

Changes in ~~bold strikeout~~ are **deletions** from the September 3, 2014 draft.

Changes in **bold underline** are **additions** to the September 3, 2014 draft.

Change 1: On page 3 Section IV, additional language added as follows:

- (k) “Construction Financing” means financing to cover some or all of the cost of the construction of a water system infrastructure project, including but not limited to planning, preliminary engineering, design, treatment systems, water sources, interconnections, consolidations, acquisition of water systems, ~~and~~ purchase of land or equipment, **and extending service to residents currently served by individual wells or surface water sources.**

Change 2: On page 3 Section IV, the addition of a definition as follows:

- (p) **“Drinking Water Grant” or “DWG” means a grant funded by the charge authorized by Section 116760.46 of the California Health and Safety Code.**

Change 3: On page 3 Section IV, additional language added as follows:

- (q) “Eligible System” means any of the following:
- a. Privately-owned and publicly-owned community water systems and non-profit non-community water systems.
 - b. Community water systems created by the Project that meet the federal requirements for new systems.
 - c. Systems referred to in Section 1401(4)(B) of the SDWA **for the purposes of point of entry or central treatment under Section 1401(4)(B)(i)(III).**

Change 4: On page 5 Section IV, additional language added as follows:

- (cc) “Planning/Design Financing” means financing to cover some or all of the cost of preliminary activities necessary to construct a project including, but not limited to, **legal costs,** studies, planning, preliminary engineering, and design for a project.

Change 5: On page 15 Section X.A.4.iii.a, language clarified as follows:

iii. Additional Debt

- a. The State Water Board normally expects the DWSRF debt obligation to be a-on parity with the applicant's existing senior debt ~~obligation~~, unless the Division determines that credit considerations support a different result.

Change 6: On page 20 Section X.B.1.f, additional language added as follows:

1. Eligible costs include the preparation of planning/design documents, including but not limited to:
 - a. Feasibility studies and project reports
 - b. Plans and specifications
 - c. Financial analyses
 - d. Engineering and design documents
 - e. Environmental review and documents
 - f. Legal costs and fees
 - g. TMF assessments and documents
 - h. Capital improvement plans
 - i. Asset management plans
 - j. Water rate studies
 - k. Planning financing application

Change 7: On page 24 Section XI.A.3.iii.a, language deleted as follows:

- a. ~~The State Water Board generally expects to be a responsible agency under CEQA.~~ As responsible agency, the State Water Board will complete its environmental review and make findings and determinations consistent with the CEQA Guidelines and the Operating Agreement.

Change 8: On page 25 Section XI.A.3.iii.e, language clarified as follows:

- e. Applicants that are public agencies must file either a Notice of Determination or a Notice of Exemption with the State Clearinghouse **immediately in accordance with CEQA guidelines** following the applicant’s project approval and adoption/certification of the CEQA document and findings.

Change 9: On page 26 Section XI.A.4.iii.a, language clarified as follows:

iii. Additional Debt

- a. The State Water Board normally expects the DWSRF debt obligation to be **a-on parity with the applicant’s existing** senior debt ~~obligation~~, unless the Division determines that credit considerations support a different result.

Change 10: On page 1 of Appendix I “Capacity Limitations”, additional language added as follows:

The DWSRF is also prohibited from funding projects that are needed “primarily for fire flow.” Therefore, tThe DWSRF program allows for fire flow consideration in facility design, but restricts the additional capacity for fire flow to no greater than the maximum day demand.