

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

Note: Page references shown are for Exhibit A.

| Item | Page | Section                            | Description of Change(s)  | Reason  |
|------|------|------------------------------------|---|---|
| 1    | iii  | Appendices                         | Removed Appendix A USEPA Approvals of Extended Term Financing   | Appendix is no longer needed. In 2014, the Congress increased the term for CWSRF loans up to 30 years.  |
| 2    | iii  | Appendices                         | Removed Appendix C. Water Recycling Funding Program Guidelines  | The Water Recycling Funding Program Guidelines is a standalone document approved by the Board. Appendix C is being removed to be consistent with section XVII.B of the Policy. Updating and amending Appendix C would require the Deputy Director of the Division to obtain additional approval from the Board. |
| 3    | iii  | Appendices                         | Changed the title of Appendix G "Application Package for Construction/Implementation Financing" to " Application Package for Project Financing" | Text changed for clarification  |
| 4    | iii  | Appendices                         | Addition of new Appendix N Credit/Financial Guidelines  | To provide guidance regarding the Credit/Financial review   |
| 5    | iii  | Appendices                         | Addition of new Appendix O State and Federal Cross-Cutting Requirements   | To provide guidance regarding State and Federal Cross-Cutting Requirements  |
| 6    | iii  | Appendices                         | Addition of new Appendix Q Legal Opinion Templates  | To make the legal consultation process more transparent   |
| 7    | iii  | Appendices                         | Replaced dead link with working link to online Appendices page  | Current link leads to 2013 version of CWSRF Policy  |
| 8    | iv   | List of Acronyms and Abbreviations | Added the list of acronyms and abbreviations  | For referral on acronyms and abbreviations used throughout the Policy   |
| 9    | 1    | I. Introduction                    | General text changes (insertions and deletions)   | Amended text to update amended Policy effective date  |
| 10   | 1    | II. Purpose and Objective          | General text changes (insertions and deletions)   | To clarify CWSRF Program's purpose  |

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| 11 | 1       | II. Purpose and Objective | Addition of Climate Change Resolution and Water Code Section 106.3  | To clarify CWSRF Program's purpose  |
| 12 | Various | III. Definitions          | New definitions added: "Agricultural Water Supplier", "Authorized Representative", "Completion of Planning/Design", "Eligible Project", "Eligible Start Date", "Fundable List", "Loan", Non-Repayable Financing", "Planning/Design Financing", "SERP", "Small Severely Disadvantaged Community", "State, and "Urban Water Supplier" | Text added for clarification  |
| 13 | Various | III. Definitions          | Amended definition of "Applicant", "Completion of Construction", "Division", "Eligible Project Cost", "Environmental Document", "Estuary", "Existing Debt", "Financial Distress", "Infiltration", "Inflow", "Intended Use Plan", "Operating Agreement", "Small Community Grant", "Small Disadvantaged Community", "                 | Text amended for clarification  |
| 14 | 2       | III. Definitions          | "Clean Water Act" definition moved  | Text moved to keep alphabetical order   |
| 15 | 2       | III. Definitions          | Deleted definition of "Effective date" and replaced it with the definition of "Eligible Start Date"   | Text replaced to define a new date which will determine eligibility of construction costs       |
| 16 | 3       | III. Definitions          | Deleted definition of "Expanded Use Project"  | No longer categorizing projects as "Expanded Use"   |
| 17 | 3       | III. Definitions          | Deleted definition of "Extended Term Financing"   | Extended term financing (ETF) is no longer available as 30 years is the standard financing term |
| 18 | 3       | III. Definitions          | Deleted definition of "GAAP"  | Term is defined where it occurs in the Policy (one occurrence)                                  |
| 19 | 3       | III. Definitions          | Amended definition of "Financing Agreement"   | Text amended for clarification and to include "Non-Repayable Financing"                         |

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| 20 | 4       | III. Definitions   | Deleted definition of "Initiation of Construction" or "Implementation"   | Definition removed as it is not used in the Policy  |
| 21 | 4       | III. Definitions   | Text deleted from the definition of "Public Owned Treatment Works" or "POTW Project"   | Text deleted for clarification and to provide definition of "Project"   |
| 22 | 5 & 6   | III. Definitions   | Deleted definitions of "Project" and "USEPA"   | Text deleted as the terms were defined previously   |
| 23 | 5       | III. Definitions   | Deleted definition of "Project List"   | Term no longer used. The Project List is being replaced by the Fundable List  |
| 24 | 5       | III. Definitions   | Text deleted from the definition of "Reclaimed Water" or "Recycled Water"  | Text deleted for clarification and consistency with regulatory language   |
| 25 | 5 & 6   | III. Definitions   | Deleted definitions of "Regionalization" and "Sustainability"  | Terms not used in the Policy  |
| 26 | Various | IV. Program Management   | Deleted section IV. A "Project List" and moved IV.B. "Intended Use Plan and Capitalization Grant Applications"; added new section IV.B "Fundable List" | "Project List" term no longer used by the Division. New section IV.B explains the development and implementation of the "Fundable List."<br><br>Original text under "Intended Use Plan and Capitalization Grant Applications" was moved and new text was added for clarification. |
| 27 | 16      | IV. Program Management (Subsection IV.C Interest Rate and Other Charges) | General text changes (insertions and deletions)  | Text amended for clarification  |
| 28 | 16      | IV. D. Annual Report   | Added Text   | Text added for clarification  |
| 29 | 16      | V. Match Financing   | General text changes (insertions and deletions)  | Text amended for clarification  |
| 30 | 16      | V Match Financing (Subsection V.B Match Resolution)                      | General text changes (insertions and deletions)  | Text amended for clarification  |

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| 31 | 17      | V. Match Financing (Subsection V.C Match Financing Terms)   | Deleted text on "extended term financing". Added new text. | Text deleted to be consistent with item 14. Text added to clarify that Match Financing may not be combined with other interest rate reduction incentives.  |
| 32 | 17      | V. Match Financing (Subsection V.D.1 Allowances (Soft Costs))   | Deleted section V.D.1                                      | Text deleted for clarification. The recipient must pay the proportionate match for each eligible project cost, as explained in the new subsection V.D.1 "Construction or Equipment Eligible Project Costs. |
| 33 | 17      | V. Match Financing (Subsections V.D.2 Construction or Equipment Procurement Costs and V.D.3 Match Certification and Documentation)          | General text changes (insertions and deletions)            | Text amended for clarification   |
| 34 | 17 & 18 | VI. Refinancing and Restructuring   | General text changes (insertions and deletions)            | Text amended to improve clarity, add SDAC, remove reference to ETF, and replace "refunding" with "refinancing"   |
| 35 | 18      | VII. Water Recycling and Small DAC Projects   | General text changes (insertions and deletions)            | To clarify incentives available to Small SDAC water recycling and wastewater projects  |
| 36 | 19      | VIII. Planning/Design Financing   | General text changes (insertions and deletions)            | Text amended for clarification   |
| 37 | Various | VIII. Planning/Design Financing   | Renumbered subsections                                     | To improve clarity   |
| 38 | 20 & 21 | VIII. Planning/Design Financing (Subsection VIII.A.1.b. Financial information)  | General text changes (insertions and deletions)            | Text amended for clarification and to include new requirements regarding the financial information provided as part of an application for Planning/Design financing.                                       |
| 39 | 21      | VIII. Planning/Design Financing (Subsections VIII.A.1.d Legal Opinion, and VIII.A.1.e Pledged Revenue and Funds (PRF) resolution/ordinance) | Deleted the referenced subsections                         | Included legal opinion language under subsection X.d. PRF <i>Resolution</i> is no longer required. Included proposed loan security requirements under subsection VIII.A.1.e.                               |

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| 40 | 22      | VIII. Planning/Design Financing (Subsection VIII.A.1.f Existing Debt)  | Deleted referenced subsection and replaced it with new language regarding existing debt under subsection VIII.1.A.b.viii                   | Text amended and moved to a different section for clarification   |
| 41 | 22 & 23 | VIII. Planning/Design Financing (Subsections VIII.A.1.c Coverage, VIII.A.1.d Additional Debt, e. Proposed Loan Security/PRF)                   | Added new text   | Text added to clarify financial requirements for Planning/Design applications   |
| 42 | 23 & 24 | VIII. Planning/Design Financing (Subsection VIII.B Eligible/Planning Design Costs)   | General text changes (insertions and deletions)  | Text amended to clarify eligible planning and design costs and include Fiscal Sustainability Plans as an eligible planning/design cost  |
| 43 | 24 & 25 | VIII. Planning/Design Financing (Subsection VIII.C. Planning/Design Financing Terms)   | Added new subsections "VIII.C.1 Interest", "VIII.C.2. Amortization", "VIII. 3 Restructured Planning/Design Financing", and respective text | Text added under new subsection to clarify planning/design financing terms  |
| 44 | 25 & 26 | VIII. Planning/Design Financing Subsection VIII.D Planning/Design Financing Approval and Agreement   | General text changes (insertions and deletions)  | Text amended to clarify that an application must be on the Fundable List to receive financing, include legal counsel requirements, and require applicants to submit a closing resolution approving the loan |
| 45 | 26 & 27 | VIII. Planning/Design Financing Subsection VIII.E Planning/Design Disbursements  | General text changes (insertions and deletions)  | Text amended for clarification and to include a deadline for submission of the final disbursement request   |
| 46 | 27      | VIII. Planning/Design Financing (Subsections VIII.F Planning/Design Payments and VIII.G Planning/Design Financing Record Keeping Requirements) | Deleted referenced subsections   | Annual payment due date language included under VIII.C.2 Amortization. Additional text deleted to remove duplicate language described in subsequent sections.   |
| 47 | 27      | IX. Publicly Owned Treatment Works Financing   | Replaced section heading with "Project Financing"  | To generalize projects so Policy requirements can be applied regardless of project type   |
| 48 | Various | IX. Publicly Owned Treatment Works Financing   | General text changes (insertions and deletions)  | Text amended for clarification and to include the correct U.S. Code in CWA regarding eligibility  |
| 49 | Various | IX. Publicly Owned Treatment Works Financing   | Renumbered subsections   | To improve clarity  |
| 50 | 30      | IX. Publicly Owned Treatment Works Financing (Subsection IX. B.2.c Water Conservation and Urban Water Management)                              | General text changes (insertions and deletions)  | Text amended to clarify the requirements for water supplier and non-water supplier applicants regarding Division 6 of the Water Code  |

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| 51 | 31      | IX. Publicly Owned Treatment Works Financing (Subsection IX. B.2.c.iii Volumetric Pricing and Water Metering)      | General text changes (insertions and deletions)   | Text amended for clarification and to include water metering certification requirement   |
| 52 | Various | IX. Publicly Owned Treatment Works Financing (Subsection IX. B.3 Environmental Package)                            | General text changes (insertions and deletions)   | Text amended for clarification. Text also deleted as the information it provides can be found in the SERP (Appendix I)   |
| 53 | Various | IX. Publicly Owned Treatment Works Financing (Subsection IX. B.4 Financial Security Package)                       | General text changes (insertions and deletions)   | Text amended for clarification   |
| 54 | 34 & 35 | IX. Publicly Owned Treatment Works Financing (Subsection IX. B.4.c Reserve and Coverage)                           | General text changes (insertions and deletions)   | Text amended to include increased debt service coverage requirement for senior and parity debt obligations and lower debt service coverage requirement for subordinate debt. Text also amended to clarify the Deputy Director's ability to adjust the coverage ratio if needed |
| 55 | 36      | IX. Publicly Owned Treatment Works Financing (Subsection IX. B.4.d PRF Resolution)                                 | Deleted referenced subsection and replaced it with new subsection IX.B.4.e "Proposed Loan Security/Pledged Revenues and Funds (PRF)" subsection | PRF Resolution is no longer required. Loan security requirements are described under the "Proposed Loan Security/Pledged Revenues and Funds (PRF)" subsection. Text also amended to clarify loan security requirements for non-public agencies                                 |
| 56 | 37      | IX. Publicly Owned Treatment Works Financing   | Added new subsection IX. B.4.g "Debt Management Policy" and respective text   | Text added to clarify that local government applicants must submit a copy of the debt management policy  |
| 57 | 37      | IX. Publicly Owned Treatment Works Financing (Subsection IX. B.4.f Financial Statements and Budget)                | Amended and added new text under the referenced subsection  | Text amended to include requirements for privately owned systems. Text also added to include budget projections requirement  |
| 58 | 38      | IX. Publicly Owned Treatment Works Financing (Subsection IX.B.4.h Tax Questionnaire and Reimbursement Resolution)  | General text changes (insertions and deletions)   | Text amended for clarification   |
| 59 | 38      | IX. Publicly Owned Treatment Works Financing (Subsection IX.B.4.k New Tax, Fee, Charge or Assessments Projections) | Deleted referenced subsection   | Text deleted to remove duplicate language already discussed in previous subsection IX.B.3.g.iii.   |

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| 60 | 38      | IX. Publicly Owned Treatment Works Financing (Subsection IX.B.4.l Extended Term Financing Analysis)               | Deleted referenced subsection  | Extended term financing is no longer applicable as 30 years is the standard financing term                                      |
| 61 | 39      | IX. Publicly Owned Treatment Works Financing (Subsection IX.B.4.n Legal Opinion)                                  | Deleted referenced subsection  | Text deleted and replaced with the Legal Opinion language included under section X. A. c  |
| 62 | Various | IX. Publicly Owned Treatment Works Financing (Subsections IX.C.1.b, IX.C.1.c-e, IX.C.1.g, IX.C.1.i, and IX.C.1.s) | Text added regarding lien position (IX.C.1. b) and general text changes (insertions and deletions) in the other referenced subsections | To add that the State Water Board may be recorded as a first lienholder on a deed of trust. Text also amended for clarification |
| 63 | 41      | IX. Publicly Owned Treatment Works Financing (Subsection IX.C.1 Eligible Project Cost)                            | Added "v. Gray water systems" under item s. water conservation measures of the referenced subsection                                   | "Gray water systems" added as an eligible project cost  |
| 64 | 41      | IX. Publicly Owned Treatment Works Financing (Subsection IX.C.1 Eligible Project Cost)                            | Added item "t. Non-Treatment Works Projects" under the referenced subsection   | To include types of "non-treatment works projects" that are eligible costs  |
| 65 | 42      | IX. Publicly Owned Treatment Works Financing (Subsection IX.C.2 Ineligible Costs)                                 | Deleted text regarding private laterals  | Text deleted for clarification  |
| 66 | 42 & 43 | IX. Publicly Owned Treatment Works Financing (Subsection IX.C.2 Ineligible Costs)                                 | General text changes (insertions and deletions)  | Text amended for clarification  |
| 67 | 42      | IX. Publicly Owned Treatment Works Financing (Subsection IX.C.2 Ineligible Costs)                                 | Added item "i. Overhead unrelated to the project" under the referenced subsection  | Text added to include " Overhead unrelated to the project" as an ineligible cost  |
| 68 | 43      | IX. Publicly Owned Treatment Works Financing (Subsection IX.D. Funding Limitations)                               | Replaced section heading with "Capacity Limitations"   | To clarify that this section pertains to the capacity of treatment works  |
| 69 | 43 & 44 | IX. Publicly Owned Treatment Works Financing (Subsection IX.D. Funding Limitations)                               | General text changes (insertions and deletions)  | Text amended for clarification  |
| 70 | 43      | IX. Publicly Owned Treatment Works Financing (Subsection IX.D Funding Limitations)                                | Deleted subsection IX.D.3 "Industrial and Federal Facilities"  | Section IX.D.1.a.i indicates that flows from Industrial and Federal facilities are eligible                                     |

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| 71 | 44      | IX. Publicly Owned Treatment Works Financing (Subsection IX.D Funding Limitations)                                  | Added new subsection IX.D.2 "Non-Treatment Works Capacity"   | Text added to clarify how the Division will determine the eligible capacity for non-treatment works projects  |
| 72 | 44 & 45 | X. Expanded Use Construction/Implementation Financing   | Deleted entire section   | No longer categorizing projects as "Expanded Use"   |
| 73 | 45      | XI. Construction/Implementation Project Financing Agreement   | Replaced Section heading with "Project Financing Agreement"  | To generalize projects so Policy requirements can be applied regardless of project type   |
| 74 | 45 & 46 | XI. Construction/Implementation Project Financing Agreement (Subsection XI.A. Financing Approval)                   | Added new text   | Text added to include legal opinion language, and to clarify that applicants may start construction prior to execution of the financing agreement at their own risk |
| 75 | 46      | XI. Construction/Implementation Project Financing Agreement (Subsection XI.B. Execution of the Financing Agreement) | General text changes (insertions and deletions)  | Text amended for clarification. Disbursement language moved to subsequent section.  |
| 76 | 46      | XI. Construction/Implementation Project Financing Agreement (Subsection XI.B. Execution of the Financing Agreement) | Deleted item 3 "Effective Date"  | Effective date definition deleted to be consistent with the new definition of "Eligible Start Date"   |
| 77 | 46      | XI. Construction/Implementation Project Financing Agreement (Subsection XI.B. Execution of the Financing Agreement) | Added new text under "Compliance with Federal and State Statutes and Authorities"  | Text added to clarify recipient's obligation to comply with state and federal requirements  |
| 78 | 47      | XI. Construction/Implementation Project Financing Agreement (Subsection XI.B. Execution of the Financing Agreement) | Deleted items "5. Disadvantaged Business Enterprise (DBE)", "6. Davis-Bacon", "7. American Iron and Steel", "8. Force Account, Land Purchase, and Other Non-Bid Projects", and respective language | DBE language deleted as it is discussed in Appendix J. Davis-Bacon and AIS languages deleted as they are discussed in Appendix O                                    |
| 79 | 48 & 49 | XI. Construction/Implementation Project Financing Agreement (Subsection XI.C. Final Budget Approval Package)        | General text changes (insertions and deletions)  | Text amended for clarification  |
| 80 | 49      | XI. Construction/Implementation Project Financing Agreement (Subsection XI.D. Cost Increases)                       | Replaced "principal forgiveness" with "non-repayable financing"  | Text replaced to include other forms of financing   |

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| 81 | 49      | XI. Construction/Implementation Project Financing Agreement (Subsection XI.D. Cost Increases)                | General text changes (insertions and deletions)                        | Text amended for clarification and to include 10% contingency limit   |
| 82 | 49      | XII. Construction/Implementation Disbursements   | Replaced section heading with "Projects Disbursements"                 | To generalize projects so Policy requirements can be applied regardless of project type   |
| 83 | Various | XII. Construction/Implementation Disbursements   | Renumbered referenced section and respective subsections               | To improve clarity  |
| 84 | Various | XII. Construction/Implementation Disbursements   | General text changes (insertions and deletions)                        | Text amended to include correct California Constitution code, insert disbursement language from previous section (XI.B.), and provide clarification             |
| 85 | 50      | XII. Construction/Implementation Disbursements (Subsection XII.B. Initial Financing Agreement Disbursements) | General text changes (insertions and deletions)                        | Text amended to clarify that the Division will not disburse funds prior to the eligible start date of the agreement. Additional text deleted to improve clarity |
| 86 | 52      | XIII. Construction or Implementation   | Replaced section heading with "Project Construction or Implementation" | Text amended for clarification  |
| 87 | 52      | XIII. Construction or Implementation   | Added new text   | Text added to clarify that the final disbursement request date will be established at the time of the final project inspection                                  |
| 88 | 53      | XVI. Construction/Implementation Financing Payments  | Replaced section heading with "Project Financing Payments"             | To generalize projects so Policy requirements can be applied regardless of project type   |
| 89 | 53 & 54 | XVI. Construction/Implementation Financing Payments  | General text changes (insertions and deletions)                        | Text amended for clarification and to include loan compliance and monitoring requirements   |
| 90 | 54      | XV. Record Keeping Requirements  | General text changes (insertions and deletions)                        | Text amended to provide correct regulation reference and to provide the definition of GAAP  |