

**SOUTH DAKOTA CLEAN WATER STATE REVOLVING FUND
FISCAL YEAR 2007 INTENDED USE PLAN**

INTRODUCTION

The state of South Dakota proposes to adopt the following Intended Use Plan (IUP) for federal fiscal year 2007 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.

Attachment II is a list of those projects from which the department expects to receive applications. The estimated funding dates are only estimates and should not be interpreted as deadlines or that the loan funds have been reserved. Projects with a later expected funding date may receive loans prior to those projects with an earlier date based on time of submittal of its funding application. Any project that is listed on the project priority list, but not listed on Attachment II, will be moved to Attachment II upon submittal of an application. Attachment II will be revised as projects are added. These revisions do not require approval by the Board of Water and Natural Resources.

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 2007.

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 2007 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 allowed 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. One-year extensions of this transfer authority were granted for fiscal years 2002 - 2005. This transfer authority has been extended by Congressional action for fiscal year 2006 and thereafter. 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 2007 capitalization grant, the ability exists to transfer up to \$14.75 million from the Clean Water SRF program to the Drinking Water SRF program. Up to \$22.83 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 2007.

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 2007 capitalization grant is expected to be \$3,266,300 which requires \$653,000 in state match. Bond proceeds will be used to match 2007 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. The Clean Water SRF program experienced

unprecedented demand in fiscal year 2005 and 2006. To address these needs, the Conservancy District issued \$33.5 million of leveraged bonds in October 2005. The need to issue additional leveraged bonds will be assessed as applications are received. It is expected that a bond issue will be needed in either fiscal year 2007 or 2008 to meet demand.

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 \$3,750,000 in principal repayments will be available for loans in fiscal year 2007.

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 \$3,800,000 in interest earnings will be available for loans in fiscal year 2007.

Interest Rates

Interest rates are reviewed annually and are set to be competitive with other funding agencies. In September 2006 the Board of Water and Natural Resources retained the interest rates established in March 2004, which are 2.50 percent for loans with a term of 10 years or less and 3.25 percent for loans with a term greater than 10 years. The term of each loan is at the discretion of the project sponsor provided that the proposed repayment source produces sufficient coverage. The rate for loans for interim financing is 2.0 percent. The maximum allowable term for interim financing loans is three years.

The board also retained the nonpoint source incentive rates for nonpoint source projects,

which are 1.50 percent for loans with a term of 10 years or less and 2.25 percent for loans with a term greater than 10 years. Projects for traditional wastewater or stormwater

Table 1 - Clean Water SRF Interest Rates

	Up to 3 Yrs	Up to 10 Yrs	Up to 20 Yrs
<u>Interim Rate</u>			
Interest Rate	2.00%		
Admin. Surcharge	<u>0.00%</u>		
Total	2.00%		
<u>Base Rate</u>			
Interest Rate		2.00%	2.50%
Admin. Surcharge		<u>0.50%</u>	<u>0.75%</u>
Total		2.50%	3.25%
<u>Nonpoint Source Incentive Rate</u>			
Interest Rate		1.00%	1.50%
Admin. Surcharge		<u>0.50%</u>	<u>0.75%</u>
Total		1.50%	2.25%

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.

A recent decision by EPA allows financings up to 30 years. States must meet certain conditions and must obtain approval from EPA. This option is being pursued, and the ground work has been started to submit a proposal to EPA. The ability to offer 30-year financings to all borrowers may be available later in fiscal year 2007.

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.

The board has allocated \$600,000 of administrative surcharge income for the program. Approximately \$150,000 remains unobligated from prior years' allocations for planning grants in fiscal year 2007. Future allocations of administrative surcharge will depend on program demand.

Administrative surcharges have been used to assist in the design of manure management systems for concentrated animal feeding operations (CAFOs) and provide water quality grants for construction of manure management systems for livestock auction

markets. While activity continues in these areas, no future allocations of administrative surcharge for these purposes are anticipated.

Additionally, administrative surcharges were allocated to supplement the Consolidated program by providing water quality grants to Clean Water SRF eligible projects. Future allocations of administrative surcharge for this purpose are expected and will depend on the demand for and availability of Consolidated grant funds.

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.

Administrative Surcharge Uses in FY 2007

As of September 30, 2006, \$420,833 of unobligated administrative surcharge funds are available.

In fiscal year 2007, \$400,000 of administrative surcharge funds will be allocated on an as-needed basis for the following activities: non-federal cost share for Total Maximum Daily Load (TMDL) assessments, 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 recent loan demand, \$150,000 will be allocated for this purpose in fiscal year 2007.

Capitalization Grant Administrative Allowance

The four percent administrative allowance of \$130,652 will be reserved for administrative purposes in fiscal year 2007.

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 2007 Clean Water SRF Intended Use Plan on November 2, 2006.

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

Year	DWSRF Capitalization Grant	Amount Available for Transfer	Banked Transfer Ceiling	Amount Transferred from CWSRF to DWSRF	Amount Transferred from DWSRF to CWSRF	Transfer Description	CWSRF Funds Available to Transfer	DWSRF Funds Available to Transfer
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 (est.)	\$8,270,000	\$2,729,100	\$30,327,495				\$14,753,175	\$22,827,495

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 2007.

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term
27	Spearfish	C461030-02	Upgrade the wastewater treatment facility to address compliance with chlorine residual standards and provide capacity for the community's growth.	\$5,165,000	3.25%, 20 yrs
26	Box Elder	C461003-02	Construction of a packaged mechanical-type treatment facility to address more stringent stream standards.	\$900,000	3.25%, 20 yrs
24	Crooks	C461227-01	Build additional capacity into the wastewater treatment facility to meet more stringent stream standards and replace the existing lift station to accommodate growth within the community.	\$510,000	3.25%, 20 yrs
24	Woonsocket	C461138-01	Construction of a 5.0-acre lagoon cell to provide sufficient capacity for total retention as required in the city's Surface Water Discharge permit.	\$200,000	3.25%, 20 yrs
23	New Effington	C461416-01	Expand the capacity of the wastewater treatment facility and rehabilitate segments of the collection system to reduce infiltration.	\$250,000	3.25%, 20 yrs
22	Canova	C461321-01	Construction of a 3.0-acre wetland cell to provide sufficient capacity for total retention as required in the city's Surface Water Discharge permit.	\$120,000	3.25%, 20 yrs
18	Watertown	C461029-07 & C461029-08	Construct wastewater and storm sewer lines in an undeveloped area and construct various management practices along a section of the Big Sioux River north of Watertown.	\$1,408,300	2.25, 20 yrs (Watershed Incentive Rate)
17	Madison	C461024-02	Improvements to the existing wastewater treatment	\$4,530,000	3.25%, 20 yrs

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term
			facility to include replacement of existing equipment, updating the electrical system, and conversion to an aerobic digestion system.		
15	Wagner	C461209-01	Extend to sewer to a development currently served by on-site systems and replace 1,350 feet of vitrified clay sewer main that is in poor condition.	\$115,000	3.25%, 20 yrs
14	Highmore	C461106-02	Install storm sewers and curb and gutters to correct storm water problems in the eastern part of the city and extend wastewater service to an area north of Highway 14.	\$700,000	3.25%, 20 yrs
14	Presho	C461236-01	Replacement of two blocks of sewer main to address infiltration and extend sewer service to an area with failing on-site systems.	\$400,000	3.25%, 20 yrs
13	Enemy Swim San. Dist.	C461422-01	Elimination of septic systems by constructing two wastewater treatment lagoons and collection systems to convey wastewater to these lagoons and the existing wastewater treatment facility at Pickerel Lake.	\$1,500,000	3.25%, 20 yrs
13	Hermosa	C461278-01	Expand the capacity of the wastewater treatment facility and rehabilitate segments of the collection system that are experiencing excessive inflow and infiltration.	\$230,000	3.25%, 20 yrs
12	Lead	C461007-06	Installation of new sanitary and storm sewers to eliminate combined sewers	\$500,000	3.25%, 20 yrs
11	Gregory	C461126-01	Replacement of the sewer outfall line to eliminate infiltration	\$257,000	3.25%, 20 yrs
11	Hartford	C461104-05	Replace various segments of the wastewater collection system that are in poor shape and add storm sewers to areas that require improved drainage, to include improvements on South Street, Main Avenue and Mickelson Road..	800,000	3.25%, 20 yrs
11	Tyndall	C461131-03	Rehabilitation of the collection system to address infiltration, and replace lines that have sags or	\$2,000,000	3.25%, 20 yrs

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term
			insufficient slope.		
10	Centerville	C461215-02	Rehabilitation of the collection system to address significant inflow and infiltration issues.	\$1,500,000	3.25%, 20 yr
10	Corsica	C461107-01	Replacement of approximately 9,000 feet of sewer that is experiencing excessive inflow and infiltration.	\$200,000	3.25%, 20 yrs
10	Dell Rapids	C461064-03	Construction of a new lift station, forcemain, and gravity sewer to replace the existing main lift station.	\$716,000	3.25%, 15 yrs
10	Worthing	C461047-02	Replacement of a lift station, forcemain, and gravity sewer to address excessive infiltration as well as other deficiencies within the collection system.	\$800,000	3.25%, 20 yrs
9	Elk Point	C461059-05	Peplacement of sanitary sewer, manholes, curb and gutter on Washington Street.	\$100,000	3.25%, 20 yrs
9	Geddes	C461274-01	Replacement of all manholes and much of the collection system throughout the community.	\$330,000	3.25%, 20 yrs
9	Tea	C461028-06	Relocation of an existing lift station to eliminate two other lift stations and associated trunk line adjustments.	\$800,000	3.25%, 20 yr
8	Brookings	C461019-02	Replacement of approximately 2,200 feet of sewer mains on Main Street.	\$200,000	3.25%, 20 yrs
8	Dell Rapids	C461064-04	Construction of a new stormwater detention facility to control stormwater run-off in the 12 th Street and Clark Avenue area	\$835,000	3.25%, 20 yrs
8	Mobridge	C461016-04	Repair or replacement of a portion of the storm sewer system.	\$300,000	3.25%, 20 yrs
8	Redfield	C461182-02	Extend sewer lines to provide service to a proposed development.	\$458,000	3.25%, 20 yrs
8	Waubay	C461025-02	Replacement/rehabilitation of sewer lines.	\$500,000	3.25%, 20 yrs
7	Freeman	C461017-02	Installation of storm sewers on Sixth Street	\$576,000	3.25%, 20 yrs
7	Martin	C461203-01	Rehabilitation of the interior slopes and riprap at the north wastewater treatment stabilization ponds.	\$100,000	3.25%, 20 yrs
7	Tyndall	C461131-01	Construct additional 30- and 36-inch storm sewer lines to alleviate storm water back-ups.	\$500,000	3.25%, 20 yrs

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term
6	Springfield	C461071-01	Extension of the collection system into an undeveloped portion of the town.	\$175,000	3.25%, 20 yrs
5	Wolsey	C461262-01	Replace wastewater collection lines in conjunction with a DOT Highway project.	\$120,000	3.25%, 20 yrs
4	Fort Pierre	C461049-04	Sediment control of storm water runoff near highways 14/34 and 1806.	\$375,600	3.25%, 20 yrs

ATTACHMENT II - LIST OF PROJECTS TO BE FUNDED IN FY2007

Priority Points	Loan Recipient	Project Number	Loan Amount	Funding Date	Expected Funding Source
LOANS EXPECTED					
18	Watertown	C461029-07 & C461029-08	\$1,408,300	January 2007	UCE
8	Redfield	C461882-02	\$458,000	January 2007	UCE
9	Tea	C461028-06	\$800,000	March 2007	FY 2007
7	Freeman	C461017-02	\$576,000	March 2007	FY 2007
7	Martin	C461203-01	\$100,000	March 2007	FY 2007
24	Crooks	C461227-01	\$510,000	June 2007	FY 2007
11	Gregory	C461126-01	\$257,000	June 2007	FY 2007
10	Dell Rapids (lift station)	C461064-03	\$716,000	June 2007	FY 2007
9	Elk Point	C461059-05	\$100,000	June 2007	Repayments
27	Spearfish	C461030-02	\$5,165,000	September 2007	Leveraged Bond Proceeds
17	Madison	C461024-02	\$4,530,000	September 2007	Repayments/UCE
15	Wagner	C461209-01	\$115,000	September 2007	FY 2007
14	Highmore	C461106-02	\$700,000	September 2007	FY 2007
11	Hartford	C461104-05	\$800,000	September 2007	Repayments
10	Worthing	C461047-02	\$800,000	September 2007	Repayments
8	Dell Rapids (storm sewer)	C461064-04	\$835,000	September 2007	Repayments

**ATTACHMENT III
PROGRAM FUNDING STATUS**

Fiscal Years 1989 - 2006

Capitalization Grants	\$118,215,400
State Match	\$23,643,080
Leveraged Funds	\$45,507,540
Program Administration Allowance	(\$4,209,468)
Transfer of FY 2002 & 2003 Capitalization Grant and State Match to DWSRF	(\$15,574,320)
Excess Interest as of September 30, 2005	\$27,700,918
Excess Principal Repayments as of Sept. 30, 2006	\$64,314,856
 Total Funds Dedicated to Loan	 \$259,598,006
 Loans made through September 30, 2006	 <u>(\$258,029,417)</u>
 Balance of funds as of September 30, 2006	 \$1,568,589

Fiscal Year 2007

Capitalization Grants	\$3,266,300
State Match	\$653,260
Program Administration Allowance	(\$130,652)
Projected Excess Principal Repayments	\$3,750,000
Projected Unrestricted Interest Earnings	\$3,800,000
Arbitrage Rebate Liability	(\$120,000)
Projected Fiscal Year 2007 Subtotal	<u>\$11,218,908</u>
 Total Funds Available for Loans	 <u><u>\$12,787,497</u></u>
 Loan Amount Identified on Attachment II - List of Projects to be Funded in Fiscal Year 2007	 <u><u>\$17,870,300</u></u>

Administrative Surcharge Funds Available as of September 30, 2006	
Restricted Account (Administrative Purposes Only)	\$15,807.55
Discretionary Account (Available for Water Quality Grants)	<u>\$405,025.93</u>
Total	<u>\$420,833.48</u>