,500.00
Northport WTP Expansion (Supplement	\$55,000.00	\$14,713.75	\$69,713.75
Ohatcee Water System Improvements	\$0.00	\$1,382.50	\$1,382.50
Oneonta Straight Mountain Water Impro	\$80,000.00	\$25,025.00	\$105,025.00
Owens Crossroads Gravity Filtration Up	\$0.00	\$10,566.25	\$10,566.25
Ozark Water System Improvements	\$55,000.00	\$13,406.25	\$68,406.25
Peterson Water System Storage Tank a	\$0.00	\$8,196.25	\$8,196.25
Pinckard Water System Improvements	\$15,000.00	\$5,950.00	\$20,950.00
Quint-Mar Water System Improvements	\$30,000.00	\$6,562.50	\$36,562.50
Ragland Water System Improvements	\$30,000.00	\$7,218.75	\$37,218.75
Russell Co. Water Works Improvements	\$20,000.00	\$4,838.75	\$24,838.75
Russellville Cedar Creek Reservoir Raw	\$125,000.00	\$49,962.50	\$174,962.50
Saint Elmo-Irvington Well/Water Treatm	\$30,000.00	\$14,625.00	\$44,625.00
Saint Elmo-Irvington Well/Water Treatm	\$0.00	\$5,162.50	\$5,162.50
Shelby County South Water Treatment	\$100,000.00	\$322,995.00	\$422,995.00
Shelby County South Water Treatment	\$575,000.00	\$286,475.00	\$861,475.00
Shelby County South Water Treatment	\$95,000.00	\$435,590.00	\$530,590.00
Smiths Water Line Improvements	\$0.00	\$9,381.25	\$9,381.25
South Alabama Utilities Water System I	\$0.00	\$56,348.75	\$56,348.75
South Alabama Utilities Water System I	\$270,000.00	\$90,661.25	\$360,661.25
South Alabama Utilities Water System I	\$215,000.00	\$108,325.00	\$323,325.00
Steele Water Works Improvements	\$0.00	\$4,740.00	\$4,740.00
Stockton Interconnection and Tank	\$0.00	\$18,681.25	\$18,681.25
Sumiton Water System Improvements 2	\$0.00	\$27,912.50	\$27,912.50
Swearengin Water System Improvemen	\$0.00	\$10,072.50	\$10,072.50
Thorsby 2000 Water System Expansion	\$25,000.00	\$7,988.75	\$32,988.75
Thorsby Well No. 7 Project	\$0.00	\$11,375.00	\$11,375.00
Turnerville Water System Improvements	\$0.00	\$14,182.50	\$14,182.50
Tuscaloosa Water System Improvement	\$300,000.00	\$108,656.25	\$408,656.25

Project	Principal	Interest	Total Payment
Tuskegee Water System Improvements	\$0.00	\$28,933.75	\$28,933.75
VAW Water System Improvements	\$200,000.00	\$60,138.75	\$260,138.75
Wall Street / Reeltown Storage Tank	\$25,000.00	\$5,625.00	\$30,625.00
Wattsville Water System Improvements	\$40,000.00	\$10,031.25	\$50,031.25
West Morgan - East Lawrence Drinking	\$340,000.00	\$123,067.50	\$463,067.50
White House Water System Improve	\$45,000.00	\$13,378.75	\$58,378.75
	\$8,555,000.00	\$4,019,751.25	\$12,574,751.25

Exhibit 12 - Loan Repayments by Fiscal Year

FY	Principal	Interest	Total Payment
1999	\$395,000.00	\$130,498.45	\$525,498.45
2000	\$1,180,000.00	\$659,149.30	\$1,839,149.30
2001	\$1,970,000.00	\$2,023,680.62	\$3,993,680.62
2002	\$2,715,000.00	\$2,694,992.54	\$5,409,992.54
2003	\$4,245,000.00	\$3,378,528.63	\$7,623,528.63
2004	\$5,320,000.00	\$4,166,652.37	\$9,486,652.37
2005	\$5,435,000.00	\$4,449,752.72	\$9,884,752.72
2006	\$6,635,000.00	\$4,832,342.99	\$11,467,342.99
2007	\$8,115,000.00	\$5,657,395.75	\$13,772,395.75
2008	\$8,600,000.00	\$6,502,917.60	\$15,102,917.60
2009	\$10,045,000.00	\$7,893,338.80	\$17,938,338.80
	\$54,655,000.00	\$42,389,249.77	\$97,044,249.77

State of Alabama
Alabama Department of Environmental Management
Drinking Water State Revolving Fund (DWSRF) Loan Program



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DWSRF Intended Use Plan



Fiscal Year 2009

Final Version

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I. Introduction

The first draft of this document was placed on public notice March 9, 2009. In response to comments received on the draft, several significant changes were incorporated in this Intended Use Plan. As a result, this revised IUP is being issued again for public comment.

The most significant changes to the original Plan are the result of solicitation and acceptance of additional projects through April 1, 2009, with particular emphasis on green infrastructure. The overall project list was increased from 10 projects for \$31M to 26 projects for \$118M. We will continue to accept applications throughout the year on a standby basis should the projects we anticipate funding fail to meet the requirements of the SRF and the American Recovery and Reinvestment Act. Additional discussion on the green infrastructure program can be found at Part IV, D. of this document, and more detail on individual green infrastructure projects may be found in Part VIII.

The Safe Drinking Water Act (SDWA) Amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF) for the purpose of assisting public water systems to finance the cost of potable water infrastructure. This Intended Use Plan (IUP) accompanies the State of Alabama's application for a \$19,500,000 capitalization grant for the Drinking Water State Revolving Fund (DWSRF) program under the American Recovery and Reinvestment Act (ARRA) of 2009. The U.S. Environmental Protection Agency (EPA) is authorized to award capitalization grants to the States, which in turn administer the DWSRF program. This Intended Use Plan (IUP) describes how the State intends to use available DWSRF program funds for the year to meet the objectives of the SDWA and further the goal of protecting public health.

The State of Alabama is projected to receive a total \$27,646,000 in EPA grant funding that will be used to provide low interest loans from the DWSRF program. A DWSRF Cap Grant of \$19,500,000 under the American Recovery and Reinvestment Act of 2009 (ARRA) legislation which will not require a State match and a projected EPA DWSF capitalization grant of \$8,146,000 for which a 20% State Match requirement applies. The 20% State matching fund requirement is \$1,629,200 and will be fulfilled by an overmatch from previous years' programs.

Alabama's DWSRF is designed to be a perpetual source of low cost financial assistance for the construction of public water supply facilities needed to meet compliance standards and public health requirements. Once ultimate capitalization has been achieved, the program may utilize the direct loan repayments, undedicated interest from the bond debt service reserve funds and construction funds and assets of the Master State Revolving Account as the source funds to fund direct loans.

II. Program Goals

A. Short-term goals

1. Commitment to use the capitalization grant funds to provide assistance to wastewater projects which will proceed quickly to construction, creating jobs and furthering the water quality objectives of the Clean Water Act.
2. To enter into binding commitments for projects, which will proceed to construction or award of construction contracts for 50% of ARRA Capitalization Grant by June 17, 2009.
3. To enter into binding commitments for projects funded by the ARRA Capitalization Grant, which will proceed to construction or award of construction contracts by February 17, 2010.
4. To provide DWSRF loans with principal forgiveness for 50% of ARRA Capitalization Grant for the construction of water treatment and distribution facilities on the DWSRF fundable list.

5. The Department recognizes that the goal of the ARRA is to expeditiously fund eligible projects that simultaneously will create jobs, promote economic recovery, and generate long-term benefits from infrastructure investment. In this grant, the Department is being called upon to accomplish goals that may not previously have been priorities in its base SRF program. Some priorities and activities in the Department's base program that may not practically be attainable within the timeframes associated with the ARRA will be pursued using funds made available through the base DWSRF program.

6. To provide low interest loans for the construction of public water supply facilities on the DWSRF Priority List.

7. To implement the State's DWSRF in compliance with the goals of the Safe Drinking Water Act and to ensure conformance with Federal crosscutting issues.

8. To protect the public health and the environment and promote the completion of cost-effective water treatment, storage, and distribution facilities.

B. Long term goals

1. To maintain the DWSRF program and the long-term fiscal integrity of the fund.

2. To provide a self-perpetuating source of low interest loans for the construction of public water treatment and distribution facilities needed to meet the public health goals of the Safe Drinking Water Act.

3. To fund projects which will have a positive impact on public health and ensure compliance with the Safe Drinking Water Act.

4. To assist systems in ensuring affordable water supply.

The Department shall comply with all of the requirements of the Operating Agreement made with EPA dated August 8, 1998, including the assurances contained therein. The Operating Agreement is incorporated by reference.

The Department is in compliance with the operator certification and capacity development regulations, along with the associated reporting requirements.

III. Sources and Uses of Funds:

The Department is expected to fund FY 2009 projects using a combination of interest earnings on the Fund, repayments from direct loans EPA Capitalization Grant and ARRA Capitalization Grant. Match for the EPA cap grant will be provided by excess match pledged in previous years. The estimated sources and uses of funds in the FY 2009 DWSRF program are as follows:

Projected Sources:

2009 EPA DWSRF Cap Grant (Projected):	\$8,146,000
2009 EPA DWSRF Cap Grant – ARRA (Economic Stimulus):	\$19,500,000
<u>Interest Earnings and Repayments:</u>	<u>\$4,425,265</u>
Total:	\$32,071,265

Projected Uses:

Direct Loan Project Fund:	\$15,981,570
Green Infrastructure Assistance:	\$5,233,855
Additional Subsidization (Principal Forgiveness)	\$9,750,000
4-% Administrative Set-Aside:	\$1,105,840
Total:	\$32,071,265

A. Leveraging

The Department does not intend to issue DWSRF revenue bonds for new projects during FY 2009.

B. Eligible projects to be funded

Eligible projects include the planning, design, and construction of improvements to:

- Rehabilitate or develop water sources to replace contaminated sources;
- Install or upgrade treatment facilities if the project would improve the quality of drinking water to comply with primary or secondary standards;
- Install or upgrade water storage tanks to prevent microbiological contaminants from entering the water system;
- Install or replace distribution pipes to prevent contamination caused by leaks or breaks in the pipe;
- Consolidate water supplies when customers have an inadequate quantity of water, the water supply is contaminated, or the system is unable to maintain compliance for financial or managerial reasons; and
- Other projects meeting the priority objectives of the program.

C. Financial terms of loans

The Fund may offer loans for up to 100 percent of allowable project costs for the construction of water treatment and distribution facilities and may offer a range of options regarding the term, interest rate and level of loan funding. Such loans must be made at or below market interest rates as determined by the Department. Loan interest rates will usually be set approximately 1.5% less than the AAA rated tax exempt municipal bonds.

The total term of the loans shall not exceed 20 years. Repayments shall commence after completion of construction for which such loan was made. Loan repayments shall be made in accordance with the repayment schedule indicated in the borrower's fund loan agreement. Principal and accrued interest with respect to a particular fund loan may be prepaid in accordance with the provisions of the relevant fund loan agreement. Interest shall accrue from the estimated date of the execution of the SRF loan agreement.

Fund loan payments will be disbursed to recipients at intervals as work progresses and expenses are incurred and approved.

The specific terms and conditions of the fund loan shall be incorporated in the fund loan agreement to be executed by the recipient and the Department.

Prevailing Wages

The Department's CWSRF program will require all loan recipients to include in their bidding documents "Supplemental General Conditions for ARRA/SRF Assisted Wastewater Facilities Contracts". The Supplemental Conditions include payment of wages consistent with a wage determination as described in the Davis Bacon Act. This practice fully implements Section 1606 of the ARRA, which prescribes that "all laborers and mechanics employed by contractors and sub contractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to this Act" shall be paid prevailing wages.

Buy American

Section 1605 of the ARRA requires that none of the appropriated funds may be used for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project is produced in the United States unless (a) a waiver is provided to the recipient by EPA or (b) compliance would be inconsistent with the United States obligations under international agreements. The Department will include conditions in its assistance agreements to ensure that loan recipients comply with Section 1605 of the ARRA. Procurement Requirements Consistent with the ARRA

D. Transfer of Funds from the CWSRF to DWSRF

The State of Alabama reserves the right to transfer from the Drinking Water State Revolving Fund (DWSRF) capitalization grant it will receive under the ARRA to the CWSRF grant, or from the CWSRF to the DWSRF. The maximum amount allowable for transfer is 33 percent of the DWSRF capitalization grant. This transfer will only occur if there is an insufficient number of fundable projects on the priority list to capture the full amount of ARRA funding.

The State acknowledges that the only transfer of funds that is permissible under the ARRA appropriation is between these two capitalization grants, and commits to manage and expend all funds thus transferred consistent with the requirements of the ARRA

The transfer for the FY 2009 funding cycle would take place before September 30, 2009.

IV. Project Selection and Method for Distribution of Funds

A. Priority List

In order to be considered for DWSRF assistance, projects must be on or added to the Priority List and have a proposed project schedule that coincides with the availability of DWSRF funds. The DWSRF priority list was developed by identifying the priority point rating for each proposed project. The funding of such projects is also subject to the availability of funds.

The State reserves the right to fund projects not on the priority list, on an emergency basis, if funds are available. Emergency projects would include those where some type of failure was unanticipated and requires immediate attention to protect public health. Additionally, supplemental loans may be made to previous recipients as needed to complete segmented projects or to cover cost overruns.

B. Preference for Expeditious Activities

The ARRA requires priority be given to projects that will be ready to proceed to actual construction within 12 months of the date of enactment. In addition, ARRA requires that recipients shall give preference to activities that can be started and completed expeditiously, including a goal of using at least 50 percent of the funds for activities that can be initiated not later than June 17, 2009.

After the Department adopts the DWSRF priority list, it may modify the list or redistribute the available funds to address changing schedules, bid amounts, or failure to meet all requirements of the DWSRF program and the ARRA. The Department may take this action only after providing notice to projects directly affected by the action.

C. Additional Subsidization:

The ARRA requires that not less than 50% of assistance provided is in the form of additional subsidies. The Department will meet this requirement by offering selected borrowers principal forgiveness. The attached project list demonstrates that at least 50% of the ARRA funding for projects will be provided via principal forgiveness. Principal forgiveness will be based on a percentage of each project in relation to total project assistance. Projects with eligible green infrastructure components are expected to receive additional principal

forgiveness as an incentive to incorporate these concepts in the scope of work. Any subsequent revision to this project list will likewise demonstrate that at least 50% of the available funding for projects will be to provide principal forgiveness. The Department has authority to provide additional subsidization to meet the requirements of ARRA by the Code of Alabama Section 22-23B-3.

D. Green Infrastructure:

The ARRA requires that, to the extent there are sufficient eligible project applications, not less than 20% of the funds provided for projects must be used for water or energy efficiency, green infrastructure, or other environmentally innovative activities. The fundable portion of the priority list demonstrates that this percentage is expected to be met by funding projects primarily on the basis of water or energy efficiency. All applicants on the fundable list will be requested by the Department to consider green infrastructure alternatives and will be encouraged to incorporate such practices when determined by the applicant to be feasible. As an added incentive, the Department expects to allocate principal forgiveness in an amount equal to 20% of the ARRA exclusively to green infrastructure projects.

Applications continue to be accepted for funding under the ARRA in the event that any of the identified green infrastructure projects fail to be approved by EPA, resulting in fewer than 20% of the total ARRA funding. Upon review of the application packages, should the Department determine there is an insufficient number of green infrastructure projects on the fundable list, projects will be bypassed in order to pick up projects below the funding line that do incorporate approved green infrastructure components. If there are no projects that meet the definition of green infrastructure on the fundable and non-fundable portions of the priority list, the Department will revise this Intended Use Plan after soliciting a new round of applications. The Department will identify additional qualifying projects and amend its IUP, if changes within this list fall below the 20% objective no later than August 17, 2009.

E. Distribution of Funds to Set-Aside Accounts

EPA provisions allow funds to be set aside from the State Revolving Fund Capitalization Grant for activities such as administration of the SRF Program, operator training and technical assistance, special drinking water projects, and source water assessment. These activities are discussed in "Set-Aside Activities" below.

F. Selection of Systems to Receive Assistance

To the maximum extent possible, the DWSRF gives priority for the use of funds to projects that address the most serious risk to human health and are necessary to ensure compliance with the Safe Drinking Water Act.

The criteria for ranking projects gives priority to projects that:

1. Provide the highest nature of benefit;
2. Benefit the most people per dollar expended;
3. Assist systems most in need on a per household affordability basis as required by the Safe Drinking Water Act; and,
4. Use consolidation with other systems to correct existing deficiencies and improve management.

These considerations are addressed by the Priority Ranking Criteria found in ADEM Administrative Code R. 335-7-13-.10.

Following completion of the ranking process, the priority list will be reviewed to determine if at least 15% of amount projected to be funded is for public water systems which regularly serve fewer than 10,000 people, as required by the SDWA. If this is not the case, the priority list will be adjusted by exchanging the lowest ranking projects above the funding line that serve 10,000 or more with the highest ranking projects below the funding line that serve fewer than 10,000, until the 15% requirement is satisfied.

When two or more projects score equally under the Project Priority System a tie breaking procedure will be utilized. The project with the smallest number of existing customers served will receive the higher ranking.

A project on the fundable portion of the list may be bypassed and the next eligible project funded if it is determined that the project will not be ready to proceed during the funding year. The Department will give the applicant whose project is to be bypassed written notice. Projects that have been bypassed may be funded at a later date when the project is ready to proceed. Should a system on the funded list decline the loan, the next ranked project shall be offered access to all or a portion of these funds.

G. Project Bypass/Reallotment:

The Department may bypass any project on the DWSRF priority list that is not, in the Department's opinion, making satisfactory progress in satisfying requirements for DWSRF assistance. Bypassed projects will be removed from the priority list. In determining whether or not a project is making satisfactory progress in satisfying the requirements for DWSRF assistance, the Department shall use the criteria contained in subparagraphs 1-6) of this paragraph. Funds released through project bypass will be considered as uncommitted and available for redistribution in accordance with this section.

- 1). Any project on the DWSRF Priority List may be bypassed if the applicant fails to submit a complete CWSRF application.
- 2). The Department may use individual project schedules developed by the Department to determine whether or not the project is making satisfactory progress during the fiscal year.
- 3). In order to comply with EPA certification restrictions related to equivalency requirements, it may be necessary to bypass projects which have not complied with Title II requirements and other federal authorities.
- 4). Any project on the DWSRF Priority List may be bypassed if the applicant fails to demonstrate the ability to repay the loan.
- 5). To maintain the fiscal integrity of a leveraged loan program or provide funds for new construction, the Department may choose to bypass projects which involve refinancing of existing debt.
- 6): Projects may be removed from the priority list at the request of the applicant or if the Department finds that the project is ineligible for DWSRF assistance.

In order to meet the requirements and deadlines of the ARRA for the expeditious and timely commitment and expenditure of funds, the Department will regularly review the data reported to EPA on the progress of assistance recipients under the statutory deadlines specified in this IUP to identify any issues with the timeliness of this progress. If such issues are identified, the Department intends to work with EPA to resolve such issues. The Department will include conditions in its assistance agreements to ensure that assistant recipients make timely progress with respect to entering into contracts and/or construction. If a recipient fails to maintain progress with these conditions, they may be offered funding from other DWSRF monies so that ARRA funding can be provided for a project that is ready to proceed.

The Department understands that the U.S. Environmental Protection Agency may deobligate grant funds from states that fail to meet requirements on use of ARRA funds. However, if the State of Alabama is eligible for additional funds made available by a reallotment of ARRA funds, the Department will provide EPA with a list of projects from its project priority list that are immediately prepared to proceed to construction.

V. Set-Aside Activities

In addition to authorizing the infrastructure fund, the SDWA Amendments also emphasize prevention of contamination problems through source water protection and enhanced water systems management. Central to this emphasis is the development of State prevention programs, including source water assessment, protection of drinking water sources through UIC program activities, capacity development and operator training. Alabama will use a portion of its capitalization grant set aside funds for eligible activities.

The department has established specific accounts to allow tracking of expenditures for these activities. The accounts are identified as below:

- 1) 4-% SRF Administrative Set-Aside (fund 245)
- 2) 10-% State Program Management (fund 247)
- 3) Program Management for State Match (funds 955 & 215)
- 4) 2-% Small Systems Technical Assistance (fund 246)
- 5) 15-% Local Assistance and Other State Programs (248)

A. Administrative Set-Aside

SRF Guidelines allow states to set aside 4% of the grant for SRF administrative costs. Administrative funds estimated to be \$1,105,840 will be used to pay costs for personnel, travel and training, equipment, supplies, audit fees, and indirect costs associated with implementing the SRF Program.

B. 2% Small Systems Technical Assistance

The Department will not reserve additional funds from this set-aside for FY 2009.

C. 10% State Program Management

The Department will not reserve additional funds from this set-aside for FY 2009.

D. 15% Local Assistance and Other State Programs

The Department will not reserve additional funds from this set-aside for FY 2009.

VI. Program Income

The Alabama Drinking Water Finance Authority, with ADEM as its agent, assesses a 0.75% fee annually based on outstanding principal. These fees are collected twice a year, when the recipient initiates repayment of the loan. In accordance with EPA regulations, fees collected from loans sourced from outstanding grants will be used for administration of the SRF fund only. All other fees will be used for activities eligible of the DWSRF grant only. The Department expects to receive fees during FY 2009 as follows:

Date	Total Program Income	Program Income Collected During Grant Period	Program Income Collected After Grant Period
2/15/09	\$824,332.09	\$112,363.02	\$729,969.07
8/15/09	\$854,694.76	\$114,823.84	\$739,870.92
Total	\$1,697,026.85	\$227,186.86	\$1,469,839.99

Program income collected after the grant period will be used for administration of the PWSS program, small system technical assistance, Class V UIC program, development of the drinking water operator certification program, capacity development, and wellhead protection programs. The budget for the program income collected after the grant period is as follows:

Personnel	\$594,521.30
Fringe Benefits	\$190,213.30
Travel	\$14,000.00
Equipment	\$0.00
Supplies	\$0.00
Contractual	\$349,200.00
Other	\$73,266.50
Total Direct	\$1,147,934.60
Indirect	\$248,638.89
Total	\$1,469,839.99

VII: Estimated DWSRF Capitalization Grant Schedules

A. Estimated Grant Draw Schedule:

Fiscal Year	Quarter		ARRA Cap Grant	2009 SRF Cap Grant	Total Payment
2009	4th	7/1/09 - 9/30/09	\$2,000,000	\$500,000	\$2,500,000
2010	1st	10/1/09 - 12/31/09	\$3,500,000	\$1,000,000	\$4,500,000
2010	2nd	1/1/10 - 3/31/10	\$3,500,000	\$1,000,000	\$4,500,000
2010	3rd	4/1/10 - 6/30/10	\$3,500,000	\$1,000,000	\$4,500,000
2010	4th	7/1/10 - 9/30/10	\$3,500,000	\$1,000,000	\$4,500,000
2011	1st	10/1/10 - 12/31/10	\$3,500,000	\$1,000,000	\$4,500,000
2011	2nd	1/1/11 - 3/31/11		\$1,500,000	\$1,500,000
2011	3rd	4/1/11 - 6/30/11		\$1,146,000	\$1,146,000
Total			\$19,500,000	\$8,146,000	\$27,646,000

B. Estimated Grant Disbursal Schedule:

Fiscal Year	Quarter		ARRA Cap Grant	2009 SRF Cap Grant	Total Disbursal
2009	4th	7/1/09 - 9/30/09	\$2,000,000	\$500,000	\$2,500,000
2010	1st	10/1/09 - 12/31/09	\$3,500,000	\$1,000,000	\$4,500,000
2010	2nd	1/1/10 - 3/31/10	\$3,500,000	\$1,000,000	\$4,500,000
2010	3rd	4/1/10 - 6/30/10	\$3,500,000	\$1,000,000	\$4,500,000
2010	4th	7/1/10 - 9/30/10	\$3,500,000	\$1,000,000	\$4,500,000
2011	1st	10/1/10 - 12/31/10	\$3,500,000	\$1,000,000	\$4,500,000
2011	2nd	1/1/11 - 3/31/11		\$1,500,000	\$1,500,000
2011	3rd	4/1/11 - 6/30/11		\$1,146,000	\$1,146,000
Total			\$19,500,000	\$8,146,000	\$27,646,000

Payments are defined as increases to the amount of funds available from the federal SRF capitalization grant. This draft payment schedule is based on the State's projection of binding commitments and disbursements from the SRF to the members of the SRF project list. As most of the capitalization grant is expected to be used for direct loans, the disbursement schedule is essentially the same as the grant payment schedule.

The disbursement of funds will be in proportion to the amount of state and federal funds provided by the grant and state match. This will be ensured by disbursing all state match funds prior to drawing capitalization grant funds for project disbursements.

C. Capitalization Grant Budget Periods:

2009 EPA CWSRF Capitalization Grant

July 1, 2009 through June 30, 2013

2009 EPA CWSRF ARRA Capitalization Grant

July 1, 2009 through December 31, 2012

Exhibit 14 - Projects by Category

Project	Treatment	Distribution	Source	Storage	Loan Amount
Alberville Water Treatment & Distribution Improvements	\$5,588,100.00	\$5,322,000.00	\$1,064,400.00	\$1,330,500.00	\$13,305,000.00
Decatur Water System Improvements	\$6,215,292.67	\$50,123.33	\$0.00	\$0.00	\$6,265,416.00
Douglas Water Filter Plant Upgrade (Supplemental)	\$440,000.00	\$0.00	\$0.00	\$0.00	\$440,000.00
Munford Water Authority New Drinking Water Well	\$0.00	\$0.00	\$515,000.00	\$0.00	\$515,000.00
South Bullock Deep Well Water Supply Improvements	\$35,250.00	\$0.00	\$669,750.00	\$0.00	\$705,000.00
Troy Utility Complex Elevated Storage Tank Painting	\$0.00	\$0.00	\$0.00	\$333,289.00	\$333,289.00
Tuskegee Water Treatment Plant Improvements	\$3,065,000.00	\$0.00	\$0.00	\$0.00	\$3,065,000.00
Weaver Well and Storage Tank	\$0.00	\$0.00	\$757,281.64	\$548,376.36	\$1,305,658.00
	\$15,343,642.67	\$5,372,123.33	\$3,006,431.64	\$2,212,165.36	\$25,934,363.00