

C. Grant Payment Schedule

The EPA Administrator, or his/her duly authorized representative, and the State of Louisiana shall jointly establish a schedule of payments under which the EPA Administrator, or his duly authorized representative, will pay to the State of Louisiana the amount of each grant to be made to the State. This payment schedule is based on Louisiana's projection of binding commitments (these commitments take place when the loan is closed) and use of set-aside funds as stated in this IUP. States must take all payments within the earlier of 8 quarters after grant award or 12 quarters of the allotment. Louisiana reserves the right to request grant payment amounts on an accelerated basis; however, the total grant payment amounts will not exceed the amounts shown in the following schedule unless the following grant payment schedule is amended in accordance with EPA regulations. The draw ratio for the FFY 24 capitalization grant 100% State funds followed by 100% Federal.

The FFY 24 Capitalization Grant Payment Schedule is as follows:

Federal Fiscal Year Quarter	Grant Payment Amount
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First Quarter 2026	\$6,363,000
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The FFY 24 Capitalization Grant draw ratio: 100% State, then 100% Federal

D. Financial Terms of Loans

The SDWA allows states to charge interest rates ranging from 0 percent to the market rate for DWRLF loans. The secretary of LDH sets the interest rate for the DWRLF. The interest rate has been set at 1.95% with the ability to raise it or lower it as the market dictates. An administrative fee of 0.5% of the outstanding balance is charged on all loans. The DWRLF provides interim construction financing to eligible recipients. Loan proceeds are disbursed to the recipient periodically as project expenses are incurred and after corresponding invoices are approved by LDH. During the construction of the project, interest and administrative fees are due every six months. Once the project is complete, the loan is written down to the actual amount needed for the project and a final debt service schedule is provided for the recipient. Interest and administrative fees are due every six months for the life of the loan. Principal payments are due annually for the life of the loan; loan terms offered either for five (lead service line inventory only loans), ten (only for 100% principal forgiveness loans), twenty, twenty five or thirty years.

E. Disadvantaged Community Systems

Disadvantaged Community Project:

A disadvantaged community project is one which assistance is necessary to correct an imminent threat to public health as a result of a noncompliance issue with the SDWA resulting in an Administrative Order. This determination will be made by the Louisiana LDH utilizing one of the following requirements:

- The public water system is located in a state where the median household income is below the national median household income of the United States according to the U.S. Census Bureau.

- Additional Priority Points are awarded to a water system if they serve an area where the Median Household Income is 25% (or more) less than the State average.
- Assistance is necessary to resolve noncompliance issues with the SDWA that have resulted in being placed on the Enforcement Targeting Tool (ETT) list or has received an Administrative Order being issued against the water system.
- The public water system serves a community with a population under 10,000.

Note: The Louisiana DWRLF evaluated the disadvantaged community criteria in 2022, but decided not to change the criteria. The existing criteria allows the maximum number of potential borrowers to be considered for additional funding.



Disadvantaged Community Additional Subsidy Authority

Statutory Additional Subsidy: The SDWA now mandates that states use at least 12 percent but no more than 35 percent of the capitalization grant amount for additional subsidy for state-defined disadvantaged communities. States must establish or continue to implement their Disadvantaged Community Program and solicit applications from water systems. Note that, by law, additional subsidy provided from this authority must be in the form of a loan (e.g., a loan including principal forgiveness or negative interest rates) and not a grant. Therefore, 12% or \$763,560 and up to 35% or \$2,227,050 of the FFY 2024 Base Drinking Water Capitalization Grant dollars will be targeted for additional subsidies to any eligible recipient. To the extent that funds are available, the additional subsidy will be in the form of principal forgiveness of at least 30% of the loan principal, with a maximum amount of 100% loan principal forgiveness per project.

Congressional Additional Subsidy (via Appropriations): Beginning in FY2020, regular DWSRF appropriations required states to use 14% of their capitalization grant amounts for this additional subsidization. For FFY 2024, \$890,820 is required to be provided as additional subsidy in the form of a loan (e.g., a loan including principal forgiveness or negative interest rates). See section VII.B for further details.

Principal forgiveness will be specified in the DWRLF Loan & Pledge Agreement for the amount forgiven. Priority for these funds will be given to projects that resolve Administrative Orders for noncompliance with the SDWA and consolidation projects across the state that would eliminate public water systems that are not in compliance with the SDWA requirements and pose a threat to public health. If a project is resolving an Administrative Order, funding is offered as principal forgiveness for at least 30% or up to \$200,000 of the total project cost. If the project is for a consolidation (as referenced on page 21), it will be offered 100% principal forgiveness to the extent that funds are available.