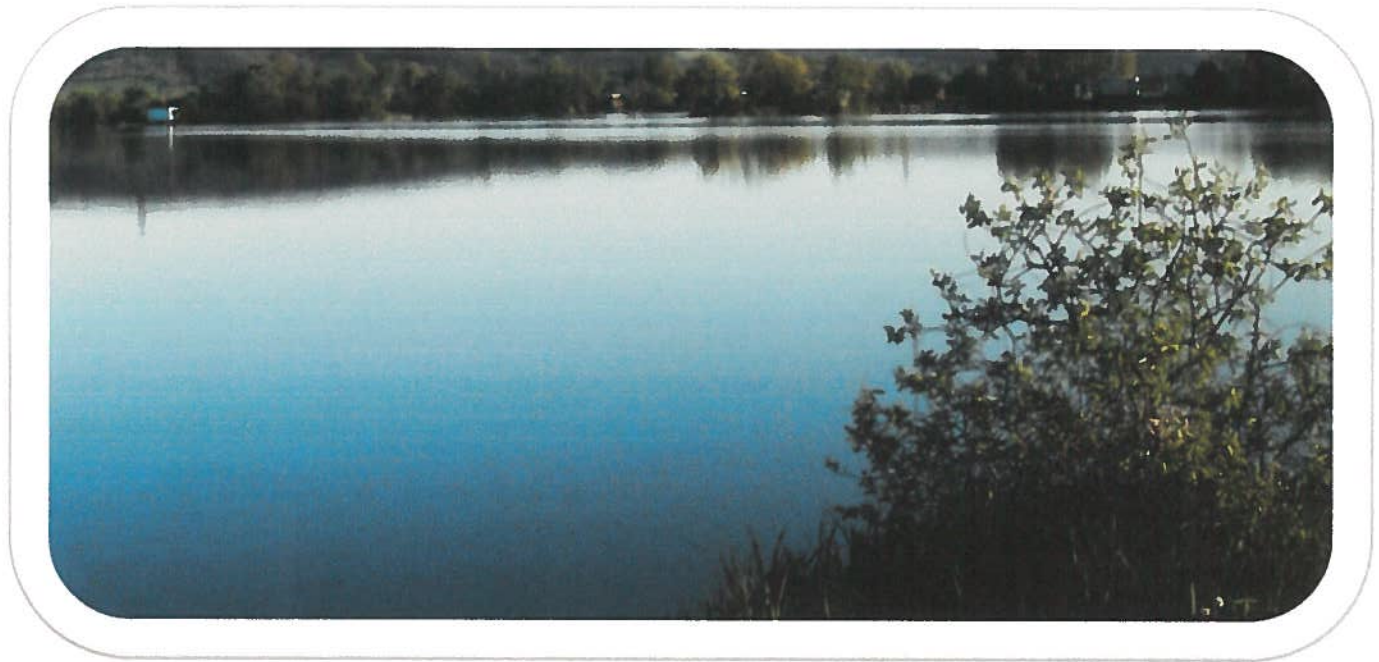


Mounds Lake Project Special Purpose Report



Financial Feasibility Analysis JANUARY 15, 2015

Special Purpose Report

This Special Purpose Report was prepared for illustrative purposes only and discusses the financial feasibility of the engineering design and construction of a 2,200 acre reservoir in Madison and Delaware counties. This hypothetical illustration makes many assumptions relative to future events, including the potential demand for wholesale water resources from Central Indiana's most populous areas. Prospective events cited in this document may differ from actual outcomes.



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January 15, 2015

Rob Sparks, Executive Director
Anderson/Madison County Corporation for Economic Development
Flagship Enterprise Center
2705 Enterprise Drive, Suite 161
Anderson, Indiana 46013

Re: Special Purpose Report – Mounds Lake Financial Feasibility Analysis

We have, at your request, prepared this Special Purpose Report (“Report”) in order to provide the Corporation for Economic Development (the “CED”) with a ***Baseline Financial Impact Assessment*** that the proposed ***Mounds Lake Project*** could have on the overlapping taxing units in Madison and Delaware Counties. Information about the proposed Mounds Lake Project (the “Project”) was obtained without audit from various sources, including DLZ consulting engineers, records maintained by the Madison and Delaware County Auditors, Anderson-Madison County Council for Economic Development, Indiana Department of Local Government Finance, Indiana State Board of Accounts, US Census Bureau and various other resources. Based upon the information obtained, we prepared schedules estimating the impact of the potential initial loss of assessed valuation due to construction of the lake (due to governmental acquisition of private property) and the estimated gradual recoupment of said assessed valuation over time (due to relocation of existing business, appreciation in land values and new construction). We have also prepared projections of potential future revenue streams from the sale of finished water at the proposed surface water treatment plant (WTP) that is an integral focus of the Mounds Lake Project. Beyond the potential sale of finished water throughout central Indiana, we have identified other potential revenue streams that could supplement the primary purpose of Mounds Lake: an additional potable water resource for central Indiana and improved drought protection for central Indiana.

The schedules displayed below present limited, unaudited financial information for the purpose of planning and discussion by appropriate Officials of the State of Indiana, Madison & Delaware Counties, Anderson-Madison County CED, City of Anderson, Indiana (“City”) and all governmental units affected by the Project (the “Units”). In order to estimate the maximum potential loss of property tax revenues for each of the overlapping taxing units, it is assumed that 100% of the net assessed values of the affected properties drop off during the period of time beginning when properties are acquired (and taken off of the tax rolls to construct the Project) and that no additional assessed valuation occurs until after construction of the Lake is completed and assessed valuations are recovered due to relocation of commercial properties and appreciation of residential and commercial properties around or near the Project area. We have also quantified potential revenue streams from other enterprise activities anticipated to commence after the lake is created. Such additional revenue streams include the creation of a 40 MGD wholesale water production / treatment facility to serve Central Indiana

Forward-looking statements. This report contains forward-looking statements. The schedules and underlying assumptions are based upon information currently available from the Madison and Delaware County Auditor's and Assessor's offices and information, along with information provided to us by Anderson-Madison County CED and its Mounds Lake project team. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We have no responsibility to update these projections for events and circumstances occurring after the date of this report.

Exhibit A. Mounds Lake Capital Costs

Mounds Lake Project Costs With Treatment Plant Option:													
Total	Project Costs (In \$1,000's)	Project Costs (In \$1,000's)											
(In \$1,000's)		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Preliminary Feasibility	Completed											
\$ 28,700	Design / Permits / Bids / Start-up		\$ 5,000	\$10,200	\$13,500								
6,085	Reimburse Taxing Units - Est. Tax Losses					\$ 1,960	\$ 1,500	\$ 1,000	\$ 750	\$ 500	\$ 250	\$ 125	\$ -
405,000	Land / Construction - Lake					175,000	170,000	60,000					
120,000	Construction - WTP / Mains						80,000	40,000					
\$ 559,785	Totals (In \$1,000's)	\$ -	\$ 5,000	\$10,200	\$13,500	\$ 176,960	\$ 251,500	\$ 101,000	Assumed Bond Issue				
									Bond Amt.	Annual P&I			
	Assumed Funding	IFA Grant	Mix of Grants, EBS & Bond Anticipation Notes				30 Yr. Bond Issue @ 3%		\$560 M	\$ 28,441	\$28.4 M / Yr		

The estimated total project costs for Mounds Lake and the proposed WTP operations are summarized above. The project costs include land acquisition, as well as potential reimbursements to the overlapping taxing units for anticipated temporary losses in property tax revenue during the construction and post-construction period resulting from the Mounds Lake Commission having to acquire private properties to construct the lake (see Exhibit B). Interim (gap) funding is assumed to include a combination of federal and state grants, EB5 loans and Bond Anticipation Notes. While it is anticipated that various federal and state grant and low-interest loan programs will be available to offset front-end interest costs, issuance costs and provide a low cost of capital, we have not included potential capitalized interest or issuance costs into the funding requirements at this time. A summary of available federal grant and loan programs are presented in Appendix A of this report. For purposes of this preliminary feasibility analysis, we have assumed that the Mounds Lake Commission would ultimately issue \$560 million of 30 year tax-exempt revenue bonds to be repaid by future wholesale water sales throughout central Indiana. A 3% annual cost of capital is assumed in the financial model, with semi-annual principal and interest payments.

Exhibit B. Summary of Potential Temporary Property Tax Revenue Losses

Projected Estimated Taxing Unit Losses (In \$1,000's):	Estimated Property Tax Losses Due to Construction of Lake (In \$1,000's)							
	100%							
Madison County	2018	2019	2020	2021	2022	2023	2024	2025
003 Anderson City - Anderson Township	\$ 577							
033 Union Township	13	The Mounds Lake Commission intends to reimburse the taxing units for lost property tax revenues due to reduction in tax base when the Commission acquires privately owned real estate.						
Anderson Township	11							
034 Anderson City - Union Township	17							
035 Chesterfield	5							
Madison County	264	Reimbursements will continue until each unit's tax base is restored due to relocation and / or growth.						
Anderson Schools	619							
Anderson Library	91							
Total Madison County	\$ 1,597	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Delaware County	2018	2019	2020	2021	2022	2023	2024	2025
014 Mt. Pleasant Township	\$ 3							
017 Yorktown	2	The Mounds Lake Commission intends to reimburse the taxing units for lost property tax revenues due to reduction in tax base when the Commission acquires privately owned real estate.						
021 Salem Township	7							
026 Daleville	42							
Delaware County	96	Reimbursements will continue until each unit's tax base is restored due to relocation and / or growth.						
Yorktown Schools	70							
Yorktown Library	7							
Daleville Schools	136							
Total Delaware County	\$ 363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Combined Madison & Delaware Estimated Property Tax Losses	\$ 1,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The anticipated loss of property tax revenues for the overlapping taxing units impacted by the construction of the proposed Mounds Lake project are summarized for the initial tax year in Exhibit B above. The detailed parcel information for each taxing unit, along with the assumed recapture of net assessed values, will be tracked by the Commission until each taxing unit's NAV is restored to its pre-lake acquisition & construction levels.

Exhibit C. Mounds Lake Water Treatment Plant Operations – Projected Cash Flows

Mounds Lake Commission											
	Mounds Lake Commission - Pro Forma Revenue & Revenue Requirements (In \$1,000's)										
Water Plant Operations:	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Wholesale sales	\$ 41,610	\$ 41,610	\$41,610	\$41,610	\$41,610	\$41,610	\$41,610	\$41,610	\$41,610	\$41,610	\$41,610
Estimated Prod. Cost	(8,760)	(8,760)	(8,760)	(8,760)	(8,760)	(8,760)	(8,760)	(8,760)	(8,760)	(8,760)	(8,760)
Gross Profit	\$ 32,850	\$ 32,850	\$32,850	\$32,850	\$32,850	\$32,850	\$32,850	\$32,850	\$32,850	\$32,850	\$32,850
Estimated O&M / G&A	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)	(1,300)
Bond P&I Pmts	(28,441)	(28,441)	(28,441)	(28,441)	(28,441)	(28,441)	(28,441)	(28,441)	(28,441)	(28,441)	(28,441)
Net Cash Flow b/4 CIP	\$ 3,109	\$ 3,109	\$ 3,109	\$ 3,109	\$ 3,109	\$ 3,109	\$ 3,109	\$ 3,109	\$ 3,109	\$ 3,109	\$ 3,109
Debt Coverage Ratio	111%										
CIP = Capital Improvement Projects											

Exhibit C presents a cash flow model that assumes the Mounds Lake Commission contracts to sell 40 MGD in finished water sales at a rate of \$2.85 per 1,000 gallons and that production costs amount to approximately \$.60 per 1,000 gallons. We have also assumed that all other operation & maintenance (O&M) and general & administrative (G&A) expenses amount to approximately \$1.3 M per year. Based upon these assumptions, and the assumed 30 yr, 3% bond financing terms, it appears that the wholesale water sales alone could support the operations and debt retirement of the proposed \$560 M bond issue without having to rely upon other potential revenue resources.

It should be noted that the net cash flow before capital improvement projects will be needed to fund debt service reserves, working capital and to absorb inflation. The illustration above did not attempt to identify ongoing capital outlays or inflation. As part of the design phase of the project, the engineers will explore the potential for alternative energy and/or hydro-power applications that could supplement energy resources needed to operate the facilities at the WTP and Mounds Lake facilities. It is not likely that power sales for resale is feasible at this time. However, the Commission will keep an open mind for future applications of power for resale should such applications become feasible in the future (i.e. hydro-power generation).

Other Potential Revenue Resources

Boat Launch Fees
Dock Rentals
Marina Operations
Bottled Water Operations
Raw Water and/or Retail Water Sales

Other potential revenue sources include, but are not limited to, boat dock rentals, launch fees, marina operations, gasoline sales, parks & recreation fees and the potential to add a bottled water production facility. Because it may be best to allow the private sector to operate retail operations, such as restaurants and marina operations, we did not attempt to incorporate those potential revenues into the Commission's revenue resources. Park and recreation operations would also likely be provided by existing local governmental units that are best suited for providing such expanded services, in cooperation with the Commission. Including boat launches and some docks in the initial project funding by the Mounds Lake Commission may make good sense to jump start operations and could raise significant revenues to help fund operations of the Commission. The \$1.3 M of O&M and G&A expenses in the Commission's annual budget for the Mounds Lake Operations is assumed to be sufficient to maintain the docks and launches, or that such maintenance would be negotiated with any privatization contracts with marina operators. At the present time, we have focused on wholesale finished water sales in our projections. The retail water utilities in and around the proposed Mounds Lake area are ground water treatment facilities. Therefore, treating surface water would be problematic for these potential wholesale customers. The demand for retail service where there are

water resource shortfalls are in central Indiana on the west and northwest side of Indianapolis; and, perhaps the south and southeast sides as well. In order to provide flexibility for both retail and wholesale service in the future, it makes sense to sell treated water and transport treated water from Mounds Lake to central Indiana. Mounds Lake has demonstrated the ability to create 60 MGD of raw water capacity down the White River corridor under the most conservative drought weather conditions. 40 MGD of this flow has been factored in as treated drinking water. We did not evaluate the capitalized value of the remaining 20 MGD of raw water flow into the White River. However, there is an inherent value downstream along the White River corridor if Mounds Lake were built.

Exhibit D. Estimated Temporary Property Tax Losses – Mounds Lake Project

ANDERSON - MADISON - DELAWARE - MOUNDS LAKE - PROPOSED RESERVOIR PROJECT							© W. Krohn & Associates, LLP CPA's and Consultants	
POTENTIAL INITIAL LOSS OF ASSESSED VALUE BY TAXING UNIT - MAX. IMPACT ON CIRCUIT BREAKER							Collectible Amount of Net Prop Tax	Maximum Potential Loss / Yr
Taxing Units	Taxing Unit Net AV	Potential Loss AV	% of Loss	Abstract Levy AV	Circuit Breaker			
Madison County								
003 Anderson City - Anderson Township	\$ 1,196,175,993	\$ 43,168,800	3.61%	\$ 24,359,062	\$ 8,379,862	\$ 15,979,200	\$ 576,673	
033 Union Township	150,298,721	6,103,280	4.06%	362,854	40,756	322,098	13,080	
Anderson Township	1,247,635,101	43,168,800	3.46%	469,598	160,343	309,255	10,700	
034 Anderson City - Union Township	1,299,568	1,297,100	99.81%	26,465	9,104	17,360	17,327	
035 Chesterfield	41,293,629	467,800	1.13%	594,041	139,011	455,030	5,155	
Madison County	3,620,781,178	51,036,980	1.41%	23,074,902	4,375,521	18,699,381	263,578	
Anderson Schools	1,619,078,201	51,036,980	3.15%	27,922,270	8,272,632	19,649,638	619,401	
Anderson Library	1,657,902,504	51,036,980	3.08%	4,228,634	1,262,425	2,966,209	91,312	
				\$ 81,037,825	\$ 22,639,654	\$ 58,398,171	\$ 1,597,227	
Delaware County								
014 Mt. Pleasant Township	\$ 89,999,734	\$ 6,885,600	7.65%	\$ 41,551	\$ 6,085	\$ 35,466	\$ 2,713	
017 Yorktown	166,539,997	196,900	0.12%	2,377,160	271,188	2,105,972	2,490	
021 Salem Township	106,774,544	5,166,800	4.84%	140,643	1,102	139,541	6,752	
026 Daleville	48,276,784	6,752,100	13.99%	320,019	17,926	302,093	42,251	
Delaware County	3,342,884,681	19,001,400	0.57%	21,804,173	4,915,697	16,888,476	95,996	
Yorktown Schools	458,442,120	7,082,500	1.54%	5,315,688	797,096	4,518,592	69,808	
Yorktown Library	432,096,688	7,082,500	1.64%	475,150	61,649	413,501	6,778	
Daleville Schools	162,110,779	11,918,900	7.35%	1,904,875	36,825	1,868,050	137,345	
				\$ 32,379,259	\$ 6,107,568	\$ 26,271,691	\$ 364,134	

Exhibit D - This schedule identifies the estimated impact of the Project on the current net assessed value ("NAV") of each of the Units. The estimated loss of net assessed value is then translated into an assumed maximum annual potential loss of property tax revenue for both Madison County and Delaware County taxing units that are anticipated to be affected by the Project. The basis for the determination of the parcels within the Project area assumes that the elevation of Mounds Lake is set at 885 feet above sea level. Consequently, if the ultimate elevation of the lake is less than 885 feet above sea level, less properties might be affected. Overall, at 885 feet above sea level, it is anticipated that Madison County could initially lose approximately \$51 million of net assessed value and Delaware County could lose about \$19 million. Based upon pay 2014 tax rates, the assumed incremental loss of revenues amounts to approximately \$1.6 M per year for Madison County taxing units and \$364k per year for Delaware County taxing units. Assuming that the loss of net assessed value would simply drive up the existing Circuit Breaker losses, we have attempted to develop conservative estimates of the potential impact on potential losses in property tax revenues during the construction period: 100% loss during initial year, with gradual recovery over the ensuing years, is anticipated (per CED).

Appendix A - This appendix contains a summary of potential Federal Funding Opportunities provided by The Ferguson Group, LLC for the Mounds Lake Project. The listing was updated on December 17, 2014.

Closing Comments & Summary

The purpose of this report is to explore the potential viability of enterprise operations that could support the construction and operations of Mounds Lake and a wholesale water production facility and transmission mains. Due to the potential for a sustained 2 year drought, along with an overall water supply shortage in Central Indiana, the Mounds Lake Commission would be established to construct, own and operate a surface water treatment / production facility at Mounds Lake could enhance a number of public health and welfare issues, as well as to create recreation opportunities and an economic development engine for Madison and Delaware Counties. If wholesale water sales could reach 40 MGD at a rate of approximately \$2.85 per 1,000 gallons (about what Patoka Lake Regional Water District sells water for in their most recent construction phases), and production costs can average approximately \$.60 per 1,000 gallons (a reasonable estimate for such large production volumes), it appears that there should be sufficient net revenues to support a 30 year revenue bond, payable semi-annually with a 3% annual cost of capital.

Water Sales (40 MGD @ \$2.85 per 1,000)	\$41.6 M per year
Water Production (@ \$.60 per 1,000)	<u>8.8 M per year</u>
Gross Profit	\$32.8 M per year
Debt Service (P&I 30 yr. @ 3%)	28.4 M per year
Other O&M (Including G&A)	<u>1.3 M per year</u>
Net Cash Flow for Replacements & Reserves	<u>\$ 3.1 M per year</u>

The financing assumptions assume that grants and zero interest loans would be available for some front-end costs. If the Commission had to fund interest during construction and include conventional issuance costs in the financing assumptions, the project costs could increase by \$30M and \$15M, respectively (\$45M in total if both capitalized interest and issuance costs were to be funded). The ultimate level of federal and/or state funding could have a dramatic impact on the ultimate debt service requirements and end user fees necessary to service the debt. Admittedly, there are many variables in this working model. As the project develops, assumptions and funding opportunities can be refined.

Accountants' Disclaimer

In preparation of these schedules and accompanying report, certain assumptions were made as noted regarding certain future transactions and events. As in the case with such assumptions regarding future events and transactions, some or all may not occur as expected and the resulting differences could be material. We have not examined the underlying assumptions nor have we audited or reviewed the historical financial data. Consequently, we express no opinion thereon nor do we have any responsibility to prepare subsequent reports for events and circumstances occurring after the date of this report.

O.W. Krohn & Associates, LLP

Attachments:

Appendix A – Federal Funding Opportunities (Revised 12-17-14)

Proposed Mounds Reservoir

Appendix A

Federal Funding Opportunities (Revised 12-17-14)



MOUNDS LAKE PROJECT FEDERAL FUNDING OPPORTUNITIES (Revised 12-17-14)

Improvements to Wildlife Habitat

U.S. Fish and Wildlife Service, North American Wetlands Conservation Act Grants (NAWCA)

The North American Wetlands Conservation Act of 1989 provides matching grants to organizations and individuals who have developed partnerships to carry out wetlands conservation projects in the United States, Canada and Mexico for the benefit of wetlands-associated migratory birds and other wildlife. The program supports projects in Canada, the United States and Mexico that involve long-term protection, restoration and/or enhancement of wetlands and associated uplands habitats. There was \$31.2 million available in funding through this program in FY 2014 and deadlines are generally in February and July of each year.

U.S. Fish and Wildlife Service, National Coastal Wetlands Conservation Grants

In 2013, \$20 million in grants were awarded to 24 critical coastal wetland projects in 13 states and U.S. territories. Funds are awarded to states, which can and frequently do apply for multiple projects in a single application through a process that generally begins in the summer. Funding for the program comes from excise taxes on fishing equipment and motorboat and small engine fuels. States provide 50 percent of the total costs of a project. If, however, the state has established and maintains a special fund for acquiring coastal wetlands, other natural areas or opens spaces, the federal share can be increased to 75 percent. Grants awarded under the National Coastal Wetlands Conservation Grant Program cannot exceed \$1 million for an individual project.

Coastal and Marine Habitat Restoration Project Grants

Grant range: \$100,000 to \$10,000,000 over three years. This funding opportunity focuses on coastal habitat restoration projects that aid in recovering listed species and rebuilding sustainable fish populations or their prey. Applicants may submit one or more projects to be completed in one, two, or three years. Next competition anticipated in fall 2014 or 2015

Water Infrastructure

Water Infrastructure Finance and Innovation Act (WIFIA)

The new WIFIA (Water Infrastructure Finance and Innovation Act) program is part of the Water Resources Reform and Development Act (WRRDA) that was approved by Congress in May 2014.

WRRDA authorizes funding for the construction and repair of waterway and port projects across the United States. It also allows Congress to authorize the Army Corps of Engineers to spearhead

the development, maintenance and support of vital US port and waterways infrastructure, as well as supporting targeted flood protection and environmental restoration needs.

Consciously building on the increased use of public-private partnerships for the financing, construction and operation of major surface transportation infrastructure, WRRDA encourages P3s for development of major water infrastructure projects. Specifically, the legislation establishes WIFIA in order to provide credit assistance for drinking water, wastewater and water resources infrastructure projects. WIFIA is designed to leverage federal funds by attracting substantial private or other non-federal investments to promote increased development of critical water infrastructure and to help speed construction of local projects.

WIFIA is very closely modeled on the USDOT TIFIA program and has many similar elements, including interest rate (tied to long-term Treasury rates, currently 3%) and maximum maturity (35 years); maximum percentage of eligible project cost that can be financed (generally 49 percent, although in contrast in TIFIA program, WIFIA legislation provides that up to 25 percent of each year's financing assistance can be made available for loans exceeding 49 percent of project cost); deferral of initiation of loan repayment for up to five years after substantial completion; credit rating requirements; and non-subordination/ "springing parity lien" in the event of bankruptcy. Also consistent with the initial authorization of TIFIA program, WIFIA is established as a five-year "pilot" program, with the Comptroller General directed to report to Congress prior to the end of this period on status of program implementation and with recommendations for improvements, continuation authorization or termination.

WIFIA is authorized at \$25 million for Fiscal Year 2016 and increases to \$50 million in Fiscal Year 2019. If "scored" for federal budget purposes similar to the scoring for the TIFIA program, this would provide for approximately \$250 million in financing in Fiscal Year 2016, increasing to approximately \$500 million in Fiscal Year 2019. WRRDA directs the Army Corps of Engineers and the Environmental Protection Agency to implement and manage the WIFIA program. The Army Corps of Engineers is authorized to carry out projects for flood damage reduction, environmental restoration, coastal or inland harbor navigation improvement, and inland and intracoastal waterways navigation improvement. The Environmental Protection Agency is authorized to carry out projects that are eligible for assistance under the Federal Water Pollution Control Act or the Safe Drinking Water Act in addition to projects that enhance energy efficiency or that repair, rehabilitate or replace public water systems or publicly owned treatment works. Amounts appropriated for WIFIA financing assistance are allocated jointly to the Corps of Engineers and the EPA, possibly with subsequent implementing regulations to clarify the specific amounts to be made available to each agency.

Although not funded in the FY 2015 Omnibus Appropriations Act, program proponents are lobbying for funding in the FY 2016 appropriations cycle. Although EPA has stated that water supply dam projects will likely be ineligible for funding as a whole under WIFIA, components of the Mounds Lake project could be deemed eligible, if the discrete components would independently otherwise meet the program's eligibility criteria.

EPA Drinking Water State Revolving Fund

The Safe Drinking Water Act, as amended in 1996, established the Drinking Water State Revolving Fund (DWSRF). The goal of the program is to provide states with a financing mechanism for ensuring safe drinking water to the public. The State of Indiana uses federal capitalization grant money awarded to them to set up infrastructure funding accounts from which assistance is made available to public water systems. It is the responsibility of each state to administer its own program. Eligible projects include installation and replacement of failing treatment facilities, eligible storage facilities and transmission and distribution systems. Projects to consolidate water supplies may also be eligible. Loans made under the program can have interest rates between 0 percent and market rate and repayment terms of up to 20 years.

Economic Development Administration, Public Works and Economic Development Program

The Economic Development Administration (EDA) provides funding under their Public Works and Economic Development Facilities program. EDA's programs help provide distressed communities and regions with comprehensive and flexible resources to address a wide variety of economic needs creating jobs and enhancing private investment. EDA allocated \$99 million for the Public Works and Economic Development Facilities program in FY 2015. The average size of a Public Works investment in FY 2014 was approximately \$1.5 million, with investments ranging in size from \$180,000 to \$4.2 million. In order to qualify for EDA assistance, an area must have a Comprehensive Economic Development Strategy (CEDS), which is the result of a local planning process designed to guide the economic growth of an area. EDA funds are generally awarded to communities considered "distressed" areas. Generally, the amount of the EDA grant may not exceed 50 percent of the total cost of the project and the annual grant cycle typically allocates grants based on a quarterly application process. The key date for applying for EDA grants is the first quarterly application date of the fiscal year – usually in mid-October.

USDA, Rural Utilities Service

The Water and Waste Disposal Program provides financing for rural communities to establish, expand or modernize water treatment and waste disposal facilities. These facilities provide safe drinking water and sanitary waste disposal for residential users, and help communities thrive by attracting new business. Projects are designed to improve the energy efficiency of the water and waste facilities and to improve water conservation efforts. The FY 2015 Omnibus Appropriations Act provides President's budget provides a total program level of \$1.25 billion. Loans recently ranged from \$314,724 to \$10,422,000, with the average loan being \$4,502,587. The purpose of this program is to develop and operate safe and affordable water supply systems, as well as sewage and other waste disposal facilities, within rural areas. USDA allocates program funds to the Rural Economic and Community Development State offices through an allocation formula based on rural population, poverty and unemployment. USDA will give priority to projects that can be completed if USDA assistance is provided.

U.S. Department of Housing and Urban Development (HUD), Community Development Block Grant Program (CDBG)

The CDBG program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities and to create jobs through the expansion and retention of businesses. CDBG funds are used by localities for a broad range of activities intended to result in

decent housing in a suitable living environment. Water and waste disposal needs compete with many other public activities for this assistance, including historic preservation, energy conservation, housing construction, urban renewal projects, recreation facilities, and others.

In FY 2015, \$3 billion is being allocated to this program. According to data from HUD, from 2003-2008, state governments collectively committed 31.1% of CDBG allocations to water and sewer system projects, the largest major category of funded public improvements. CDBG funds are allocated between states and local jurisdictions called "non-entitlement" and "entitlement" communities. Entitlement communities are comprised of central cities of Metropolitan Statistical Areas (MSAs); metropolitan cities with populations of at least 50,000; and qualified urban counties with a population of 200,000 or more (excluding the populations of entitlement cities). Grantees access their CDBG funding through a consolidated plan process in which states and localities establish their local priorities and specify how they will measure performance. States distribute CDBG funds to non-entitlement communities that do not meet the entitlement criteria.

Trail Improvement / Road Construction and Improvements / Parking and Access Needs

U.S. Department of Transportation (DOT), Transportation Alternatives Program

The Recreational Trails Program (RTP) provides funds to develop and maintain recreational trails and trail related facilities for both non-motorized and motorized recreational trail uses. Federal transportation funds benefit recreation including hiking, bicycling, in-line skating, equestrian use, cross country skiing, snowmobiling, off-road motorcycling, all-terrain vehicle riding, four-wheel driving, or using other off-road motorized vehicles. MAP-21 rebranded the Transportation Enhancements Program as the Transportation Alternatives (TA) Program, and bundled TA with the Recreational Trails Program, Safe Routes to School and a new category of "boulevards and other roadways largely in the right-of-way of former Interstate routes or divided highways." The TA program remains under the Surface Transportation Program (STP) with a set aside of two% of STP funding, which will be spread among the additional programs. Fifty percent of the TA funding will be disbursed by competitive grants. For communities with more than 200,000 in population, your Metropolitan Planning Organization (MPO) will distribute funds through a competitive grant program for local community projects in the MPO area. For communities with less than 200,000 in population, you will compete for TA funds in a state-run grant program. For FY 2014, TAP was authorized at \$819.9 million.

Site Planning and Updates to Habitat Conservation Plans

National Park Service, Rivers Trails & Conservation Assistance (RTCA) Program

RTCA provides a variety of assistance tailored to the partner's needs, but does not provide direct grants. RTCA often acts as a catalyst to help assemble the necessary pieces to achieve on-the-ground conservation success, helping identify resources, navigate the planning process, and convert ideas into actions. Program staff often provides technical assistance in conceptual planning, organizational development and capacity building. The application deadline for this program is August 1.

U.S. Department of Interior, Cooperative Landscape Conservation and Adaptive Science Program

The purpose of this program is to address the conservation needs of fish and other wildlife populations. Projects may involve population/habitat data, ecological models and focused monitoring/assessment efforts to develop and implement strategies to achieve conservation outcomes. In addition, projects may leverage efforts with partner entities, establishing Landscape Conservation Cooperatives (LCCs) designed to advance the sustainability of land, water and cultural resources. Eligible activities include research, inventory design and implementation, monitoring, goal and priority setting regarding effective conservation, development and implementation of strategies, and projects that support FWS efforts, including planning, maintenance and general operations. The program has no deadlines and applications are reviewed on a rolling basis. For this year, 250 awards are anticipated, with an award ceiling of \$1 million and a total of \$16 million available. Applications are reviewed on a rolling basis and the application period closed on September 30, 2014.

Land Acquisition, Trail Easements and Greenbelt Preservation

Land and Water Conservation Fund, Stateside Assistance Program (Indiana)

Indiana Land and Water Conservation Fund applicants may request amounts ranging from a minimum of \$10,000 up to a maximum of \$200,000. Park and recreation boards established under Indiana law are eligible. The park and recreation board must also have a current five-year master plan for parks and recreation on file, approved at the Division of Outdoor Recreation. If any changes are made to the manual/application they will be posted by March 1. Applications are available online or upon request from the Division of Outdoor Recreation. The application is required to be submitted or post-marked by June 1.

National Fish & Wildlife Foundation, Environmental Solutions for Communities Grant

Wells Fargo and the National Fish & Wildlife Foundation seek to promote sustainable communities through *Environmental Solutions for Communities* by supporting projects that link economic development and community well-being to the stewardship and health of the environment. Collectively, investments under this initiative will promote a sustainable future for communities by: 1) supporting sustainable agricultural practices and private lands stewardship; 2) conserving critical land and water resources and improving local water quality; 3) restoring and managing habitat, species and ecosystems that are important to local livelihoods; 4) facilitating investments in green infrastructure, renewable energy and energy efficiency; and 5) encouraging broad-based citizen participation in project implementation. For FY 2015, approximately \$2,500,000 was available nationwide for projects. Applications were due on December 10, 2014, and grant awards will typically range from \$25,000 to \$100,000.

Waste Disposal, Site Cleanup and Restoration

EPA Brownfields Program

Brownfield Assessment Grants – Community-wide Assessment grants provide funding for environmental assessment of potentially contaminated properties [Phase I and II Environmental Site Assessments (ESAs)]; the creation of a brownfield inventory and prioritization of brownfield

sites (this can aid communities in understanding what role they need to play in incentivizing the redevelopment of certain sites); both site-specific and area-wide planning to identify how to facilitate the redevelopment of brownfield properties (this can include infrastructure analyses, economic studies, cleanup planning, etc.); and community engagement efforts that further any of the above. Grants are designed to be accessible for both beginner and advanced communities.

Brownfield Cleanup Grants – These grants are really meant for specific properties with known contamination that have been characterized and assessed and now needs to be remediated in order to be redeveloped. Sites must be owned by the applicant. Remediation can include asbestos abatement (although not demolition, which can get pretty tricky but we can discuss on a case-by-case basis), as well as soil or groundwater remediation. The maximum grant is generally \$200,000 per site, but can in some circumstances be increased to \$350,000.

The most recent deadline for these two programs is December 19, 2014.

Health Improvement and Education Programs / Improvements to Signage

EPA Five Star Restoration Program

The Five Star Restoration Program brings together students, conservation corps, other youth organizations, citizen groups, corporations, landowners and government agencies to provide environmental education through projects that restore stream banks and wetlands. The program provides challenge grants, technical support and opportunities for information exchange to enable community-based restoration projects. EPA's funding levels are modest, averaging about \$10,000 per project, but may lead to access to other agency resources. Proposals for Five Star Restoration Grants are due in mid-February each year. Grant applicants are notified in late May-early June each year.

EPA Environmental Education (EE) Regional Model Grants The purpose of the Environmental Education Regional Grant Program is to increase public awareness and knowledge about environmental issues and provide the skills that participants in its funded projects need to make informed environmental decisions and take responsible actions toward the environment. In order to be eligible, all applications must address at least one of the EPA educational priorities listed and at least one EPA environmental priority. EPA educational priorities are community projects, human health and the environment, and career development. EPA environmental priorities include protecting air quality, preventing pollution, cleaning up our communities, and protecting America's waters. This year, the 2014-2015 EE Grants Program anticipates issuing two Requests for Proposals (RFPs). Proposals under the 2014 EE Model Grants RFP are now being accepted through February 2, 2015. Additional information on a 2014 EE Local Grants RFP will be posted in early winter.

Bridge Construction and Repair

Federal Highway Administration National Highway Performance Program (NHPP)

MAP-21, the federal surface transportation bill, took the Interstate Maintenance, National Highway System, and Highway Bridge Program and combined them to create the National Highway Performance Program (NHPP), which is tasked with preserving and improving the

National Highway System (NHS). Funds may be used for, among other things, the construction, replacement, rehabilitation, preservation, and protection of bridges on the NHS (i.e., “on-system bridges”). The estimated amount of funding for NHPP for FY 2013 is \$21.8 billion, while the estimated amount of funding for FY 2014 is \$21.9 billion. The federal share of project funding from NHPP funds is generally 80 percent, but can be variable depending on the specifics of the project. NHPP funds are available for obligation for a period of four years (or three years after the last day of the fiscal year for which the funds are authorized).

Federal Highway Administration Surface Transportation Program (STP)

The Surface Transportation Program (STP), which is continued by MAP-21, provides funding that may be used by states and localities for projects to preserve or improve conditions and performance on any federal-aid highway, bridge on any public road (including “off-system bridges”), facilities for non-motorized transportation, transit capital projects, and public bus terminals and facilities. These funds may be used, among additional uses, to replace, rehabilitate, preserve, protect, and apply environmentally acceptable, minimally corrosive anti-icing compositions for bridges and tunnels on public roads. The estimated amount of funding for STP for FY 2013 is \$10 billion, while the estimated amount of funding for FY 2014 is \$10.1 billion. The federal share of project funding from STP funds is generally 80 percent, but can be variable depending on the specifics of the project. 50 percent of each state’s STP funds are to be distributed within the state based on population. The remainder may be spent anywhere in the state. STP funds equal to 15 percent of the state’s highway bridge apportionment for FY 2009 are to be set aside for “off-system bridges.” STP funds are available for obligation for a period of four years (or three years after the last day of the fiscal year for which the funds are authorized).

STATE FUNDING OPPORTUNITIES

Indiana State Department of Agriculture

Clean Water Indiana^[1]

The Clean Water Indiana (CWI) Program was established to provide financial assistance to landowners and conservation groups. The financial assistance supports the implementation of conservation practices which will reduce nonpoint sources of water pollution through education, technical assistance, training, and cost sharing programs. The CWI fund is administered by the Division of Soil Conservation under the direction of the State Soil Conservation Board.

The (CWI) Program is responsible for providing local matching funds, as well as grants for sediment and nutrient reduction projects through Indiana’s Soil and Water Conservation Districts. CWI also contributes critical state matching funds for Indiana’s Conservation Reserve Enhancement Program, an initiative which utilizes federal funds to encourage landowners to conserve environmentally sensitive land. Furthermore, the (CWI) Program has supported the Conservation Cropping Systems Initiative which focuses on management systems approach to crop production which results in improved soil and water quality, as well as profitability on Indiana cropland.

^[1] Clean Water Indiana page <http://www.in.gov/isda/2379.htm>

During state fiscal year 2015, the State Soil Conservation Board awarded 14 Clean Water Indiana grants totaling \$1,020,900. Grant funds can be used for Cost Share Incentives, Technical Assistance, and Adult Education (maximum of \$1,000 per year).^[2]

^[1] Clean Water Indiana page <http://www.in.gov/isda/2379.htm>, Clean Water Indiana 2015 Grant Report, http://www.in.gov/isda/files/2015_CWI_Snapshot.pdf

Indiana Department of Natural Resources

Lake and River Enhancement^[3]

The Lake and River Enhancement Program (LARE) was developed to ensure the continued viability of public-access lakes and streams. The program's goal is to utilize a watershed approach to reduce non-point source sediment and nutrient pollution of Indiana's and adjacent states' surface waters to a level that meets or surpasses state water quality standards. To accomplish this goal, grants are available for technical and financial assistance for qualifying projects.

Lake and River Enhancement page, <http://www.in.gov/dnr/fishwild/2364.htm>

LARE Program provides technical and financial assistance for qualifying projects. Approved grant funding may be used for one or more of the following purposes:

- Investigations to determine what problems are affecting a lake/lakes or a stream segment;
- Evaluation of identified problems and effective action recommendations to resolve those problems;
- Cost-sharing with land users in a watershed above upstream from a project lake or stream for installation or application of sediment and nutrient reducing practices on their land;
- Matching federal funds for qualifying projects;
- Feasibility studies to define appropriate lake and stream remediation measures;
- Engineering designs and construction of remedial measures;
- Water quality monitoring of public lakes;
- Management of invasive aquatic vegetation;
- Sediment removal from qualifying lakes; and
- Logjam removal from qualifying rivers.

^[2] Clean Water Indiana 2015 Grant Report, http://www.in.gov/isda/files/2015_CWI_Snapshot.pdf

^[3] Lake and River Enhancement page, <http://www.in.gov/dnr/fishwild/2364.htm>

For FY 2013-14, \$768,500 was distributed for Watershed Land Treatment, and Biological Engineering, Design, and Construction Projects. The grants ranged from \$10,000 to \$93,000.^[4] 2015 LARE applications are due by Jan. 31, 2015.

Indiana Office of Energy Development

Community Conservation Challenge (CCC)^[5]

The Community Conservation Challenge (CCC) is a program that offers financial assistance to non-residential entities for projects that demonstrate measurable improvements in energy efficiency or renewable energy, result in a reduction in energy demand, fuel consumption or petroleum use, or involve the implementation of an energy recycling process.

CCC grants provide a range of funding from \$25,000 to \$150,000 for the implementation of highly leveraged, unique, and visible community energy conservation projects. An anticipated total of \$500,000 will be awarded this year to local units of government, school corporations, businesses, universities, and nonprofit agencies in Indiana.

CCC is a competitive grant program, and applicants will leverage local funds and partnerships to complete their projects. Successful applicants will utilize one or more of the following eligible technologies.

- Alternative fuel vehicle fleets
- Combined heat and power
- Biomass
- Energy efficiency
- Geothermal
- Solar
- Traffic signal retrofits
- Waste management and recycling
- Water systems
- Hydropower
- Wind energy

^[1] Community Conservation Challenge, <http://www.in.gov/oed/2645.htm>

Indiana Department of Natural Resources

Bicentennial Nature Trust^[6](BNT)

^[4] LARE Grants FY 2014-14 , https://secure.in.gov/dnr/fishwild/files/fw-LARE_BE_WLT_Funding.pdf

^[5] Community Conservation Challenge, <http://www.in.gov/oed/2645.htm>

^[6] Bicentennial Nature Trust Program Guidelines http://www.in.gov/dnr/heritage/files/BNT_application-guidelines.pdf

The primary intent of BNT is property protection/acquisition that will become part of the public trust for all Hoosiers to enjoy. Project types eligible for funding under the BNT include the acquisition of property for conservation. All projects will be scored and ranked by several factors.

The maximum amount of money from BNT for any single project proposal is \$300,000. Projects will have a 1:1 match. So for every dollar requested from BNT, there will be at least one dollar of non-BNT fund match within the project. Projects will need to obtain ½ of the maximum 53 points in the scoring sheet to minimally qualify for funding.

Bicentennial Nature Trust Program Guidelines:

http://www.in.gov/dnr/heritage/files/BNT_application-guidelines.pdf

Natural Rural Water Association (NRWA) in Conjunction with USDA / Rural Development^[7]

Revolving Loan Fund (RLF)

The NRWA Revolving Loan Fund was established under a grant from USDA/Rural Utilities Service (RUS) to provide financing to eligible utilities for pre-development costs associated with proposed water and wastewater projects. RLF funds can also be used with existing water/wastewater systems and the short term costs incurred for replacement equipment, small scale extension of services or other small capital projects that are not a part of your regular operations and maintenance.

Systems applying must be public entities. This includes municipalities, counties, special purpose districts, Native American Tribes and corporations not operated for profit, including cooperatives, with up to 10,000 population and rural areas with no population limits.

Loan amounts may not exceed \$100,000 or 75% of the total project cost whichever is less. Applicants will be given credit for documented project cost prior to receiving the RLF loan.

The law authorizing the program allows a maximum repayment period of 10 years. Additional ranking points are awarded in the selection process for applicants that propose a quicker repayment of the loan. The repayment period cannot exceed the useful life of the facilities or financed item.

Five year, interest only, pre-development loans will also be available.

Loans will be made at the lower of the poverty or market interest rate as published by RUS, with a minimum of 3% at the time of closing. The most current rates are available on the RUS Water and Environmental Programs Home page at www.usda.gov/rus/water.

As a minimum, a promissory note or comparable document authorized by the governing body will be required. Additional security may be required by the RLF administrator or loan committee when deemed necessary as allowable under state law.

NRWA Revolving Loan Fund Webpage <http://12.147.232.171/>

^[7] NRWA Revolving Loan Fund Webpage <http://12.147.232.171/>