



Drinking Water State Revolving Loan Fund Intended Use Plan

SFY 2014

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Arkansas Natural Resources Commission

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I. Introduction

A. Arkansas' Drinking Water State Revolving Loan Fund

This is the State of Arkansas' (State) Intended Use Plan (IUP), prepared jointly by the Water Resources Development Division (Water Division) of the Arkansas Natural Resources Commission (ANRC) and the Arkansas Department of Health Engineering Section (ADH Engineering Section).

In Arkansas, the overall program is named the Safe Drinking Water Fund (SDWF). The SDWF is made up of two programs which are the Drinking Water State Revolving Fund (DWSRF) program and the State Set-Aside Fund program. The Water Division, through an interagency Agreement with ADH Engineering Section (the Primacy Agency in Arkansas), administers the DWSRF program. Through the DWSRF program, the Water Division will use funds for water projects that further the goals of the SDWA. The State Set-Aside Fund (SSAF) Program will use the funds to provide Small Systems Technical Assistance, State Program Management, Local Assistance and Administration Funds for the DWSRF. With the exception of the Administration Funds for the DWSRF, which go to the Water Division, the ADH Engineering Section administers all facets of the SSAF program.

In coordination with the Engineering Section, the Water Division prepared this plan which identifies intended uses of the funds available to Arkansas as authorized by the SDWA, as amended in 1996 (42 U.S.C. § 300j-12 et. Seq.).

B. What's New for 2014

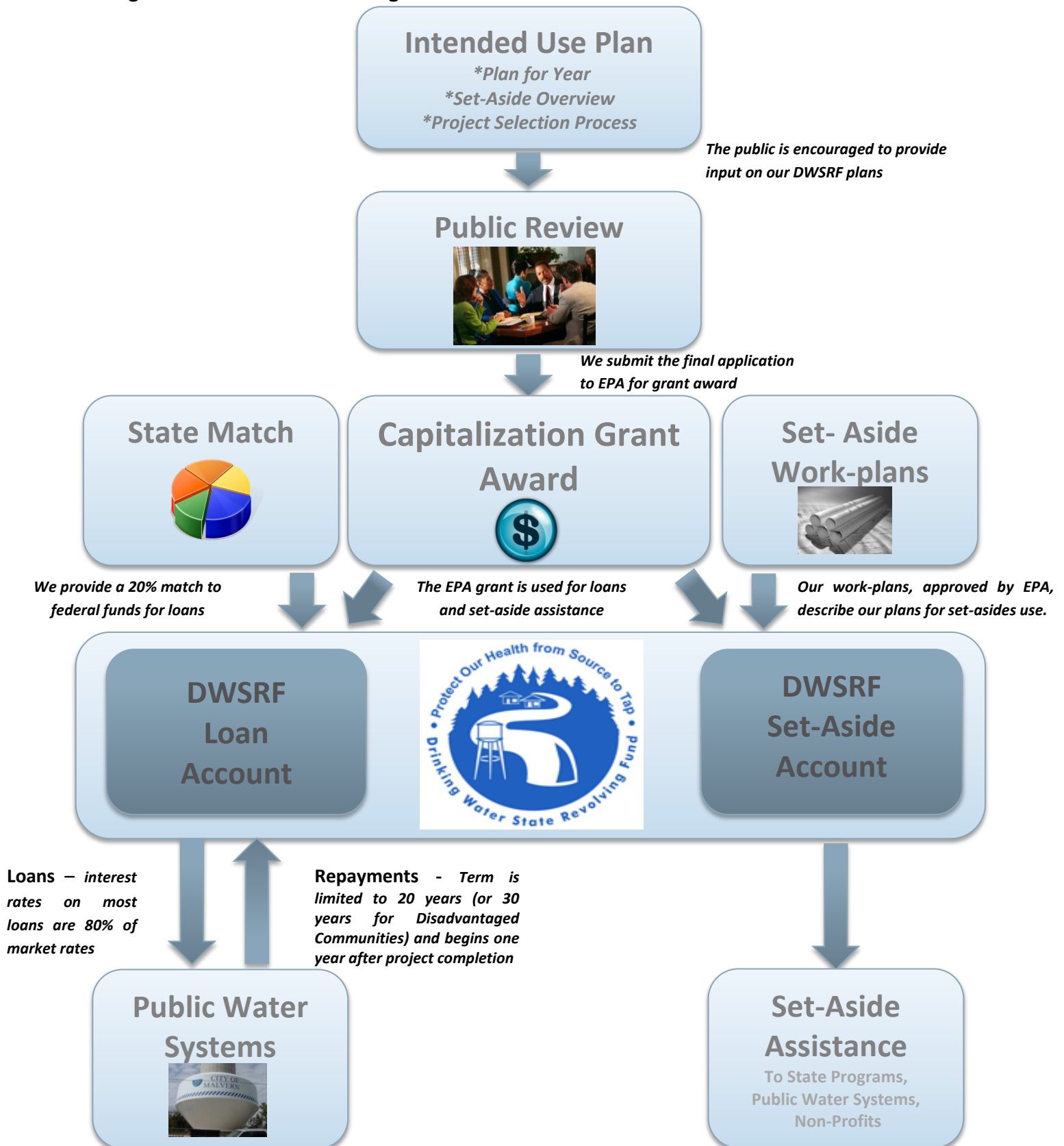
In SFY 2013 Arkansas made changes to how its Lending rates will be determined. The Lending Rate is composed of two parts: the interest rate and the servicing fee. The initial objective for ANRC is to establish a Lending Rate for DWSRF loans at 80% of the current bond market's taxable or tax-exempt rate depending on whether the project qualifies for a taxable or tax-exempt rate.

The Lending Rate will be determined at the time the Borrower is developing the Bond Purchase Agreement and the Bond Ordinance. The Lending Rate is determined using a formula that starts with a published list of daily market interest rates for a series of maturity dates for General Obligation Bonds. Those rates are modified to take into account the fact that the DWSRF is a Revenue Bond program and then the series is converted to an average weighted value. That single rate is then multiplied by 80% to get the Lending Rate. The servicing fee is currently set at 1.0%, and interest rate is the difference between the Lending Rate and the servicing fee. The servicing fee is the same for all projects, so the interest rate changes as the lending rate changes.

Arkansas varies the lending rate in this manner to encourage repayment of the loans as quickly as possible in order for the DWSRF program to fund other projects. The 1% service fee is placed into an account which is outside the DWSRF fund.

On January 11, 2013, the Lending Rate was 1.1% for a ten year repayment period, 1.9% for a 20 year repayment period and 2.3% for a thirty year repayment period. Prior to January 2013, the lending rate was 3.00% for loans that repay in 10 years or less, 3.25% for loans that repay in 10 – 20 years and 3.5% for loans that repay in 20 – 30 years.

Figure 1: The DWSRF Funding Process



II. Projects and Available Assistance

This IUP contains a list of projects the State anticipates to fund and information on how the State plans to use: (a) the funds carried over from State Fiscal Year (SFY) 2012, which includes set-asides from the 2009-2013 capitalization grants, (b) the remainder of the 2011 capitalization grant in the amount of \$10,070,058 and the 2012 capitalization grant in the amount of \$13,582,000 which have already been received (c) the 2013 allotment in the amount of \$12,743,000 which will be applied for during SFY14 and (d) the matching funds that the State will provide to go with the EPA funds, and (f) the funds the State receives from the repayment of loans previously made from the Drinking Water State Revolving Fund (DWSRF) Program.

The DWSRF program expects to disburse approximately \$46 million to projects in SFY 2014. These projects are all designed to meet one or more of the goals of the SDWA which are (a) help ensure public health protection, (b) comply with the SDWA, and (c) ensure affordable drinking water. We expect to spend approximately \$2.8 million from the SSAF program in SFY 2014 to provide assistance to communities as well as to provide administration funding for both the Water Division and the Engineering Section. More information pertaining to these projected expenses is available in Chart 6-2 of this report.

III. Goals

The Arkansas Drinking Water Program is an integrated and centralized program funded by DWSRF, PWSS and state funding. The primary focus of the program is to achieve public health protection and rule compliance. All mandatory and voluntary program elements, (i.e. technical assistance, capacity development, source protection, rule implementation, enforcement, etc.) are coordinated to assure this end.

- To support **Goal 1** of the Safe Drinking Water Act (SDWA), which is to ensure public health protection, we will provide technical assistance to small systems through the Small System Technical Assistance set-aside. We will provide a highly trained staff in the Engineering Division, which is partially funded through the State Program Management set-aside, to provide technical assistance to and oversight of Public Water Systems (PWS) within the State. We will also provide Wellhead Protection Services and Capacity Development Strategy Assistance to PWS through funding received from the Local Assistance set-aside.
- To support **Goal 2**, which is compliance with the Safe Drinking Water Act, we have implemented the programs listed above to include providing Small Systems Technical Assistance, Oversight, Wellhead Protection Services, and Capacity Development Strategy Assistance. For detailed explanations on set-asides, please refer to page 16.

- To support **Goal 3**, which is to ensure affordable drinking water, we provide PWSs with technical assistance on how to use their systems more efficiently, and we offer low cost financing to PWS within the state.
- To support **Goal 4**, which is to maintain the long-term financial health of the SDWF, we ensure that our borrowers have the managerial, operational and financial capabilities to operate their systems properly. As long as the systems are operated efficiently and have the required expertise--either on staff or by contract-- to assure that the assets of the program are managed properly, the PWSs will have the resources to repay their loans.

A. Short-term Goals

The Division has committed to meet the following goals in the next 1 – 2 years.

1. The Division agrees to include in all agreements to provide assistance for any construction project carried out in whole or in part with such assistance made available by a drinking water revolving loan fund as authorized by section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j-12), a term and condition requiring compliance with the requirements of section 1450(e) of the Safe Drinking Water Act (42 5 U.S.C.300j-9(e)) in all procurement contracts and sub-grants, and require that loan recipients, procurement contractors and sub-grantees include such a term and condition in subcontracts and other lower tiered transactions.
2. Arkansas will continue to implement the State Public Water Supply Supervision Program plan in conformance with all requirements of the SDWA. The State Program Management set-aside will fund a portion of this implementation effort. This will include activities such as: review and approval of 200 (goal) plans and specifications, logging and tracking 1400 (goal) plan submissions, 250 (goal) sanitary surveys, technical assistance to PWSs in a variety of ways, and other implementation activities.
3. Arkansas will continue to screen projects using the Project Priority System to assure the SDWA overall goals are given priority in the DWSRF program (Goals 1, 2 & 3). Goals are to have at least 30 projects on the Project Priority List.
4. The Division will apply for the funds in the first year that they are appropriated.
5. The Division agrees to comply with all requests for data related to the use of the funds under Section 1452 of the Safe Drinking Water Act (SDWA), and to report all uses of the funds no less than quarterly, as EPA specifies for the Drinking Water Project Benefits Reporting database and the Federal Funding Accountability and Transparency Act (FFATA) Requirement.
6. The Division agrees to provide in its Annual Report information regarding key project characteristics, milestones, and environmental/public health protection

- results in the following areas: 1) achievement of the outputs and outcomes established in the Intended Use Plan; 2) the reasons for delays if established outputs or outcomes were not met; 3) any additional pertinent information on environmental results.
7. The Division agrees to support the repair, replacement and upgrade of existing infrastructures. Fix-it-first projects will be identified on the Drinking Water Project Fundable Priority List.
 8. Arkansas will continue to implement the State source water assessment/protection program (Goals 1 & 2). All initial assessments required by regulation have been completed and new assessments will be processed as new sources / systems go on line. Technical assistance within the protection element of the program is pursued upon the request of public water system officials.
 9. Arkansas will continue to implement the State capacity development program strategy at no cost to entities (Goals 1, 2 & 3). A vital element of this program is the technical assistance contracts provided under the Small System Technical Assistance Set-aside. These were restructured slightly to focus more on direct assistance to the systems. Goals for these contracts are 1500 hours of on-site technical assistance 50 – 3 day operator training sessions, and five CPEs. ADH also has a contract to work with small systems, which is providing infrastructure location by GPS coordinates and GIS mapping service. The goal for this contract is to map infrastructure for 40 small water systems.

B. Long-term Goals

Arkansas has committed to continually work towards these goals.

1. Arkansas will continue to implement the Public Water System Supervision Program in accordance with the requirements of the federal SDWA and in conformance with its Primacy commitments.
2. Arkansas will continue to implement the State source water assessment/protection program (Goals 1 & 2).
3. Arkansas will continue to implement the State capacity development program strategy (Goals 1, 2 & 3).
4. The Division will provide entities with a source of long-term, low-interest financing that will allow them to protect their customers' health and comply with the SDWA (Goals 1, 2 & 3).
5. Arkansas will continue to screen projects using the Priority System to assure the SDWA overall goals are given priority in the DWSRF program (Goals 1, 2 & 3).
6. The Division is committed to enhance the DWSRF program for the benefit of future generations (Goal 3) by continuing to streamline the application process.

7. The Division will maximize the number of entities meeting the SDWA requirements by combining the DWSRF program with other State and Federal funding programs (Goal 3).
8. The Division plans to maintain the fiscal integrity of the DWSRF (Goal 3 & 4).
9. The Division is committed to maintaining the fund in perpetuity by protecting the principal that has been and continues to be deposited into the DWSRF program (Goal 4).
10. The Division will meet the growing demand for the DWSRF program by leveraging the Fund when the demand exceeds the current revenue streams (Goals 3 & 4).

C. Environmental Result Goals

The Division's DWSRF Program will satisfy EPA's Strategic Goal 2 for Clean and Safe Water, Objective 2.1 for Protecting Human Health, Subobjective 2.1.1 for Water Safe to Drink by relating the activities of the Program to quantifiable environmental results. The following short term goals are presented in order to be in compliance with EPA Order #5700.7.

Arkansas will continue to implement the State capacity development program strategy at no cost to entities (Goals 1, 2 & 3). A vital element of this program is the technical assistance contracts provided under the Small System Technical Assistance Set-aside. ADH also has a contract to work with small systems, which is providing infrastructure location by GPS coordinates and GIS mapping service. Goals for these contracts are 83 assessments, 55 strategies, and 2500 on-site man-hours of effort. Other anticipated efforts include 2 eight-hour training courses, 24 one-hour group training sessions and four CPEs.

Arkansas will continue to screen projects using the Priority System to assure the SDWA overall goals are given priority in the DWSRF program (Goals 1, 2 & 3).

IV. Distribution of Funds

In this section of the IUP, we will discuss the decisions the Division makes in choosing how to distribute the funds made available to the SDWF. In SFY 2014, the Division anticipates entering into two binding commitments for a total of \$2,880,000. Out of the two binding commitments, the Water Division anticipates closing two (2) loans.

More information is available on these Binding Commitments in Chart 5-2 of this report. The Division has defined the Binding Commitment date as the date the Bond Purchase Agreement (BPA) is signed by all parties.

A. Distribution of Funds between DWSRF Program and SSAF Programs

Arkansas puts a priority on providing existing PWS with technical assistance to insure all PWS' met the requirements of the Safe Drinking Water Act. Arkansas endeavors to provide these services at no cost to the systems. To meet this goal, Arkansas allocates available funds to the SSAF programs. There are federal restrictions on the amount of funds that can be allocated to these programs, so Arkansas plans to distribute funds to

these programs to the maximum amount allowed. Specifically, Arkansas will allocate 10% of grant funds to State Program Management, 5% to Wellhead Protection Activity and 10% to Technical and Financial Assistance to PWS for Capacity Development this year. The Engineering Section will be responsible for the management and reporting needed for all of these SSAF programs.

The Administration of the DWSRF program also falls in the category of SSAF programs. The Division plans to use the full 4% allowed for Administration. The Water Division will be responsible for the administration and reporting needed for the DWSRF program.

Arkansas Department of Health (ADH) SSAF program is planning to bank funds from the 2013 grant for \$280,000 to be used for the construction of projects by ANRC.

See Chart - 1 Summary of Funding for open SRF Capitalization Grant Set-Asides

B. Distribution to Specific Projects in the DWSRF Program

Arkansas' method for the development of the Priority List and Fundable List explains the process used to select systems to receive assistance.

1. Priority System

The Engineering Section is responsible for developing the Priority System. They have developed a System that includes factors for projects that:

- (a) address the most serious risk to human health,
- (b) are necessary to ensure compliance with the requirements of the SDWA, and
- (c) assist systems most in need on a per household basis according to State affordability criteria.

The Priority System Questionnaire is sent to each Public Water System (PWS) in the State each year. The Questionnaire describes the Priority System used by the DWSRF program and lists the point values assigned to each category in the Priority System. The Engineering Section sends the Questionnaire to the PWS so they can add new projects to the Priority List. The Engineering Section evaluates the Questionnaires that are returned and assigns point values to the various categories, included as Appendix A. A project's total points are used to determine the project's ranking. The more points that a project receives, the higher it is placed on the priority list. The new projects are added to the projects which were not funded from the previous Priority List, and a new Priority List is assembled.

The only way a project can be placed on the Priority List is by an entity submitting a Questionnaire for the project. Since submitting the Questionnaire is a voluntary task, only projects that expect to be funded by the DWSRF program are listed on the Priority List. Once the Engineering Section prepares the Priority List, it is the Water Division's responsibility to create a Fundable List from the Priority List.

2. *Priority List of Projects*

The Priority List is a list of projects that are interested in utilizing funding from the DWSRF program. Each project goes through an evaluation process to determine its relative priority as compared to the rest of the projects seeking funding through the DWSRF program. The Engineering Section prepares the Priority System used to rank projects, included as Appendix A, sends out the Questionnaires, determines the priority points for the projects that return Questionnaires and develops the Priority List. The Water Division then takes the Priority List and from this list establishes a Fundable List. The Fundable List is not a separate list, but is instead composed of projects from the Priority List that expect to expend funds in the near future (twelve months).

In theory, the projects with the highest priority points get funded first. But in practice, it does not work that way. Most of the projects on the list cannot be funded exclusively through the DWSRF program. These projects typically require large amounts of grant funds that the DWSRF program cannot provide. The projects on the Fundable List are projects that either can be funded exclusively through the DWSRF program or have all of their other funding in place.

40 CFR 35.3555(d) states that the Priority Lists of projects may be amended during the year under provisions established in the IUP as long as additions or other substantive changes to the lists, except projects funded on an emergency basis, go through a public review process.

DWSRF projects that are qualified (in whole or in part) for GPR will be ranked on the same State priority list with non-GPR projects, and will be identified as GPR projects on those lists. Once ranked they will be selected separately from non-GPR projects, using the same priority system principles described above, until the total value of executed assistance agreements in qualified GPR projects totals an amount equal to at least 20 percent of the State's 2011 capitalization grant. There were no GPR requirements for the 2012 or 2013 capitalization grant but the Division plans to fund GPR projects in the future.

3. *Fundable List of Projects*

40 CFR 35.3555I (2) (i) states that the IUP must contain a fundable list of projects that are expected to receive assistance from available funds designated for use in the current IUP. The Water Division defines "receive assistance" to mean closing a loan and expending funds. So, the planned start of construction or of expending funds is our indication of when a project will "receive assistance." The process whereby the Water Division has developed a Fundable List from the Priority List consists of contacting -- in writing -- each PWS that submitted a project on the Priority List. In this letter we ask each PWS if it is going to start construction or expending funds on its project within the next twelve months. The letter makes it clear that by telling us that they will not be ready to proceed within 12 months does not jeopardize their chance for receiving funding from the DWSRF program. We explain that this process is how the Water Division makes its cash flow projections.

With this information, the Water Division can project the amount of funds needed and compare these projections with the amount of funds available. By comparing projections with funding availability, the Water Division can determine if all of the projects can be funded or if some will have to wait for the DWSRF to receive additional funds.

It is Arkansas' intent to offer funding to all of the projects listed on the Priority List. The Fundable List simply shows those projects that expect to be offered funding from the DWSRF in the near future.

See Chart 7-1 – SFY2013 Drinking Water Project Fundable Priority List

4. *Bypass Procedures*

Arkansas' intention is to fund every project on the Priority List as it becomes ready to proceed. With the exception of an emergency public health project, the State does not plan to bypass a project that is ready to proceed for another project with a lower ranking.

If a project's readiness to proceed status changes after it was placed on the Fundable List, the State reserves the right to put the project on hold and take another project from the Priority List that is ready to proceed in its place. Previous examples of this kind of problem include court cases being filed, other funding being withdrawn, or change in administration of the entity proposing the project. If a project is not ready to proceed, the Water Division will substitute the next project on the priority list that is ready to proceed.

If the situation develops which causes the State to bypass a project that is ready to proceed for another project, the State will report the case to EPA and include an explanation of the situation in the Annual Report.

5. *Emergency Public Health Projects*

Arkansas reserves the right to fund projects not on the Priority List if these projects protect the public from an Imminent Health Threat. The Arkansas Department of Health is the sole entity in Arkansas that can declare a situation to be an Imminent Health Threat. The Director or his designee would make the determination of an Imminent Health Threat based on an immediate risk to the public health caused by a situation that is amenable to correction. The project developed to correct the situation would still have to meet eligible qualifications for funding from the DWSRF program. This procedure would allow a project designated as an Imminent Health Threat to bypass the Priority List and Fundable List phases of the DWSRF program only.

Arkansas would notify EPA in the event that a project was designated as an Imminent Health Threat. This project would be reported in the Annual Report for that year and would be discussed during EPA's annual review.

C. *Rationale Used to Determine the Type and Terms of Assistance*

Prior to FFY 2010, the Division made the decision to only provide one type of assistance - loans. This decision was made because loans provide the most flexible use of the funds in the DWSRF program. The use of other types of assistance, Insurance or

Guarantees, means that funds are tied up and their uses are restricted. By providing assistance in the form of loans, the Division can vary the terms of the loans to help Disadvantaged Communities, refinance existing debt to improve the finances of entities or pledge the loans to Leverage Issues which would increase the funds available for the DWSRF program.

The two terms that the Division modifies when it makes loans to entities are the Lending Rate and the Repayment Period.

Starting with the FFY 2010 capitalization grant, the Division will now provide additional subsidization in the form of principal forgiveness, negative interest rate loans, or grants.

Chart 5-1 and Chart 5-2 list the projects that ANRC anticipates funding from the DWSRF program. These charts show which projects are designated as a Disadvantaged Community or a Small System.

1. *Lending Rate*

The lending rate is composed of two parts: the interest rate and the servicing fee. The Lending Rate will be determined at the time the Borrower is developing the Bond Purchase Agreement and the Bond Ordinance. The Lending Rate is determined using a formula that starts with a published list of daily market interest rates for a series of maturity dates for General Obligation Bonds. Those rates are modified to take into account the fact that the DWSRF is a Revenue Bond program and then the series is converted to an average weighted value. That single rate is then multiplied by 80% to get the Lending Rate. On January 11, 2013, the Lending Rate was 1.1% for a ten year repayment period, 1.9% for a 20 year repayment period and 2.3% for a thirty year repayment period.

The Division varies the Lending Rate in this manner to encourage entities to repay loans as quickly as possible. The quicker that entities repay the sooner the DWSRF program will be able to use these funds on future projects.

The servicing fee is currently set at 1.0%. Therefore, if the lending rate is 3.5%, it is composed of a 1.0% servicing fee and a 2.5% interest rate. The servicing fee is the same for all projects, so changes in the interest rate mirror changes in the lending rate.

The service fees are deposited into the Fees and Administrative account which is outside the DWSRF and not subject to the four percent administration cap applicable to the DWSRF.

2. *Repayment Period*

The Repayment Period is adjusted to provide Disadvantaged Communities with an incentive to use the DWSRF program. The typical maximum length of time allowed to repay a loan is 20 years. If an entity qualifies as a Disadvantaged Community, it will be allowed the option of extending its repayment period to 30 years. The interest rate will vary due to the extended repayment period.

D. Fees Assessed on Entities

The servicing fee of 1% is collected as part of the semi-annual loan repayment. These funds are placed in the DWSRF Administration Account and are used to fund eligible program expenses.

E. Green Project Reserve (GPR)

The Division is soliciting for “Green” water projects from Public Water Systems (PWS) to be funded from the Drinking Water State Revolving Fund (Program). The Program has twenty percent of its funds reserved for “Green” infrastructure projects for the FFY2011 Cap Grant. There were no GPR requirements for the 2012 capitalization grant or the 2013 allotment but the Division plans to fund GPR projects in the future.

To be eligible for funding, the applicant must be a PWS and the project must demonstrate that it will facilitate compliance with national primary drinking water regulations or otherwise significantly further the public health protection objectives of the Safe Drinking Water Act for water projects and meet the following definition of “Green”.

Green water projects are: Water Efficiency – The project must conserve water above the norms for operations and maintenance of a PWS. Potential Green water projects would include one-hundred percent water line replacement in systems experiencing greater than forty percent water loss.

Arkansas has chosen two projects that qualify as green projects to satisfy the 2011 cap grant requirement. To date, Arkansas has not chosen any green projects for the 2012 or 2013 cap grants.

See Chart 7-1 - SFY2013 Drinking Water Project Fundable Priority List

F. Additional Subsidization

The Division has developed the following system to determine if a project is eligible for additional subsidization funds for the Drinking Water Revolving Loan Fund (the Fund).

To be eligible to receive additional subsidization from the Fund, a Borrower must show either:

1. The current utility rates or proposed utility rates for 4,000 gallons of water on an annual basis are at least 1.5% of the Median Household Income (MHI) for the project area.
2. The customers who benefit from a project are at least 51% have either Low or Moderate Income as defined by the U. S. Department of Housing and Urban Developments’ Community Block Grant (CDBG) Program; and have 1.25% of MHI.

Once a project has been determined to be eligible for additional subsidization from the Funds, additional priority will be given to projects that meet the Green standards set by the Commission.

The amount for the FFY 2012 capitalization grant to be reserved for Additional Subsidization is \$2,716,400 and will be included in the Annual Report. Arkansas has chosen three projects that qualify to receive additional subsidization to satisfy the 2012 cap grant requirement.

The amount for the FFY 2013 allotment will be reserved for Additional Subsidization is \$2,548,600 and will be included in the Annual Report. Arkansas has not chosen any projects that qualify to receive additional subsidization to satisfy the 2013 allotment requirement.

See Chart 7-1 - SFY2013 Drinking Water Project Fundable Priority List

G. Wage Rate Requirements (Davis-Bacon)

Starting in FY2013 and thereafter, Davis-Bacon wage requirements now applies to construction of all projects carried out in whole or in part with assistance made available by a DWSRF program. Arkansas agrees to include in all agreements to provide assistance for any construction project carried out in whole or in part with such assistance made available by a drinking water revolving loan fund as authorized by section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j-12), a term and condition requiring compliance with the requirements of section 1450(e) of the Safe Drinking Water Act (42 5 U.S.C.300j-9(e)) in all procurement contracts and sub-grants, and require that loan recipients, procurement contractors and sub-grantees include such a term and condition in subcontracts and other lower tiered transactions. All contracts and subcontracts for any construction project carried out in whole or in part with assistance made available as stated herein shall insert in full in any contract in excess of \$2,000 the contract clauses. This term and condition applies to all assistance agreements under the authorities referenced herein, whether in the form of a loan, bond purchase, grant, or any other vehicle used to provide financing for a project. ANRC will continue to update this term and condition as updated procedures are provided with subsequent cap grants.

V. Disadvantaged Community Assistance

Arkansas will provide some incentive for Disadvantaged Communities to use the DWSRF program. Because of the limited funds the DWSRF program receives, that assistance is limited to offering additional subsidization (principal forgiveness) or extending the repayment period for loans from 20 years to 30 years.

A. What is a Disadvantaged Community?

In Arkansas, a Disadvantaged Community has been defined as any community with a Median Household Income (MHI) below that of the State's MHI. This information is collected as part of the Priority List, and Arkansas' MHI is \$39,267.00.

B. Affordability Criteria

The Division will offer two types of assistance to Disadvantaged Communities: an extension of the repayment period and additional subsidization. One of the criteria used is a comparison of the entity's MHI against the State's MHI.

C. Identification of Projects

Chart 5-1 and Chart 5-2 has information on which projects qualify as Disadvantaged Communities and the loan amounts they are requesting.

VI. Financial Planning Process

The Division is not limited to just the DWSRF program in meeting the drinking water needs in the State. ANRC has three other State programs that can fund the same kinds

of projects. There are two other Federal programs in Arkansas that also fund these types of projects. The Financial Planning Process used for the DWSRF program considers all of these sources of funding and each one's strengths and weaknesses.

Arkansas also has an organization called the Water/Wastewater Advisory Committee that reviews all water and wastewater projects before the project applies to a funding program. This process allows the Water Division to have some idea of future projects and who they are likely to apply to for funding. This information is also used to project the future demand for DWSRF funds.

The Division has hired professional Financial Advisors and Bond Counsel to help keep abreast of changes in the financial market and both State and Federal bond law. These professionals advise us on current market conditions so Lending Rates and Repayment Periods can be adjusted as needed. They also provide information on the consequences of leveraging, both in terms of funds that can be raised and the long-term effects of repaying the bondholders.

The DWSRF program is continually being reviewed in terms of future demand, changes in loan terms and the need to leverage the program. The primary concern is always to provide low cost loans to entities in Arkansas while maximizing the funds available so no one is turned away because of the lack of funds. See Charts 8-1 thru 8-9 for detailed information.

From time to time the Division, through ADFA, issues bonds secured by the revenues from the pledged DWSRF project loans. Proceeds from any bonds issued will be deposited directly into the DWSRF. To the extent that it would benefit the Program, ANRC may choose to exercise its option to cross-collateralize when issuing revenue bonds. The Division leveraged bonds for the first time in SFY 2012, EPA Region 6 was contacted regarding the leveraging prior to this activity.

VII. Financial Status

The Division receives funds for the SDWF from grants from EPA, the State match needed for the EPA grants, repayments from existing loans and interest earnings on various accounts in the SDWF. The funds are used to fund SSAF programs, the DWSRF program and pay the cost to administer the DWSRF program.

Arkansas' total funding sources for the DWSRF for SFY 2013 are identified in Chart 3. With the capitalization grants for FFY 2011, FFY 2012, and the FFY 2013 allotment, the required State Match for those capitalization grants, interest earnings, and loan repayments. Arkansas will have over \$53 million available during SFY 2014 for existing projects and future eligible program purposes.

Chart 3 provides a summary of the Sources and Uses of Funds in the SDWF and Chart 3-1 provides a summary of ULO's.

1. State Match Sources

The State of Arkansas agrees to deposit into the DWSRF, or make available through a letter of credit or a letter of credit type instrument, monies in an amount equal to 20 percent of each quarterly grant payment on or before the date on which the State receives each payment from the grant award. The State of Arkansas will fund the required State Match by using State appropriations, grants from State funding programs, or servicing fees. Chart 4-2 has a breakdown of the 20% State Match. In SFY 2014, the cumulative calculation looks like this:

| | |
|---------------------------|---------------|
| Cumulative Loans | \$193,012,300 |
| Cumulative State Match | \$39,248,080 |
| Percentage of State Match | 20.33% |

2. Leveraging of the DWSRF

Arkansas leverages periodically to increase the funds available for assistance. Arkansas has no plans to leverage the Drinking Water program in State Fiscal Year 2014. If it does EPA Region 6 will be contacted prior to leveraging.

3. Cash Draw Ratio Proportionality

Arkansas has received permission to vary from the normal proportionality ratio for federal fund disbursements. Arkansas will draw 100% of the state match for a capitalization grant first and then draw 100% of the Federal funds for that capitalization grant (less the set-asides). This is because Arkansas is prohibited from disbursing State Match in any of the forms used for Additional Subsidization. As long as federal funds are required to be spent on Additional Subsidization, Arkansas will need this variance in each Cap Grant.

VIII. Capitalization Grant Programs and Amounts Requested

Set-aside Strategy: The SDWA allows each state to set aside up to 31 percent of its federal capitalization grant to support various drinking water programs including administration, technical assistance, state program management and special activities. We plan to use 29% of the set-asides from the SFY 2013 grant. We have increased our spending rate in order to modernize the program through data collection contracts, software updates, state laboratory equipment maintenance, etc. This modernization process will improve the efficiency of the overall program and assist in the reduction of our un-liquidated obligations. We have and will continue to request set-asides for non-routine investigative monitoring, such as the UCMR and LT2ESWTR source monitoring, and for updating our Source Water Assessment and Protection Plan. We will transfer portions of older set-aside funding as it is determined not to be needed back to the DWSRF loan account in order to maximize public health protection potential and minimize un-liquidated obligations.

A. Administration of the DWSRF Program

Max Allowed: 4%
Taken from FFY2013 Allotment: 4% (\$509,720)

The Water Division has the responsibility of managing the DWSRF program and will use the funds allocated to this set-aside program to defray the administrative costs associated with managing the program.

Administration of the DWSRF program includes \$458,253 for the 2012 and \$509,720 for the 2013 allotment. A total of \$967,973 available to be used by the Water Division.

B. Small Systems Technical Assistance

Max Allowed: 2%
Taken from FFY2013 Allotment: 0% (\$254,860) Reserved

ADH uses these funds to provide assistance to small water systems in assessing and implementing capacity development which will identify individual water system needs, provide corrective action plans addressing identified deficiencies (goal 25), and provide technical assistance in correcting these deficiencies (goal 1500 man-hours). A mix of the 2010, 2011 and 2012 cap grant allotments will be used in SFY 2014.

Small Systems Technical Assistance will be funded under the Capacity Development activities of the Local Assistance Set Aside. Currently all of the available funds under the Small Systems Technical Assistance (TA) Set Aside from the 2008 grant for \$204,580, the 2009 ARRA grant for \$489,700, the 2009 grant for \$204,580, the 2010 grant for \$210,780, the 2011 grant funds of \$285,040 and the 2012 grant funds of \$271,640. We will also reserve the entire 2013 SSTA allotment funds of \$254,860 for future use as well. A total of \$1,921,180 has been reserved for future use by the Engineering section.

C. State Program Management Program

Max Allowed: 10%
Taken from FFY2013 Allotment: 10% (\$1,274,300)

The remaining balances of the 2010-2013 allotments will be used to enable the ADH Engineering Section to continue to operate its Public Water Supply Supervision Program activities to insure compliance with requirements of the Safe Drinking Water Act. Funds will be used to support full time employees and related expenses including such items as salary, fringe, indirect costs, travel, training, office supplies, PC/LAN/GIS equipment and upgrades, and similar routine costs. Day to day activities will include such activities as sanitary surveys (goal 250), engineering plan reviews (goal 1200), complaint investigations, compliance tracking and grading, and technical assistance in a variety of forms to water systems, administrative activities, and other activities. ADH anticipates using a mix of the 2010 and 2012 cap grant allotments in SFY 2014.

State Program Management includes funds from the 2009 ARRA grant for \$2,448,500 (reserved), the 2009 grant for \$400,000 (reserved), the 2010 grant for \$1,313,978 (\$1,553,900 was available and \$500,000 reserved), the 2011 grant for \$1,425,200 (reserved), the 2012 grant for \$1,358,200 (\$508,200 available and \$850,000 reserved) and the 2013 allotment of \$1,274,300 to be used by the Engineering Section. A total of \$8,720,178 funds are available for future use by the Engineering department. Of this total \$5,623,700 is reserved for future use by the Engineering section.

D. Wellhead Protection Program

Max Allowed: 5%
Taken from FFY2013 Allotment: 5% (\$637,150)

ADH uses these funds to provide the necessary staff resources and support to enable the Section to continue implementation and expansion of its wellhead protection program and to insure an updated and well-maintained GIS database system. Activities will typically include such items as delineation of wellhead protection areas, assistance to public water systems in well sitting, aquifer identification and recommended construction features, inventories for sources of contamination in wellhead areas, hydrologic sensitivity assessments of ground water sources, public outreach efforts on the importance of wellhead protection, and other activities. A mix of the 2009 and 2010 cap grant allotments will be used in SFY 2014.

Wellhead Protection Program includes funds from the 2009 grant for \$210,687, the 2010 grant for \$1,026,950 and the 2013 allotment for \$637,150 to be used by the Engineering Section. These funds were not requested from the 2011 and 2012 grants. A total of \$1,874,787,000 funds are available for use by the Engineering section.

E. Capacity Development Program

Max Allowed: 10%
Taken from FFY2013 Allotment: 10% (\$1,274,300)

ADH uses these funds to accomplish the overall objective under this set-aside which is to provide a variety of technical assistance and public education activities, which will help to insure continued sustainability and performance of public water systems in the State. Activities to be accomplished under this set-aside include such items as training and technical assistance to water systems in drafting CCRs (goal 711), water operator training and certification, publish and disseminate an informative quarterly newsletter (goal 1300 copies) for operators and other interested parties, a coordinated review of and protection from proposed point and non-point discharges (goal 600 miscellaneous permits) into sources of drinking water, provide assistance to water systems in developing local source water protection plans, participation in EPA's Area Wide Optimization Program efforts, conducting Comprehensive Performance Evaluations at water systems, and other activities. This effort will require full time employees and associated expenses. A mix of the 2010 and 2011 cap grant allotments will be used in SFY 2014.

Capacity Development Strategy includes funds from the 2010 grant for \$834,960, the 2011 grant for \$1,425,200, the 2012 grant for \$1,358,200 and the 2013 allotment for \$1,274,300 to be used by the Engineering Section. A total of \$4,892,660 funds are available for use by the Engineering section.

Detailed information pertaining to set-aside activities is located in Chart 1.

IX. Small System Assistance

Arkansas is required to allocate a minimum of 15% of the total funds available each year to funding small systems. Small systems are defined as systems that regularly serve 10,000 or fewer persons. In Arkansas there are approximately 711 Public Water Systems (PWS). Of those systems, approximately 48 serve a population of over 10,000 people and 663 serve a population of 10,000 or less.

Arkansas has worked hard with the small systems to help them meet all of the regulatory requirements of the DWSRF program. However, over the last few years, the small systems have found the DWSRF program to be slow and cumbersome and have looked elsewhere for funding. By working with applicants, the Water Division continues to be able to interest small systems in the program as shown in Chart 5-2 for SFY 2014. We expect to sign Bond Purchase Agreements (Binding Commitments) on two systems of which are to small systems.

Chart 5-1 has information on which projects are designated as small systems. Arkansas is required to demonstrate that at least 15% of the funds are used for small systems. In SFY 2014, the cumulative calculation looks like this:

| | |
|--------------------------------|----------------|
| Cumulative Loans | \$ 193,012,300 |
| Cumulative Small Systems | \$ 89,446,000 |
| Percentage of Small System BCs | 46.34% |

Arkansas is committed to continually modifying the DWSRF program in an effort to make the program more attractive to small systems. We continue to streamline the application process and shorten the time for planning and design work.

ANRC has ongoing marketing plans at various conferences and meetings describing the benefits of the RLF program available to cities and communities. As always, we evaluate the need to lower the interest rates to cities that request funding. Our goal is to provide a subsidy without harming the program in the long term.

X. Capacity Assessment

The SDWA requires that a public water system applying for a DWSRF loan must show that it has the technical, financial and managerial capacity to ensure compliance. If a system does not have adequate capacity, assistance may only be provided if it will help the system to achieve capacity. The goal of this requirement is to ensure that DWSRF assistance is not used to create or support non-viable systems.

A. Technical Capacity

To demonstrate technical capacity, DWSRF loan applicants must show that drinking water sources are adequate, that the system's source, treatment, distribution and storage infrastructure are adequate and that personnel have the technical knowledge to efficiently operate and maintain the system. As part of reviewing a loan application, ADH will review the system's records to assure that the system is being properly operated and maintained. The water system must not have outstanding water compliance problems unless the DWSRF project is intended to correct those problems. The engineering reports, plans, and specifications for the proposed DWSRF-funded project and the system's technical capacity will all be evaluated during the loan application process.

B. Financial Capacity

To demonstrate financial capacity, the applicant must show that the system has sufficient revenues to cover necessary costs and demonstrate credit worthiness and adequate fiscal controls. ANRC will review the applicant's Self-Assessment Worksheets, the project budget, annual financial reports, and other financial information to ensure adequate financial capacity of the applicant.

C. Managerial Capacity

To demonstrate managerial capacity, the water system must have personnel with expertise to manage the entire water system operation. ADH will review the applicant's managerial capacity through supporting documentation to assure that management is involved in the day to day supervision of the water system, is responsive to all required regulations, is available to respond to emergencies and is capable of identifying and addressing all necessary capital improvements and assuring financial viability. The water system must have a qualified water operator in accordance with the state's operator certification program. After reviewing the water system's technical and managerial capacity, ADH sends a letter to the application submitter and ANRC stating whether the system is eligible to be placed on the Priority List to receive DWSRF assistance.

XI. Transfer Process

Arkansas is considering transferring funds from Drinking Water Revolving Loan Funds to Clean Water RLF. Arkansas is reserving the authority to transfer up to 33 percent or \$4,200,000 of the DWSRF 2011, 2012, 2013 federal capitalization grant to the 2013 CWSFR capitalization grant. These funds will be transferred from Drinking Water construction to Clean Water construction.

See chart 9-1 for more information

XII. Cross-Collateralization Process

The Division implemented a system for leveraging bonds and part of that system is cross-collateralization. The Division is not planning on leveraging this fiscal year.

XIII. Public Comment

The Division addresses this requirement in Appendix B titled Public Notices and Comments. The Division received no public comments.

XIV. Audits and Reporting

Arkansas's Intended Use Plans and Annual Reports along with the evaluation or business case for Green Project Reserve projects will be posted on our website: <http://www.anrc.arkansas.gov/>.

An independent audit, and single audit (as required), will be conducted by an outside CPA firm annually.

Project milestones and information are reported through EPA's Drinking Water Project Benefits Reporting database (PBR) and the Federal Funding Accountability and Transparency Act (FFATA) Requirement.

XV. Intended Use Plan Amendment Procedures

Revisions to this IUP that are determined significant will require Public Notice and EPA notification and approval. Revisions to this IUP which are deemed to be insignificant shall be made by the Division with notification to EPA. Any changes in the project funding list shall be in accordance with procedures provided in the DWSRF Priority System and List.

Charts

Chart 1

*SUMMARY OF FUNDING FOR OPEN SRF
CAPITALIZATION GRANT SET-ASIDES*

Chart 2

SDWF CASH FLOW DIAGRAM

Chart 3

SDWF SOURCES AND USES

Chart 3-1

ULO Analysis

Chart 4-1

*SDWF COMPARISON OF GRANT
PAYMENTS, STATE MATCH AND SET-ASIDES*

Chart 4-2

*SDWF REQUIRED BINDING COMMITMENTS
AND ACTUAL BINDING COMMITMENTS*

Chart 5-1

SDWF ACTUAL BINDING COMMITMENTS

Chart 5-2

*SDWF PROJECTED BINDING
COMMITMENTS*

Chart 6-1

*SDWF ACTUAL DISBURSEMENT
SCHEDULE*

Chart 6-2

*SDWF PROJECTED DISBURSEMENT
SCHEDULE*

Chart 7-1

FUNDABLE PROJECT PRIORITY LIST

Chart 8-1 thru 8-9

CAPACITY ANALYSIS

Chart 9

TRANSFER PROCESS

Chart 1

| Summary of Funding for open SRF Capitalization Grant Set-Asides | | | | | | | | | | | |
|---|-----------|------------|-----------------|----------------|----------------|------------------------|-------------------|------------------|--------------------|------------------|----------------|
| SRF Grant Year | Set-Aside | % of Grant | Total Available | Total Reserved | Total Budgeted | Total Expended To Date | Remaining Balance | Grant Start Date | Expense Begin Date | Expense End Date | Grant End Date |
| 2007* | Admin | 4% | \$ 413,320 | \$ - | \$ 413,320 | \$ 413,320 | \$ - | 10/1/2008 | Jul-09 | Jan-10 | 9/30/2012 |
| | SPM | 10% | \$ 1,033,300 | \$ - | \$ 1,033,300 | \$ 1,033,300 | \$ - | | Jul-10 | Sep-11 | |
| | TA | 2% | \$ 206,660 | \$ - | \$ 206,660 | \$ 206,660 | \$ - | | Oct-10 | Jan-12 | |
| | WHP | 5% | \$ 619,980 | \$ - | \$ 619,980 | \$ 516,650 | \$ 103,330 | | May-11 | May-12 | |
| | Cap Dev | 10% | \$ 929,970 | \$ - | \$ 929,970 | \$ 1,033,300 | \$ (103,330) | | Jul-10 | Jul-11 | |
| | Total | 27% | \$ 3,203,230 | \$ - | \$ 3,203,230 | \$ 3,203,230 | \$ (0) | | Jul-10 | May-12 | |
| 2008*^ | Admin | 4% | \$ 409,160 | \$ - | \$ 409,160 | \$ 409,160 | \$ - | 10/1/2009 | Dec-09 | Sep-10 | 9/30/2013 |
| | SPM | 10% | \$ 1,022,900 | \$ - | \$ 1,022,900 | \$ 1,022,900 | \$ - | | Aug-11 | Aug-12 | |
| | TA | 2% | \$ 204,580 | \$ 204,580 | \$ - | \$ - | \$ - | | N/A | N/A | |
| | WHP | 5% | \$ 613,740 | \$ - | \$ 613,740 | \$ 511,450 | \$ 102,290 | | Apr-12 | Jan-13 | |
| | Cap Dev | 10% | \$ 920,610 | \$ - | \$ 920,610 | \$ 1,022,900 | \$ (102,290) | | Jun-11 | Feb-12 | |
| | Total | 27% | \$ 3,170,990 | \$ 204,580 | \$ 2,966,410 | \$ 2,966,410 | \$ - | | Jun-11 | Jan-13 | |
| ARRA 09 | Admin | 4% | \$ - | \$ - | \$ - | \$ - | \$ - | 2/17/2009 | N/A | N/A | 9/30/2011 |
| | SPM | 10% | \$ 2,448,500 | \$ 2,448,500 | \$ - | \$ - | \$ - | | N/A | N/A | |
| | TA | 2% | \$ 489,700 | \$ 489,700 | \$ - | \$ - | \$ - | | N/A | N/A | |
| | WHP | 0% | \$ - | \$ - | \$ - | \$ - | \$ - | | N/A | N/A | |
| | Cap Dev | 0% | \$ - | \$ - | \$ - | \$ - | \$ - | | N/A | N/A | |
| | Total | 12% | \$ 2,938,200 | \$ 2,938,200 | \$ - | \$ - | \$ - | | N/A | N/A | |
| 2009 | Admin | 4% | \$ 409,160 | \$ - | \$ 409,160 | \$ 409,160 | \$ - | 10/1/2010 | May-11 | Nov-11 | 9/30/2014 |
| | SPM | 10% | \$ 1,022,900 | \$ 400,000 | \$ 622,900 | \$ 622,900 | \$ - | | Jul-12 | Jan-13 | |
| | TA | 2% | \$ 204,580 | \$ 204,580 | \$ - | \$ - | \$ - | | N/A | N/A | |
| | WHP | 5% | \$ 511,450 | \$ - | \$ 511,450 | \$ 300,763 | \$ 210,687 | | Dec-12 | Sep-13 | |
| | Cap Dev | 10% | \$ 1,022,900 | \$ - | \$ 1,022,900 | \$ 1,022,900 | \$ - | | Jan-12 | Sep-12 | |
| | Total | 27% | \$ 3,170,990 | \$ 604,580 | \$ 2,566,410 | \$ 2,355,723 | \$ 210,687 | | Jan-12 | Sep-13 | |
| 2010^ | Admin | 4% | \$ 821,560 | \$ - | \$ 821,560 | \$ 821,560 | \$ - | 1/1/2011 | Sep-12 | Dec-12 | 12/31/2014 |
| | SPM | 10% | \$ 2,053,900 | \$ 500,000 | \$ 1,553,900 | \$ - | \$ 1,553,900 | | Dec-12 | Jul-14 | |
| | TA | 2% | \$ 410,780 | \$ 410,780 | \$ - | \$ - | \$ - | | N/A | N/A | |
| | WHP | 5% | \$ 1,026,950 | \$ - | \$ 1,026,950 | \$ - | \$ 1,026,950 | | Jan-14 | Dec-14 | |
| | Cap Dev | 10% | \$ 2,053,900 | \$ - | \$ 2,053,900 | \$ 1,218,940 | \$ 834,960 | | Aug-12 | Oct-13 | |
| | Total | 27% | \$ 6,367,090 | \$ 910,780 | \$ 5,456,310 | \$ 2,040,500 | \$ 3,415,810 | | Aug-12 | Dec-14 | |
| 2011 | Admin | 4% | \$ 570,080 | \$ - | \$ 570,080 | \$ - | \$ 570,080 | 3/1/2012 | Sep-13 | Jul-14 | 2/28/2016 |
| | SPM | 10% | \$ 1,425,200 | \$ 1,425,200 | \$ - | \$ - | \$ - | | N/A | N/A | |
| | TA | 2% | \$ 285,040 | \$ 285,040 | \$ - | \$ - | \$ - | | N/A | N/A | |
| | WHP | 5% | \$ 712,600 | \$ - | \$ - | \$ - | \$ - | | N/A | N/A | |
| | Cap Dev | 10% | \$ 1,425,200 | \$ - | \$ 1,425,200 | \$ - | \$ 1,425,200 | | Sep-13 | Jul-14 | |
| | Total | 27% | \$ 4,418,120 | \$ 1,710,240 | \$ 1,995,280 | \$ - | \$ 1,995,280 | | Sep-13 | Jul-14 | |

| | | | | | | | | | | | |
|--------------------------|-----------|------------|-----------------|----------------|----------------|------------------------|-------------------------|------------------|--------------------|------------------|----------------|
| 2012 | Admin | 4% | \$ 543,280 | \$ - | \$ 543,280 | \$ - | \$ 543,280 | 7/1/2012 | | | 6/30/2016 |
| | SPM | 10% | \$ 1,358,200 | \$ 850,000 | \$ 508,200 | \$ - | \$ 508,200 | | Jun-14 | Nov-15 | |
| | TA | 2% | \$ 271,640 | \$ 271,640 | \$ - | \$ - | \$ - | | N/A | N/A | |
| | WHP | 5% | \$ 679,100 | \$ - | \$ - | \$ - | \$ - | | N/A | N/A | |
| | Cap Dev | 10% | \$ 1,358,200 | \$ - | \$ 1,358,200 | \$ - | \$ 1,358,200 | | Jun-14 | May-16 | |
| | Total | 27% | \$ 4,210,420 | \$ 1,121,640 | \$ 2,409,680 | \$ - | \$ 2,409,680 | | Jun-14 | Nov-15 | |
| 2013 | Admin | 4% | \$ 509,720 | \$ - | \$ 509,720 | \$ - | \$ 509,720 | 7/1/2013 | | | 6/30/2017 |
| | SPM | 10% | \$ 1,274,300 | \$ - | \$ 1,274,300 | \$ - | \$ 1,274,300 | | Jun-14 | Nov-15 | |
| | TA | 2% | \$ 254,860 | \$ 254,860 | \$ - | \$ - | \$ - | | N/A | N/A | |
| | WHP | 5% | \$ 637,150 | \$ - | \$ 637,150 | \$ - | \$ 637,150 | | N/A | N/A | |
| | Cap Dev | 10% | \$ 1,274,300 | \$ - | \$ 1,274,300 | \$ - | \$ 1,274,300 | | Jun-14 | May-16 | |
| | Total | 27% | \$ 3,950,330 | \$ 254,860 | \$ 3,695,470 | \$ - | \$ 3,695,470 | | Jun-14 | Nov-15 | |
| | Set-Aside | % of Grant | Total Available | Total Reserved | Total Budgeted | Total Expended To Date | Total Remaining Balance | Grant Start Date | Expense Begin Date | Expense End Date | Grant End Date |
| Current Balance Totals** | Admin | | \$ 3,676,280 | \$ - | \$ 3,676,280 | \$ 2,053,200 | \$ 1,623,080 | | | | |
| | SPM | | \$ 11,639,200 | \$ 5,623,700 | \$ 6,015,500 | \$ 2,679,100 | \$ 3,336,400 | | | | |
| | TA | | \$ 2,327,840 | \$ 2,121,180 | \$ 206,660 | \$ 206,660 | \$ - | | | | |
| | WHP | | \$ 4,800,970 | \$ - | \$ 3,409,270 | \$ 1,328,863 | \$ 2,080,407 | | | | |
| | Cap Dev | | \$ 8,985,080 | \$ - | \$ 8,985,080 | \$ 4,298,040 | \$ 4,687,040 | | | | |
| | Total | | \$ 31,429,370 | \$ 7,744,880 | \$ 22,292,790 | \$ 10,565,863 | \$ 11,726,927 | | | | |

* 2007 and 2008 workplans originally budgeted with 6% WHP and 9% Cap Dev. Revised workplans submitted to change to 5% WHP and 10% Cap Dev.

^ 2008 and 2010 workplans originally budgeted without full banking of TA set-aside

**

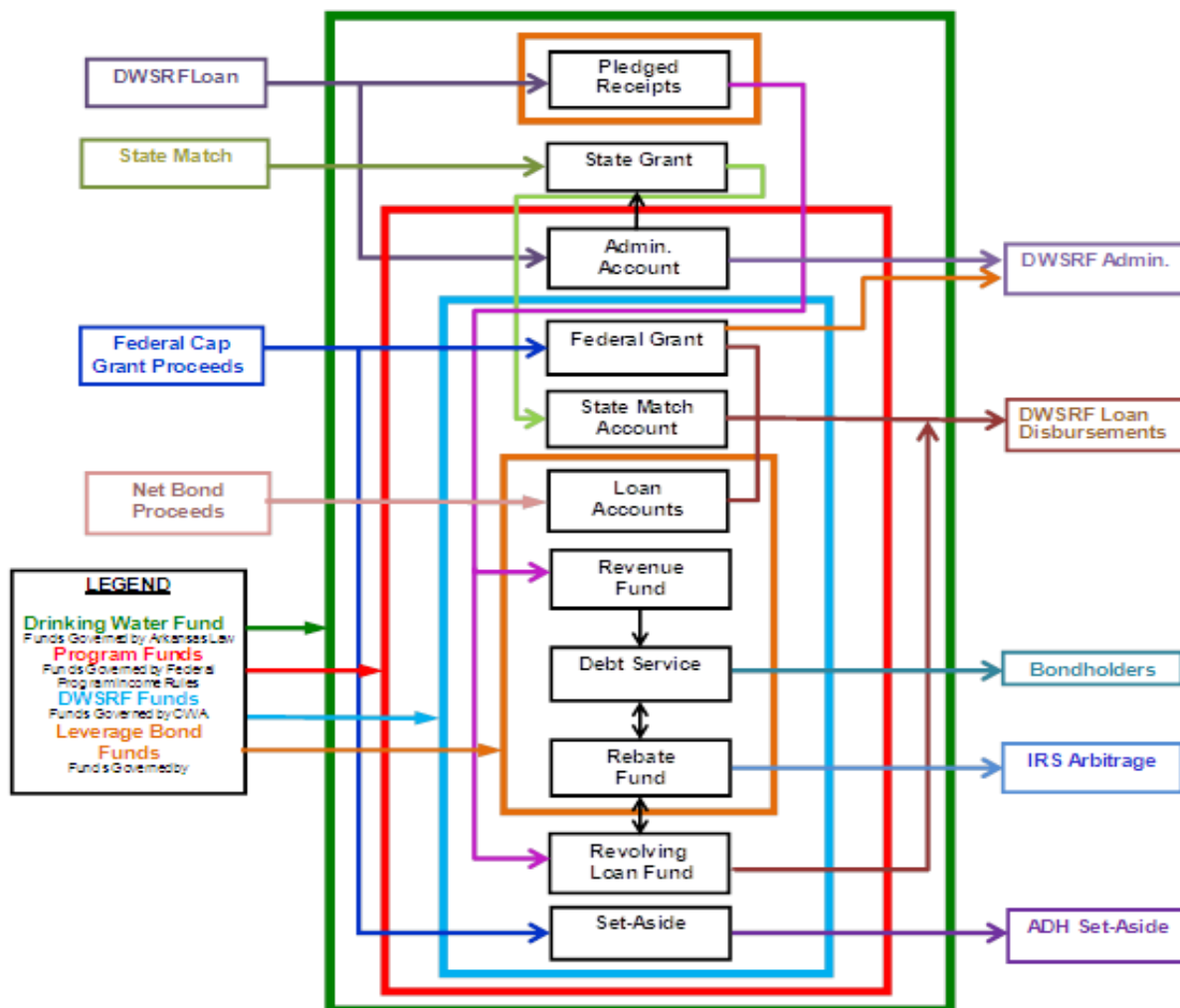
| ADH Summary | | | | |
|-------------|--------------------------|--------------------------|--------------------------|-----------------------------|
| | SFY 2011 Actual Expenses | SFY 2012 Actual Expenses | SFY 2013 Actual Expenses | SFY 2014 Projected Expenses |
| Admin | \$ 332,117 | \$ 102,293 | \$ 1,391,640 | \$ 1,103,280 |
| SPM | \$ 140,216 | \$ 51,691 | \$ 1,027,104 | \$ 1,049,745 |
| TA | \$ 817,862 | \$ 1,074,056 | \$ 8,669 | \$ 14,753 |
| WHP | \$ 30,828 | \$ 525,387 | \$ 772,648 | \$ 856,642 |
| Cap Dev | \$ 1,028,049 | \$ 1,390,473 | \$ 1,879,519 | \$ 2,225,488 |
| Total | \$ 2,349,071 | \$ 3,143,900 | \$ 5,079,580 | \$ 5,249,908 |

| ADH ULO Balances | |
|-------------------|-------------|
| Start of SFY 2014 | Balance |
| 2011 | \$1,425,200 |
| 2012 | \$1,866,400 |
| 2013 | \$1,911,450 |
| 2014 est. | \$8,014,416 |
| 2015 est. | \$6,680,745 |
| 2016 est. | \$4,517,973 |

| | | | | | | | | | | | |
|---------------|-----------|------------|-----------------|----------------|----------------|------------------------|-------------------------|------------------|--------------------|------------------|------------------|
| | Set-Aside | % of Grant | Total Available | Total Reserved | Total Budgeted | Total Expended To Date | Total Remaining Balance | Grant Start Date | Expense Begin Date | Expense End Date | Grant Start Date |
| 2014 Proposed | Admin | 4% | \$ 560,000 | | \$ 560,000 | \$ - | \$ 560,000 | 7/1/2014 | Jun-14 | Nov-15 | 6/30/2018 |
| | SPM | 10% | \$ 280,000 | \$ 280,000 | \$ - | \$ - | \$ - | | N/A | N/A | |
| | TA | 2% | \$ 1,400,000 | | \$ 1,400,000 | \$ - | \$ 1,400,000 | | N/A | N/A | |
| | WHP | 5% | \$ 700,000 | | \$ 700,000 | \$ - | \$ 700,000 | | Jun-14 | May-16 | |
| | Cap Dev | 10% | \$ 1,400,000 | | \$ 1,400,000 | \$ - | \$ 1,400,000 | | Jun-14 | Nov-15 | |
| | Total | 27% | \$ 4,340,000 | \$ 280,000 | \$ 4,060,000 | \$ - | \$ 4,060,000 | | | | |

Chart 2

SAFE DRINKING WATER FUND Cash Flow Diagram



Narrative for Flow-of-Funds Chart

Starting with the Federal cap grant funds, 96% plus State Match are used to make loan disbursements to borrowers.

The Set-Aside funds are Federal cap grant funds used for the Arkansas Department of Health Set-Asides. These funds are deposited into the set-aside account and transferred to ADH for expenses.

The other 4%, of course, is used for paying administration expenses.

Monthly installments of semi-annual loan repayments, principal and interest, are held in the Pledged Receipts account and the 1% financing fee goes into the Admin account.

When drinking water revenue bonds are issued, the remaining portion after expenses is net bond proceeds and goes into the Net Bond Proceeds account and disbursed to loan recipients.

Receipts are transferred from the Pledged Receipts account semi-annually to either the Revenue Fund or the Revolving Loan Fund account depending upon whether or not the loan is leveraged.

Revenue funds are transferred to the Debt Service Fund and from there, payments are made to wastewater revenue bondholders.

Revenue funds not needed for debt service requirements are transferred into the Revolving Loan Fund account.

Funds from the Revolving Loan Fund account are used to make qualified loans and for other eligible purposes.

Funds from the Admin account are used to pay administrative expenses and may also be used for State Match.

CHART 3

| Arkansas Natural Resources Commission SDWF Estimated Sources and Uses | | |
|--|------------------------------------|------------------------------------|
| | July 1, 2012 Thru June 30, 2013 | July 1, 2013 Thru June 30, 2014 |
| SOURCES | | |
| RLF Revolving Loan Funds | \$ 44,917,931.94 | \$ 54,049,932.40 |
| Federal cap grant funds available: | | |
| <i>Construction (69%):</i> | \$ - | \$ - |
| 2011 Cap Grant | \$ 6,388,139.38 | \$ - |
| 2012 Cap Grant | \$ 11,172,320.00 | \$ - |
| 2013 Cap Grant | | \$ 9,047,530.00 |
| Set-asides (31%) | | |
| <i>Open - Grants 2009-2013</i> | | |
| DWSRF Program administration | \$ 458,253.23 | \$ 509,720 |
| State program management | \$ 1,822,178.04 | \$ 1,274,300 |
| SS Technical assistance | \$ - | \$ - |
| Local assistance and other State programs | \$ 4,855,997.14 | \$ 1,911,450 |
| Set-Asides Sub-Total | \$ 7,136,428.41 | \$ 2,840,000.00 |
| State Match | | |
| 20% State match contributions | \$ 2,783,400.00 | |
| Interest earning on loans & investments | \$ 2,569,142.00 | \$ 2,247,388.92 |
| Principal repayments | \$ 3,545,262.00 | \$ 3,902,294.17 |
| TOTAL SOURCES OF FUNDS | \$ 78,512,623.73 | \$ 63,039,615.49 |
| USES | | |
| Total Loan Disbursements | \$ 18,643,735.24 | \$ 46,386,076.58 |
| Set-aside Program's Disbursements | | |
| DWSRF Administration | \$ 1,476,666.77 | \$ 700,000.00 |
| State Program Management PWSS | \$ 1,027,104.21 | \$ 140,000.00 |
| SS Technical Assistance | \$ 8,669.27 | \$ - |
| Local Assistance/Other State Programs | \$ 2,652,166.16 | \$ 2,000,000.00 |
| Total Set-Aside Disbursements | \$ 5,164,606.41 | \$ 2,840,000.00 |
| Drinking Water Leveraged Bond Debt Service | | |
| Principal | \$ - | \$ - |
| Interest | \$ 654,349.68 | \$ 1,166,166.88 |
| Resources carried forward to following year | \$ 54,049,932.40 | \$ 12,647,372.03 |
| TOTAL USES OF FUNDS | \$ 78,512,623.73 | \$ 63,039,615.49 |
| NOTE: | | |
| TOTAL SOURCES OF FUNDS | \$ 78,512,623.73 | \$ 63,039,615.49 |
| Less Undrawn Set-Aside Program funds brought forward | \$ 7,136,428.41 | \$ 7,136,428.41 |
| Less Undisbursed funds for Loans Closed & Commission Approved | \$ 9,777,230.58 | \$ 5,987,493.19 |
| FUNDS AVAILABLE FOR NEW LOANS | \$ 61,598,964.74 | \$ 49,915,693.89 |

CHART 3-1

| Capitalization Grant: FFY2009 | | | |
|--------------------------------------|---|---|--|
| Total ULOs: \$ 210,686.84 | | | |
| Funds to be Disbursed | Vehicle and Project(s) to Use Funds | Projected Date the Funds will begin to be Drawn | Projected Date of Funds Final Disbursement or Transfer |
| 15% Local Assistance | | | |
| \$210,687 | Program administration, technical assistance and education activities regarding Wellhead Protection Program | 4/1/2013 | 9/30/2014 |
| Capitalization Grant: FFY2010 | | | |
| Total ULOs: \$ 3,175,888.34 | | | |
| Funds to be Disbursed | Vehicle and Project(s) to Use Funds | Projected Date the Funds will begin to be Drawn | Projected Date of Funds Final Disbursement or Transfer |
| SET-ASIDES (AR Department of Health) | | | |
| 10% State Program Management | | | |
| \$1,313,978 | Assistance to the State Public Water System Supervision program | 9/1/2013 | 12/31/2014 |
| 15% Local Assistance | | | |
| \$1,026,950 | Program administration, technical assistance and education activities regarding Wellhead Protection Program | 4/1/2014 | 12/31/2014 |
| \$834,960 | Capacity Development, Technical Assistance and Operator Training activities to assist public water systems | 11/1/2012 | 12/31/2014 |

| Capitalization Grant: FFY2011 | | | |
|--------------------------------------|---|---|--|
| Total ULOs: \$ 7,813,339.38 | | | |
| Funds to be Disbursed | Vehicle and Project(s) to Use Funds | Projected Date the Funds will begin to be Drawn | Projected Date of Funds Final Disbursement or Transfer |
| Project Loan Fund | | | |
| \$19,845,441 | Contract of City of Jacksonville – Water Works System Improvements | 11/29/2011 | 10/15/2014 |
| \$308,553 | Contract of Old Bella Vista - Principal Forgiveness for Distribution System Replacement | 11/28/2012 | 10/15/2014 |
| \$1,625,520 | Contract of City of Stephens – Principal Forgiveness for Distribution System Replacement (Project is using GPR and Additional Subsidy) | 12/7/2012 | 4/15/2015 |
| \$1,700,000 | Contract of City of Bradley– Principal Forgiveness for Distribution System Replacement | 5/10/2013 | 10/15/2015 |
| 15% Local Assistance | | | |
| \$1,425,200 | Capacity Development, Technical Assistance and Operator Training activities to assist public water systems | 4/1/2012 | 4/30/2014 |
| | | | |
| Capitalization Grant: FFY2012 | | | |
| Total ULOs: \$ 13,496,973.23 | | | |
| Funds to be Disbursed | Vehicle and Project(s) to Use Funds | Projected Date the Funds will begin to be Drawn | Projected Date of Funds Final Disbursement or Transfer |
| Project Loan Fund | | | |
| \$1,772,712 | Contract of Central Arkansas Water #2 - Highway 10 Water Main Extension for Wye Mountain | 7/22/2011 | 10/15/2013 |
| \$481,164 | Contract of Wye Mountain WFB - New BS Transmission Main to CAW and New BS and Tank | 11/15/2011 | 10/15/2013 |
| \$1,700,000 | Contract of City of Chidester– Principal Forgiveness for Distribution System Replacement | 6/28/2013 | 10/15/2015 |
| \$1,680,000 | Contract of City of Winthrop– Principal Forgiveness for Distribution System Replacement (Project is using \$1.4 Million Additional Subsidy) | 8/29/2013 | 10/15/2015 |
| 4% Administration | | | |
| \$458,253 | Use for Drinking Water administrative expenses | 4/1/2012 | 6/30/2013 |
| SET-ASIDES (AR Department of Health) | | | |
| 10% State Program Management | | | |
| \$508,200 | Assistance to the State Public Water System Supervision program | 4/1/2012 | 4/30/2014 |
| 15% Local Assistance | | | |
| \$1,358,200 | Capacity Development, Technical Assistance and Operator Training activities to assist public water systems | 4/1/2012 | 4/30/2014 |

| Capitalization Grant: FFY2013 | | | |
|--|---|---|--|
| Total ULOs: \$ 12,743,000.00 | | | |
| Funds to be Disbursed | Vehicle and Project(s) to Use Funds | Projected Date the Funds will begin to be Drawn | Projected Date of Funds Final Disbursement or Transfer |
| Project Loan Fund | | | |
| \$5,000,000 | Contract of City of Scranton— Loan for Transmission Facilities | 6/30/2013 | 10/15/2015 |
| \$3,000,000 | Contract of City of Beebe #4-For Distribution System Replacement | 5/15/2013 | 4/15/2015 |
| \$1,200,000 | Contract of City of Wilton— Principal Forgiveness for Distribution System Replacement (Project is using \$1 Million Additional Subsidy) | 8/14/2013 | 10/15/2015 |
| 4% Administration | | | |
| \$509,720 | Use for Drinking Water administrative expenses | 7/1/2013 | 4/30/2014 |
| SET-ASIDES (AR Department of Health) | | | |
| 10% State Program Management | | | |
| \$1,274,300 | Assistance to the State Public Water System Supervision program | 7/1/2014 | 6/30/2017 |
| 15% Local Assistance | | | |
| \$637,150 | Program administration, technical assistance and education activities regarding Wellhead Protection Program | 7/1/2014 | 6/30/2017 |
| \$1,274,300 | Capacity Development, Technical Assistance and Operator Training activities to assist public water systems | 7/1/2014 | 6/30/2017 |
| | | | |
| Capitalization Grants: FFY2008-2013 | | | |
| Total ULOs (open grants - Construction and Admin): | | \$ | 37,439,887.79 |
| Total construction Loans to disburse | | | (\$45,312,687) |
| Amount of loans to disburse (Over)/Under ULOs | | \$ | (7,872,798.85) |
| Total ULOs (Set-Asides): | | | \$9,863,925.18 |

Note: Funds for SSTA were not listed because they were reserved. Please see pages 16-17 in the SFY14 IUP for more details.

Arkansas Drinking Water State Revolving Fund Intended Use Plan

SFY2014

Chart 4 - 1

SDWF Comparison of Grant Payments, State Match and Set-Asides (State Fiscal Year)

| SFY | Quarter | | State Match | 2008 GRANT | | | 2009 GRANT | | | 2010 Grant | | | Grant Payment - These Grants | | |
|--------|---------|---|-------------|---------------|------------|-----------|---------------|------------|-----------|---------------|------------|------------|------------------------------|------------|------------|
| | | | | Total Payment | Set-Asides | Loans | Total Payment | Set-Asides | Loans | Total Payment | Set-Asides | Loans | Total Payment | Set-Asides | Loans |
| 2009 | Jul/Sep | 1 | | | | | | | | | | | | | |
| | Oct/Dec | 2 | 516,660 | | | | | | | | | | 0 | 0 | 0 |
| | Jan/Mar | 3 | 516,660 | | | | | | | | | | 0 | 0 | 0 |
| | Apr/Jun | 4 | 516,660 | | | | | | | | | | - | - | - |
| 2010 | Jul/Sep | 1 | 516,660 | | | | | | | | | | - | - | - |
| | Oct/Dec | 2 | 2,045,800 | 2,557,250 | 741,602 | 1,815,648 | | | | | | | 2,557,250 | 741,602 | 1,815,648 |
| | Jan/Mar | 3 | | 2,557,250 | 741,602 | 1,815,648 | | | | | | | 2,557,250 | 741,602 | 1,815,648 |
| | Apr/Jun | 4 | | 2,557,251 | 741,603 | 1,815,648 | | | | | | | 2,557,251 | 741,603 | 1,815,648 |
| 2011 | Jul/Sep | 1 | 2,045,800 | 2,557,251 | 741,603 | 1,815,648 | 2,557,250 | 641,602 | 1,915,647 | | | | 5,114,501 | 1,383,205 | 3,731,295 |
| | Oct/Dec | 2 | | | | | 2,557,250 | 641,602 | 1,915,647 | | | | 2,557,250 | 641,602 | 1,915,647 |
| | Jan/Mar | 3 | | | | | 2,557,250 | 641,603 | 1,915,648 | | | | 2,557,250 | 641,603 | 1,915,648 |
| | Apr/Jun | 4 | 2,053,900 | | | | 2,557,250 | 641,603 | 1,915,648 | 10,269,500 | 2,728,155 | 7,541,345 | 12,826,750 | 3,369,758 | 9,456,993 |
| 2012 | Jul/Sep | 1 | | | | | | | | | | | | | |
| | Oct/Dec | 2 | 2,053,900 | | | | | | | 10,269,500 | 2,728,155 | 7,541,345 | 10,269,500 | 2,728,155 | 7,541,345 |
| | Jan/Mar | 3 | | | | | | | | | | | | | |
| | Apr/Jun | 4 | | | | | | | | | | | | | |
| TOTALS | | | 10,266,040 | 10,229,000 | 2,966,410 | 7,262,590 | 10,229,000 | 2,566,410 | 7,662,590 | 20,539,000 | 5,456,310 | 15,082,690 | 40,997,000 | 10,989,130 | 30,007,870 |

| SFY | Quarter | | State Match | 2011 GRANT | | | 2012 GRANT | | | 2013 GRANT | | | Grant Payment - These Grants | | |
|--------|------------------------|---|-------------|---------------|------------|------------|---------------|------------|------------|---------------|------------|-----------|------------------------------|------------|-------------|
| | | | | Total Payment | Set-Asides | Loans | Total Payment | Set-Asides | Loans | Total Payment | Set-Asides | Loans | Total Payment | Set-Asides | Loans |
| | Previous Grants Totals | | 23,666,640 | | | | | | | | | | 111,438,300 | 33,289,993 | 78,148,307 |
| 2011 | Apr/Jun | 4 | | | | | | | | | | | 0 | 0 | 0 |
| 2012 | Jul/Sep | 1 | | | | | | | | | | | | | |
| | Oct/Dec | 2 | | | | | | | | | | | - | - | - |
| | Jan/Mar | 3 | | | | | | | | | | | | | |
| | Apr/Jun | 4 | 2,783,400 | 7,126,000 | 997,640 | 6,128,360 | 6,791,000 | 1,204,840 | 5,586,160 | | | | 13,917,000 | 2,202,480 | 11,714,520 |
| 2013 | Jul/Sep | 1 | 2,070,800 | 3,563,000 | 498,820 | 3,064,180 | 6,791,000 | 1,204,840 | 5,586,160 | | | | 10,354,000 | 1,703,660 | 8,650,340 |
| | Oct/Dec | 2 | 712,600 | 3,563,000 | 498,820 | 3,064,180 | | | | | | | 3,563,000 | 498,820 | 3,064,180 |
| | Jan/Mar | 3 | | | | | | | | | | | - | - | - |
| | Apr/Jun | 4 | | | | | | | | | | | | | |
| 2014 | Jul/Sep | 1 | | | | | | | | | | | - | - | - |
| | Oct/Dec | 2 | 700,000 | | | | | | | 3,185,751 | 923,868 | 2,261,883 | 3,185,751 | 923,868 | 2,261,883 |
| | Jan/Mar | 3 | 700,000 | | | | | | | 3,185,751 | 923,868 | 2,261,883 | 3,185,751 | 923,868 | 2,261,883 |
| | Apr/Jun | 4 | 700,000 | | | | | | | 3,185,749 | 923,867 | 2,261,882 | 3,185,749 | 923,867 | 2,261,882 |
| 2015 | Jul/Sep | 1 | 700,000 | | | | | | | 3,185,749 | 923,867 | 2,261,882 | 3,185,749 | 923,867 | 2,261,882 |
| | Oct/Dec | 2 | | | | | | | | | | | | | |
| | Jan/Mar | 3 | | | | | | | | | | | | | |
| | Apr/Jun | 4 | | | | | | | | | | | | | |
| TOTALS | | | 39,499,480 | 14,252,000 | 1,995,280 | 12,256,720 | 13,582,000 | 2,409,680 | 11,172,320 | 12,743,000 | 3,695,470 | 9,047,530 | 193,012,300 | 52,379,553 | 140,632,747 |

Chart 4 - 2

SDWF Comparison of Grant Payments, Required Binding Commitments, and Actual Binding Commitments

| SFY | Quarter | | State Match | Qtrly Grant Payment - All Grants | | | Cum. Grant Payment - All Grants | | | * Binding Commit. | Cum. Bind. | Binding Commit. | Cum. Bind. | % |
|--------|---------|---|-------------|----------------------------------|------------|-------------|--|------------|-------------|-------------------|-------------|-----------------|-------------|-----------------|
| | | | | Total Payment | Set-Asides | Loans | Total Payment | Set-Asides | Loans | Required | Required | Actual | Actual | Actual/Required |
| 2009 | Jul/Sep | 1 | - | 2,583,300 | 800,823 | 1,782,477 | 101,105,300 | 30,086,763 | 71,018,537 | 2,299,137 | 91,239,597 | 5,000,000 | 122,349,011 | 134.10 |
| | Oct/Dec | 2 | 516,660 | 2,583,250 | 800,808 | 1,782,443 | 103,688,550 | 30,887,571 | 72,800,980 | 2,299,093 | 93,538,690 | 2,420,000 | 124,769,011 | 133.40 |
| | Jan/Mar | 3 | 516,660 | 2,583,250 | 800,808 | 1,782,443 | 106,271,800 | 31,688,378 | 74,583,422 | 2,299,093 | 95,837,782 | | 124,769,011 | 130.20 |
| | Apr/Jun | 4 | 516,660 | 2,583,250 | 800,808 | 1,782,443 | 108,855,050 | 32,489,186 | 76,365,865 | 2,299,093 | 98,136,875 | | 124,769,011 | 127.10 |
| 2010 | Jul/Sep | 1 | 516,660 | 2,583,250 | 800,808 | 1,782,443 | 111,438,300 | 33,289,993 | 78,148,307 | 2,299,093 | 100,435,967 | 500,000 | 125,269,011 | 124.70 |
| | Oct/Dec | 2 | 2,045,800 | 2,557,250 | 741,602 | 1,815,648 | 113,995,550 | 34,031,595 | 79,963,955 | 2,327,097 | 102,763,064 | 17,765,000 | 143,034,011 | 139.20 |
| | Jan/Mar | 3 | - | 2,557,250 | 741,602 | 1,815,648 | 116,552,799 | 34,773,197 | 81,779,602 | 2,327,097 | 105,090,162 | | 143,034,011 | 136.10 |
| | Apr/Jun | 4 | - | 2,557,251 | 741,603 | 1,815,648 | 119,110,050 | 35,514,800 | 83,595,250 | 2,327,098 | 107,417,259 | 500,000 | 143,534,011 | 133.60 |
| 2011 | Jul/Sep | 1 | 2,045,800 | 5,114,501 | 1,383,205 | 3,731,295 | 124,224,550 | 36,898,005 | 87,326,544 | 4,754,195 | 112,171,454 | 14,250,000 | 157,784,011 | 140.70 |
| | Oct/Dec | 2 | - | 2,557,250 | 641,602 | 1,915,647 | 126,781,800 | 37,539,607 | 89,242,191 | 2,427,097 | 114,598,551 | | 157,784,011 | 137.70 |
| | Jan/Mar | 3 | - | 2,557,250 | 641,603 | 1,915,648 | 129,339,050 | 38,181,210 | 91,157,839 | 2,427,098 | 117,025,649 | 6,500,000 | 164,284,011 | 140.40 |
| | Apr/Jun | 4 | 2,053,900 | 12,826,750 | 3,369,758 | 9,456,993 | 142,165,800 | 41,550,968 | 100,614,832 | 12,022,343 | 129,047,992 | | 164,284,011 | 127.30 |
| 2012 | Jul/Sep | 1 | - | | | | 142,165,800 | 41,550,968 | 100,614,832 | - | 129,047,992 | 4,000,000 | 168,284,011 | 130.40 |
| | Oct/Dec | 2 | 2,053,900 | 10,269,500 | 2,728,155 | 7,541,345 | 152,435,300 | 44,279,123 | 108,156,177 | 9,595,245 | 138,643,237 | 27,050,000 | 195,334,011 | 140.90 |
| | Jan/Mar | 3 | - | | | | 152,435,300 | 44,279,123 | 108,156,177 | - | 138,643,237 | - | 195,334,011 | 140.90 |
| | Apr/Jun | 4 | 2,783,400 | 13,917,000 | 2,202,480 | 11,714,520 | 166,352,300 | 46,481,603 | 119,870,697 | 14,497,920 | 153,141,157 | 2,310,000 | 197,644,011 | 129.10 |
| 2013 | Jul/Sep | 1 | 2,070,800 | 10,354,000 | 1,703,660 | 8,650,340 | 176,706,300 | 48,185,263 | 128,521,037 | 10,721,140 | 163,862,297 | - | 197,644,011 | 120.60 |
| | Oct/Dec | 2 | 712,600 | 3,563,000 | 498,820 | 3,064,180 | 180,269,300 | 48,684,083 | 131,585,217 | 3,776,780 | 167,639,077 | 7,131,000 | 204,775,011 | 122.20 |
| | Jan/Mar | 3 | - | - | - | - | 180,269,300 | 48,684,083 | 131,585,217 | - | 167,639,077 | - | 204,775,011 | 122.20 |
| | Apr/Jun | 4 | - | - | - | - | 180,269,300 | 48,684,083 | 131,585,217 | - | 167,639,077 | 9,700,000 | 214,475,011 | 127.90 |
| 2014 | Jul/Sep | 1 | - | | | | 180,269,300 | 48,684,083 | 131,585,217 | - | 167,639,077 | - | 214,475,011 | 127.90 |
| | Oct/Dec | 2 | 637,150 | 3,185,751 | 923,868 | 2,261,883 | 183,455,051 | 49,607,951 | 133,847,100 | 2,899,033 | 170,538,110 | 4,580,000 | 219,055,011 | 128.40 |
| | Jan/Mar | 3 | 637,150 | 3,185,751 | 923,868 | 2,261,883 | 186,640,802 | 50,531,819 | 136,108,983 | 2,899,033 | 173,437,143 | - | 219,055,011 | 126.30 |
| | Apr/Jun | 4 | 637,150 | 3,185,749 | 923,867 | 2,261,882 | 189,826,551 | 51,455,686 | 138,370,865 | 2,899,032 | 176,336,175 | - | 219,055,011 | 124.20 |
| 2015 | Jul/Sep | 1 | 637,150 | 3,185,749 | 923,867 | 2,261,882 | 193,012,300 | 52,379,553 | 140,632,747 | 2,899,032 | 179,235,207 | - | 219,055,011 | 122.20 |
| | Oct/Dec | 2 | - | - | - | - | 193,012,300 | 52,379,553 | 140,632,747 | - | 179,235,207 | - | 219,055,011 | 122.20 |
| | Jan/Mar | 3 | - | - | - | - | 193,012,300 | 52,379,553 | 140,632,747 | - | 179,235,207 | - | 219,055,011 | 122.20 |
| | Apr/Jun | 4 | - | - | - | - | 193,012,300 | 52,379,553 | 140,632,747 | - | 179,235,207 | - | 219,055,011 | 122.20 |
| TOTALS | | | 39,248,080 | 193,012,300 | 52,379,553 | 140,632,747 | *Note: Required B/C amount is the total of state match, Federal grant payments not allocated to set-asides and any unspecified set-asides transferred back to the loan account lagged by one year. | | | | | | | |

Chart 5 - 1

SDWF DWSRF Binding Commitments (BC)

| | Project Name/ Communities Served | Special Status | EQU / NON-EQU PROJ | Binding Commitment Date | Actual and Projected Binding Commitments | | | | | | |
|--|--|-------------------|--------------------------|-------------------------------|--|------------------------|---------------------|---------------------|---------------------|------------------|----------------------|
| | | | | | Prior to SFY 2013 | State Fiscal Year 2013 | | | | | CUMULATIVE TOTALS |
| | | | | | | QTR 1 Jul-Sept 12 | QTR 2 Oct-Dec 12 | QTR 3 Jan-Mar 13 | QTR 4 Apr-Jun 13 | ANNUAL TOTALS | |
| 1 | Old Bella Vista | D, S | E | 10/23/12 | | \$0 | \$600,000 | \$0 | \$0 | \$2,100,000 | |
| 2 | Stephens | D, S | E | 11/05/12 | | \$0 | \$3,000,000 | \$0 | \$0 | \$3,000,000 | |
| 3 | Paron-Owensville Water Authority | D, S | E | 11/27/12 | | \$0 | \$2,200,000 | \$0 | \$0 | \$2,200,000 | |
| 4 | McNeil | D, S | E | 12/07/12 | | \$0 | \$1,331,000 | \$0 | \$0 | \$1,331,000 | |
| 5 | Beebe#4 | D, S | E | 04/04/13 | | \$0 | \$0 | \$0 | \$3,000,000 | \$3,000,000 | |
| 8 | Bradley | D, S | E | 06/13/13 | | \$0 | \$0 | \$0 | \$1,700,000 | \$1,700,000 | |
| 6 | Chidester Waterworks | D, S | E | 06/14/13 | | \$0 | \$0 | \$0 | \$1,700,000 | \$1,700,000 | |
| 7 | Scranton | D, S | E | 06/19/13 | | \$0 | \$0 | \$0 | \$5,000,000 | \$5,000,000 | |
| | | | | | | | | | | | |
| 1 | DWSRF BC Quarterly Totals | | | | | \$0 | \$7,131,000 | \$0 | \$11,400,000 | \$18,531,000 | |
| 2 | DWSRF BC Cumulative Totals | | | | \$197,644,011 | \$197,644,011 | \$204,775,011 | \$204,775,011 | \$216,175,011 | | \$216,175,011 |
| \$197,644,011 | | | | | | | | | | | |
| 3 | SSAF BC Quarterly Totals Less Program Admin (ADH) | | | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 4 | Program Admin BC Quarterly Totals | | | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | | | | | | | | | | | |
| 5 | SDWF BC Quarterly Commitments (1 + 3 + 4) | | | | | \$0 | \$7,131,000 | \$0 | \$11,400,000 | \$18,531,000 | \$216,175,011 |
| 6 | SDWF BC Cumulative Commitments | | | | \$197,644,011 | \$197,644,011 | \$204,775,011 | \$204,775,011 | \$216,175,011 | | |
| | | | | | | | | | | | |
| 7 | * Required Binding Commitments - Quarterly | | | | | \$0 | \$9,595,245 | \$0 | \$14,497,920 | \$24,093,165 | |
| 8 | * Required Binding Commitments - Cumulative | | | | \$153,141,157 | \$153,141,157 | \$162,736,402 | \$162,736,402 | \$177,234,322 | | \$177,234,322 |
| 9 | DWSRF BC Cumulative Totals | | | | | | | | | | |
| | as a % of Required BC Cumulative (2 / 8) | | | | 129% | 129% | 126% | 126% | 122% | | |
| | | | | | | | | | | | |
| 10 | DWSRF BC Quarterly Totals | | | | | \$0 | \$7,131,000 | \$0 | \$11,400,000 | \$18,531,000 | |
| 11 | DWSRF BC Cumulative Totals | | | | \$197,644,011 | \$197,644,011 | \$204,775,011 | \$204,775,011 | \$216,175,011 | | \$216,175,011 |
| 12 | Cumulative Grant Amount Allocated to Loans | | | | \$119,870,697 | \$128,521,037 | \$131,585,217 | \$131,585,217 | \$131,585,217 | | \$131,585,217 |
| 13 | DWSRF BC Cumulative Totals | | | | | | | | | | |
| | as a % of Cum. Grant Amount Allocated to Loans (11 / 12) | | | | 165% | 154% | 156% | 156% | 164% | | |
| *Note: Required B/C amount is the total of state match, Federal grant payments not allocated to set-asides and any unspecified set-asides transferred back to the loan account lagged by one year. | | | | | | | | | | | |
| **Note the Binding Commitment amounts are Commission Approved Amounts NOT Project Costs | | | | | | | | | | | |
| Special Status D = Disadvantaged Community S = Small System | | | | | | | | | | | |

Chart 5 - 2

| SDWF DWSRF Binding Commitments (BC) | | | | | | | | | | | |
|--|--|-------------------|--------------------------|-------------------------------|-------------------------------|------------------------|---------------------|---------------------|---------------------|------------------|----------------------|
| | Project Name/ Communities Served | Special Status | EQU / NON-EQU PROJ | Binding Commitment Date | Projected Binding Commitments | | | | | | |
| | | | | | Prior to SFY 2014 | State Fiscal Year 2014 | | | | | CUMULATIVE TOTALS |
| | | | | | | QTR 1 Jul-Sept 13 | QTR 2 Oct-Dec 13 | QTR 3 Jan-Mar 14 | QTR 4 Apr-Jun 14 | ANNUAL TOTALS | |
| 1 | City of Winthrop | D,S | E | TBD | | \$1,680,000 | \$0 | \$0 | \$0 | \$1,680,000 | |
| 2 | Wilton Waterworks | D,S | E | TBD | | \$1,200,000 | \$0 | \$0 | \$0 | \$1,200,000 | |
| | | | | | | | | | | | |
| 1 | DWSRF BC Quarterly Totals | | | | | \$2,880,000 | \$0 | \$0 | \$0 | \$2,880,000 | |
| 2 | DWSRF BC Cumulative Totals | | | | \$216,175,011 | \$219,055,011 | \$219,055,011 | \$219,055,011 | \$219,055,011 | | \$219,055,011 |
| | | | | | | | | | | | |
| 3 | SSAF BC Quarterly Totals Less Program Admin (ADH) | | | | \$0 | \$952,736 | \$952,736 | \$952,736 | \$952,736 | \$3,810,943 | \$3,810,943 |
| 4 | Program Admin BC Quarterly Totals | | | | \$0 | \$436,353 | \$436,353 | \$436,353 | \$436,353 | \$1,745,413 | \$1,745,413 |
| | | | | | | | | | | | |
| 5 | SDWF BC Quarterly Commitments (1 + 3 + 4) | | | | | \$4,269,089 | \$1,389,089 | \$1,389,089 | \$1,389,089 | \$8,436,356 | \$224,611,367 |
| 6 | SDWF BC Cumulative Commitments | | | | \$216,175,011 | \$220,444,100 | \$221,833,189 | \$223,222,278 | \$224,611,367 | | |
| | | | | | | | | | | | |
| 7 | * Required Binding Commitments - Quarterly | | | | | \$2,299,093 | \$2,275,953 | \$2,275,953 | \$2,275,953 | \$9,126,950 | |
| 8 | * Required Binding Commitments - Cumulative | | | | \$177,234,322 | \$179,533,415 | \$181,809,367 | \$184,085,320 | \$186,361,272 | | \$186,361,272 |
| | DWSRF BC Cumulative Totals | | | | | | | | | | |
| 9 | as a % of Required BC Cumulative (2 / 8) | | | | 122% | 122% | 120% | 119% | 118% | | |
| | | | | | | | | | | | |
| 10 | DWSRF BC Quarterly Totals | | | | | \$2,880,000 | \$0 | \$0 | \$0 | \$2,880,000 | |
| 11 | DWSRF BC Cumulative Totals | | | | \$216,175,011 | \$219,055,011 | \$219,055,011 | \$219,055,011 | \$219,055,011 | | \$219,055,011 |
| 12 | Cumulative Grant Amount Allocated to Loans | | | | \$131,585,217 | \$131,585,217 | \$133,847,100 | \$136,108,983 | \$138,370,865 | | \$138,370,865 |
| | DWSRF BC Cumulative Totals | | | | | | | | | | |
| 13 | as a % of Cum. Grant Amount Allocated to Loans (11 / 12) | | | | 164% | 166% | 164% | 161% | 158% | | |
| *Note: Required B/C amount is the total of state match, Federal grant payments not allocated to set-asides and any unspecified set-asides transferred back to the loan account lagged by one year. | | | | | | | | | | | |
| **Note the Binding Commitment amounts are Commission Approved Amounts NOT Project Costs | | | | | | | | | | | |
| <div>Special Status</div> <div>D = Disadvantaged Community</div> <div>S = Small System</div> | | | | | | | | | | | |

Chart 6-1

| SDWF ACTUAL DISBURSEMENTS SFY 2013 | | | | | | | |
|---|-------------------|----------------------|--------------------|--------------------|---------------------|------------------|----------------------|
| | PREVIOUS DISB. | QTR 1 July - Sept | QTR 2 Oct - Dec | QTR 3 Jan - Mar | QTR 4 Apr - June | ANNUAL TOTALS | CUMULATIVE TOTALS |
| LOAN DISBURSEMENTS | | | | | | | |
| Cash Draws From EPA for Loans | | 3,944,586 | 855,558 | 4,621,879 | 4,202,667 | 13,624,690 | |
| Cum Cash Draws from EPA | 105,105,281 | 109,049,867 | 109,905,425 | 114,527,304 | 118,729,971 | | 118,729,971 |
| State Share of Loan Disbursements | | 1,108,014 | 3,680,407 | 230,624 | - | 5,019,045 | |
| Cum. State Share of Ln. Disbursements | 35,179,417 | 36,287,431 | 39,967,839 | 40,198,462 | 40,198,462 | | 40,198,462 |
| Loan Repayments Fund | | - | - | - | - | - | |
| Cum Loan Repayments Fund | 17,933,752 | 17,933,752 | 17,933,752 | 17,933,752 | 17,933,752 | | 17,933,752 |
| Total RLF Loan Disbursements | | 5,052,600 | 4,535,965 | 4,852,503 | 4,202,667 | 18,643,735 | |
| Cum. RLF Loan Disbursements | 158,218,450 | 163,271,050 | 167,807,015 | 172,659,518 | 176,862,185 | | 176,862,185 |
| Cum ACH Draws as a % of Cum. Disb. | | 67% | 65% | 66% | 67% | | |
| ADMINISTRATION AND SET-ASIDE DISBURSEMENTS | | | | | | | |
| State Share Program Administration | | | | | | | |
| Program Administration (4%) | 5,275,852 | - | 821,560 | - | 655,107 | 1,476,667 | 6,752,519 |
| State Program Management (10%)(PWSS) | 12,002,448 | 154,993 | 261,883 | 230,527 | 379,701 | 1,027,104 | 13,029,552 |
| Small Systems Technical Assistance (2%) | 2,214,013 | 6,015 | 2,654 | - | - | 8,669 | 2,222,682 |
| Local Assistance and Other (15%) | | | | | | - | - |
| Source Water Protection D/A (10%) | 1,255,880 | | | | | - | 1,255,880 |
| Wellhead Protection | 6,713,456 | 81,194 | 205,098 | 137,251 | 349,105 | 772,648 | 7,486,104 |
| Capacity Development | 10,171,195 | 337,371 | 548,815 | 366,544 | 626,788 | 1,879,519 | 12,050,714 |
| Prog Admin. and Set-Aside Disbursements | | | | | | 5,164,606 | |
| Cum Adm. and Set-Aside Disb. | 37,632,844 | 37,632,844 | 37,632,844 | 37,632,844 | 37,632,844 | | 42,797,451 |
| Cum ACH Draw as a % of Cum. Disb. | 19% | 19% | 18% | 18% | 18% | | |
| OUTSIDE REVOLVING LOAN FUNDS | | | | | | | |
| Outside RLF Funds | | - | - | - | - | - | |
| Cum. Outside RLF | 3,062,948 | 3,062,948 | 3,062,948 | 3,062,948 | 3,062,948 | | 3,062,948 |
| TOTAL DISBURSEMENTS: | | | | | | | |
| Cash Draw From EPA/ACH | | 3,944,586 | 1,677,118 | 4,621,879 | 4,857,774 | 15,101,357 | |
| Cum Cash Draw From EPA/ACH | 110,381,133 | 114,325,719 | 116,002,837 | 120,624,716 | 125,482,490 | | 125,482,490 |
| State Share of Disbursements | | 1,108,014 | 3,680,407 | 230,624 | - | 5,019,045 | |
| Cum State Share of Disbursements | 35,179,417 | 36,287,431 | 39,967,839 | 40,198,462 | 40,198,462 | | 40,198,462 |
| Loan Repayments Fund | | - | - | - | - | - | |
| Cum Loan Repayments Fund | 17,933,752 | 17,933,752 | 17,933,752 | 17,933,752 | 17,933,752 | | 17,933,752 |
| Outside RLF Funds | | - | - | - | - | - | |
| Cum Outside RLF Share of Disbursements | 3,062,948 | 3,062,948 | 3,062,948 | 3,062,948 | 3,062,948 | | 3,062,948 |
| Total Disbursements | | 5,052,600 | 5,357,525 | 4,852,503 | 4,857,774 | 20,120,402 | |
| Cum Total Disbursements | 161,383,691 | 166,436,291 | 171,793,816 | 176,646,319 | 181,504,093 | | 181,504,093 |
| Cum EPA/ACH Draw as a % of Total | 68% | 69% | 68% | 68% | 69% | | |
| Federal EPA/ACH Available: | | | | | | | |
| Cum Before ADM & RLF Disb. | 166,352,300 | 176,706,300 | 180,269,300 | 180,269,300 | 180,269,300 | | |
| Cum After ADM & RLF Disb. | 55,971,167 | 62,380,581 | 64,266,463 | 59,644,584 | 54,786,810 | | |

Chart 6 - 2

PROJECTED DISBURSEMENTS SFY 2014

| | PREVIOUS DISB. | QTR 1 July - Sept | QTR 2 Oct - Dec | QTR 3 Jan - Mar | QTR 4 Apr - June | ANNUAL TOTALS | CUMULATIVE TOTALS |
|---|-------------------|----------------------|--------------------|--------------------|---------------------|------------------|----------------------|
| LOAN DISBURSEMENTS | | | | | | | |
| Cash Draws From EPA for Loans | | 5,974,209 | 3,411,945 | 5,446,196 | 4,070,950 | 18,903,301 | |
| Cum Cash Draws from EPA | 118,729,971 | 124,704,181 | 128,116,126 | 133,562,322 | 137,633,272 | | 137,633,272 |
| State Share of Loan Disbursements | - | 1,197,711 | 684,027 | 1,091,855 | 816,145 | 3,789,737 | |
| Cum. State Share of Ln. Disbursements | 40,198,462 | 41,396,173 | 42,080,200 | 43,172,055 | 43,988,200 | | 43,988,200 |
| Loan Repayments Fund | - | 7,421,920 | 4,345,973 | 6,788,051 | 5,137,095 | 23,693,038 | |
| Cum Loan Repayments Fund | 17,933,752 | 25,355,672 | 29,701,645 | 36,489,696 | 41,626,790 | | 41,626,790 |
| Total RLF Loan Disbursements | - | 14,593,840 | 8,441,945 | 13,326,102 | 10,024,189 | 46,386,077 | |
| Cum. RLF Loan Disbursements | 176,862,185 | 191,456,025 | 199,897,971 | 213,224,073 | 223,248,262 | | 223,248,262 |
| Cum ACH Draws as a % of Cum. Disb. | 70% | 65% | 64% | 63% | 62% | | |
| ADMINISTRATION AND SET-ASIDE DISBURSEMENTS | | | | | | | |
| State Share Program Administration | - | - | - | - | - | - | - |
| Program Administration (4%) | 6,752,519 | 250,000 | 100,000 | 150,000 | 200,000 | 700,000 | 7,452,519 |
| State Program Management (10%)(PWSS) | 13,029,552 | 35,000 | 35,000 | 35,000 | 35,000 | 140,000 | 13,169,552 |
| Small Systems Technical Assistance (2%) | 2,222,682 | - | - | - | - | - | 2,222,682 |
| Local Assistance and Other (15%) | - | - | - | - | - | - | - |
| Source Water Protection D/A (10%) | 1,255,880 | - | - | - | - | - | 1,255,880 |
| Wellhead Protection | 7,486,104 | 200,000 | 200,000 | 200,000 | 200,000 | 800,000 | 8,286,104 |
| Capacity Development | 12,050,714 | 300,000 | 300,000 | 300,000 | 300,000 | 1,200,000 | 13,250,714 |
| Adm. and Set-Aside Disbursements | - | 785,000 | 635,000 | 685,000 | 735,000 | 2,840,000 | |
| Cum Adm. and Set-Aside Disb. | 42,797,451 | 43,582,451 | 44,217,451 | 44,902,451 | 45,637,451 | | 45,637,451 |
| Cum ACH Draw as a % of Cum. Disb. | | 19% | 18% | 17% | 17% | | |
| OUTSIDE REVOLVING LOAN FUNDS | | | | | | | |
| Outside RLF Funds | | 10,000 | 15,000 | 10,000 | 15,000 | 50,000 | |
| Cum. Outside RLF | 3,062,948 | 3,072,948 | 3,087,948 | 3,097,948 | 3,112,948 | | 3,112,948 |
| TOTAL DISBURSEMENTS: | | | | | | | |
| Cash Draw From EPA/ACH | | 6,224,209 | 3,511,945 | 5,596,196 | 4,270,950 | 19,603,301 | |
| Cum Cash Draw From EPA/ACH | 118,729,971 | 124,954,181 | 128,466,126 | 134,062,322 | 138,333,272 | | 138,333,272 |
| State Share of Disbursements | - | 1,197,711 | 684,027 | 1,091,855 | 816,145 | 3,789,737 | |
| Cum State Share of Disbursements | 40,198,462 | 41,396,173 | 42,080,200 | 43,172,055 | 43,988,200 | | 43,988,200 |
| Loan Repayments Fund | - | 7,421,920 | 4,345,973 | 6,788,051 | 5,137,095 | 23,693,038 | |
| Cum Loan Repayments Fund | 17,933,752 | 25,355,672 | 29,701,645 | 36,489,696 | 41,626,790 | | 41,626,790 |
| Outside RLF Funds | - | 10,000 | 15,000 | 10,000 | 15,000 | 50,000 | |
| Cum Outside RLF Share of Disbursements | 3,062,948 | 3,072,948 | 3,087,948 | 3,097,948 | 3,112,948 | | 3,112,948 |
| Total Disbursements | | 14,853,840 | 8,556,945 | 13,486,102 | 10,239,189 | 47,136,077 | |
| Cum Total Disbursements | 179,925,133 | 194,778,973 | 203,335,919 | 216,822,021 | 227,061,210 | | 227,061,210 |
| Cum EPA/ACH Draw as a % of Total | 70% | 64% | 63% | 62% | 61% | | |
| Federal EPA/ACH Available: | | | | | | | |
| Cum Before ADM & RLF Disb. | 180,269,300 | 180,269,300 | 183,455,051 | 186,640,802 | 189,826,551 | | |
| Cum After ADM & RLF Disb. | 54,786,810 | 54,786,810 | 57,972,561 | 61,158,312 | 64,344,061 | | |

Chart 7-1 - SFY2014 Drinking Water Project Fundable Priority List

| No. | Year | Project Name | Total Points | PWS ID. | Population | Small System (Y/N) | MHI | Project Cost | Est. Binding Commitment Date | Estimated Loan Closing Date | Estimated Construction Start Date | Project Description |
|-----|------|----------------------|--------------|---------|------------|--------------------|-------------|--------------|------------------------------|-----------------------------|-----------------------------------|--|
| 1 | 2012 | Scranton | 73 | 330 | 1,100 | YES | \$24,500.00 | \$5,974,000 | 6/19/2013 | 6/19/2013 | 7/1/2013 | Connection to the City of Clarksville - Transmission Facilities |
| 2 | 2012 | Bradley Waterworks | 37 | 294 | 502 | YES | \$24,632.00 | \$1,533,711 | 6/13/2013 | 6/13/2013 | 7/8/2013 | The existing water distribution system consists primarily of polyvinylchloride (PVC), galvanized and transite pipe. Recent studies have shown that the existing water distribution system is incurring a 29% water loss. The City proposes to replace 10,750 feet of six (6) inch water main, 8,500 feet of four (4) inch water main, 14,750 feet of two (2) inch water main along with associated appurtenances. When the improvements are complete the City expects to see a significant reduction in their unaccounted for water which should result in increased savings and revenues for the water department. With the replacement of their appurtenances the city's water distribution system will be up to standards for the next 20-30 years. |
| 3 | 2012 | City of Winthrop | 35 | 642 | 474 | YES | \$32,250.00 | \$1,633,098 | 8/1/2013 | 8/29/2013 | 9/11/2013 | Distribution System Replacement |
| 4 | 2010 | Beebe | 33 | 592 | 5,000 | YES | \$40,912.00 | \$1,065,000 | 4/4/2013 | 5/29/2013 | 5/29/2013 | To develop the necessary Lonoke White PWA water connector main. Replace the cast iron and galvanized pipe segments in the system (Water distribution System Improvements - 2013) and eliminate dead end lines where practical. |
| 5 | 2012 | Chidester Waterworks | 32 | 403 | 335 | YES | \$28,000.00 | \$1,643,716 | 6/14/2013 | 6/28/2013 | 7/31/2013 | Distribution System Replacement |
| 6 | 2012 | Wilton Waterworks | 29 | 321 | 534 | YES | \$30,625.00 | \$1,163,082 | 8/1/2013 | 8/14/2013 | 8/14/2013 | Distribution System Replacement |

Chart 7-1 - SFY2014 Drinking Water Project Fundable Priority List

| No. | Year | Project Name | Term | Interest Rate | Green Project Reserve | | | Additional Subsidy | | | Sources of Funding | Federal Crosscutters (CE or FNSI) | FFATA (Transparency Reporting) | Status of Project |
|-----|------|----------------------|--------|---------------|-----------------------|---------------------------|------------------|-----------------------|---------------------------|---------------------|--------------------|-----------------------------------|--------------------------------|-------------------|
| | | | | | Green Identifier | Green Project Reserve Amt | GPR Category | Sustainability Policy | Principal Forgiveness Amt | Disadvantaged (Y/N) | | | | |
| 1 | 2012 | Scranton | 20 yrs | 2.40% | NA | NA | NA | TBD | NA | YES | SRF Only | TBD | SFY2012 | ANRC Funding |
| 2 | 2012 | Bradley Waterworks | 20 yrs | 3.25% | NA | NA | NA | Fix it First | \$1,700,000 | YES | SRF Only | TBD | SFY2011 | ANRC Funding |
| 3 | 2012 | City of Winthrop | 20 yrs | 2.25% | Categorical | \$1,633,098 | Water Efficiency | Fix it First | \$1,400,000 | YES | SRF Only | TBD | SFY2012 | ANRC Funding |
| 4 | 2010 | Beebe | 20 yrs | 2.25% | NA | NA | NA | TBD | NA | NO | SRF Only | TBD | SFY2011 | ANRC Funding |
| 5 | 2012 | Chidester Waterworks | 20 yrs | 2.40% | Categorical | \$1,643,716 | Water Efficiency | Fix it First | \$1,700,000 | YES | SRF Only | TBD | SFY2012 | ANRC Funding |
| 6 | 2012 | Wilton Waterworks | 20 yrs | 1.90% | TBD | TBD | TBD | TBD | \$1,000,000 | YES | SRF Only | TBD | SFY2011/SFY2012 | ANRC Funding |

| 2011 Cap Grant Requirements: | | | \$14,252,000 | |
|------------------------------|--------------|--------------------|------------------|--------------------|
| Projects | Green | | Add'l Sub | |
| McNeil Waterworks | No | \$0 | Yes | \$479,300 |
| City of Winthrop | Yes | \$1,400,000 | Yes | \$1,400,000 |
| Chidester Waterworks | Yes | \$1,643,716 | Yes | \$1,700,000 |
| Bradley | No | \$0 | Yes | \$696,300 |
| Grand Totals | Green | \$3,043,716 | Add'l Sub | \$4,275,600 |

| 2012 Cap Grant Requirements: | | | \$13,582,000 | |
|------------------------------|--------------|------------|------------------|--------------------|
| Projects | Green | | Add'l Sub | |
| Bradley | No | \$0 | Yes | \$1,003,700 |
| Old Bella Vista | No | \$0 | Yes | \$600,000 |
| Wilton Waterworks | No | \$0 | Yes | \$1,000,000 |
| Grand Totals | Green | \$0 | Add'l Sub | \$2,603,700 |

| 2013 Cap Grant Requirements: | | | \$12,743,000 | |
|------------------------------|--------------|------------|------------------|------------|
| Projects | Green | | Add'l Sub | |
| TBD | TBD | | Yes | TBD |
| TBD | TBD | | Yes | TBD |
| TBD | TBD | | Yes | TBD |
| Grand Totals | Green | \$0 | Add'l Sub | \$0 |

Arkansas Development Finance Authority
Drinking Water SRF
Preliminary 2012 Capacity Analysis (Max Bond Issuance: FY2013)

Chart 8-1

Summary of Projected Program Capacity

| Loan Funding Sources | | | | | | | | | | Loan Funding Uses | | | | (5) | |
|----------------------|-------------------|----------------------|-----------------------|-------------|--------------------------|---------------------------------|-------------------------------|--------------------|----------------------------|---|--------------------------------|-------------------------------|----------------------|-----|--|
| Fiscal Year | (1) Bonds Sold | Assumed Bond Rate | Federal Cap Grants | State Match | Revenue Fund Releases | (3) Bond Funded New Loans | (4) Direct Funded Loans | Total New Loans | Cumulative Loans Funded | Inflation | Cumulative | (2) Effective Loan Rate | Effective Subsidy | | |
| | | | | | | | | | | Adjusted Total New Loans at 2.43% | Adjusted Total New Loans at | | | | |
| 2012 | 28,392,508 | 2.80% | 5,469,750 | 2,805,000 | 5,804,623 | 28,304,705 | 15,170,585 | 43,475,290 | 43,475,290 | 43,475,290 | 43,475,290 | 1.75% | 37.54% | | |
| 2013 | 95,000,000 | 3.75% | 6,655,180 | 2,716,400 | 6,040,700 | 93,575,000 | 15,000,000 | 108,575,000 | 152,050,290 | 105,997,149 | 149,472,439 | 1.63% | 56.53% | | |
| 2014 | 10,000,000 | 4.00% | - | - | 4,320,062 | 9,850,000 | 15,000,000 | 24,850,000 | 176,900,290 | 23,684,002 | 173,156,441 | 1.81% | 54.75% | | |
| 2015 | 10,000,000 | 4.25% | - | - | 6,533,740 | 9,850,000 | 15,000,000 | 24,850,000 | 201,750,290 | 23,121,683 | 196,278,123 | 1.99% | 53.18% | | |
| 2016 | 10,000,000 | 4.50% | - | - | 7,361,953 | 9,850,000 | 13,083,020 | 22,933,020 | 224,683,310 | 20,831,409 | 217,109,532 | 2.16% | 52.00% | | |
| 2017 | 11,540,000 | 4.75% | - | - | 8,152,447 | 11,366,900 | 8,152,447 | 19,519,347 | 244,202,656 | 17,309,599 | 234,419,132 | 2.34% | 50.74% | | |
| 2018 | 11,540,000 | 5.00% | - | - | 8,726,631 | 11,366,900 | 8,726,631 | 20,093,531 | 264,296,187 | 17,395,717 | 251,814,849 | 2.51% | 49.80% | | |
| 2019 | 11,540,000 | 5.00% | - | - | 9,124,506 | 11,366,900 | 9,124,506 | 20,491,406 | 284,787,593 | 17,318,976 | 269,133,824 | 2.51% | 49.80% | | |
| 2020 | 11,540,000 | 5.00% | - | - | 9,553,492 | 11,366,900 | 9,553,492 | 20,920,392 | 305,707,985 | 17,261,741 | 286,395,565 | 2.51% | 49.80% | | |
| 2021 | 11,540,000 | 5.00% | - | - | 10,011,609 | 11,366,900 | 10,011,609 | 21,378,509 | 327,086,494 | 17,220,928 | 303,616,493 | 2.51% | 49.80% | | |
| 2022 | 11,540,000 | 5.00% | - | - | 10,501,132 | 11,366,900 | 10,501,132 | 21,868,032 | 348,954,526 | 17,197,019 | 320,813,512 | 2.51% | 49.80% | | |
| 2023 | 11,540,000 | 5.00% | - | - | 11,024,305 | 11,366,900 | 11,024,305 | 22,391,205 | 371,345,731 | 17,190,373 | 338,003,885 | 2.51% | 49.80% | | |
| 2024 | 11,540,000 | 5.00% | - | - | 11,578,509 | 11,366,900 | 11,578,509 | 22,945,409 | 394,291,140 | 17,197,605 | 355,201,490 | 2.51% | 49.80% | | |
| 2025 | 11,540,000 | 5.00% | - | - | 12,057,714 | 11,366,900 | 12,057,714 | 23,424,614 | 417,715,754 | 17,139,927 | 372,341,416 | 2.51% | 49.80% | | |
| 2026 | 11,540,000 | 5.00% | - | - | 12,309,021 | 11,366,900 | 12,309,021 | 23,675,921 | 441,391,675 | 16,912,498 | 389,253,914 | 2.51% | 49.80% | | |
| 2027 | 11,540,000 | 5.00% | - | - | 15,131,119 | 11,366,900 | 15,000,000 | 26,366,900 | 467,758,575 | 18,387,568 | 407,641,482 | 2.51% | 49.80% | | |
| 2028 | 11,540,000 | 5.50% | - | - | 15,508,975 | 11,366,900 | 15,000,000 | 26,366,900 | 494,125,475 | 17,950,999 | 425,592,481 | 2.86% | 48.00% | | |
| 2029 | 11,540,000 | 5.50% | - | - | 15,198,215 | 11,366,900 | 15,000,000 | 26,366,900 | 520,492,375 | 17,524,796 | 443,117,278 | 2.86% | 48.00% | | |
| 2030 | 11,540,000 | 5.50% | - | - | 15,122,029 | 11,366,900 | 15,000,000 | 26,366,900 | 546,859,275 | 17,108,712 | 460,225,990 | 2.86% | 48.00% | | |
| 2031 | 11,540,000 | 5.50% | - | - | 14,769,824 | 11,366,900 | 15,000,000 | 26,366,900 | 573,226,175 | 16,702,507 | 476,928,498 | 2.86% | 48.00% | | |
| 2032 | 11,540,000 | 5.50% | - | - | 14,953,761 | 11,366,900 | 15,000,000 | 26,366,900 | 599,593,075 | 16,305,947 | 493,234,444 | 2.86% | 48.00% | | |
| TOTAL | 338,032,508 | | 12,124,930 | 5,521,400 | 223,784,367 | 333,300,105 | 266,292,971 | 599,593,075 | | 493,234,444 | | | | | |

(1) Bonds sold in FY 2012 represents the actual numbers from the Series 2011C bond issuance, including \$4,017,509.10 of net premium.

(2) Effective interest rate estimates are calculated to achieve a projected overall effective subsidy level of 49% . Rates exclude 1.0% charge for administrative expenses.

(3) Future leveraged loan totals represent the projected future bond par amount less cost of issuance expenses which have been estimated at 1.50%. Preliminary, for discussion purposes only.

(4) Source: US Environmental Protection Agency. Amounts shown exclude regular program set-asides and additional subsidization requirements. Cashflows assume the grants will be used to fully fund the remaining \$15.1M undrawn loan commitments.

(5) Inflation rate estimate equal to the 15-year average CPI as of August 2012.

Note: Scenario assumes all currently outstanding Direct Loans are pledged to bond debt service. Excess coverage will recycle to equity for funding of additional pledged Direct Loans.

Proof of Perpetuity:

| | |
|-------------------------------------|-------------|
| To-Date Capitalization to Preserve: | 148,149,667 |
| Assumed Future Capitalization: | 12,087,980 |
| Total Preservation Requirement: | 160,237,647 |
| Equity Fund Balance 6/1/2053: | 160,384,649 |
| Perpetuity Excess/(Shortfall): | 147,002 |

Arkansas Development Finance Authority
 Drinking Water SRF
 Preliminary 2012 Capacity Analysis (Max Bond Issuance: FY2013)

Chart 8-2

Projected Drinking Water Debt Service Coverage

| FYE | Net Revenue | Total Debt Service | Excess Available | Transfer (to)/from Equity Fund | Coverage |
|------|-------------|--------------------|------------------|--------------------------------|----------|
| 2013 | 7,216,138 | 1,175,438 | 6,040,700 | (6,040,700) | 6.14x |
| 2014 | 10,058,000 | 5,737,938 | 4,320,062 | (4,320,062) | 1.75x |
| 2015 | 16,280,577 | 9,746,837 | 6,533,740 | (6,533,740) | 1.67x |
| 2016 | 17,885,358 | 10,523,404 | 7,361,953 | (7,361,953) | 1.70x |
| 2017 | 19,474,549 | 11,322,103 | 8,152,447 | (8,152,447) | 1.72x |
| 2018 | 20,932,395 | 12,205,764 | 8,726,631 | (8,726,631) | 1.71x |
| 2019 | 22,287,593 | 13,163,086 | 9,124,506 | (9,124,506) | 1.69x |
| 2020 | 23,664,328 | 14,110,836 | 9,553,492 | (9,553,492) | 1.68x |
| 2021 | 25,069,694 | 15,058,085 | 10,011,609 | (10,011,609) | 1.66x |
| 2022 | 26,505,717 | 16,004,585 | 10,501,132 | (10,501,132) | 1.66x |
| 2023 | 27,974,390 | 16,950,084 | 11,024,305 | (11,024,305) | 1.65x |
| 2024 | 29,477,842 | 17,899,334 | 11,578,509 | (11,578,509) | 1.65x |
| 2025 | 30,869,547 | 18,811,833 | 12,057,714 | (12,057,714) | 1.64x |
| 2026 | 31,923,104 | 19,614,083 | 12,309,021 | (12,309,021) | 1.63x |
| 2027 | 33,115,764 | 17,984,645 | 15,131,119 | (15,131,119) | 1.84x |
| 2028 | 34,419,619 | 18,910,644 | 15,508,975 | (15,508,975) | 1.82x |
| 2029 | 35,092,558 | 19,894,343 | 15,198,215 | (15,198,215) | 1.76x |
| 2030 | 35,982,032 | 20,860,003 | 15,122,029 | (15,122,029) | 1.72x |
| 2031 | 36,595,486 | 21,825,662 | 14,769,824 | (14,769,824) | 1.68x |
| 2032 | 37,745,083 | 22,791,322 | 14,953,761 | (14,953,761) | 1.66x |
| 2033 | 38,421,892 | 23,756,981 | 14,664,911 | (14,664,911) | 1.62x |
| 2034 | 38,622,825 | 24,087,941 | 14,534,885 | (14,534,885) | 1.60x |
| 2035 | 30,932,388 | 17,251,542 | 13,680,847 | (13,680,847) | 1.79x |
| 2036 | 29,093,403 | 16,515,724 | 12,577,679 | (12,577,679) | 1.76x |
| 2037 | 26,851,739 | 15,763,526 | 11,088,213 | (11,088,213) | 1.70x |
| 2038 | 24,772,417 | 14,994,764 | 9,777,652 | (9,777,652) | 1.65x |
| 2039 | 23,520,055 | 14,088,292 | 9,431,763 | (9,431,763) | 1.67x |
| 2040 | 22,233,853 | 13,162,292 | 9,071,560 | (9,071,560) | 1.69x |
| 2041 | 20,731,924 | 12,236,293 | 8,495,631 | (8,495,631) | 1.69x |
| 2042 | 19,391,010 | 11,310,294 | 8,080,716 | (8,080,716) | 1.71x |
| 2043 | 17,779,284 | 10,384,294 | 7,394,990 | (7,394,990) | 1.71x |
| 2044 | 16,375,188 | 9,458,295 | 6,916,893 | (6,916,893) | 1.73x |
| 2045 | 14,937,499 | 8,532,295 | 6,405,204 | (6,405,204) | 1.75x |
| 2046 | 13,464,226 | 7,606,296 | 5,857,930 | (5,857,930) | 1.77x |
| 2047 | 11,960,185 | 6,680,296 | 5,279,888 | (5,279,888) | 1.79x |
| 2048 | 10,440,007 | 5,754,297 | 4,685,710 | (4,685,710) | 1.81x |
| 2049 | 8,747,048 | 4,828,297 | 3,918,751 | (3,918,751) | 1.81x |
| 2050 | 6,997,639 | 3,862,638 | 3,135,001 | (3,135,001) | 1.81x |
| 2051 | 5,248,229 | 2,896,978 | 2,351,251 | (2,351,251) | 1.81x |
| 2052 | 3,498,819 | 1,931,319 | 1,567,500 | (1,567,500) | 1.81x |
| 2053 | 1,749,410 | 965,659 | 783,750 | (783,750) | 1.81x |
| | 914,802,986 | 531,317,893 | 383,485,093 | (383,485,093) | |

Arkansas Development Finance Authority
Drinking Water SRF
Preliminary 2012 Capacity Analysis (Max Bond Issuance: FY2013)

Chart 8-3

Drinking Water - Revenue Fund

| FYE | Existing | Future Pledged Loans | | Revenue Fund | Total |
|------|-------------------------|----------------------|-------------------|------------------|-------------------------------|
| | Pledged Loan Repayments | Leveraged Repayments | Direct Repayments | Earnings @ 0.00% | Net Revenues for Debt Service |
| 2013 | 7,216,138 | - | - | - | 7,216,138 |
| 2014 | 8,288,227 | 1,525,273 | 244,500 | - | 10,058,000 |
| 2015 | 9,425,422 | 5,698,731 | 1,156,423 | - | 16,280,577 |
| 2016 | 9,493,451 | 6,307,866 | 2,084,040 | - | 17,885,358 |
| 2017 | 9,563,526 | 6,926,424 | 2,984,599 | - | 19,474,549 |
| 2018 | 9,635,715 | 7,591,384 | 3,705,295 | - | 20,932,395 |
| 2019 | 9,710,055 | 8,328,887 | 4,248,651 | - | 22,287,593 |
| 2020 | 9,786,643 | 9,058,730 | 4,818,955 | - | 23,664,328 |
| 2021 | 9,865,535 | 9,788,573 | 5,415,586 | - | 25,069,694 |
| 2022 | 9,946,807 | 10,518,416 | 6,040,493 | - | 26,505,717 |
| 2023 | 10,030,528 | 11,248,259 | 6,695,603 | - | 27,974,390 |
| 2024 | 10,116,752 | 11,978,102 | 7,382,989 | - | 29,477,842 |
| 2025 | 10,056,857 | 12,707,945 | 8,104,745 | - | 30,869,547 |
| 2026 | 9,625,113 | 13,437,788 | 8,860,203 | - | 31,923,104 |
| 2027 | 9,307,424 | 14,167,631 | 9,640,709 | - | 33,115,764 |
| 2028 | 9,023,558 | 14,897,474 | 10,498,587 | - | 34,419,619 |
| 2029 | 7,911,254 | 15,667,101 | 11,514,203 | - | 35,092,558 |
| 2030 | 7,051,318 | 16,421,280 | 12,509,434 | - | 35,982,032 |
| 2031 | 5,915,363 | 17,175,459 | 13,504,664 | - | 36,595,486 |
| 2032 | 5,315,550 | 17,929,638 | 14,499,895 | - | 37,745,083 |
| 2033 | 4,242,950 | 18,683,817 | 15,495,125 | - | 38,421,892 |
| 2034 | 3,448,567 | 19,112,903 | 16,061,356 | - | 38,622,825 |
| 2035 | 2,163,499 | 13,592,457 | 15,176,433 | - | 30,932,388 |
| 2036 | 1,816,536 | 13,001,052 | 14,275,816 | - | 29,093,403 |
| 2037 | 1,093,150 | 12,399,239 | 13,359,350 | - | 26,851,739 |
| 2038 | 438,084 | 11,787,504 | 12,546,828 | - | 24,772,417 |
| 2039 | 418,987 | 11,069,325 | 12,031,743 | - | 23,520,055 |
| 2040 | 422,945 | 10,339,482 | 11,471,426 | - | 22,233,853 |
| 2041 | 236,723 | 9,609,639 | 10,885,562 | - | 20,731,924 |
| 2042 | 239,060 | 8,879,796 | 10,272,154 | - | 19,391,010 |
| 2043 | - | 8,149,953 | 9,629,331 | - | 17,779,284 |
| 2044 | - | 7,420,110 | 8,955,077 | - | 16,375,188 |
| 2045 | - | 6,690,267 | 8,247,232 | - | 14,937,499 |
| 2046 | - | 5,960,424 | 7,503,802 | - | 13,464,226 |
| 2047 | - | 5,230,581 | 6,729,603 | - | 11,960,185 |
| 2048 | - | 4,500,738 | 5,939,269 | - | 10,440,007 |
| 2049 | - | 3,770,895 | 4,976,153 | - | 8,747,048 |
| 2050 | - | 3,016,716 | 3,980,922 | - | 6,997,639 |
| 2051 | - | 2,262,537 | 2,985,692 | - | 5,248,229 |
| 2052 | - | 1,508,358 | 1,990,461 | - | 3,498,819 |
| 2053 | - | 754,179 | 995,231 | - | 1,749,410 |
| | 198,269,911 | 389,114,935 | 327,418,140 | - | 914,802,986 |

Arkansas Drinking Water State Revolving Fund Intended Use Plan

Arkansas Development Finance Authority
 Drinking Water SRF
 Preliminary 2012 Capacity Analysis (Max Bond Issuance: FY2013)

Chart 8-4

Drinking Water - Equity Fund

| FYE | Beginning Balance | Transfers (to)/from Revenue Fund | Interest Earnings @ 0.00% | Future Direct Loan Funding (Pledged) | Net Available Cap Grants & State Match | Ending Balance |
|------|-------------------|----------------------------------|---------------------------|--------------------------------------|--|----------------|
| 2013 | 24,454,984 | 6,040,700 | - | (15,000,000) | 9,371,580 | 24,867,264 |
| 2014 | 24,867,264 | 4,320,062 | - | (15,000,000) | - | 14,187,327 |
| 2015 | 14,187,327 | 6,533,740 | - | (15,000,000) | - | 5,721,067 |
| 2016 | 5,721,067 | 7,361,953 | - | (13,083,020) | - | - |
| 2017 | - | 8,152,447 | - | (8,152,447) | - | - |
| 2018 | - | 8,726,631 | - | (8,726,631) | - | - |
| 2019 | - | 9,124,506 | - | (9,124,506) | - | - |
| 2020 | - | 9,553,492 | - | (9,553,492) | - | - |
| 2021 | - | 10,011,609 | - | (10,011,609) | - | - |
| 2022 | - | 10,501,132 | - | (10,501,132) | - | - |
| 2023 | - | 11,024,305 | - | (11,024,305) | - | - |
| 2024 | - | 11,578,509 | - | (11,578,509) | - | - |
| 2025 | - | 12,057,714 | - | (12,057,714) | - | - |
| 2026 | - | 12,309,021 | - | (12,309,021) | - | - |
| 2027 | - | 15,131,119 | - | (15,000,000) | - | 131,119 |
| 2028 | 131,119 | 15,508,975 | - | (15,000,000) | - | 640,094 |
| 2029 | 640,094 | 15,198,215 | - | (15,000,000) | - | 838,309 |
| 2030 | 838,309 | 15,122,029 | - | (15,000,000) | - | 960,338 |
| 2031 | 960,338 | 14,769,824 | - | (15,000,000) | - | 730,162 |
| 2032 | 730,162 | 14,953,761 | - | (15,000,000) | - | 683,922 |
| 2033 | 683,922 | 14,664,911 | - | - | - | 15,348,833 |
| 2034 | 15,348,833 | 14,534,885 | - | - | - | 29,883,718 |
| 2035 | 29,883,718 | 13,680,847 | - | - | - | 43,564,565 |
| 2036 | 43,564,565 | 12,577,679 | - | - | - | 56,142,244 |
| 2037 | 56,142,244 | 11,088,213 | - | - | - | 67,230,457 |
| 2038 | 67,230,457 | 9,777,652 | - | - | - | 77,008,109 |
| 2039 | 77,008,109 | 9,431,763 | - | - | - | 86,439,872 |
| 2040 | 86,439,872 | 9,071,560 | - | - | - | 95,511,432 |
| 2041 | 95,511,432 | 8,495,631 | - | - | - | 104,007,064 |
| 2042 | 104,007,064 | 8,080,716 | - | - | - | 112,087,780 |
| 2043 | 112,087,780 | 7,394,990 | - | - | - | 119,482,770 |
| 2044 | 119,482,770 | 6,916,893 | - | - | - | 126,399,663 |
| 2045 | 126,399,663 | 6,405,204 | - | - | - | 132,804,867 |
| 2046 | 132,804,867 | 5,857,930 | - | - | - | 138,662,797 |
| 2047 | 138,662,797 | 5,279,888 | - | - | - | 143,942,686 |
| 2048 | 143,942,686 | 4,685,710 | - | - | - | 148,628,396 |
| 2049 | 148,628,396 | 3,918,751 | - | - | - | 152,547,147 |
| 2050 | 152,547,147 | 3,135,001 | - | - | - | 155,682,148 |
| 2051 | 155,682,148 | 2,351,251 | - | - | - | 158,033,398 |
| 2052 | 158,033,398 | 1,567,500 | - | - | - | 159,600,898 |
| 2053 | 159,600,898 | 783,750 | - | - | - | 160,384,649 |
| | | 383,485,093 | - | (266,292,971) | 9,371,580 | |

Arkansas Drinking Water State Revolving Fund Intended Use Plan

Arkansas Development Finance Authority
Drinking Water SRF
Preliminary 2012 Capacity Analysis (Max Bond Issuance: FY2013)

Chart 8-5

Drinking Water - Existing Loan Breakdown (Net of Admin Fees)

| FYE | Pledged Loans | | | | Total Pledged Drinking Water Loans | | |
|------|---------------|------------|--------------------|------------|------------------------------------|------------|-------------|
| | Direct Loans | | Construction Loans | | Principal | Interest | Total P&I |
| | Principal | Interest | Principal | Interest | | | |
| 2013 | 3,041,450 | 1,855,724 | 1,477,925 | 841,038 | 4,519,375 | 2,696,762 | 7,216,138 |
| 2014 | 3,345,601 | 1,793,529 | 2,175,979 | 973,118 | 5,521,580 | 2,766,647 | 8,288,227 |
| 2015 | 3,660,953 | 1,725,910 | 2,863,722 | 1,174,837 | 6,524,675 | 2,900,747 | 9,425,422 |
| 2016 | 3,778,579 | 1,647,480 | 2,944,119 | 1,123,273 | 6,722,698 | 2,770,753 | 9,493,451 |
| 2017 | 3,900,053 | 1,566,434 | 3,026,837 | 1,070,202 | 6,926,891 | 2,636,636 | 9,563,526 |
| 2018 | 4,025,506 | 1,482,684 | 3,111,948 | 1,015,578 | 7,137,453 | 2,498,262 | 9,635,715 |
| 2019 | 4,155,057 | 1,396,140 | 3,199,503 | 959,355 | 7,354,559 | 2,355,495 | 9,710,055 |
| 2020 | 4,288,858 | 1,306,709 | 3,289,590 | 901,486 | 7,578,448 | 2,208,194 | 9,786,643 |
| 2021 | 4,427,041 | 1,214,292 | 3,382,281 | 841,920 | 7,809,322 | 2,056,213 | 9,865,535 |
| 2022 | 4,569,753 | 1,118,791 | 3,477,654 | 780,609 | 8,047,407 | 1,899,400 | 9,946,807 |
| 2023 | 4,717,144 | 1,020,102 | 3,575,783 | 717,499 | 8,292,927 | 1,737,600 | 10,030,528 |
| 2024 | 4,869,344 | 918,117 | 3,676,755 | 652,536 | 8,546,099 | 1,570,653 | 10,116,752 |
| 2025 | 4,876,976 | 813,561 | 3,780,655 | 585,665 | 8,657,631 | 1,399,227 | 10,056,857 |
| 2026 | 4,510,488 | 710,236 | 3,887,559 | 516,830 | 8,398,047 | 1,227,066 | 9,625,113 |
| 2027 | 4,249,337 | 614,549 | 3,997,567 | 445,970 | 8,246,904 | 1,060,520 | 9,307,424 |
| 2028 | 4,013,331 | 526,434 | 4,110,767 | 373,027 | 8,124,098 | 899,460 | 9,023,558 |
| 2029 | 3,536,321 | 443,083 | 3,633,914 | 297,936 | 7,170,235 | 741,019 | 7,911,254 |
| 2030 | 3,308,279 | 370,876 | 3,133,640 | 238,524 | 6,441,919 | 609,400 | 7,051,318 |
| 2031 | 3,233,518 | 301,727 | 2,193,006 | 187,112 | 5,426,524 | 488,839 | 5,915,363 |
| 2032 | 2,961,726 | 232,231 | 1,971,609 | 149,984 | 4,933,334 | 382,216 | 5,315,550 |
| 2033 | 2,479,168 | 173,086 | 1,474,174 | 116,521 | 3,953,343 | 289,607 | 4,242,950 |
| 2034 | 2,133,024 | 120,144 | 1,105,593 | 89,805 | 3,238,618 | 209,949 | 3,448,567 |
| 2035 | 1,313,544 | 77,054 | 706,509 | 66,391 | 2,020,053 | 143,446 | 2,163,499 |
| 2036 | 990,077 | 46,431 | 731,454 | 48,574 | 1,721,531 | 95,005 | 1,816,536 |
| 2037 | 629,107 | 25,340 | 407,864 | 30,839 | 1,036,971 | 56,179 | 1,093,150 |
| 2038 | 218,181 | 12,871 | 183,546 | 23,486 | 401,727 | 36,357 | 438,084 |
| 2039 | 201,560 | 8,543 | 190,026 | 18,857 | 391,586 | 27,400 | 418,987 |
| 2040 | 207,771 | 4,374 | 196,735 | 14,065 | 404,506 | 18,438 | 422,945 |
| 2041 | 22,915 | 1,024 | 203,681 | 9,103 | 226,596 | 10,127 | 236,723 |
| 2042 | 23,723 | 446 | 210,924 | 3,967 | 234,647 | 4,413 | 239,060 |
| | 90,507,179 | 23,405,489 | 69,338,132 | 15,019,110 | 159,845,311 | 38,424,599 | 198,269,911 |

Note: Certain loans have not been fully funded. The source of such funding assumed to be future federal cap grants.

Principle and interest schedules as provided by ADFA.

Arkansas Development Finance Authority
 Drinking Water SRF
 Preliminary 2012 Capacity Analysis (Max Bond Issuance: FY2013)

Chart 8-6

Projected Drinking Water Debt Service

| FYE | Existing Series 2011C Drinking Water Debt Service | Future Drinking Water Debt Service | Total Drinking Water Debt Service |
|------|--|--|---|
| 2013 | 1,175,438 | - | 1,175,438 |
| 2014 | 2,175,438 | 3,562,500 | 5,737,938 |
| 2015 | 2,510,438 | 7,236,399 | 9,746,837 |
| 2016 | 2,526,188 | 7,997,217 | 10,523,404 |
| 2017 | 2,547,688 | 8,774,415 | 11,322,103 |
| 2018 | 2,564,438 | 9,641,327 | 12,205,764 |
| 2019 | 2,586,438 | 10,576,649 | 13,163,086 |
| 2020 | 2,608,188 | 11,502,648 | 14,110,836 |
| 2021 | 2,629,438 | 12,428,648 | 15,058,085 |
| 2022 | 2,649,938 | 13,354,647 | 16,004,585 |
| 2023 | 2,669,438 | 14,280,647 | 16,950,084 |
| 2024 | 2,692,688 | 15,206,646 | 17,899,334 |
| 2025 | 2,679,188 | 16,132,646 | 18,811,833 |
| 2026 | 2,555,438 | 17,058,645 | 19,614,083 |
| 2027 | - | 17,984,645 | 17,984,645 |
| 2028 | - | 18,910,644 | 18,910,644 |
| 2029 | - | 19,894,343 | 19,894,343 |
| 2030 | - | 20,860,003 | 20,860,003 |
| 2031 | - | 21,825,662 | 21,825,662 |
| 2032 | - | 22,791,322 | 22,791,322 |
| 2033 | - | 23,756,981 | 23,756,981 |
| 2034 | - | 24,087,941 | 24,087,941 |
| 2035 | - | 17,251,542 | 17,251,542 |
| 2036 | - | 16,515,724 | 16,515,724 |
| 2037 | - | 15,763,526 | 15,763,526 |
| 2038 | - | 14,994,764 | 14,994,764 |
| 2039 | - | 14,088,292 | 14,088,292 |
| 2040 | - | 13,162,292 | 13,162,292 |
| 2041 | - | 12,236,293 | 12,236,293 |
| 2042 | - | 11,310,294 | 11,310,294 |
| 2043 | - | 10,384,294 | 10,384,294 |
| 2044 | - | 9,458,295 | 9,458,295 |
| 2045 | - | 8,532,295 | 8,532,295 |
| 2046 | - | 7,606,296 | 7,606,296 |
| 2047 | - | 6,680,296 | 6,680,296 |
| 2048 | - | 5,754,297 | 5,754,297 |
| 2049 | - | 4,828,297 | 4,828,297 |
| 2050 | - | 3,862,638 | 3,862,638 |
| 2051 | - | 2,896,978 | 2,896,978 |
| 2052 | - | 1,931,319 | 1,931,319 |
| 2053 | - | 965,659 | 965,659 |
| | 35,229,926 | 496,087,967 | 531,317,893 |

Arkansas Drinking Water State Revolving Fund Intended Use Plan

SFY2014

Chart 8-7

Arkansas Development Finance Authority

Drinking Water SRF

Preliminary 2012 Capacity Analysis (Max Bond Issuance: FY2013)

Future DW Leveraged Loan Debt Service (i.e. Bond Funded)

| Issue Date: | June-12 | June-14 | June-15 | June-16 | June-17 | June-18 | June-19 | June-20 | June-21 | June-22 | June-23 | June-24 | June-25 | June-26 | June-27 | June-28 | June-29 | June-30 | June-31 | June-32 | Total |
|------------------|------------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Par Amount: | 93,575,000 | 9,850,000 | 9,850,000 | 9,850,000 | 11,366,900 | 11,366,900 | 11,366,900 | 11,366,900 | 11,366,900 | 11,366,900 | 11,366,900 | 11,366,900 | 11,366,900 | 11,366,900 | 11,366,900 | 11,366,900 | 11,366,900 | 11,366,900 | 11,366,900 | 11,366,900 | 304,995,400 |
| Interest Rate: | 1.63% | 1.81% | 1.99% | 2.16% | 2.34% | 2.51% | 2.51% | 2.51% | 2.51% | 2.51% | 2.51% | 2.51% | 2.51% | 2.51% | 2.51% | 2.86% | 2.86% | 2.86% | 2.86% | 2.86% | |
| Interest Start: | 12/01/13 | 12/01/14 | 12/01/15 | 12/01/16 | 12/01/17 | 12/01/18 | 12/01/19 | 12/01/20 | 12/01/21 | 12/01/22 | 12/01/23 | 12/01/24 | 12/01/25 | 12/01/26 | 12/01/27 | 12/01/28 | 12/01/29 | 12/01/30 | 12/01/31 | 12/01/32 | |
| Term: | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | |
| Principal Start: | 06/01/15 | 06/01/16 | 06/01/17 | 06/01/18 | 06/01/19 | 06/01/20 | 06/01/21 | 06/01/22 | 06/01/23 | 06/01/24 | 06/01/25 | 06/01/26 | 06/01/27 | 06/01/28 | 06/01/29 | 06/01/30 | 06/01/31 | 06/01/32 | 06/01/33 | 06/01/34 | |
| Final Maturity: | 06/01/34 | 06/01/35 | 06/01/36 | 06/01/37 | 06/01/38 | 06/01/39 | 06/01/40 | 06/01/41 | 06/01/42 | 06/01/43 | 06/01/44 | 06/01/45 | 06/01/46 | 06/01/47 | 06/01/48 | 06/01/49 | 06/01/50 | 06/01/51 | 06/01/52 | 06/01/53 | |

| FYE | P&I | P&I | P&I | P&I | P&I | P&I | P&I | P&I | P&I | P&I | P&I | P&I | P&I | P&I | P&I | P&I | P&I | P&I | P&I | P&I | Total |
|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| 2013 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2014 | 1,525,273 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,525,273 |
| 2015 | 5,520,446 | 178,285 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 5,698,731 |
| 2016 | 5,520,446 | 591,405 | 196,015 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 6,307,866 |
| 2017 | 5,520,446 | 591,405 | 601,813 | 212,760 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 6,926,424 |
| 2018 | 5,520,446 | 591,405 | 601,813 | 611,735 | 265,985 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 7,591,384 |
| 2019 | 5,520,446 | 591,405 | 601,813 | 611,735 | 718,179 | 285,309 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 8,328,887 |
| 2020 | 5,520,446 | 591,405 | 601,813 | 611,735 | 718,179 | 729,843 | 285,309 | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,058,730 |
| 2021 | 5,520,446 | 591,405 | 601,813 | 611,735 | 718,179 | 729,843 | 729,843 | 285,309 | - | - | - | - | - | - | - | - | - | - | - | - | 9,788,573 |
| 2022 | 5,520,446 | 591,405 | 601,813 | 611,735 | 718,179 | 729,843 | 729,843 | 729,843 | 285,309 | - | - | - | - | - | - | - | - | - | - | - | 10,518,416 |
| 2023 | 5,520,446 | 591,405 | 601,813 | 611,735 | 718,179 | 729,843 | 729,843 | 729,843 | 729,843 | 285,309 | - | - | - | - | - | - | - | - | - | - | 11,248,259 |
| 2024 | 5,520,446 | 591,405 | 601,813 | 611,735 | 718,179 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 285,309 | - | - | - | - | - | - | - | - | - | 11,978,102 |
| 2025 | 5,520,446 | 591,405 | 601,813 | 611,735 | 718,179 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 285,309 | - | - | - | - | - | - | - | - | 12,707,945 |
| 2026 | 5,520,446 | 591,405 | 601,813 | 611,735 | 718,179 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 285,309 | - | - | - | - | - | - | - | 13,437,788 |
| 2027 | 5,520,446 | 591,405 | 601,813 | 611,735 | 718,179 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 285,309 | - | - | - | - | - | - | 14,167,631 |
| 2028 | 5,520,446 | 591,405 | 601,813 | 611,735 | 718,179 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 285,309 | - | - | - | - | - | 14,897,474 |
| 2029 | 5,520,446 | 591,405 | 601,813 | 611,735 | 718,179 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 285,309 | 325,093 | - | - | - | 15,667,101 |
| 2030 | 5,520,446 | 591,405 | 601,813 | 611,735 | 718,179 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 754,179 | 325,093 | - | - | 16,421,280 |
| 2031 | 5,520,446 | 591,405 | 601,813 | 611,735 | 718,179 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 754,179 | 754,179 | 325,093 | - | 17,175,459 |
| 2032 | 5,520,446 | 591,405 | 601,813 | 611,735 | 718,179 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 754,179 | 754,179 | 754,179 | 325,093 | 17,929,638 |
| 2033 | 5,520,446 | 591,405 | 601,813 | 611,735 | 718,179 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 754,179 | 754,179 | 754,179 | 754,179 | 18,683,817 |
| 2034 | 5,520,446 | 591,405 | 601,813 | 611,735 | 718,179 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 754,179 | 754,179 | 754,179 | 754,179 | 19,112,903 |
| 2035 | - | 591,405 | 601,813 | 611,735 | 718,179 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 754,179 | 754,179 | 754,179 | 754,179 | 13,592,457 |
| 2036 | - | - | 601,813 | 611,735 | 718,179 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 754,179 | 754,179 | 754,179 | 754,179 | 13,001,052 |
| 2037 | - | - | - | 611,735 | 718,179 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 754,179 | 754,179 | 754,179 | 754,179 | 12,399,239 |
| 2038 | - | - | - | - | 718,179 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 754,179 | 754,179 | 754,179 | 754,179 | 11,787,504 |
| 2039 | - | - | - | - | - | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 754,179 | 754,179 | 754,179 | 754,179 | 11,069,325 |
| 2040 | - | - | - | - | - | - | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 754,179 | 754,179 | 754,179 | 754,179 | 10,339,482 |
| 2041 | - | - | - | - | - | - | - | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 754,179 | 754,179 | 754,179 | 754,179 | 9,609,639 |
| 2042 | - | - | - | - | - | - | - | - | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 754,179 | 754,179 | 754,179 | 754,179 | 8,879,796 |
| 2043 | - | - | - | - | - | - | - | - | - | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 754,179 | 754,179 | 754,179 | 754,179 | 8,149,953 |
| 2044 | - | - | - | - | - | - | - | - | - | - | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 754,179 | 754,179 | 754,179 | 754,179 | 7,420,110 |
| 2045 | - | - | - | - | - | - | - | - | - | - | - | 729,843 | 729,843 | 729,843 | 729,843 | 729,843 | 754,179 | 754,179 | 754,179 | 754,179 | 6,690,267 |
| 2046 | - | - | - | - | - | - | - | - | - | - | - | - | 729,843 | 729,843 | 729,843 | 729,843 | 754,179 | 754,179 | 754,179 | 754,179 | 5,960,424 |
| 2047 | - | - | - | - | - | - | - | - | - | - | - | - | - | 729,843 | 729,843 | 729,843 | 754,179 | 754,179 | 754,179 | 754,179 | 5,230,581 |
| 2048 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 729,843 | 729,843 | 754,179 | 754,179 | 754,179 | 754,179 | 4,500,738 |
| 2049 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 754,179 | 754,179 | 754,179 | 754,179 | 3,770,895 |
| 2050 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 754,179 | 754,179 | 754,179 | 3,016,716 |
| 2051 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 754,179 | 754,179 | 2,262,537 |
| 2052 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 754,179 | 1,508,358 |
| 2053 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 754,179 |
| 11,934,199 | 12,006,386 | 12,232,265 | 12,447,458 | 14,629,571 | 14,882,168 | 14,882,168 | 14,882,168 | 14,882,168 | 14,882,168 | 14,882,168 | 14,882,168 | 14,882,168 | 14,882,168 | 14,882,168 | 14,882,168 | 15,408,675 | 15,408,675 | 15,408,675 | 15,408,675 | 15,408,675 | 389,114,935 |

Arkansas Development Finance Authority
Drinking Water SRF
Preliminary 2012 Capacity Analysis (Max Bond Issuance: FY2013)

Chart 8-8

Future Pledged Direct Loan Debt Service (P&I Totals)

| Issue Date | June-13 | June-14 | June-15 | June-16 | June-17 | June-18 | June-19 | June-20 | June-21 | June-22 | June-23 | June-24 | June-25 | June-26 | June-27 | June-28 | June-29 | June-30 | June-31 | June-32 | Total |
|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Amount | 15,000,000 | 15,000,000 | 15,000,000 | 13,083,020 | 8,152,447 | 8,726,631 | 9,124,306 | 9,553,492 | 10,011,609 | 10,501,132 | 11,024,305 | 11,578,309 | 12,057,714 | 12,309,021 | 15,000,000 | 15,000,000 | 15,000,000 | 15,000,000 | 15,000,000 | 15,000,000 | 251,122,386 |
| Interest Rate | 1.63% | 1.81% | 1.99% | 2.16% | 2.34% | 2.51% | 2.51% | 2.51% | 2.51% | 2.51% | 2.51% | 2.51% | 2.51% | 2.51% | 2.51% | 2.86% | 2.86% | 2.86% | 2.86% | 2.86% | |
| Interest Start date | 12/01/13 | 12/01/14 | 12/01/15 | 12/01/16 | 12/01/17 | 12/01/18 | 12/01/19 | 12/01/20 | 12/01/21 | 12/01/22 | 12/01/23 | 12/01/24 | 12/01/25 | 12/01/26 | 12/01/27 | 12/01/28 | 12/01/29 | 12/01/30 | 12/01/31 | 12/01/32 | |
| Principal Period | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | |
| Principal Start Date | 06/01/15 | 06/01/16 | 06/01/17 | 06/01/18 | 06/01/19 | 06/01/20 | 06/01/21 | 06/01/22 | 06/01/23 | 06/01/24 | 06/01/25 | 06/01/26 | 06/01/27 | 06/01/28 | 06/01/29 | 06/01/30 | 06/01/31 | 06/01/32 | 06/01/33 | 06/01/34 | |
| Final Maturity Date | 06/01/34 | 06/01/35 | 06/01/36 | 06/01/37 | 06/01/38 | 06/01/39 | 06/01/40 | 06/01/41 | 06/01/42 | 06/01/43 | 06/01/44 | 06/01/45 | 06/01/46 | 06/01/47 | 06/01/48 | 06/01/49 | 06/01/50 | 06/01/51 | 06/01/52 | 06/01/53 | |
| 06/01/13 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 06/01/14 | 244,500 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 244,500 |
| 06/01/15 | 884,923 | 271,500 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,156,423 |
| 06/01/16 | 884,923 | 900,617 | 298,500 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,084,040 |
| 06/01/17 | 884,923 | 900,617 | 916,466 | 282,593 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,984,599 |
| 06/01/18 | 884,923 | 900,617 | 916,466 | 812,522 | 190,767 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 3,705,295 |
| 06/01/19 | 884,923 | 900,617 | 916,466 | 812,522 | 515,085 | 219,038 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 4,248,651 |
| 06/01/20 | 884,923 | 900,617 | 916,466 | 812,522 | 515,085 | 560,317 | 229,025 | - | - | - | - | - | - | - | - | - | - | - | - | - | 4,818,955 |
| 06/01/21 | 884,923 | 900,617 | 916,466 | 812,522 | 515,085 | 560,317 | 585,864 | 239,793 | - | - | - | - | - | - | - | - | - | - | - | - | 5,415,586 |
| 06/01/22 | 884,923 | 900,617 | 916,466 | 812,522 | 515,085 | 560,317 | 585,864 | 613,408 | 251,291 | - | - | - | - | - | - | - | - | - | - | - | 6,040,493 |
| 06/01/23 | 884,923 | 900,617 | 916,466 | 812,522 | 515,085 | 560,317 | 585,864 | 613,408 | 642,823 | 263,578 | - | - | - | - | - | - | - | - | - | - | 6,695,603 |
| 06/01/24 | 884,923 | 900,617 | 916,466 | 812,522 | 515,085 | 560,317 | 585,864 | 613,408 | 642,823 | 674,254 | 276,710 | - | - | - | - | - | - | - | - | - | 7,382,989 |
| 06/01/25 | 884,923 | 900,617 | 916,466 | 812,522 | 515,085 | 560,317 | 585,864 | 613,408 | 642,823 | 674,254 | 707,846 | 290,621 | - | - | - | - | - | - | - | - | 8,104,745 |
| 06/01/26 | 884,923 | 900,617 | 916,466 | 812,522 | 515,085 | 560,317 | 585,864 | 613,408 | 642,823 | 674,254 | 707,846 | 743,430 | 302,649 | - | - | - | - | - | - | - | 8,860,203 |
| 06/01/27 | 884,923 | 900,617 | 916,466 | 812,522 | 515,085 | 560,317 | 585,864 | 613,408 | 642,823 | 674,254 | 707,846 | 743,430 | 774,199 | 308,956 | - | - | - | - | - | - | 9,640,709 |
| 06/01/28 | 884,923 | 900,617 | 916,466 | 812,522 | 515,085 | 560,317 | 585,864 | 613,408 | 642,823 | 674,254 | 707,846 | 743,430 | 774,199 | 790,334 | 376,500 | - | - | - | - | - | 10,498,587 |
| 06/01/29 | 884,923 | 900,617 | 916,466 | 812,522 | 515,085 | 560,317 | 585,864 | 613,408 | 642,823 | 674,254 | 707,846 | 743,430 | 774,199 | 790,334 | 963,116 | 429,000 | - | - | - | - | 11,514,203 |
| 06/01/30 | 884,923 | 900,617 | 916,466 | 812,522 | 515,085 | 560,317 | 585,864 | 613,408 | 642,823 | 674,254 | 707,846 | 743,430 | 774,199 | 790,334 | 963,116 | 995,231 | 429,000 | - | - | - | 12,509,434 |
| 06/01/31 | 884,923 | 900,617 | 916,466 | 812,522 | 515,085 | 560,317 | 585,864 | 613,408 | 642,823 | 674,254 | 707,846 | 743,430 | 774,199 | 790,334 | 963,116 | 995,231 | 995,231 | 429,000 | - | - | 13,504,664 |
| 06/01/32 | 884,923 | 900,617 | 916,466 | 812,522 | 515,085 | 560,317 | 585,864 | 613,408 | 642,823 | 674,254 | 707,846 | 743,430 | 774,199 | 790,334 | 963,116 | 995,231 | 995,231 | 995,231 | 429,000 | - | 14,499,895 |
| 06/01/33 | 884,923 | 900,617 | 916,466 | 812,522 | 515,085 | 560,317 | 585,864 | 613,408 | 642,823 | 674,254 | 707,846 | 743,430 | 774,199 | 790,334 | 963,116 | 995,231 | 995,231 | 995,231 | 995,231 | 429,000 | 15,495,125 |
| 06/01/34 | 884,923 | 900,617 | 916,466 | 812,522 | 515,085 | 560,317 | 585,864 | 613,408 | 642,823 | 674,254 | 707,846 | 743,430 | 774,199 | 790,334 | 963,116 | 995,231 | 995,231 | 995,231 | 995,231 | 995,231 | 16,061,356 |
| 06/01/35 | - | 900,617 | 916,466 | 812,522 | 515,085 | 560,317 | 585,864 | 613,408 | 642,823 | 674,254 | 707,846 | 743,430 | 774,199 | 790,334 | 963,116 | 995,231 | 995,231 | 995,231 | 995,231 | 995,231 | 15,176,433 |
| 06/01/36 | - | - | 916,466 | 812,522 | 515,085 | 560,317 | 585,864 | 613,408 | 642,823 | 674,254 | 707,846 | 743,430 | 774,199 | 790,334 | 963,116 | 995,231 | 995,231 | 995,231 | 995,231 | 995,231 | 14,275,816 |
| 06/01/37 | - | - | - | 812,522 | 515,085 | 560,317 | 585,864 | 613,408 | 642,823 | 674,254 | 707,846 | 743,430 | 774,199 | 790,334 | 963,116 | 995,231 | 995,231 | 995,231 | 995,231 | 995,231 | 13,559,350 |
| 06/01/38 | - | - | - | - | 515,085 | 560,317 | 585,864 | 613,408 | 642,823 | 674,254 | 707,846 | 743,430 | 774,199 | 790,334 | 963,116 | 995,231 | 995,231 | 995,231 | 995,231 | 995,231 | 12,546,828 |
| 06/01/39 | - | - | - | - | - | 560,317 | 585,864 | 613,408 | 642,823 | 674,254 | 707,846 | 743,430 | 774,199 | 790,334 | 963,116 | 995,231 | 995,231 | 995,231 | 995,231 | 995,231 | 12,031,743 |
| 06/01/40 | - | - | - | - | - | - | 585,864 | 613,408 | 642,823 | 674,254 | 707,846 | 743,430 | 774,199 | 790,334 | 963,116 | 995,231 | 995,231 | 995,231 | 995,231 | 995,231 | 11,471,426 |
| 06/01/41 | - | - | - | - | - | - | - | 613,408 | 642,823 | 674,254 | 707,846 | 743,430 | 774,199 | 790,334 | 963,116 | 995,231 | 995,231 | 995,231 | 995,231 | 995,231 | 10,885,562 |
| 06/01/42 | - | - | - | - | - | - | - | - | 642,823 | 674,254 | 707,846 | 743,430 | 774,199 | 790,334 | 963,116 | 995,231 | 995,231 | 995,231 | 995,231 | 995,231 | 10,272,154 |
| 06/01/43 | - | - | - | - | - | - | - | - | - | 674,254 | 707,846 | 743,430 | 774,199 | 790,334 | 963,116 | 995,231 | 995,231 | 995,231 | 995,231 | 995,231 | 9,629,331 |
| 06/01/44 | - | - | - | - | - | - | - | - | - | - | 707,846 | 743,430 | 774,199 | 790,334 | 963,116 | 995,231 | 995,231 | 995,231 | 995,231 | 995,231 | 8,955,077 |
| 06/01/45 | - | - | - | - | - | - | - | - | - | - | - | 743,430 | 774,199 | 790,334 | 963,116 | 995,231 | 995,231 | 995,231 | 995,231 | 995,231 | 8,247,232 |
| 06/01/46 | - | - | - | - | - | - | - | - | - | - | - | - | 774,199 | 790,334 | 963,116 | 995,231 | 995,231 | 995,231 | 995,231 | 995,231 | 7,503,802 |
| 06/01/47 | - | - | - | - | - | - | - | - | - | - | - | - | - | 790,334 | 963,116 | 995,231 | 995,231 | 995,231 | 995,231 | 995,231 | 6,729,603 |
| 06/01/48 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 963,116 | 995,231 | 995,231 | 995,231 | 995,231 | 995,231 | 5,939,269 |
| 06/01/49 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 995,231 | 995,231 | 995,231 | 995,231 | 995,231 | 4,976,153 |
| 06/01/50 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 995,231 | 995,231 | 995,231 | 995,231 | 3,980,922 |
| 06/01/51 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 995,231 | 995,231 | 995,231 | 2,985,692 |
| 06/01/52 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 995,231 | 995,231 | 1,990,461 |
| 06/01/53 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 995,231 | 995,231 |
| 17,942,965 | 18,283,837 | 18,627,815 | 16,533,030 | 10,492,464 | 11,425,383 | 11,946,304 | 12,507,955 | 13,107,747 | 13,748,657 | 14,433,625 | 15,159,218 | 15,786,619 | 16,115,645 | 19,638,822 | 20,333,611 | 20,333,611 | 20,333,611 | 20,333,611 | 20,333,611 | 20,333,611 | 327,418,140 |

Arkansas Development Finance Authority
Drinking Water SRF
Preliminary 2012 Capacity Analysis (Max Bond Issuance: FY2013)

Chart 8-9

Future Bond Debt Service

| Issue Date | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | Total |
|----------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Amount | 95,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 11,540,000 | 11,540,000 | 11,540,000 | 11,540,000 | 11,540,000 | 11,540,000 | 11,540,000 | 11,540,000 | 11,540,000 | 11,540,000 | 11,540,000 | 11,540,000 | 11,540,000 | 11,540,000 | 11,540,000 | 11,540,000 | 309,640,000 |
| Interest Rate | 3.75% | 4.00% | 4.25% | 4.50% | 4.75% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | |
| Interest Start Date | 12/01/13 | 12/01/14 | 12/01/15 | 12/01/16 | 12/01/17 | 12/01/18 | 12/01/19 | 12/01/20 | 12/01/21 | 12/01/22 | 12/01/23 | 12/01/24 | 12/01/25 | 12/01/26 | 12/01/27 | 12/01/28 | 12/01/29 | 12/01/30 | 12/01/31 | 12/01/32 | |
| Principal Periods | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | |
| Principal Start Date | 06/01/15 | 06/01/16 | 06/01/17 | 06/01/18 | 06/01/19 | 06/01/20 | 06/01/21 | 06/01/22 | 06/01/23 | 06/01/24 | 06/01/25 | 06/01/26 | 06/01/27 | 06/01/28 | 06/01/29 | 06/01/30 | 06/01/31 | 06/01/32 | 06/01/33 | 06/01/34 | Total |
| Final Maturity Date | 06/01/34 | 06/01/35 | 06/01/36 | 06/01/37 | 06/01/38 | 06/01/39 | 06/01/40 | 06/01/41 | 06/01/42 | 06/01/43 | 06/01/44 | 06/01/45 | 06/01/46 | 06/01/47 | 06/01/48 | 06/01/49 | 06/01/50 | 06/01/51 | 06/01/52 | 06/01/53 | Debt Service |
| 06/01/13 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 06/01/14 | 3,562,500 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 3,562,500 |
| 06/01/15 | 6,836,399 | 400,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 7,236,399 |
| 06/01/16 | 6,836,399 | 735,818 | 425,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 7,997,217 |
| 06/01/17 | 6,836,399 | 735,818 | 752,198 | 450,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 8,774,415 |
| 06/01/18 | 6,836,399 | 735,818 | 752,198 | 768,761 | 548,150 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 9,641,327 |
| 06/01/19 | 6,836,399 | 735,818 | 752,198 | 768,761 | 906,472 | 577,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 10,576,649 |
| 06/01/20 | 6,836,399 | 735,818 | 752,198 | 768,761 | 906,472 | 925,999 | 577,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 11,502,648 |
| 06/01/21 | 6,836,399 | 735,818 | 752,198 | 768,761 | 906,472 | 925,999 | 925,999 | 577,000 | - | - | - | - | - | - | - | - | - | - | - | - | 12,428,648 |
| 06/01/22 | 6,836,399 | 735,818 | 752,198 | 768,761 | 906,472 | 925,999 | 925,999 | 925,999 | 577,000 | - | - | - | - | - | - | - | - | - | - | - | 13,354,647 |
| 06/01/23 | 6,836,399 | 735,818 | 752,198 | 768,761 | 906,472 | 925,999 | 925,999 | 925,999 | 925,999 | 577,000 | - | - | - | - | - | - | - | - | - | - | 14,280,647 |
| 06/01/24 | 6,836,399 | 735,818 | 752,198 | 768,761 | 906,472 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 577,000 | - | - | - | - | - | - | - | - | - | 15,206,646 |
| 06/01/25 | 6,836,399 | 735,818 | 752,198 | 768,761 | 906,472 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 577,000 | - | - | - | - | - | - | - | - | 16,132,646 |
| 06/01/26 | 6,836,399 | 735,818 | 752,198 | 768,761 | 906,472 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 577,000 | - | - | - | - | - | - | - | 17,058,645 |
| 06/01/27 | 6,836,399 | 735,818 | 752,198 | 768,761 | 906,472 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 577,000 | - | - | - | - | - | - | 17,984,645 |
| 06/01/28 | 6,836,399 | 735,818 | 752,198 | 768,761 | 906,472 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 577,000 | - | - | - | - | - | 18,910,644 |
| 06/01/29 | 6,836,399 | 735,818 | 752,198 | 768,761 | 906,472 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 634,700 | - | - | - | - | 19,836,643 |
| 06/01/30 | 6,836,399 | 735,818 | 752,198 | 768,761 | 906,472 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 634,700 | - | - | 20,762,642 |
| 06/01/31 | 6,836,399 | 735,818 | 752,198 | 768,761 | 906,472 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 634,700 | 21,688,641 |
| 06/01/32 | 6,836,399 | 735,818 | 752,198 | 768,761 | 906,472 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 22,614,640 |
| 06/01/33 | 6,836,399 | 735,818 | 752,198 | 768,761 | 906,472 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 23,540,639 |
| 06/01/34 | 6,836,399 | 735,818 | 752,198 | 768,761 | 906,472 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 24,466,638 |
| 06/01/35 | - | 735,818 | 752,198 | 768,761 | 906,472 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 25,392,637 |
| 06/01/36 | - | - | 752,198 | 768,761 | 906,472 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 26,318,636 |
| 06/01/37 | - | - | - | 768,761 | 906,472 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 27,244,635 |
| 06/01/38 | - | - | - | - | 906,472 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 28,170,634 |
| 06/01/39 | - | - | - | - | - | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 29,096,633 |
| 06/01/40 | - | - | - | - | - | - | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 30,022,632 |
| 06/01/41 | - | - | - | - | - | - | - | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 30,948,631 |
| 06/01/42 | - | - | - | - | - | - | - | - | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 31,874,630 |
| 06/01/43 | - | - | - | - | - | - | - | - | - | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 32,800,629 |
| 06/01/44 | - | - | - | - | - | - | - | - | - | - | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 33,726,628 |
| 06/01/45 | - | - | - | - | - | - | - | - | - | - | - | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 34,652,627 |
| 06/01/46 | - | - | - | - | - | - | - | - | - | - | - | - | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 35,578,626 |
| 06/01/47 | - | - | - | - | - | - | - | - | - | - | - | - | - | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 36,504,625 |
| 06/01/48 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 37,430,624 |
| 06/01/49 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 925,999 | 925,999 | 925,999 | 925,999 | 925,999 | 38,356,623 |
| 06/01/50 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 925,999 | 925,999 | 925,999 | 925,999 | 39,282,622 |
| 06/01/51 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 925,999 | 925,999 | 925,999 | 40,208,621 |
| 06/01/52 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 925,999 | 925,999 | 41,134,620 |
| 06/01/53 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 925,999 | 42,060,619 |
| Total | 140,290,485 | 15,116,350 | 15,468,967 | 15,825,229 | 18,677,598 | 19,096,989 | 19,096,989 | 19,096,989 | 19,096,989 | 19,096,989 | 19,096,989 | 19,096,989 | 19,096,989 | 19,096,989 | 19,096,989 | 19,096,989 | 19,096,989 | 19,096,989 | 19,096,989 | 19,096,989 | 496,087,967 |

CHART 9

| Summary of Authority To Transfer Funds, Authority Reserved for the Future and Actual Funds Transferred | | | | | | | |
|--|-----------------|------------------|---------------------------------------|------------------------------|-----------------------------|-------------------------------|--------------------------------|
| State Fiscal Year | DWSRF Cap Grant | | Maximum Amount Available for Transfer | Amount Reserved for Transfer | Amount Transferred To CWSRF | Amount Transferred From CWSRF | Available for Future Transfers |
| 2014 | Year | Amount | | | | | |
| | 2011 | \$ 14,252,000.00 | \$ 4,703,160.00 | \$ 4,703,160.00 | \$ - | \$ - | \$ - |
| | 2012 | \$ 13,582,000.00 | \$ 4,482,060.00 | \$ 4,482,060.00 | \$ - | \$ - | \$ - |
| | 2013 | \$ 12,743,000.00 | \$ 4,205,190.00 | \$ 4,205,190.00 | \$ - | \$ - | \$ - |

APPENDICES



Appendix A

***Priority Setting Procedures for Drinking Water State
Revolving Loan Fund and
Project Priority List***



Appendix B

Public Notices and Comments



Appendix C

EPA Assurances

Appendix A

Priority Setting Procedures for Drinking Water State Revolving Loan Fund

Priority Points shall be used for ranking proposed drinking water projects for eligibility for funding from the Drinking Water State Revolving Loan Fund (Fund). The points system presented below will be used.

A project otherwise determined to be eligible under the Fund may not receive funding for improvements that were not included in the original project for which priority points were assigned. The additional unranked improvements must rely on alternate funding sources for these improvements, or wait for the next funding cycle for a new point's assessment. Fundable projects proposing to omit specific improvements for which points were assigned must show that this will not compromise public health and will not otherwise impair the water system's capacity when compared to the original project. Acceptable downsized projects will be reassessed and re-ranked under the priority ranking system, possibly resulting in a lower priority status.

| PRIMARY MCL VIOLATIONS FACTORS | | POINTS |
|--|--|---------------|
| 1. Surface Water or Groundwater under the direct influence of surface water with no filtration | | 100 |
| 2. Treatment technique violations, microbiological MCL violations | | |
| a. Total points for first two violations | | 100 |
| b. Points for additional violations after first two | | 5 |
| c. Points for imminent violation of future regulation | | 50 |
| 3. Acute Chemical Violations | | |
| a. Total points for first two violations | | 100 |
| b. Points for additional violations after first two | | 5 |
| c. Points for imminent violation of future regulation | | 50 |
| 4. New Service Areas for area(s) with contaminated private drinking water sources | | |
| a. Points for Microbial Contamination | | 100 |
| b. Points for Acute Chemicals | | 100 |
| c. Points for Other Chemicals | | 50 |
| 5. Chemical MCL Violations | | |
| a. Total points for first two violations | | 50 |
| b. Points for additional violations after first two | | 5 |
| c. Points for imminent violation of future regulation | | 50 |
| SOURCE VULNERABILITY FACTOR | | POINTS |
| 1. Vulnerable to point or non-point upstream discharge | | |
| a. Microbiological | | 25 |
| b. Industrial, agricultural, or mineral | | 15 |
| c. Unprotected watershed | | 15 |
| CONSOLIDATION / INTERCONNECTION FACTOR | | POINTS |
| 1. Consolidation with an existing system | | |
| < 40 service connections | | 50 |
| 41 – 200 | | 40 |
| 201 - 1,320 | | 30 |
| 1,321 - 4,000 | | 20 |
| > 4,000 | | 10 |
| 2. Interconnection with an existing system | | |
| < 40 service connections | | 25 |
| 41 – 200 | | 20 |
| 201 - 1,320 | | 15 |
| 1,321 - 4,000 | | 10 |
| > 4,000 | | 5 |
| AFFORDABILITY FACTOR | | POINTS |
| 1. Total Population Served: Service Connections < 1,321 | | 10 |
| 2. Affordability Ratio | | |

| | |
|--|---------------|
| a) > 2.49 % | 15 |
| b) 2.0 % - 2.49 % | 12 |
| c) 1.5 % - 1.99 % | 9 |
| d) 1.0 % - 1.49 % | 6 |
| e) <1.0 % | 3 |
| OTHER DEFICIENCIES FACTOR | POINTS |
| 1. Secondary MCL violation | 25 |
| 2. Fluoridation start-up | 5 |
| 3. Quantity deficiencies | |
| Continual/frequent outages | 25 |
| Peak demand/daily shortages | 20 |
| Peak demand/seasonal shortages | 10 |
| Peak demand/sporadic shortages | 5 |
| 3. Design deficiencies | |
| Disinfection | 10 |
| Chemical Feed | 8 |
| Mixing | 8 |
| Clarification | 8 |
| Filtration | 8 |
| Storage | 8 |
| Distribution/low pressures | 10 |
| Distribution/deteriorated mains | 8 |
| Distribution/unaccounted for water | 8 |
| Treatment capacity | 8 |
| Intake structure | 8 |
| Well construction | 10 |
| BONUS POINTS | POINTS |
| 1. Board Member or City Council Training in the past 5 years | 15 |
| 2. Up-to-date Asset Management Plan | 10 |

Eligibility for Priority Points

Projects for public water systems shall not be eligible for points in any category unless they meet the requirements specified below for that category. Should two or more projects accumulate the same number of points, priority will be given beginning with the project serving the least population and moving to the project serving the next higher population, until all projects with that point total are prioritized.

It should be noted that discretion will be used in the awarding of points in the following categories. If a public water system is accumulating violations due to negligence or inattention on the part of the system, points will not be awarded. The system must be taking reasonable actions to achieve compliance.

Primary MCL Violations Factors**1. Surface Water or Ground Water under the direct influence of surface water with inadequate filtration.**

Points will be awarded only for a water system that currently is required by the Safe Drinking Water Act to provide filtration, and the system does not have a filtration system that complies with the Safe Drinking Water Act regulations. In the case of consolidating systems where the project applicant does not qualify, but one of the consolidating systems does, then points will be awarded based on the consolidating system. If there are multiple consolidating systems within the same project which are SW or GWUDI, then an additional five (5) points will be awarded for each system after the first.

2. Treatment technique violations and microbiological MCL violations.

Points will be awarded only for a water system that has had more than one treatment technique or microbiological MCL violation of the Safe Drinking Water Act during the eighteen months preceding the date of the most recent ranking questionnaire.

Each microbiological MCL violation and treatment technique violation will be counted as an individual violation, even if they occur in the same month. Points can be awarded for multiple violations of the same type or in combination with other violation types, (e.g.; if a system had both a microbiological MCL and a treatment technique violation in the same month, they would get points for two violations in that month.).

2. A. One hundred (100) points total will be awarded for the first two (2) violations.

2. B. Five (5) points will be awarded for each additional violation.

2. C. Fifty (50) points may be awarded to a project whose purpose is to prevent a future NPDWS treatment technique or microbiological violation based upon promulgated EPA regulations or EPA regulations which are essentially final, but not yet promulgated.

3. Acute Chemical & Chemical MCL violations. Points will be awarded only for a water system that currently has contamination from a Safe Drinking Water Act regulated contaminant, or other chemical contaminant for which no MCL has been adopted, which presents an acute health risk to consumers, based on EPA standards, health advisories, or other peer reviewed health risk studies found acceptable to the Department.

3. A. One hundred (100) points will be awarded for the first two (2) violations.

- 3. B. Five (5) points will be awarded for each additional violation.
 - 3. C. Fifty (50) points may be awarded to a project whose purpose is to prevent a future NPDWS violation based upon promulgated EPA regulations or EPA regulations which are essentially final, but not yet promulgated.
 - 4. New Service Area for Area(s) with contaminated Private Drinking Water Sources. Points may be awarded for a project to provide public drinking water service to an unserved area provided that:
 - 4. A. At least 10% of the private water sources in the project area are sampled at random for microbiological contamination and at least 50% of those samples are coliform positive; or
 - 4. B. At least 10% of the private water sources in the project area are sampled at random for a regulated acute chemical contaminant and at least 50% of those samples exceed the Maximum Contaminant Level or Action Level specified by EPA; or
 - 4. C. At least 10% of the private water sources in the project area are sampled at random for other chemical contaminants and at least 50% of those samples exceed the Maximum Contaminant Level or Action Level specified by EPA.
 - 5. Chemical MCL Violations. Points will be awarded only for a water system that currently has contamination from a Safe Drinking Water Act regulated contaminant at a level which exceeds the MCL or Action Level specified by EPA, and has not already received points under "Acute Chemical Violations."
- Each chemical MCL violation will be counted as an individual violation, even when multiple violations occur in the same reporting period. Points can be awarded for multiple violations of the same type (inorganic, organic, radiochemical, etc.) or in combination with other violation types, (e.g.; if a system had both an arsenic MCL and a barium MCL in the same reporting period, they would get points for two violations in that reporting period.).
- 5. A. Fifty (50) points will be awarded for the first two (2) violations.
 - 5. B. Five (5) points will be awarded for each additional violation.
 - 5. C. Fifty (50) points may be awarded to a project whose purpose is to prevent a future NPDWS violation based upon promulgated EPA regulations or EPA regulations which are essentially final, but not yet promulgated.

Source Vulnerability Factors

1. A. Source Vulnerable Due to Contamination from a Point or Non-point Source Discharge (with the potential to cause microbiological contamination). Points will be awarded only to a surface water source where there exists identifiable point or non-point discharges which can be documented to result in, or can potentially result in, instances where the raw water coliform concentrations exceed the limitations set forth in Section IX.A of the “Rules and Regulations Pertaining to Public Water Systems”, or otherwise cause significant microbiological contamination of the source water.

1. B. Source Vulnerable Due to Contamination from Industrial Operations. Points will be awarded for a water source where analyses indicate the occasional presence of hazardous chemicals from an industrial source. In the case of a water system utilizing a ground water source, points will be awarded when documentation is provided that a contaminant plume exists in the source aquifer and is approaching the wellhead.

Source Vulnerable Due to Contamination from Agricultural Operations. Points will be awarded for a water source where analyses indicate the occasional presence of agricultural chemicals. Points will be awarded in the case of a water system utilizing a ground water source, only when analyses indicate the occasional presence of contaminants of agricultural origin in the source water or documentation of a contaminant plume in the source aquifer which is approaching the wellhead.

Source Vulnerable Due to Potential Contamination from Oil, Gas, or Mineral Operations. Points will be awarded for a surface water source where analyses indicate the occasional presence of contaminants from oil, gas, or mineral operations. Points will be awarded for a ground water source where the recharge area contains oil, gas, or mineral operations that have caused a plume of contamination that is approaching the water supply wellhead.

1. C. Source with Inadequate Buffer Zone. Points will be awarded for a surface water source where the required 300-foot buffer zone required under the Arkansas Rules and Regulations Pertaining to Public Water Systems has not been obtained. Points will be awarded for a ground water source where the 100-foot radius buffer area zone required in these regulations has not been obtained.

Consolidation/Interconnection Factor

1. Consolidation with an Existing System. Points will be awarded only for systems which agree to legally merge with another water system which is fully compliant with Safe Drinking Water Act water quality regulations or will become compliant as a result of the merger. In cases where multiple systems will consolidate, point assignments will be based upon the number of service connections of the smallest system. Extra points for additional consolidating systems under the same project will be assigned at a rate of ten percent (10%) of the original rate for each additional consolidating system.

2. Interconnection with an Existing System. Points will be awarded only for systems which propose an interconnection and water purchase agreement with another water system, which is SDWA compliant, as a means of resolving a water quantity or quality problem for which points are awarded. In cases where multiple systems will interconnect, point assignments will be based upon the number of service connections of the smallest system. Extra points for additional systems under the same project will be assigned at a rate of ten percent (10%) of the original rate for each additional consolidating system.

3. Projects are eligible for either consolidation points or interconnection points, but not both.

Affordability Factor

1. Total Population Served. Points will be awarded for systems serving fewer than 1321 service connections.

2. Affordability Ratio. Points will also be awarded based on the value of the Affordability Ratio, calculated as the current average yearly residential rate, based on a usage of 4000 gallons of water per month, divided by the Median Household Income. The Median Household Income shall be based on the entire service area of the project water system using the most current information available.

Other Factors – Public Health Improvements or Deficiencies

1. Secondary MCL Violations. Points will be awarded only for those water systems where analyses document that a violation of an MCL for any of the Secondary Drinking Water Standards has occurred.

2. Fluoridation start-up. Points will be awarded for those water systems adding installing fluoridation to the treatment process.

3. A. Quantity Deficiencies, Continual Shortage (Frequent Outages). Points will be awarded only for a water system that experiences frequent complete pressure losses, which are the result of demand exceeding supply, and are not the result of main break, equipment failure, lack of proper maintenance, or other operational failures.

3. B. Quantity Deficiencies, Shortage During Peak Demand Period (Daily). Points will be awarded only for a water system that frequently experiences minimal pressures due to daily demand exceeding supply.

3. C. Quantity Deficiencies, Shortage During Peak Demand Period (Seasonal). Points will be awarded only for a water system that has to routinely issue conservation orders during heavy use periods or experiences minimal pressures during heavy use periods.

3. D. Quantity Deficiencies, Occasional Shortage During Peak Demand Period. Points will be awarded only for a water system that, once or twice a year, experiences some pressure loss due to peak demands.
4. A. Design Deficiencies, Inadequate Disinfection. Points will be awarded for a water system that either does not disinfect or does not continuously disinfect due to equipment failure or lack of adequate feed rate capacity. Points may also be awarded for inadequate chlorine contact time (CT) as defined by regulation.
4. B. Design Deficiencies, Inadequate Chemical Feed. Points will be awarded only for a water system that is unable to either reliably or consistently feed adequate chemicals to meet treatment objectives.
4. C. Design Deficiencies, Inadequate Mixing. Points will be awarded only for a water system whose rapid mixing detention time is inadequate based on Department design standards.
4. D. Design Deficiencies, Inadequate Clarification. Points will be awarded for a water system whose clarification process is functioning improperly due to an inadequate detention time, using Department accepted design standards. Points will be awarded for a water system where improper functioning is occurring due to mechanical or structural failure.
4. E. Design Deficiencies, Inadequate Filtration. Points will be awarded for a water system whose filtration process is functioning improperly due to excessive filtration rates, damaged underdrains, or other physical plant defects. Points shall not be awarded under this section if points were awarded under the section pertaining to filtration of surface water or groundwater under the direct influence of surface water.
4. F. Design Deficiencies, Inadequate Storage. Points will be awarded only for a water system whose usable storage is less than one day's average system demand.
4. G. Design Deficiencies, Inadequate Distribution (Low Pressures). Points will be awarded only for a water system that has areas of chronic low pressure due to localized peak demands.
4. H. Design Deficiencies, Inadequate Distribution (Deteriorated Mains). Points will be awarded only for a water system that has chronic consumer complaints that can be directly tied to the deterioration of cast iron, galvanized, or other metal piping, or has frequent main breaks due to deteriorated pipe.
4. I. Design Deficiencies, Inadequate Distribution (Unaccounted for Water). Points will be awarded only for a water system that has unaccounted for water at a level that exceeds 10% of average daily production.
4. J. Design Deficiencies, Inadequate Treatment Unit Capacity. Points will be awarded only for a system whose plant, or individual process units in the plant, are

undersized for process flow rates determined by using Department accepted design standards.

4. k. Design Deficiencies, Inadequate Intake Structure. Points will be awarded only for a water system whose intake structure is either unable to deliver an adequate quantity of water or whose intake structure will not allow for adjustment of withdrawal depth.

4 .l. Design Deficiencies, Improper Well Construction. Points will be awarded only for a water system whose well is vulnerable to surface drainage into the well from improper wellhead and appurtenances construction or inadequate casing and/or grouting.

Bonus Points

1. Board Member or City Council Training in the past 5 years. Points will be awarded to systems for training.

2. Up-to-date Asset Management Plan. Points will be awarded only for a water system whose Asset Management Plan is current.

Arkansas Drinking Water State Revolving Fund Intended Use Plan

SFY2014

SFY2014 Drinking Water Project List Priority

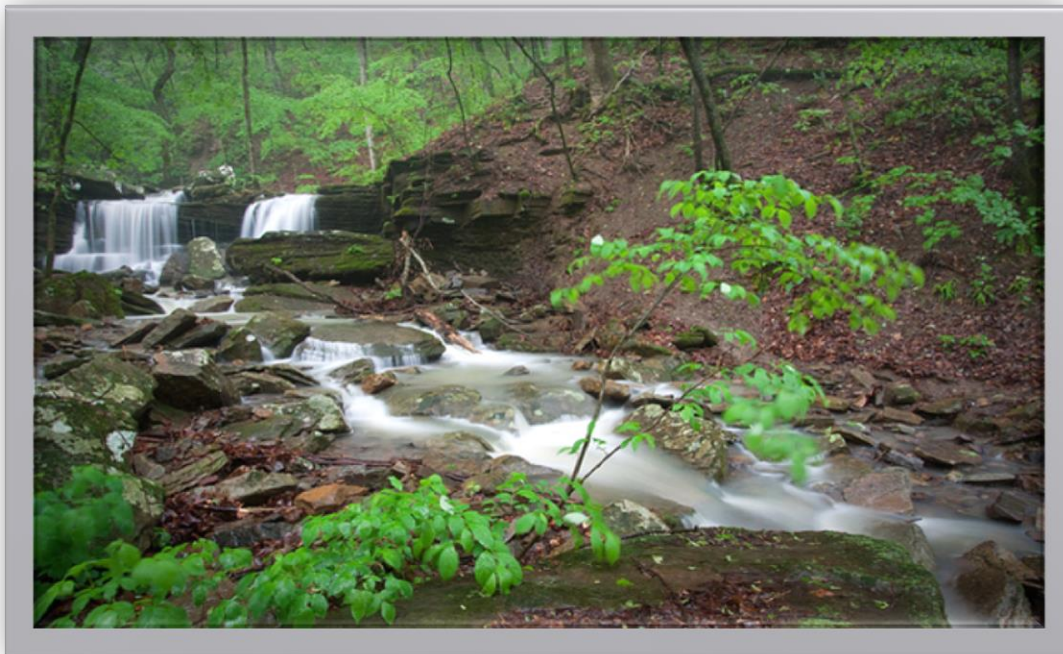
| No. | Year | Project Name | Total Points | PWS ID | Project Cost | Est. Binding Commitment Date | Population | Small System (Y/N) | MHI | Disadvantaged (Y/N) | Project Description | Status of Project |
|-----|------|-----------------------------------|--------------|--------|--------------|------------------------------|------------|--------------------|----------|---------------------|---|-----------------------------------|
| 1 | 2000 | North East Water Association | 331 | 33 | \$12,200,000 | TBD | 3540 | YES | \$19,689 | YES | System Expansion to serve Henderson & Gamaliel Areas | No Funding Application Received |
| 2 | 2012 | Hozanna Heights Water Association | 149 | 884 | \$5,180 | TBD | 79 | YES | \$18,682 | YES | New Treatment Installation | No Funding Application Received |
| 3 | 2010 | Siloam Springs Water Works | 124 | 56 | \$21,033,125 | TBD | 19022 | NO | \$38,750 | YES | Water Treatment Facility Improvements | No Funding Application Received |
| 4 | 2012 | Scranton Waterworks | 73 | 330 | \$5,974,000 | 6/19/2013 | 1100 | YES | \$24,500 | YES | Connection to the City of Clarksville - Transmission Facilities | ANRC Funding |
| 5 | 2010 | Conway Corporation | 53 | 189 | \$8,000,000 | TBD | 52000 | NO | \$41,917 | NO | Water Quality Compliance Project | No Funding Application Received |
| 6 | 2013 | Jasper | 47 | 397 | \$1,108,260 | TBD | 466 | YES | \$14,333 | YES | Water Line Rehabilitation | No Funding Application Received |
| 7 | 2013 | Marshall | 47 | 501 | \$965,100 | TBD | 2760 | YES | \$30,214 | YES | Water Line Rehabilitation | No Funding Application Received |
| 8 | 2004 | Siloam Springs | 45 | 56 | \$9,600,000 | TBD | 14672 | NO | \$38,750 | YES | Rehab Tank, New RW Transmission Main, Rehab AC Dist Mains | No Funding Application Received |
| 9 | 2012 | Bradley Waterworks | 37 | 294 | \$1,533,711 | 5/10/2013 | 502 | YES | \$24,632 | YES | Distribution System Replacement | ANRC Funding |
| 10 | 2009 | Gilmore | 36 | 154 | \$1,288,000 | TBD | 292 | YES | \$48,750 | NO | New Water Treatment Plant and New Elevated Storage Tank | No Funding Application Received |
| 11 | 2012 | City of Winthrop | 35 | 642 | \$1,633,098 | 8/29/2013 | 474 | YES | \$32,250 | YES | Distribution System Replacement | ANRC Funding |
| 12 | 2010 | Beebe | 33 | 592 | \$1,065,000 | TBD | 5000 | YES | \$40,912 | NO | LWPWA Connector Main | ANRC Funding |
| 13 | 2012 | Chidester Waterworks | 32 | 403 | \$1,643,716 | 6/14/2013 | 335 | YES | \$28,000 | YES | Distribution System Replacement | ANRC Funding |
| 14 | 2013 | City of Strong | 32 | 556 | \$1,341,781 | TBD | 1220 | YES | \$21,250 | YES | Water Line Replacement | No Funding Application Received |
| 15 | 2004 | Bella Vista POA | 31 | O39 | \$4,300,500 | TBD | 24485 | NO | \$57,929 | NO | Distribution improvements | No Funding Application Received |
| 16 | 2006 | Benton Washington RPA | 30 | 871 | \$29,500,000 | TBD | 16300 | NO | \$44,048 | NO | Water treatment improvements | No Funding Application Received |
| 17 | 2012 | Lakeview Municipal Water | 30 | 420 | \$230,000 | TBD | 575 | YES | \$15,536 | YES | Rehab of Storage Tank | No Funding Application Received |
| 18 | 2012 | Wilton Waterworks | 29 | 321 | \$1,163,082 | 8/14/2013 | 534 | YES | \$30,625 | YES | Distribution System Replacement | ANRC Funding |
| 19 | 2012 | Coy Waterworks | 27 | 340 | \$46,000 | TBD | 310 | YES | \$36,250 | YES | Rehab of Storage Tank | No Funding Application Received |
| 20 | 2007 | City of Flippin | 25 | 351 | \$2,000,000 | TBD | 3325 | YES | \$28,942 | YES | Storage/Distribution Improvements | Entity decided not to get funding |
| 21 | 2009 | Wabbaseka Waterworks | 23 | 283 | \$405,000 | TBD | 244 | YES | \$22,206 | YES | Water Treatment Rehab | No Funding Application Received |
| 22 | 2006 | Mountain View Water & Wastewater | 21 | 542 | \$675,000 | TBD | 5864 | YES | \$19,302 | YES | Distribution System Improvements | No Funding Application Received |
| 23 | 2012 | City of Berryville | 21 | 074 | \$926,266 | TBD | 5020 | YES | \$28,537 | YES | CR 501 Water Main Upgrade | No Funding Application Received |
| 24 | 2012 | Tollette Waterworks | 21 | 618 | \$46,000 | TBD | 339 | YES | \$21,125 | YES | Rehab of Storage Tank | No Funding Application Received |
| 25 | 2012 | City of Bryant | 21 | 486 | \$2,000,000 | TBD | 15382 | NO | \$54,521 | NO | Automated Meter Reading System & Replacement | Entity decided not to proceed |
| 26 | 2009 | Ladd Water Association | 16 | 277 | \$365,000 | TBD | 2800 | YES | \$28,891 | YES | Water System Improvements | No Funding Application Received |
| 27 | 2012 | Bono Waterworks | 13 | 126 | \$180,000 | TBD | 1971 | YES | \$31,429 | YES | Radio Meter Replacement | No Funding Application Received |
| 28 | 2012 | Gosnell Water Association | 13 | 374 | \$750,000 | TBD | 3612 | YES | \$42,475 | NO | System Loop | No Funding Application Received |
| 29 | 2009 | Hampton Waterworks | 11 | 70 | \$296,340 | TBD | 1730 | YES | \$32,500 | YES | Water Tank Rehab | No Funding Application Received |
| 30 | 2009 | Hope Tank Rehab | 11 | 230 | \$500,000 | TBD | 11405 | NO | \$29,774 | YES | Tank Rehab | No Funding Application Received |
| 31 | 2012 | Gosnell Water Association | 11 | 374 | \$350,000 | TBD | 3612 | YES | \$42,475 | NO | Meter Change out and Upgrade Project | No Funding Application Received |
| 32 | 2012 | Hope WL | 3 | 230 | \$450,000 | TBD | 11405 | NO | \$29,774 | YES | Water Line Replacement | No Funding Application Received |

Appendix B

Public Notices and Comments

On June 2, 2013, the State of Arkansas published the required public notice advertisement for the Drinking Water Intended Use Plan in the Arkansas Democrat-Gazette, a statewide paper. A public meeting was scheduled for June 17, 2013 and a deadline for submittal of written comments was set for June 17, 2013. Copies of the IUP were available for public inspection at the Water Resources Development Division of the Arkansas Natural Resources Commission. A meeting was held on June 17, 2013 at ANRC offices in Little Rock, to accept comments on the Intended Use Plan. Representatives of ANRC were available to answer questions about the Drinking Water IUP.

No comments were received on June 17, 2013.



Appendix C

EPA ASSURANCES

Arkansas' Intended Use Plan includes the following assurances as required by the EPA DWSRF Program Guidelines:

1. Assurance that the State has the authority to establish a fund and to operate the DWSRF program in accordance with the SDWA.

The Arkansas Safe Drinking Water Fund Act (ACT 772 of 1997), ANRC Regulation XV and the Interagency Agreement between the ADH, the ADFA and ANRC establishes the proper authority, assigns responsibilities and sets up the necessary funds to manage the SDWA, section 1452 programs.

2. Assurance that the State will comply with State statutes and regulations.

The State of Arkansas agrees to comply with all State statutes and regulations that are applicable to DWSRF funds, including Federal Capitalization Grant funds, state match, interest earning, bond proceeds and repayments, and funds used for set-aside activities.

3. Assurance that the State has the technical capability to operate the program.

Since 1961 ANRC has administered State financial assistance programs. The ANRC currently manages both the DWSRF and the CWRLF programs.

With the exception of Administration, the ADH manages the set-aside programs. There was 22 new staff positions created upon the availability of the initial set-aside funds. ADH has been granted primacy from the EPA to administer the State Public Water Supply Supervision program and continues to receive favorable reviews from the EPA Region 6 staff.

The ADFA manages the banking, fund accounting and auditing requirements. It has administered the CWSRF program since 1987 and many other state and federal financial assistance programs. No new staff positions are anticipated.

4. Assurance that the State will accept Federal Capitalization Grant funds in accordance with a payment schedule.

The State of Arkansas agrees to accept the federal grant payments in accordance with the negotiated payment schedule (reference Chart 4) and use those payments

for the activities of the DWSRF and State set-aside programs under SDWA Section 1452.

5. Assurance that the State will deposit all Federal Capitalization Grant funds in the fund or set-aside accounts.

The State of Arkansas agrees to deposit all the Federal Capitalization Grant funds into the Drinking Water State Revolving Fund account except for those portions of the grant that Arkansas intends to use for set-aside purposes authorized under the SDWA (Section 1452(a)(1)(b)). Funds for set-aside activities will be placed in separate accounts inside the SDWF but outside the DWSRF account.

6. Assurance that the State will provide an amount at least equal to 20 percent of the Federal Capitalization Grant (state match) in the Fund.

The State of Arkansas agrees to provide an amount into the DWSRF equaling at least 20% of the amount of each Federal Capitalization Grant.

7. Assurance that the State will deposit net bond proceeds, interest earning, and repayments into the Fund.

The State of Arkansas agrees to credit the applicable proportion of net bond proceeds and interest earnings, and the DWSRF borrower's principal and interest repayments into the Arkansas DWSRF.

The State of Arkansas also agrees to deposit any 1452(k) (1) loans principal and interest repayments into the Arkansas DWSRF.

8. Assurance that the State will match Federal Capitalization Grant funds uses for 1452(g) (2) set-asides.

The State of Arkansas agrees to provide 100% state match funds equaling its Federal Capitalization Grant for 1452(g) (2) set-asides.

9. Assurance that the State will use Generally Accepted Accounting Principles.

The State of Arkansas agrees to establish fiscal controls and accounting systems, according to Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board, that are sufficient to account for and report DWSRF Program activities.

10. Assurance that the State will have the fund and set-aside accounts audited annually in accordance with Generally Accepted Government Auditing Standards (GAGAS).

The State of Arkansas agrees to conduct an annual audit on the Arkansas Safe Drinking Water Fund in accordance with Generally Accepted Government Auditing Standards (GAGAS).

11. Assurance that the State will adopt policies and procedures to assure that borrowers have a dedicated source of revenue for repayments (or in the case of a privately owned system, demonstrated that there is adequate security).

The State of Arkansas does require all DWSRF borrowers to have a dedicated source of revenues for repayments (or in the case of a privately owned system, demonstrated that there is adequate security) per ANRC Regulation XV.

12. Assurance that the State will commit and expend funds as efficiently as possible and in an expeditious and timely manner.

The State of Arkansas agrees to commit and expend all funds allotted under SDWA section 1452 “as efficiently as possible” (Section 1452(g) (3)) and in an expeditious and timely manner.

Federal EPA/ACH payments shall be expended within 16 quarters from scheduled payment dates. The Bond proceeds shall be expended within 3 years from the bond issue dates. The State Match funds shall be expended in a prudent and expeditious managerial manner.

13. Assurance that funds will be used in accordance with the Intended Use Plan.

The State of Arkansas agrees to expend DWSRF funds in accordance with the Intended Use Plan (Section 1452(b)) that has under gone public review and comment.

14. Assurance that the State will provide EPA with an annual report.

The State of Arkansas DWSRF agrees to complete and submit an annual report with available financial information to the Region within 90 days after the end of the States reporting period.

15. Assurance that the State will comply with all Federal cross-cutting authorities.

The State of Arkansas agrees to ensure that all applicable Federal cross-cutting authorities will be complied with.