

Exhibit C

Summary of Proposed Clean Water State Revolving Fund (CWSRF) Policy Amendments and Statement of Reasons

Note: Page references shown are for Exhibit B.

Item	Page	Section/ Category	Description of Change(s)	Reason
1	iii	Appendices	Appendices were reorganized	Appendices are organized in the order they are referenced in the document
2	iii	Appendix A	Moved program flow chart to the CWSRF web page	Greater convenience for applicants.
3	iii	Appendix B	Moved Contacts to SWRCB website	Easier to update website.
4	iii	Appendix C	Removed Guidance Memos	Guidance Memos are outdated or have previously been incorporated into the Policy.
5	iii	Appendix E	Added Application Package for Planning/Design Financing	Clarify and provide a detailed application form and instructions for Planning/Design Financing
6	iii	Appendix H	Deleted Project Performance Standards	Project Performance Standards no longer required in Policy or Appendices
7	iii	Appendix J	DBE Forms will be consolidated in new Appendix I	Updated application to make the process easier.
8	iii	Appendix K	Removed Appendix K Sample Certification of Compliance with Federal Laws and Authority	The Finance Agreement contains the list of federal laws and authorities. The recipient signs the Finance Agreement obligating it to comply with these conditions. It is duplicative to have the applicant sign this form as part of the application and then sign the Finance Agreement containing these conditions.
9	iv	Executive Summary	Deleted Executive Summary	Incorporated all relevant text into the introduction for clarity.
10	various	Globally	Removed all references that this Policy is only for construction of wastewater or water recycling related Projects.	The Policy now covers all projects eligible for CWSRF funding.
11	various	Globally	Removed all references to Preliminary Funding Commitment and Facilities Plan Approval	These documents and procedures were removed to streamline the financing approval process.

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12	various	Globally	Changed name of "Statewide Priority List" to "Project List"	The term Priority List was misleading. The CWSRF Program funds all projects with complete applications that are eligible and ready to proceed.
13	various	Globally	Changed name of "AOA Package" to "Final Budget Approval Package"	The new term better reflects the purpose of the requested information.
14	various	Globally	Changed name of Dedicated Source of Revenue Resolution to Pledged Revenue Fund Resolution	Clarification and more accurately describes revenue sources.
15	various	Globally	Changed name of Bond Counsel Opinion to Security Opinion	This opinion encompasses more now than just the opinion on existing debt, and therefore the new name better reflects the purpose of the requested information.
16	1	I Introduction	Re-written	Clarification and to reflect changes in Policy.
17	1	II Purpose & Objective	Re-written	Clarification and to reflect changes in Policy.
18	2	III Definitions	Removed definition for Area-wide Waste Treatment Management Plan	No longer used in Policy.
19	2	III Definitions	Added definition for California Environmental Quality Act	Clarification
20	2	III Definitions	Added Contingency	Contingencies are being added as possible eligible costs.
21	2	III Definitions	Removed definition for Design Build.	Design build requirements are specified in existing state law; further definition in the CWSRF Policy is unnecessary and potentially conflicting.
22	3	III Definitions	Removed definition for Disadvantaged Community	Replaced with Small Disadvantaged Community.
23	4	III Definitions	Added definition for Existing Debt	Used various locations in Policy.
24	4	III Definitions	Added definition for Expanded Use Project	Used various locations in Policy.

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25	4	III Definitions	Added definition for Financial Distress	Used various locations in Policy.
26	4	III Definitions	Removed definition for Facilities Plan Approval	The Division will no longer issue a Facilities Plan Approval or Preliminary Funding Commitment. Once a complete application is reviewed and approved, the applicant will receive a Financing Agreement.
27	5	III Definitions	Removed definition for Housing Element.	Specified in existing state law.
28	5	III Definitions	Removed definition for Infiltration/Inflow	Repetitive. Infiltration and inflow are defined separately.
29	5	III Definitions	Removed definition for Infiltration/Inflow Analysis	Infiltration and inflow Analysis no longer referenced in Policy.
30	5	III Definitions	Removed definition for Land Use Element.	Specified in existing state law.
31	5	III Definitions	Removed definition for Preliminary Funding Commitment.	The Division will no longer issue a Facilities Plan Approval or Preliminary Funding Commitment. Once a complete application is reviewed and approved, the applicant will receive a Financing Agreement.
32	6	III Definitions	Added definition for Operating Agreement	Clarification and used in various locations in Policy.
33	6	III Definitions	Added definition for POTW Project	Clarification and used in various locations in Policy.
34	6	III Definitions	Removed definition for Project Completion and Initiation of Operation	No longer referenced in Policy.
35	6	III Definitions	Added definition for Project List	Project List replaces Priority List to reflect actual use of List and the misconception that applicants on the Priority List are approved for project financing strictly in list order.
36	6	III Definitions	Added definition for Reclaimed Water or Recycled Water	Strengthen the references to Water Recycling projects.
37	6	III Definitions	Added definition for Regionalization	Clarification and used in various locations in Policy.
37	6	III Definitions	Revised definition of Small Community Grant Communities	Clarification.
37	7	III Definitions	Revised definition to "Small" Disadvantaged Communities	Clarification and added Small to Disadvantaged Community.
38	7	III Definitions	Added definition for USEPA	Clarification.
39	7	III Definitions	Removed definition for Water Quality Assessment	No longer referenced in Policy.

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40	7	III Definitions	Removed definition for Water Quality Control Plan	No longer referenced in Policy.
41	8	IV Program Management	Removed Section A - Development of Regional Water Board Recommendations	Section re-written to change from a Priority List to a Project List management system.
42	8	IV Program Management	Inserted language that allows Executive Director to update the Project list on a quarterly basis and states that DFA management and staff will determine when to put projects on list	Allows list to be updated more frequently and also gives the Division a list that accurately reflects CWSRF demand.
43	8 and 10	IV Program Management	Added Sustainability points as Project List factor.	The SWRCB and Division encourages the CWSRF to support projects that are sustainable. A project will receive one priority point for each sustainable area addressed.
44	9	IV Program Management	Removed references that the State Water Board will determine which classes are fundable and references to a fundable portion of the list.	The CWSRF Program will not have a fundable portion of the list. Projects on the list will be ranked according to their class, sustainability points and readiness to proceed.
45	11	IV Program Management	Restrictions and Adjustments section modified.	Clarification and added flexibility to adjust the Project List.
46	11	IV Program Management	Funding of Projects section modified.	Clarification and reflects changes due to factors such as Sustainability points and Project classes.
47	12	IV Program Management	Project Additions, Removals and Changes section modified.	Re-written to clarify and shift from a Priority List to a Project List management system.
48	12-13	IV Program Management	Intended Use Plan (IUP) and Capitalization Grant Applications section modified.	Re-written to clarify.
49	13	IV Program Management	Added Interest Rate and Other Charges section.	Moved Interest Rate from Construction and Financing Agreement section and added administrative service charges to generalize the application of these charges to all agreements.
50	13	IV Program Management	Added Annual Report section	Clarification of objectives of the IUP.
51	13-14	V Match	Match Financing section edited and requirement for administrative fee removed	Clarification of Match process.

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52	15	VI Refinancing	Added language for Davis-Bacon and modified section to reflect other changes throughout the Policy.	Clarification, added "Refinancing for projects completed after October 30, 2009, must comply with Davis Bacon Requirements".
53	16	VII Water Recycling and SDAC Projects	Removed section on Multiple Purpose Projects	Section was repetitive. All projects must comply with CWSRF Policy. Water recycling projects must also comply with Water Recycling Policy.
54	17-25	VIII Planning/ Design Financing	Rewrote section to include water rights, Urban Water Management, Credit Review process, and added Financial Security section.	Financial Security process has replaced the Credit Review process. Clarify with additional details to be included in the CWSRF Planning/Design application Instructions.
55	20-21	VIII Planning/ Design Financing	Removed Litigation or Adverse Findings requirement for Planning/Design loans.	Planning/design loans are typically small so the risk of an agency not being able to repay based on litigation is low and the CWSRF is simplifying the application process.
56	21	VIII Planning/ Design Financing	Removed Bond Counsel Letter requirement for Planning/Design loans.	Letters from Bond Counsel can be costly for applicants. Since planning/design loans are small compared to construction/ implementation financing, this requirement was excessive.
57	21-22	VIII Planning/ Design Financing	Added plans and specifications and value engineering to the list of eligible Planning/Design Costs.	Allows applicant to receive funding to prepare design documents in addition to planning documents before applying for construction/implementation financing.
58	22	VIII Planning/ Design Financing	Added "Planning/design costs incurred prior to the Division's program manager determines that the planning/design is ready for financing are ineligible".	Establishes a beginning date for eligible costs.
59	23	VIII Planning/ Design Financing	Added option to allow amortization period up for five or ten years.	Allows SDACs to more easily afford Planning/Design financing.
60	25	IX POTW Financing	Changed name of Section from Approval of Construction Financing to Publicly Owned Treatment Works Construction Financing	With adding Expanded Use Projects to these guidelines, this section needed to clarify which types of projects would need to meet the requirements of Section IX. The Policy also now has a Section X, Expanded Use Financing.

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61	25-51	IX POTW Financing	Revised Application Requirements Section. Application is organized into four packages: 1) general information 2) technical, 3) environmental and 4) financial security.	Reorganization of the application makes it easier for applicant and easier for Division during the review process.
62	26	IX POTW Financing	Added Water Code Section 5103 language regarding water rights.	New legislation language added.
63	26-30	IX POTW Financing	Revised Project Report Section. Moved Project Report suggested outline in Appendix G.	The Division was not receiving adequate information in all cases in the Project Report. This section was revised to obtain better information about the project and the Report outline was placed in Policy Appendix G – Application Package for Construction/Implementation Financing so that it could be updated easier in the future, if needed.
64	30-32	IX POTW Financing	Added requirement for Water Metering Certification. Modified Water Conservation, and General Planning sections.	New Water Metering legislation language added. Section modifications to clarify all Water Conservation, Urban Water Management Plans, and General Planning requirements.
65	30-38	IX POTW Financing	Reorganized and revised Environmental Package Section.	Clarification and simplification of CEQA and environmental processes/procedures/responsibilities.
66	38-45	IX POTW Financing	Changed Credit Review process to Financial Security process.	Financial Security procedures modified to clarify and reflect a more efficient process.
67	38-39	IX POTW Financing	Added language “The applicant will be expected to establish and maintain until the financing agreement is repaid a restricted reserve equal to one year’s debt service from available cash prior to the construction completion date, unless the Division determines that credit considerations support a different result”.	The CWSRF Program has been requiring the Reserve Fund since we have been doing credit reviews; the language was never put in the Policy.

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68	38-43	IX POTW Financing	Modified Financial Security Package rewritten to include existing/CWSRF coverage covenants, additional debt, Pledged Revenues and Funds, Principal Forgiveness, Seniority/Parity, and SDAC requirements to obtain a CWSRF financing agreement.	Clarification of acceptable debt relationships between an applicant's existing debt(s) and future CWSRF debt(s).
69	44	IX POTW Financing	Legal Opinion(s) on Authority, Property rights, Proposition 218, Bond Debt, and Litigation/ Audits/ Disputes are clarified. Also section rewritten to be consistent with other Policy changes.	Increase efficiency in processing all legal letters.
70	45	IX POTW Financing	Added "to serve existing homes or business or new development in infill areas.	Promote CWSRF projects that maximize sustainability.
71	44	IX POTW Financing	Added contingencies as an eligible cost.	Most projects have change orders and include contingencies in their project estimate. If an agency can afford financing with these costs, they should be eligible for reimbursement.
72	47	IX POTW Financing	Added "New collection systems not serving existing homes and businesses unless the project is an infill project within an existing service area." to ineligible cost.	Clarification
73	48	IX POTW Financing	Ineligible items exceptions: 1) a Regional Water Board mandated level of treatment, 2) a water recycling project meets specific conditions to receive CWSRF funding and 3) where project reduces the effects of climate change	Clarification and setting State Water Board priorities to support these types of projects for CWSRF financing.
74	49-50	IX POTW Financing	Rewrote eligible capacity section.	Clarification

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75	51-52	X Expanded Use Project Financing	Added Expanded Use Section that describes information required in the application, and the eligible/ineligible project costs.	A separate section was added for Expanded Use Projects. This section details the technical and eligibility requirements for CWSRF Expanded Use Project financing.
76	52-64	XI Financing Agreement	Changed name from construction financing agreement to construction/implementation financing agreement.	Name change was required to reflect that implementation projects also receive financing agreements.
77	53	XI Financing Agreement	Changed effective date to the date that the Division's program manager determines the project is ready for financing.	Eliminated the Preliminary Funding Commitment (PFC) requires the use of a new date to determine the date eligibility of construction/implementation costs. The date the program manager determines the project is ready for financing will provide cost eligibility to applicants sooner than the PFC date.
78	56	XI Financing Agreement	Added Section XI(B)(6) on Davis Bacon Requirements	New requirement was added after the March 2009 Policy was adopted.
79	56-57	XI Financing Agreement	Changed Approval of Award (AOA) process to the Final Budget Approval process.	Changed from AOA to Final Budget Approval process to clarify procedures and add requirements consistent with other changes to Policy.
80	57-58	XI Financing Agreement	Changed language in Section XI (D) Cost Increases.	The CWSRF Program will allow funding of contingencies to pay for eligible change orders.
81	58-64	XI Financing Agreement	Removed language referring to Approval of Award.	Recipients are required to submit Final Budget Approval Package that is used to determine eligibility of bid items and purchase items the final finance agreement amount.
82	58-64	XI Financing Agreement	Removed language requiring Design-Build projects to submit Request for Qualifications (RFQ) and Request for Proposal (RFP) to the Division for approval.	Removing unnecessary requirements. Design-Build projects will submit a Bid Package that will be used to determine eligibility of bid items and the final Finance Agreement amount.

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83	62-63	XI Financing Agreement	Removed section on Project Performance Standards	The Project Performance Standards only made sense for wastewater treatment plant upgrade/improvement projects. Also by eliminating the year of data collection, projects can be closed sooner. Instead the Division would like a Project Completion Report.
84	64-66	XII Construct/ Implement Disbursements	Changed section name from Disbursements to Construction/Implementation Disbursements	Added Implementation projects which are typically non-point source project types.
85	65	XII Construct/ Implement Disbursements	Added (B)(2) for pre-purchase material and equipment eligibility.	Clarification of eligibility.
86	66	XII Construct/ Implement Disbursements	Removed requirement that Final Disbursement was due 6 months after Completion of Construction date.	This deadline was very difficult for recipients to meet. Division staff will work with recipient to establish a deadline for submittal of Final Disbursement and Project Completion Report.
87	66-67	XIII Construct or Implement	Changed section title from Construction to Construction or Implementation	Added Implementation projects which are typically non-point source project types.
88	67	XIII Construct or Implement	Quarterly Progress Reports content details added.	Clarify the required Quarterly Project Report information.
89	67-69	XIV Project Completion Report	Changed section title from Operation to Project Completion Report	Clarify purpose of revised section.
90	68	XIV Project Completion Report	Added language to Section XIV that requires recipient to submit a Project Completion Report to the Division and a copy to the appropriate Regional Board when the Project is completed.	Clarify and require a Project Completion Report to be submitted to improve on project closeout process.

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91	69	XV Record Keeping Requirements	Rewrite to simplify section.	Clarification of requirements.
92	69-70	XVI Construct/Implement Financing Payments	Changed section title from Payments to Construction/Implementation Financing Payments	Added Implementation projects which are typically non-point source project types.
93	69-70	XVI Construct/Implement Financing Payments	Added Extended Term Financing (ETF) and Small Community Grant (SCG) funding charges.	Clarify ETF and SCG payment requirements.
94	70	XVII Board Reservation of Authority	Added USEPA Operating Agreement, Capitalization Grant Agreement, and other agreements.	USEPA Operating Agreement is the CWSRF Program requirements and conditions between SWRCB and USEPA.
95	71-72	XVIII Disputes	CWSRF eligibility disputes procedures edited.	Clarification.