

## **SOUTH DAKOTA CLEAN WATER STATE REVOLVING FUND FISCAL YEAR 2010 INTENDED USE PLAN**

### **INTRODUCTION**

The state of South Dakota proposes to adopt the following Intended Use Plan (IUP) for federal fiscal year 2010 as required under Section 606(c) of the Clean Water Act.

The primary purpose of the IUP is to identify the proposed annual intended use of the amounts available to the Clean Water State Revolving Fund (SRF). The IUP has been reviewed by the public and reflects the results of that review.

The IUP includes the following:

1. List of projects and activities;
2. Goals, objectives, and environmental results;
3. Amount of funds transferred between the Clean Water SRF and the Drinking Water SRF;
4. Information on the activities to be supported;
5. Assurances and specific proposals;
6. Criteria and method for distribution of funds; and
7. Sources and uses of funds.

### **LIST OF PROJECTS AND ACTIVITIES**

The IUP identifies potential municipal wastewater, storm water, and nonpoint source projects. A project must be on the project priority list, Attachment I, to be eligible for a

loan. This list was developed from the State Water Plan and includes projects that did not designate Clean Water SRF loans as a funding source.

Projects may be added to the project priority list by the Board of Water and Natural Resources if the action is included on the meeting agenda at the time it is posted.

Priority ratings are based on the integrated project priority system established in ARSD 74:05:08:03.01. The general objective of the integrated priority system is to ensure that projects funded through the Clean Water SRF program address high priority water quality problems. This is accomplished with a priority system that ranks both municipal wastewater and nonpoint source pollution control projects on an equal basis. Projects and activities utilizing administrative surcharge funds are not required to be ranked and included on the project priority list.

The Clean Water SRF may be used for the following purposes:

1. Low-interest loans for secondary or more stringent treatment of any cost-effective alternatives, new interceptors and appurtenances, infiltration/inflow correction, new collectors, sewer system rehabilitation, expansion and correction of combined sewer overflows, and construction of new storm sewers. The low-interest loans can be made for up to 100 percent of the total project cost;
2. Refinancing of existing debt obligations for municipal wastewater facilities if the

debt was incurred and construction initiated after March 7, 1985; or

3. Nonpoint source pollution control projects and programs, including non-traditional projects (projects with a primary purpose other than water quality).

A determination of which projects are funded from the above mentioned lists, the amount of assistance, and the financing terms and conditions will be made by the Board of Water and Natural Resources during federal fiscal year 2010.

### **GOALS, OBJECTIVES, AND ENVIRONMENTAL RESULTS**

#### Long-term Goals and Objectives:

The long-term goals of the State Water Pollution Control Revolving Fund are to fully capitalize the Clean Water SRF, maintain or restore and enhance the chemical, physical, and biological integrity of the state's waters for the benefit of the overall environment, protect public health, and promote economic well-being.

#### Objectives:

1. Maintain a permanent, self-sustaining Clean Water SRF program that will serve in perpetuity as a financing source for wastewater treatment works projects and nonpoint source pollution control projects; and
2. Fulfill the requirements of pertinent federal, state, and local laws and regulations governing water pollution control activities while providing the state and local project sponsors with maximum flexibility and decision-

making authority regarding such activities.

#### Short-term Goal and Objectives:

The short-term goal of the Clean Water SRF is to fully capitalize the fund.

#### Objectives:

1. Ensure the technical integrity of Clean Water SRF projects through the review of planning, design plans and specifications, and construction activities;
2. Ensure compliance with all pertinent federal, state, and local water pollution control laws and regulations; and
3. Obtain maximum capitalization of the funds for the state in the shortest time possible.

#### Environmental Results

Beginning January 1, 2005, states are required to quantify and report the environmental benefits being realized through the Clean Water SRF loan program. The reporting requirement is being satisfied using an on-line environmental benefits assessment developed by EPA in cooperation with the States and other organizations. A summary of the fiscal year 2010 loans and the resulting benefits will be provided in the end-of-year-annual report.

### **AMOUNT OF FUNDS TRANSFERRED BETWEEN THE CLEAN WATER SRF AND THE DRINKING WATER SRF**

The Safe Drinking Water Act Amendments of 1996 and subsequent Congressional action allows states to transfer an amount equal to 33 percent of its Drinking Water SRF

capitalization grant to the Clean Water SRF or an equivalent amount from the Clean Water SRF to the Drinking Water SRF. States can also transfer state match, investment earnings, or principal and interest repayments between SRF programs and may transfer a previous year's allocation at any time.

South Dakota has transferred \$15,574,320 from the Clean Water SRF program to the Drinking Water SRF program in past years. In fiscal year 2006, \$7.5 million in leveraged bond proceeds was transferred from the Drinking Water SRF program to the Clean Water SRF program. With the 2010 capitalization grant, the ability exists to transfer up to \$24.6 million from the Clean Water SRF program to the Drinking Water SRF program. Up to \$32.7 million could be transferred from the Drinking Water Program to the Clean Water SRF program. The table on page 8 details the amount of funds transferred between the programs and the amount of funds available to be transferred.

No transfers either to the Clean Water SRF programs or from the Clean Water SRF program are anticipated for fiscal year 2010.

## **INFORMATION ON THE ACTIVITIES TO BE SUPPORTED**

The primary type of assistance to be provided by the Clean Water SRF is direct loans including refinancing of existing debts where eligible. Loan assistance will be provided to municipalities, sanitary districts, counties, or other units of government for publicly owned wastewater treatment facilities, storm sewers, and nonpoint source pollution control programs in accordance with the Clean Water SRF administrative rules adopted by the Board of Water and Natural Resources. With the adoption of the amended and restated Master Indenture in 2004, the Clean Water

and Drinking Water SRF programs are cross-collateralized. This allows the board to pledge excess revenues on deposit in the Drinking Water SRF program to act as additional security for bonds secured by excess revenues on deposit in the Clean Water SRF program, and vice versa.

## **Sources of Loan Funds**

Loan funds are derived from various sources and include federal capitalization grants, state match, leveraged bonds, borrowers' principal repayments, and interest earnings.

Capitalization Grants/State Match: Federal capitalization grants are provided to the state annually. These funds must be matched by the state at a ratio of 5 to 1. The fiscal year 2010 capitalization grant is \$10,000,200 which requires \$2,000,040 in state match. Bond proceeds will be used to match 2010 capitalization grant funds.

Leveraged Bonds: The South Dakota Conservancy District has the ability to issue additional bonds above that required for state match, known as leveraged bonds. To date, \$102.8 million in leveraged bonds have been issued for the Clean Water SRF program. It is anticipated that no additional leveraged bonds will be required in 2010.

Borrowers' Principal Repayments: The principal repaid by the loan borrowers is used to make semi-annual leveraged bond payments. Any excess principal is available for loans. It is estimated that \$8,800,000 in principal repayments will become available for loans in fiscal year 2010.

Interest Earnings: The interest repaid by the loan borrowers, as well as interest earned on investments, is dedicated to make semi-annual state match bond payments. Any excess interest is available for loans. It is

estimated that \$4,500,000 in interest earnings will become available for loans in fiscal year 2010.

### **Additional Subsidy - Principal Forgiveness**

The 2010 Clean Water SRF appropriation mandates that not less than 30 percent of the funds made available for Clean Water SRF capitalization grants shall be used by the State to provide additional subsidy to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants (or any combination of these), and shall only apply to the portion of the national allocation that exceeds \$1,000,000,000.

The South Dakota Clean Water SRF program will be required to provide at least \$1,497,982 as additional subsidy. The maximum amount of additional subsidy that can be provided is \$4,993,274.

Additional subsidy will be provided in the form of principal forgiveness. Municipalities and sanitary districts must have a minimum rate of \$22 per month based on 5,000 gallons usage or a flat rate to qualify for principal forgiveness. Other applicants must have a minimum rate of \$40 per month based on 5,000 gallons usage or a flat rate to qualify for principal forgiveness.

When determining the amount of principal forgiveness, the Board of Water and Natural Resources may consider the following decision-making factors, which are set forth in alphabetical order:

- (1) Annual utility operating budgets;
- (2) Available local cash and in-kind contributions;
- (3) Available program funds;
- (4) Compliance with permits and regulations;
- (5) Debt service capability;

- (6) Economic impact;
- (7) Other funding sources;
- (8) Qualification as a Green Project Reserve project;
- (9) Readiness to proceed;
- (10) Regionalization or consolidation of facilities;
- (11) Technical feasibility;
- (12) Utility rates; and
- (13) Water quality benefits.

Attachment II - List of Projects to be Funded in FY 2010 identifies \$2,352,500 in potential principal forgiveness. This is within the range of principal forgiveness allowed.

### **Green Project Reserve**

The 2010 Clean Water SRF appropriation mandates that for fiscal year 2010, to the extent there are sufficient eligible project applications, not less than 20 percent of the funds made available for Clean Water SRF capitalization grants shall be used by the State for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. These four categories of projects are the components of the Green Project Reserve.

To meet the Green Project Reserve requirement, the South Dakota Clean Water SRF program will be expected to provide at least \$2,000,400 to qualifying projects. If this amount cannot be achieved, a waiver from the Green Project Reserve requirement can be requested. To obtain a waiver it must be demonstrated that sufficient effort was taken to solicit eligible projects.

Attachment II - List of Projects to be Funded in FY 2010 identifies \$1,258,300 of projects or project components that may count towards the Green Project Reserve, which does not meet the 20% threshold. The

department will continue its efforts to identify additional projects to satisfy the Green Project Reserve.

### Interest Rates

Interest rates are reviewed periodically in comparison to established bond rating indexes to assure rates are at or below market rates as required. The SRF rates are then set to be competitive with other funding agencies.

	Up to 3 Yrs	Up to 10 Yrs	Up to 20 Yrs	Up to 30 Yrs*
<u>Interim Rate</u>				
Interest Rate	2.00%			
Admin. Surcharge	<u>0.00%</u>			
Total	2.00%			
<u>Base Rate</u>				
Interest Rate		1.75%	2.50%	2.75%
Admin. Surcharge		<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total		2.25%	3.00%	3.25%
<u>Nonpoint Source Incentive Rate</u>				
Interest Rate		1.00%	1.50%	1.75%
Admin. Surcharge		<u>0.25%</u>	<u>0.50%</u>	<u>0.50%</u>
Total		1.25%	2.00%	2.25%

\* Term cannot exceed useful life of the project.

The interest rates for fiscal year 2010 are summarized in Table 1. The rates were last adjusted in February 2009.

Projects for traditional wastewater or stormwater projects that include a nonpoint source component may receive the nonpoint source rate. The annual principal and interest payments are calculated for a loan at the higher base interest rate. Using the lower interest incentive rate, a loan is sized using the annual payment previously calculated. The difference in the two loan amounts is the

amount of funding available for the nonpoint source component of the project.

### Administrative Surcharge Activities

The interest rate includes an administrative surcharge as identified in Table 1. The surcharge was established to provide a pool of funds to be used for administrative purposes after the state ceases to receive capitalization grants. The administrative surcharge is also available for other purposes, as determined eligible by EPA and at the discretion of the Board of Water and Natural Resources and department. Recent emphasis has been on using the surcharge for purposes other than reserves for future program administration.

In fiscal year 2001 the board initiated the Small Community Planning Grant program to encourage proactive planning by small communities. The planning grants reimburse 80 percent of the cost of the study. Planning grants are available only to communities of 2,500 or less. Studies that include measures to identify inflow and infiltration (I/I) can receive up to \$8,000. Studies that do not include an I/I analysis can receive up to \$6,000. The board provides additional grants for studies incorporating a rate analysis using Rate Maker software. Reimbursement for performing a rate analysis is 80 percent of costs up to a maximum of \$1,600.

Administrative surcharges are being used for non-federal cost share for Total Maximum Daily Load (TMDL) assessments and implementation projects.

Additionally, administrative surcharges were allocated to supplement the Consolidated program by providing water quality grants to Clean Water SRF eligible projects.

Beginning in fiscal year 2005, administrative surcharge funds were also provided to the planning districts to defray the cost of SRF application preparation and project administration. Reimbursement is \$7,500 per approved loan with payments made in \$2,500 increments as certain milestones are met. Future allocations for this activity are anticipated and will be based on expected loan demand.

A joint powers agreement was executed between the department and the planning districts to manage requirements of the American Recovery and Reinvestment Act (ARRA) of 2009. The planning districts will be reimbursed \$1,000 per project to oversee compliance with the Davis-Bacon wage rate verification and certification. The planning districts will be reimbursed an additional \$500 per project to provide payroll information to comply with ARRA job creation and retention reporting.

#### **Administrative Surcharge Uses in FY 2010**

As of September 30, 2009, \$1,032,366 of unobligated administrative surcharge funds is available.

In fiscal year 2010, \$1,400,000 of administrative surcharge funds will be allocated. Newly allocated and prior year funds may be used on an as-needed basis for the following activities: non-federal cost share for Total Maximum Daily Load (TMDL) assessments and implementation projects, planning grants, and to supplement the Consolidated program with grants for wastewater treatment projects.

Administrative surcharge funds will again be provided to the planning districts to defray the cost of SRF application preparation and project administration. Based on increased loan demand due to the American Recovery

and reinvestment Act of 2009, the allocation for this purpose will be increased from \$150,000 to \$250,000 in fiscal year 2010.

Up to \$75,000 will be allocated to the Sioux Falls area wastewater regionalization study. In addition to the city of Sioux Falls, the following communities are participating in the study effort:

Baltic	Brandon
Crooks	Garretson
Harrisburg	Hartford
Lennox	Renner
Rowena	Tea
Valley Springs	Worthing

Up to \$100,000 will be reserved to address potential spring 2010 flood-related impacts to publicly owned wastewater treatment facilities. Funds will be allocated at the discretion of the department and will be based on the financial capacity of the system, need, and severity of the flooding impacts.

#### **Capitalization Grant Administrative Allowance**

The four percent administrative allowance of \$407,188 will be reserved for administrative purposes in fiscal year 2010.

#### **ASSURANCES AND SPECIFIC PROPOSALS**

The state has assured compliance with the following sections of the law in the State/EPA Operating Agreement - XI Certification Procedures. In addition, the state has developed specific proposals on implementation of those assurances in the administrative rules promulgated by the Board of Water and Natural Resources.

Section 602(a) - Environmental Reviews - The state certifies that it will conduct

environmental reviews of each project on Attachment II receiving assistance from the Clean Water SRF, as applicable. The state will follow EPA-approved National Environmental Policy Act (NEPA) procedures in conjunction with such environmental reviews.

Section 602(b)(3) - Binding Commitments - The state certifies that it will enter into binding commitments equal to at least 120 percent of each quarterly grant payment within one year after receipt.

Section 602(b)(4) - Timely Expenditures of Funds - The state is committed to obligate Clean Water SRF moneys to eligible applicants as quickly and efficiently as possible to facilitate the financing of eligible projects and to initiate construction with a minimum of delay.

Section 602(b)(5) - First Use Enforceable Requirements - The state certifies that all major and minor wastewater treatment facilities identified as part of the National Municipal Policy (NMP) universe are:

1. in compliance, or
2. have received funding through various state and federal assistance programs and constructed a facility designed to produce an effluent capable of meeting the appropriate permit limits and achieve compliance with its discharge permit, or
3. have upgraded existing facilities or constructed new facilities through its own means to achieve compliance with its discharge permit.

Section 602(b)(6) - Compliance with Title II Requirements - The state certifies that it will comply as applicable.

## **CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS**

The Clean Water SRF funds are distributed using the following criteria:

1. the availability of funds in the Clean Water SRF program;
2. the applicant's need;
3. violation of health and safety standards; and
4. the applicant's ability to repay.

The methods and criteria used are designed to provide the maximum flexibility and assistance that is affordable to the borrower while providing for the long-term viability of the fund.

**Public Review and Comment** - On May 25, 1988, a public hearing was held to review the initial Clean Water SRF rules and to receive comments. The Board of Water and Natural Resources approved the rules following the hearing. Revisions to the Clean Water SRF rules have been made periodically to reflect the needs of the program.

A formal public hearing was held for the South Dakota fiscal year 2010 Clean Water SRF Intended Use Plan on November 6, 2009.

A public hearing to amend the Clean Water SRF rules to address Green Project Reserve projects and the award of principal forgiveness was held on May 21, 2010. Public comments were solicited, and the Board of Water and Natural Resources approved the rules. The rules are expected to be effective on June 28, 2010.

Table 2 - Amounts Available to Transfer between State Revolving Fund Programs

<b>Year</b>	<b>DWSRF Capitalization Grant</b>	<b>Amount Available for Transfer</b>	<b>Banked Transfer Ceiling</b>	<b>Amount Transferred from CWSRF to DWSRF</b>	<b>Amount Transferred from DWSRF to CWSRF</b>	<b>Transfer Description</b>	<b>CWSRF Funds Available to Transfer</b>	<b>DWSRF Funds Available to Transfer</b>
1997	\$12,558,800	\$4,144,404	\$4,144,404				\$4,144,404	\$4,144,404
1998	\$7,121,300	\$2,350,029	\$6,494,433				\$6,494,433	\$6,494,433
1999	\$7,463,800	\$2,463,054	\$8,957,487				\$8,957,487	\$8,957,487
2000	\$7,757,000	\$2,559,810	\$11,517,297				\$11,517,297	\$11,517,297
2001	\$7,789,100	\$2,570,403	\$14,087,700				\$14,087,700	\$14,087,700
2002	\$8,052,500	\$2,657,325	\$16,745,025	\$7,812,960		CW Cap Grant/Match	\$8,932,065	\$16,745,025
2003	\$8,004,100	\$2,641,353	\$19,386,378	\$7,761,360		CW Cap Grant/Match	\$3,812,058	\$19,386,378
2004	\$8,303,100	\$2,740,023	\$22,126,401				\$6,552,081	\$22,126,401
2005	\$8,352,500	\$2,756,325	\$24,882,726				\$9,308,406	\$24,882,726
2006	\$8,229,300	\$2,715,669	\$27,598,395		\$7,500,000	Leveraged Bonds	\$12,024,075	\$20,098,395
2007	\$8,229,000	\$2,715,570	\$30,313,965				\$14,739,645	\$22,813,965
2008	\$8,146,000	\$2,688,180	\$33,002,145				\$17,427,825	\$25,502,145
2009	\$8,146,000	\$2,688,180	\$35,690,325				\$20,116,005	\$28,190,325
2010	\$	\$	\$				\$	\$
(est.)	13,573,000	4,479,090	40,169,415				24,595,095	32,669,415



## ATTACHMENT I

### PROJECT PRIORITY LIST

Attachment I is a comprehensive list of projects that are eligible for Clean Water SRF loans. This list was developed from State Water Plan applications. Inclusion on the list carries no obligations to the Clean Water SRF program. Attachment II lists those projects expected to be funded in fiscal year 2010.

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term
35	Ellsworth Development Authority	C461467-01	Construction of a new wastewater treatment facility to serve Ellsworth AFB and the city of Box Elder	\$11,000,000	3.00%, 20 yrs
32	Canova	C461321-01	Conversion of the existing single-cell stabilization pond system to a total retention artificial wetland system	\$168,300	3.25%, 30 yrs
24	Green Valley San. Dist.	C461251-01	Construction of a central wastewater collection system and connection to the Rapid City system to eliminate failing septic systems.	\$2,000,000	3.25%, 30 yrs
23	Mount Vernon	C461034-01	Rehabilitate or replace approximately 12,300 feet of sewer and 50 manholes to reduce infiltration and upgrade the wastewater treatment facility by rehabilitating the liner in the existing cell, and constructing an additional storage cell and an artificial wetland cell.	\$930,000	3.25%, 30 yrs
23	Oldham	C461219-01	Construction of a 2.7-acre lagoon cell to provide a total retention wastewater treatment facility.	\$521,100	3.25%, 30 yrs
22	Piedmont	C461462-01	Construction of a centralized collection system and activated sludge treatment facility to replace on-site septic systems within the recently incorporated municipality.	\$1,675,000	3.00%, 20 yrs
20	Brookings	C461019-03	Installation of storm water management facilities, to include a rain garden component.	\$668,500	3.00%, 20 yrs
20	Lake City	C461353-01	Construction of a centralized wastewater collection and treatment system to replace on-site septic systems.	\$200,000	3.25%, 30 yrs
20	Watertown	C461029-11	Construction of a parking lot using a pervious	\$815,000	3.00%, 20 yrs

<b>Priority Points</b>	<b>Loan Recipient</b>	<b>Project Number</b>	<b>Project Description</b>	<b>Estimated Loan Amount</b>	<b>Expected Loan Rate &amp; Term</b>
			concrete surface to control run-off.		
17	Custer	C461021-04	Replacement of existing sewer lines and extension of service to a residential area utilizing septic systems.	\$612,600	3.00%, 20 yrs
16	Watertown	C461029-12	Construction of storm water infrastructure, to include water detention ponds, at the new public safety building.	\$100,000	3.00%, 20 yrs
14	Brant Lake Sanitary District	C461235-01	Construction of a small-diameter collection system and stabilization pond to replace on-site septic systems at Brant Lake.	\$2,500,000	3.25%, 30 yrs
13	Lake Poinsett Sanitary District	C461027-03	Continuation of the installation of centralized wastewater collection and treatment facilities to eliminate on-site systems (Phase II, Project area 1).	\$3,075,000	3.25%, 30 yrs
13	Oacoma	C461289-01	Construction of a sequencing batch reactor to replace the existing stabilization pond treatment facility.	\$2,267,000	3.00%, 20 yrs
13	Wolsey	C461262-03	Extension of sewer service to residences using septic systems and elimination of a combined sanitary and storm sewer.	\$614,400	3.25%, 30 yrs
12	Ashton	C461214-01	Replacement of more than 12,000 feet of clay sewer line, raising dikes at the wastewater treatment facility and installing riprap on the exterior sides of the dikes, and constructing a series of ditches to convey storm water.	\$500,000	3.25%, 30 yrs
12	Enemy Swim Sanitation District	C461422-01	Construction of a central wastewater collection and treatment system.	\$300,000	0%, 3 yrs
12	Labolt	C461352-01	Rehabilitation of the wastewater treatment facility by restoring the clay liner, adding rip rap, and replacing non-functioning valves and broken inter-pond pipes.	\$190,000	3.25%, 30 yrs
12	Lead	C461007-07	Separation of sanitary and storm sewer on Lower May and South Main Street.	\$200,000	3.00%, 20 yrs
12	Quinn	C461381-01	Construction of a new wastewater collection system and treatment facility to eliminate individual septic systems.	\$370,000	3.25%, 30 yrs
12	Yale	C461096-01	Construction of new total retention wastewater treatment facility to replace the current facility that is	\$350,000	3.25%, 30 yrs

<b>Priority Points</b>	<b>Loan Recipient</b>	<b>Project Number</b>	<b>Project Description</b>	<b>Estimated Loan Amount</b>	<b>Expected Loan Rate &amp; Term</b>
			undersized.		
11	Parker	C461026-03	Replacement of aging sanitary sewer.	\$882,910	3.25%, 30 yrs
11	Wagner	C461209-02	Replacement of approximately 2,550 feet of aging sewer lines.	\$170,000	3.25%, 30 yrs
10	Armour	C461048-01	Line or replace approximately 47,300 feet of sewer and 100 manholes to reduce infiltration.	\$900,000	3.25%, 30 yrs
10	Hot Springs	C461040-02	Replacement of approximately 10,000 feet of deteriorating sewer lines.	\$1,500,000	3.25%, 30 yrs
10	Hot Springs	C461040-03	Replace the outfall line to the wastewater treatment facility to accommodate a DOT project on Highway 18/385.	\$160,000	3.00%, 20 yrs
10	Mitchell	C461129-04	Upgrade the sanitary sewer and storm water collection systems near the Mitchell Technical Institute to facilitate further development of the campus.	\$500,000	3.00%, 20 yrs
10	Plankinton	C461110-01	Replacement of approximately 3,900 feet of 12-inch clay sewer and 11 manholes - Phase I of a three-phase sewer rehabilitation project.	\$1,000,000	3.25%, 30 yrs
10	Redfield	C461182-02	Replacement of approximately 1,050 feet of 8- and 12-inch sewer lines and 250 feet of storm sewer.	\$340,000	3.25%, 30 yrs
10	Selby	C461137-01	Rehabilitation of the wastewater collection system by relining or replacing approximately 29,760 feet of lines, replacing approximately 13,000 feet of services lines, and rehabilitating approximately 40 manholes.	\$1,000,000	3.25%, 30 yrs
10	Worthing	C461047-03	Replacement of approximately 500 feet of vitrified clay pipe that is in poor condition.	\$140,000	3.25%, 30 yrs
9	Ethan	C462272-01	Replacement of approximately 3,575 feet of collection lines and construction of a new lift station and approximately 13,100 feet of force main to effluent to be discharged below Ethan Lake.	\$900,000	3.25%, 30 yrs
9	Groton	C461051-08	Replace approximately 480 of sewer line which runs underneath a railroad and an additional 200 feet of damaged reinforced concrete pipe.	\$300,000	3.00%, 20 yrs
9	Herried	C461252-01	Replacement of approximately 2,575 feet of corrugated metal pipe with PVC pipe, replacement of	\$995,000	3.25%, 30 yrs

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term
			the outlet and flow measuring structures at the wastewater treatment facility, and replacement of the lift station.		
9	Iroquois	C461174-01	Rehabilitation of the wastewater collection system by relining approximately 14,000 feet of lines, replacing approximately 700 feet of lines, relining 16 manholes, and installing 16 new manholes.	\$875,000	3.25%, 30 yrs
9	White Lake	C461303-01	Replacement or relining of approximately 5,250 feet of sewer line.	\$640,000	3.25%, 30 yrs
8	Centerville	C461215-02	Installation of new storm sewer or replacement of inadequate storm sewer on Colman Street.	\$450,000	3.00%, 20 yrs
8	Dell Rapids	C461064-05	Installation of sanitary and storm sewer on 15 <sup>th</sup> Street from Old Highway 77 to Clark Avenue.	\$1,600,000	3.00%, 20 yrs
8	Harrisburg	C461065-04	Replacement of 5,500 feet of sanitary sewer lines that are undersized and do not meet minimum slope requirements and construction of new storm water lines and a detention basin.	\$3,464,100	3.00%, 20 yrs
8	Menno	C461136-01	Replacing sewer lines and manholes in conjunction with a DOT highway reconstruction project.	\$100,000	3.00%, 20 yrs
8	Pierre	C461288-06	Install approximately 1,200 feet of 8-inch sewer to divert flows from an area with rapid growth potential.	\$235,500	3.00%, 20 yrs
8	Spencer	C461295-01	Replacement of sewer lines and manholes to reduce infiltration and inflow.	\$425,000	3.25%, 30 yrs
7	Emery	C461248-01	Replacement of approximately 1,050 feet of sewer lines and 500 feet of storm sewer on third and Main Streets	\$400,000	3.25%, 30 yrs
7	Fort Pierre	C461049-06	Installation of mechanical circulators to improve circulation within the wastewater treatment lagoons	\$359,000	3.00%, 20 yrs
7	Lemmon	C461015-02	Extension of the storm sewer to areas experiencing poor surface drainage	\$913,000	3.00%, 20 yrs
7	Martin	C461203-02	Remove and dispose of sludge in north cell and refurbish pond liner.	\$150,000	3.25%, 30 yrs
6	Corsica	C461107-01	Construction of a lift station and forcemain to provide sewer service to an industrial park.	\$350,000	3.00%, 20 yrs

<b>Priority Points</b>	<b>Loan Recipient</b>	<b>Project Number</b>	<b>Project Description</b>	<b>Estimated Loan Amount</b>	<b>Expected Loan Rate &amp; Term</b>
6	Menno	C461136-01	Installation of storm sewers in conjunction with a DOT Highway 18 reconstruction project.	\$160,000	3.25%, 30 yrs
6	Scotland	C461069-02	Installation of storm sewer and curb and gutter in two areas of the communit.	\$750,000	3.25%, 30 yrs
6	Whitewood	C461006-03	Replacement of an undersized trunk sewer to alleviate back-up in the line.	\$230,000	3.25%, 30 yrs
5	Bison	C461139-01	Installation of approximately 6,750 feet of various sized storm sewer to alleviate ponding on Main Street.	\$600,000	3.25%, 30 yrs
4	Fort Pierre	C461049-05	Sediment control of storm water runoff near highways 14/34 and 1806.	\$900,000	3.00%, 20 yrs

**ATTACHMENT II - LIST OF PROJECTS TO BE FUNDED IN FY2010**

Priority Points	Loan Recipient	Project Number	Assistance Amount	Principal Forgiveness <sup>1</sup>	Funding Date	Expected Funding Source
	<i>Green Project Reserve Information</i>					
LOANS MADE						
13	Wolsey	C461262-03	\$901,560	-0-	March 2010	Repay/UCE
LOANS EXPECTED						
20	Brookings	C461019-03	\$668,500	\$66,850	June 2010	2010
	<i>GPR Project Type: Green Infrastructure (Categorical) GPR Amount: \$25,000 (est.)</i>					
20	Watertown	C461029-11	\$815,000	0	June 2010	2010
	<i>GPR Project Type: Green Infrastructure (Categorical) GPR Amount: \$815,000</i>					
14	Brant Lake Sanitary District	C461235-01	\$2,500,000		June 2010	Repay/UCE
8	Spencer	C461295-01	\$425,000	\$100,000	June 2010	2010
35	Ellsworth Development Authority	C461467-01	\$11,000,000	0	Sept. 2010	Repay/UCE
22	Canova	C461467-01	\$168,300	\$84,150	Sept. 2010	2010
	<i>GPR Project Type: Innovative Environmental Activity (Business Case) GPR Amount: \$168,300</i>					
13	Lake Poinsett Sanitary District	C461027-03	\$3,075,000	\$1,537,500	Sept. 2010	2010
13	Mount Vernon	C461034-01	\$930,000	0	June 2010	2010
	<i>GPR Project Type: Innovative Environmental Activity (Business Case) GPR Amount: \$250,000 (est.)</i>					
12	Ashton	C461214-01	\$500,000	0	Sept. 2010	2010
10	Hot Springs	C461040-02	\$1,500,000	\$250,000	Sept. 2010	2010
10	Mitchell	C461129-04	\$500,000	0	Sept. 2010	2010
9	Groton	C461051-08	\$300,000	\$150,000	Sept. 2010	2010
8	Dell Rapids	C461064-05	\$724,000	\$164,000	Sept. 2010	2010
7	Lemmon	C461015-02	\$913,000	0	Sept. 2010	Repay/UCE

1. Principal forgiveness amounts shown for loans expected are estimates for planning purposes only.

**ATTACHMENT III  
PROGRAM FUNDING STATUS**

**Fiscal Years 1989 - 2009**

Capitalization Grants	\$129,971,200	
State Match	\$25,994,240	
ARRA Grant	\$19,239,100	
Program Administration Allowance	(\$5,449,264)	
Leveraged Funds	\$102,789,360	
Transfer of FY 2002 & 2003 Capitalization Grant and State Match to DWSRF	(\$15,574,320)	
Excess Interest as of September 30, 2009	\$41,300,930	
Excess Principal Repayments as of Sept. 30, 2009	\$85,005,536	
Total Funds Dedicated to Loan		\$383,276,659
Loans made through September 30, 2009		<u>\$376,720,134</u>
Balance of funds as of September 30, 2009		\$6,556,525

**Fiscal Year 2010 Projections**

Capitalization Grants	\$	
	10,002,000	
State Match	\$	
	2,000,040	
Program Administration Allowance	(\$	
	400,080)	
Projected Excess Principal Repayments	\$8,800,000	
Projected Unrestricted Interest Earnings	\$4,500,000	
Arbitrage Rebate Liability	-0-	
Projected Fiscal Year 2010 Loan Subtotal		\$ 24,901,960
Total Funds Available for Loans		\$ <u>31,458,485</u>
Loan Amount Identified on Attachment II - List of Projects to be Funded in Fiscal Year 2010		\$ <u>24,920,360</u>

<b>Administrative Surcharge Funds Available as of September 30, 2009</b>	
Restricted Account (Administrative Purposes Only)	\$5,969
Discretionary Account (Available for Water Quality Grants)	<u>\$1,026,397</u>
Total	<u>\$1,032,366</u>