

Restructuring the SRF for Improved Financial Management

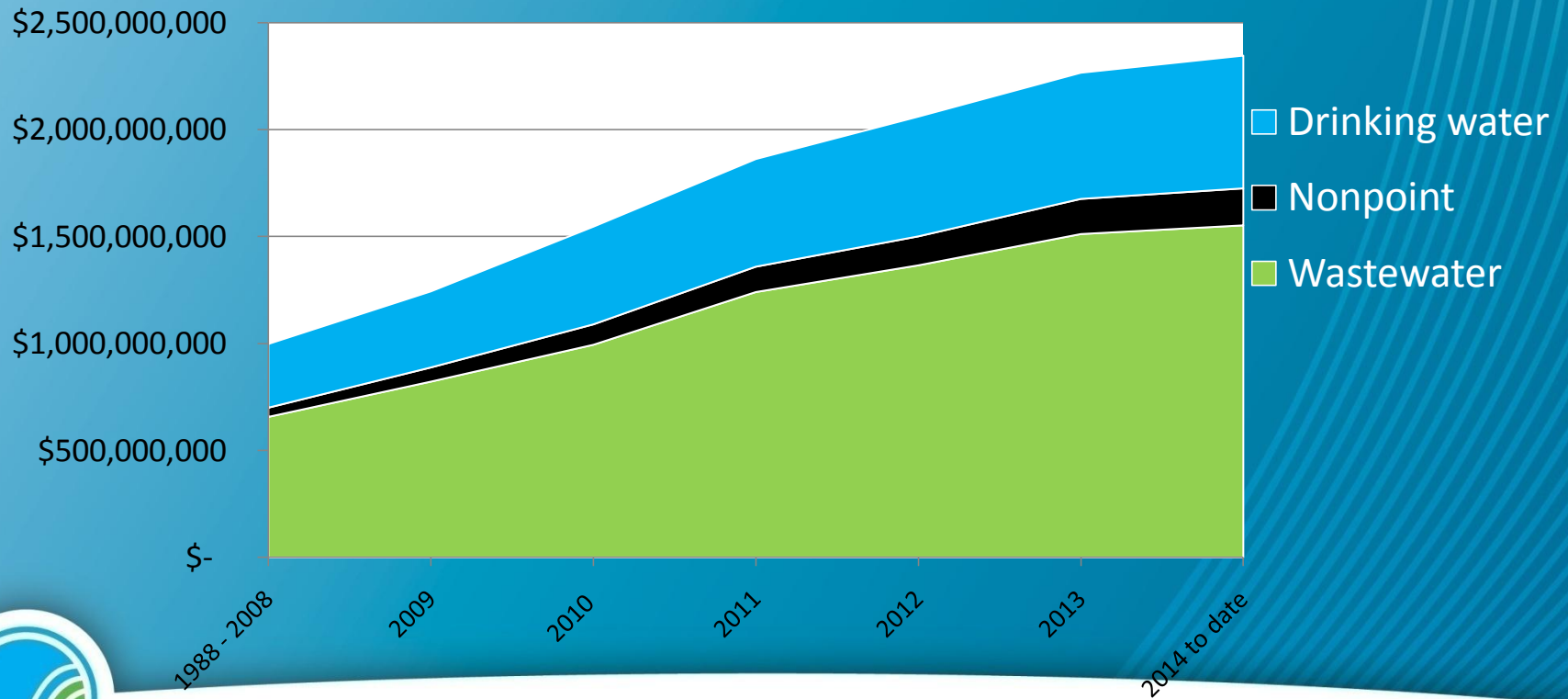
2015 CIFA Federal Policy Conference



Lori Beary
Iowa Finance Authority

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Growth of SRF



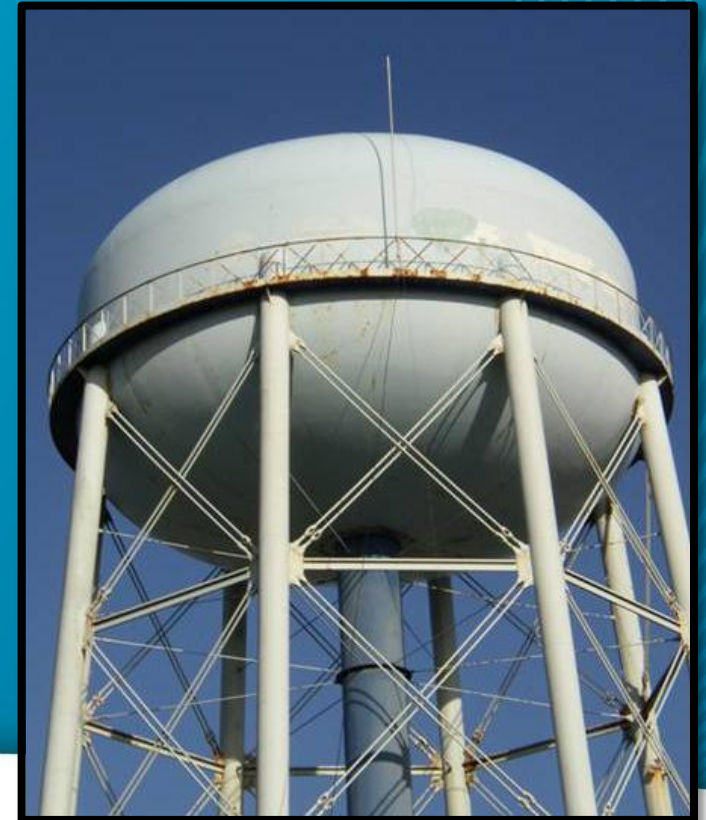
Iowa's SRF

\$2.4 billion in loans

\$1.4 B – current loan portfolio

Leveraged cap grants 300%

\$194 M Non-point source



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Iowa's SRF

It wasn't always so.....

- **Financial Inefficiencies**
 - Overleveraged
 - Excess cash
- **Program Inefficiencies**
 - Approval process took too long
 - Inconsistent process



2001 Financial Restructure

- Refunded all outstanding debt
- Cross-collateralized funds
- Instituted flat 3% interest rate for all loans
- Released excess reserves to create Equity Fund (\$80 million)
- Ratings increased from A+ to AAA



Program Restructure

- **Finances in order but still not enough demand**
 - 28 months for facility plans to be approved
 - Only communities using the program were those that had no other options
- **March 2004 – Kaizen Event**
 - Deconstruct / reconstruct process



Program Restructure



Program Restructure

- Reduce facility plan approval from 28 months to 4.5 months
- Create SRF Program Manager position
- Further separate environmental / technical review from financial tasks
- Continuous Improvement



Other Improvements

- **Planning & Design Loans**
 - Funds for communities to hire and engineer and start the process
 - Delays closing loans until project has been bid
- **Environmental Review Specialists**
 - Iowa SRF pays for Phase 1 archaeological survey
 - Iowa SRF staff prepares environmental documents



Financial Restructure

- Weekly disbursements
- ACH – disbursements & loan repayments
- Cash flow tracking
- Open trust indenture
- Lowered interest rate to 1.25%



Financial Management

- Track cash flows / issue bonds when needed
- Our rule is: never go below 1.5X average monthly disbursements
- Start working on next bond issue 3-4 months before funds are needed



Marketing / Training



3 YEAR
terms on construction loans.

If your community is considering building new or upgrading existing water infrastructure systems, turn to the State Revolving Fund, the only financing program that offers 30-year terms and a low 3 percent interest rate. With the SRF, your community gets more for the money. **INVESTING IN IOWA'S WATER**
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Covered Efforts, Strategic Drinking Water Works
Efforts—The State Revolving Fund allows us to protect and get our project off the ground more quickly than through conventional financing methods. It has provided for those new facilities that will ensure the water supply for the future of our community for years to come."

OR CONTACT:
Patricia Peterson
562-752-2428
pet@iowasrf.com
Tracy Seabold
562-752-4022
tse@iowasrf.com

STATE REVOLVING FUND CONSTRUCTION LOANS
Low interest loans for the construction of water and wastewater infrastructure.

INVESTING IN IOWA'S WATER



2.4 BILLION GALLONS OF WATER WOULD FILL MORE THAN 3,600 OLYMPIC-SIZED SWIMMING POOLS.

\$2.4 billion is also the amount of affordable financing the State Revolving Fund has provided for water infrastructure construction and improvements in Iowa. That makes us the best choice for your community's wastewater, stormwater and drinking water projects.

It takes a lot of time to fill the pools for synchronized swimming practice, but no time at all to visit iowaSRF.com to see how we can help your community.



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