

**SOUTH DAKOTA CLEAN WATER STATE REVOLVING FUND
FISCAL YEAR 2011 INTENDED USE PLAN**

INTRODUCTION

The state of South Dakota proposes to adopt the following Intended Use Plan (IUP) for federal fiscal year 2011 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 and 74:05:08:03.02. 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 2011.

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 2011 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 2011 capitalization grant, the ability exists to transfer up to \$28.86 million from the Clean Water SRF program to the Drinking Water SRF program. Up to \$36.8 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.

It is anticipated that a transfer of approximately \$10,000,000 from the Drinking Water SRF program to the Clean Water SRF program will be required due the high demand experienced on the Clean Water SRF program.

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 2011 capitalization grant is expected to be \$9,693,000 which requires \$1,938,600 in state match. Bond proceeds will be used to match 2011 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. Originally, \$102.8 million in leveraged bonds were issued for the Clean Water SRF program. In fiscal year 2010, \$3,543,094 of leveraged bond proceeds were transferred to a state match bond account, to be provide state match for the 2010 and 2011 capitalization grants. After this transfer, \$99.2 million of leveraged funds have been provided to the Clean Water SRF program. It is anticipated that no additional leveraged bonds will be required in 2011.

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 \$8,500,000 in

principal repayments will become available for loans in fiscal year 2011.

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 2011.

Additional Subsidy - Principal Forgiveness

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

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.

As a result of the 2010 appropriation, the South Dakota Clean Water SRF program was required to provide at least \$1,497,982, but no more than \$4,993,274 as additional subsidy. As of September 30, 2010, \$3,735,995 of principal forgiveness had been awarded.

The 2011 Clean Water SRF appropriation requires that no more 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 and shall only apply to the portion of the national allocation that exceeds \$1,000,000,000. Up to \$1,361,800 may be awarded as principal forgiveness.

With the 2010 and 2011 authority to award additional subsidy, the program has the ability to award up to \$2,619,079 in additional principal forgiveness. Attachment II - List of Projects to be Funded in FY 2011 identifies \$2,377,920 in potential principal forgiveness. This is within the range of principal forgiveness allowed.

Green Project Reserve

The 2010 and 2011 Clean Water SRF appropriations mandate that to the extent there are sufficient eligible project

applications, not less than 20 percent of the funds made available for each year's Clean Water SRF capitalization grant 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 and \$1,938,600 from the 2010 and 2011 capitalization grants, respectively, 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.

In fiscal year 2010, \$1,454,184 has qualified towards the Green Project Reserve. This leaves \$545,856 of Green Project Reserve projects yet to fund to meet the 2010 capitalization grant requirements

Attachment II - List of Projects to be Funded in FY 2011 identifies \$960,000 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 or explore obtaining a waiver.

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.

The interest rates for fiscal year 2011 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.

| | 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 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. In fiscal year 2010, studies that included measures to identify inflow and infiltration (I/I) could receive up to \$8,000. Studies that did not include an I/I analysis could receive up to \$6,000. In 2011, the maximum grant amount will be raised to \$10,000 regardless of the inclusion of an I/I analysis.

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. Under the agreement, the planning districts were to be reimbursed \$1,000 per project to oversee compliance with the Davis-Bacon wage rate verification and certification and an additional \$500 per project to compile payroll information regarding ARRA job creation and retention. Since the Davis-Bacon requirement remained with 2010 and 2011 capitalization grants, the planning districts will continue to provide wage rate verification and certification.

Administrative Surcharge Uses in FY 2011

As of September 30, 2010, \$868,773 of unobligated administrative surcharge funds is available.

In fiscal year 2011, \$1,350,000 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. With the loan demand resulting from the American Recovery and Reinvestment Act (ARRA) of 2009 being met, the allocation for this purpose will be decreased from \$250,000 to \$200,000 in fiscal year 2011.

Up to \$500,000 will be allocated to conduct energy efficiency studies of wastewater treatment facilities. The department will seek

proposals from qualified consultants to conduct studies at several wastewater treatment facilities of varying sizes and treatment types. There are approximately 30 publicly owned treatment facilities in South Dakota that utilize energy intensive processes to treat wastewater. It is expected that additional administrative surcharge funds will be allocated in future years so that energy efficiency studies can be offered for each of these facilities.

Capitalization Grant Administrative Allowance

The four percent administrative allowance of \$387,720 will be reserved for administrative purposes in fiscal year 2011.

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 2011 Clean Water SRF Intended Use Plan on November 30, 2010.

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 | \$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 | \$13,573,000 | \$4,479,090 | \$40,169,415 | | | | \$24,595,095 | \$32,669,415 |
| 2011 (est.) | \$12,725,000 | \$4,199,250 | \$44,368,665 | | \$10,000,000 | Repayments | \$28,794,345 | \$26,868,665 |

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 2011.

| 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. | \$292,500 | 3.25%, 30 yrs |
| 32 | Interior | C461092-01 | Conversion of the existing single-cell stabilization pond system to a discharging artificial wetland system. | \$582,100 | 3.25%, 30 yrs |
| 26 | Sioux Falls | C461232-33 | Rehabilitation of the Hayward Trunk Sewer to eliminate excessive infiltration and replace approximately 8,000 feet of the Sioux River Interceptor and continuation of nonpoint source activities in the Big Sioux watershed. | \$15,238,000 | 1.25%, 10 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. | \$3,000,000 | 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 | \$1,675,000 | 3.00%, 20 yrs |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term |
|-----------------|---------------------------------|----------------|---|-----------------------|---------------------------|
| | | | septic systems within the recently incorporated municipality. | | |
| 20 | Brookings | C461019-04 | Construction of the 15 th Street South and 7 th Avenue South detention pond. | \$2,243,400 | 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 |
| 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 | Hot Springs | C461040-03 | Rehabilitation of the wastewater treatment facility to include replacement of the wet well, tricking filter, digester building piping, and outlet piping. | \$1,990,000 | 3.00%, 20 yrs |
| 16 | Turton | C461396-01 | Replacement of a lift station and rehabilitation of the wastewater treatment system by converting to an artificial wetland system. | \$456,100 | 3.00%, 20 yr |
| 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 |
| 15 | Chamberlain | C461044-05 | Installation of an ultraviolet system at the wastewater treatment facility. | \$160,000 | 3.00%, 20 yrs |
| 15 | Hermosa | C461278-01 | Extension of sewer service to an area utilizing septic systems. | \$504,500 | 3.00%, 20 yrs |
| 14 | Ravinia | C461384-01 | Rehabilitation of existing storm sewers, culverts, and ditches and construction of a storm water detention pond. | \$434,540 | 3.25%, 30 yrs |
| 14 | Sioux Falls | C461232-32 | Continuation of the Central Main Interceptor Replacement project, replacement of sewer line on Dakota Avenue, and lining pipe at various locations and continuation of nonpoint source activities in the Big Sioux watershed. | \$24,589,400 | 1.25%, 10 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 | Richmond Lake Sanitary District | C461067-03 | Rehabilitation of the lagoon cells, improvements to the artificial wetland cells, upgrades to the lift stations and installation of a SCADA system. | \$711,200 | 3.25%, 30 yrs |
| 13 | Warner | C461042-02 | Replacement of approximately 3,500 feet of 8-inch | \$2,453,000 | 3.25%, 30 yrs |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term |
|------------------------|--------------------------------|-----------------------|---|------------------------------|--------------------------------------|
| | | | lines, 1,300 feet of 4-inch service lines, and 1,870 feet of force main; rehabilitation of the lift station; and construction of a 6.0-acre primary pond, and miscellaneous improvements to the existing wastewater treatment system. | | |
| 12 | Enemy Swim Sanitation District | C461422-01 | Construction of a central wastewater collection and treatment system. | \$300,000 | 0%, 3 yrs |
| 12 | Frankfort | C461055-01 | Construction of a new wastewater treatment system. | \$282,000 | 3.25%, 30 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 | Lake Byron Watershed District | C461052-01 | Construction of a central wastewater collection and treatment system. | \$2,935,000 | 3.25%, 30 yrs |
| 12 | Northville | C461371-01 | Modifications to the existing total retention facility to eliminate frequent discharges that violate the town's "No Discharge" permit. | \$413,300 | 3.25%, 30 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 undersized. | \$350,000 | 3.25%, 30 yrs |
| 11 | Parker | C461026-03 | Replacement of aging sanitary sewer. | \$882,910 | 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 | Bridgewater | C461112-03 | Relining and replacement of approximately 2,400 feet of vitrified clay sanitary sewer lines on Main Street. | \$261,000 | 3.25%, 30 yrs |
| 10 | Colton | C461135-02 | Replacement of approximately 360 feet of deteriorating sewer lines and install approximately 535 feet of storm sewer in conjunction with the reconstruction of 5 th Street. | \$120,000 | 3.25%, 30 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 | \$1,000,000 | 3.25%, 30 yrs |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term |
|-----------------|----------------|---------------------------------|--|-----------------------------------|---------------------------|
| | | | clay sewer and 11 manholes - Phase I of a three-phase sewer rehabilitation project. | | |
| 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 | Viborg | C461240-01 | Replacement of approximately 2,700 feet of old vitrified clay sewer lines in conjunction with a DOT project and re-route approximately 400 feet of sewer to eliminate a shallow manhole. | \$883,000 | 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 | C461051-09 | Construction of a new lift station and forcemain to replace a failing gravity sewer line. | \$242,500 | 3.00%, 20 yrs |
| 9 | Herried | C461252-01 | Replacement of approximately 2,575 feet of corrugated metal pipe with PVC pipe, replacement of the outlet and flow measuring structures at the wastewater treatment facility, and replacement of the lift station. | \$994,300 | 3.25%, 30 yrs |
| 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 | Harrisburg | C461065-04 and C461065-05 | 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. | \$1,783,760 and \$1,680,340 | 3.00%, 20 yrs |
| 8 | McLaughlin | C461233-01 | Replacement or relining of approximately 22,900 feet of 8- and 15-inch sewer lines, replace two lift stations, | 2,584,000 | 3.25%, 30 yrs |

| Priority Points | Loan Recipient | Project Number | Project Description | Estimated Loan Amount | Expected Loan Rate & Term |
|-----------------|----------------|----------------|---|------------------------|---------------------------|
| | | | and repair riprap at the wastewater treatment facility. | | |
| 8 | Menno | C461136-02 | Replacement of approximately 6,400 feet of sanitary sewer on Park Street and portions of Fifth, High, and Pearl Streets. | \$648,000 | 3.25%, 30 yrs |
| 8 | Scotland | C461069-02 | Replace sanitary sewer and install new storm sewer on Washington and 2 nd Streets. | \$575,000 | 3.25%, 30 yrs |
| 7 | Doland | C461050-01 | Replace and reline sewer lines and manholes to reduce infiltration and inflow in the collection system and reline cells at the wastewater treatment facility to address excessive seepage. | \$1,845,730 | 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 | 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 | C461107-02 | Installation of 3,400 feet of 36- and 48-inch storm sewer to convey storm water from problem areas. | \$750,000 | 3.25%, 30 yrs |
| 6 | Lebanon | C461356-01 | Replace the existing lift station and force main and remove sludge from the wastewater treatment system and make miscellaneous improvements to inter-pond piping, valves and inlet/outlet structures. | \$462,550 | 3.00%, 20 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 curb and gutter, drop inlets, and storm sewer throughout the town. | \$950,000 (Phase I) | 3.25%, 30 yrs |
| 4 | Java | C461350-01 | Reshaping the stabilization pond berms and installing riprap and miscellaneous improvements to a lift station. | \$438,325 | 3.25%, 30 yrs |

ATTACHMENT II - LIST OF PROJECTS TO BE FUNDED IN FY2011

| Priority Points | Loan Recipient | Project Number | Assistance Amount | Principal Forgiveness ¹ | Funding Date | Expected Funding Source |
|-----------------------|---|----------------|-------------------|------------------------------------|--------------|-------------------------|
| | <i>Green Project Reserve Information</i> | | | | | |
| LOANS MADE | | | | | | |
| 23 | Mount Vernon | C461034-01 | \$2,300,000 | \$1,050,000 | Jan. 2011 | 2010 |
| | <i>GPR Project Type: Innovative Environmental Activity (Business Case)</i> <i>GPR Amount: \$250,000 (est.)</i> | | | | | |
| 22 | Canova | C461467-01 | \$292,500 | \$146,250 | Jan. 2011 | 2010 |
| | <i>GPR Project Type: Innovative Environmental Activity (Business Case)</i> <i>GPR Amount: \$292,500</i> | | | | | |
| 14 | Sioux Falls | C461232-32 | \$24,189,400 | -0- | Jan. 2011 | Repayments/UCE |
| | <i>GPR Project Type: Green Infrastructure (Categorical)</i> <i>GPR Amount: \$1,189,400</i> | | | | | |
| LOANS EXPECTED | | | | | | |
| 15 | Hermosa | C461278-01 | \$504,500 | \$200,000 | Mar. 2011 | 2011 |
| 13 | Richmond Lake | C461067-03 | \$711,200 | \$71,120 | Mar. 2011 | 2010 |
| 12 | Frankfort | C461055-01 | \$282,000 | -0- | Mar. 2011 | 2010 |
| 12 | Northville | C461371-01 | \$413,300 | \$75,000 | Mar. 2011 | 2010 |
| 10 | Colton | C461135-02 | \$120,000 | -0- | Mar. 2011 | 2010 |
| 9 | Herried | C461252-01 | \$994,300 | -0- | Mar. 2011 | 2011 |
| 8 | Harrisburg (Sanitary Sewer) | C461065-04 | \$1,680,340 | -0- | Mar. 2011 | 2011 |
| 8 | Harrisburg (Storm Sewer) | C461065-05 | \$1,783,760 | -0- | Mar. 2011 | 2011 |
| 6 | Lebanon | C461356-01 | \$462,550 | -0- | Mar. 2011 | 2011 |
| 26 | Sioux Falls | C461232-33 | \$15,238,000 | -0- | June 2011 | Repayments/UCE |
| 20 | Brookings | C461119-04 | \$2,243,400 | -0- | June 2011 | DWSRF Transfer |
| | <i>GPR Project Type: Green Infrastructure (Categorical)</i> <i>GPR Amount: \$217,500</i> | | | | | |
| 16 | Hot Springs | C461040-03 | \$1,990,000 | \$199,000 | June 2011 | DWSRF Transfer |
| 10 | Bridgewater | C461112-03 | \$261,000 | -0- | June 2011 | DWSRF Transfer |
| 9 | Groton | C461051-09 | \$242,500 | -0- | June 2011 | DWSRF Transfer |
| 5 | Bison | C461139-01 | \$950,000 | -0- | June 2011 | DWSRF Transfer |

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

**ATTACHMENT III
PROGRAM FUNDING STATUS**

Fiscal Years 1989 - 2010

| | | |
|---|----------------|---------------|
| Capitalization Grants | \$139,973,200 | |
| State Match | \$27,994,640 | |
| ARRA Grant | \$19,239,100 | |
| Program Administration Allowance | (\$5,849,344) | |
| Leveraged Funds | \$99,246,266 | |
| Transfer of FY 2002 & 2003 Capitalization Grant and State Match to DWSRF | (\$15,574,320) | |
| Excess Interest as of September 30, 2010 | \$45,998,120 | |
| Excess Principal Repayments as of Sept. 30, 2010 | \$93,127,360 | |
| | | |
| Total Funds Dedicated to Loan | | \$404,155,022 |
| Loans made through September 30, 2010 | | \$386,853,334 |
| Balance of funds as of September 30, 2010 | | \$17,301,688 |

Fiscal Year 2011 Projections

| | | |
|--|--------------|--------------|
| Capitalization Grants | \$9,693,000 | |
| State Match | \$1,938,600 | |
| Program Administration Allowance | (\$387,720) | |
| Projected Excess Principal Repayments | \$15,500,000 | |
| Projected Unrestricted Interest Earnings | \$4,500,000 | |
| Transfer from Drinking Water SRF | \$10,000,000 | |
| Arbitrage Rebate Liability | -0- | |
| Projected Fiscal Year 2011 Loan Subtotal | \$41,243,880 | |
| Total Funds Available for Loans | | \$58,575,568 |
| Loan Amount Identified on Attachment II - List of Projects to be Funded in Fiscal Year 2011 | | \$54,658,290 |

| Administrative Surcharge Funds Available as of September 30, 2010 | |
|--|-----------|
| Restricted Account (Administrative Purposes Only) | \$24,504 |
| Discretionary Account (Available for Water Quality Grants) | \$844,269 |
| Total | \$868,773 |