
THE SOUTH DAKOTA CONSERVANCY DISTRICT
CLEAN WATER STATE REVOLVING FUND
ANNUAL REPORT
FEDERAL FISCAL YEAR 1997

Department of Environment and Natural Resources
Division of Financial and Technical Assistance
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Pierre, South Dakota 57501-3181

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THE SOUTH DAKOTA CONSERVANCY DISTRICT
BOARD MEMBERS

STEVE LOWRIE, CHAIRMAN

Watertown

- Member since 1985

JOHN LOUCKS, VICE-CHAIRMAN

Rapid City

- Member since 1989

DALE KENNEDY, SECRETARY

Beresford

- Member since 1985

DON BOLLWEG

Harrold

-Member since 1994

GREGG GREENFIELD

Sioux Falls

-Member since 1996

JERRY KLEINSASSER

Frankfort

-Member since 1996

ROGER LARSEN

Sioux Falls

-Member since 1997

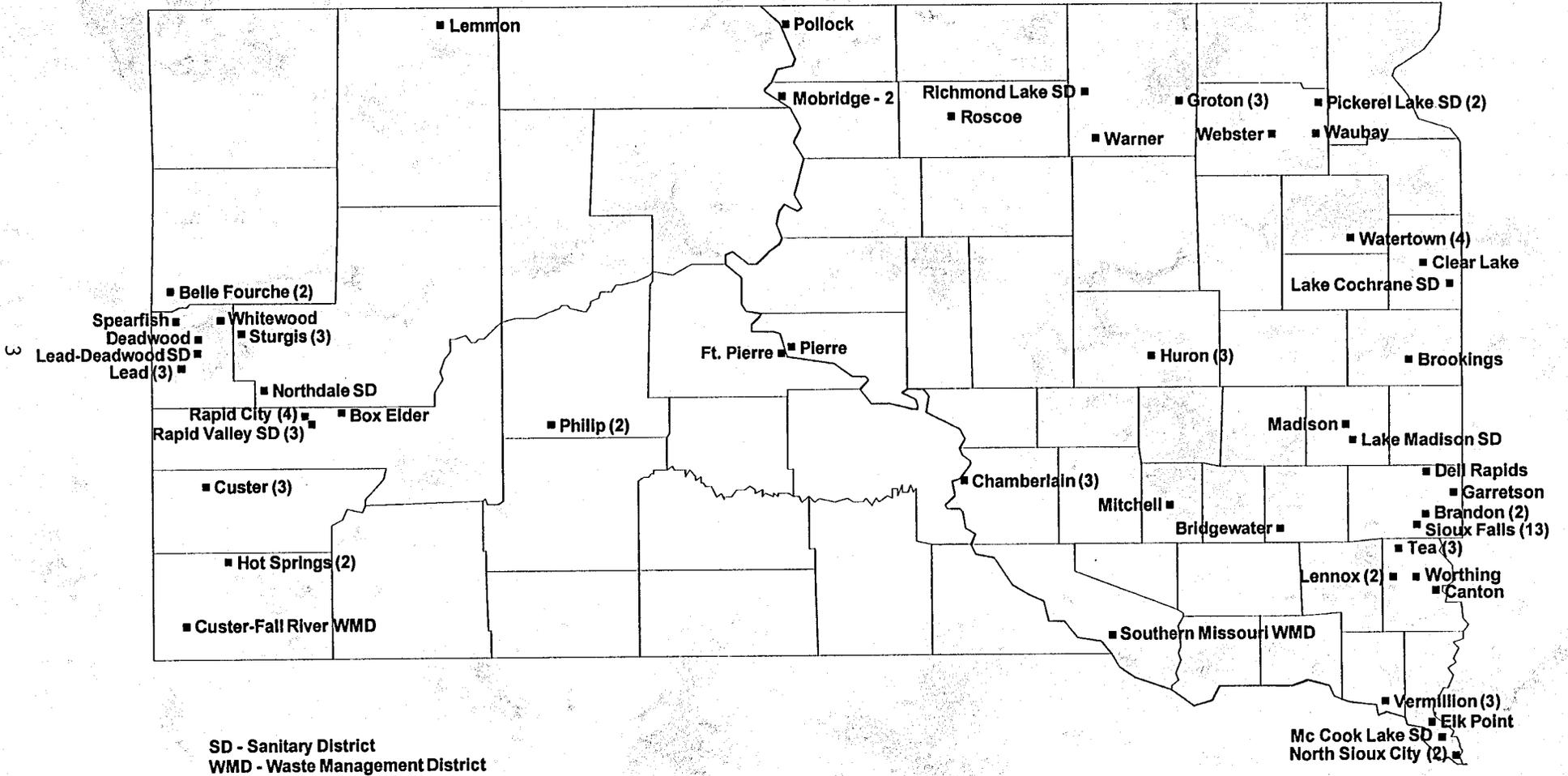
MISSION

The mission of the South Dakota Clean Water State Revolving Fund loan program is to capitalize the fund to the fullest; maintain, 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 the economic well-being of the citizens of the state of South Dakota.

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WASTEWATER STATE REVOLVING FUND LOANS



**STATE OF SOUTH DAKOTA
WASTEWATER STATE REVOLVING FUND LOAN PROGRAM**

RECIPIENT	BINDING COMMITMENT DATE	RATE, TERM	BINDING COMMITMENT AMOUNT	ACTUAL LOAN AMOUNT
Belle Fourche (01)	08/22/90	3%,20	\$253,000.00	\$253,000.00
Belle Fourche (02)	06/22/95	4.5%,10	\$300,000.00	\$264,422.00
Box Elder	04/11/90	3%,20	\$648,600.00	\$648,600.00
Brandon (01)	03/14/91	3%,10	\$105,000.00	\$105,000.00
Brandon (02)	03/31/93	3%,10	\$600,000.00	\$526,018.00
Bridgewater	09/25/97	5.25%,20	\$120,000.00	\$120,000.00
Brookings	03/14/91	4%,15	\$188,065.00	\$188,065.00
Canton	05/19/92	4%,15	\$621,000.00	\$515,715.00
Chamberlain (01)	07/08/92	3%,10	\$350,500.00	\$350,500.00
Chamberlain (02)	01/26/93	3%,10	\$265,000.00	\$265,000.00
Chamberlain (03)	06/27/96	5.25%,20	\$2,700,000.00	\$2,700,000.00
Clear Lake	06/13/91	4%,15	\$370,000.00	\$79,537.00
Custer (01)	04/11/90	3%,20	\$430,000.00	\$430,000.00
Custer (02)	07/11/90	3%,20	\$182,000.00	\$182,000.00
Custer (03)	08/23/93	3%,10	\$276,000.00	\$276,000.00
Custer-Fall River WMD	09/21/95	5%,20	\$250,000.00	\$106,939.00
Deadwood	04/25/94	5%,20	\$582,000.00	\$447,838.00
Dell Rapids	12/09/93	3%,10	\$300,000.00	\$300,000.00
Elk Point	05/27/93	4%,15	\$458,000.00	\$458,000.00
Fort Pierre	05/11/94	3%,10	\$330,294.00	\$330,294.00
Garretson	05/11/94	4%,15	\$510,000.00	\$300,000.00
Groton (01)	01/13/94	3%,10	\$192,000.00	\$189,524.00
Groton (02)	05/11/94	3%,10	\$106,000.00	\$74,630.00
Groton (03)	07/23/97	5.25%,20	\$635,000.00	\$635,000.00
Hot Springs (01)	03/12/92	3%,10	\$196,930.00	\$196,930.00
Hot Springs (NPS/01)	01/13/94	5%,20	\$930,000.00	\$930,000.00
Huron (01)	11/09/89	3%,20	\$1,656,000.00	\$1,656,000.00
Huron (02)	06/13/91	3%,10	\$750,000.00	\$701,997.00
Huron (03)	09/19/95	5.25%,20	\$2,700,000.00	\$1,856,828.00
Lake Cochrane	04/11/90	3%,20	\$80,000.00	\$80,000.00
Lake Madison	03/14/91	4%,15	\$330,000.00	\$330,000.00
Lead (01)	07/11/90	3%,20	\$186,409.00	\$186,409.00
Lead (02)	07/11/91	3%,10	\$500,770.00	\$500,770.00
Lead (03)	05/19/92	3%,10	\$405,000.00	\$375,298.00
Lead-Deadwood Sanitary District	06/07/90	3%,5	\$110,000.00	\$106,855.00
Lemmon	04/11/90	3%,20	\$427,100.00	\$427,100.00
Lennox	06/27/96	5.25%,20	\$350,000.00	\$350,000.00
Lennox (02)	07/23/97	5.25%,20	\$600,000.00	\$600,000.00
Madison	03/14/91	3%,10	\$150,000.00	\$119,416.00
McCook Lake Sanitary District	08/29/91	5%,20	\$641,935.00	\$641,935.00
Mitchell	04/15/97	4.5%,10	\$2,000,000.00	\$2,000,000.00
Mobridge (01)	07/11/90	3%,20	\$1,500,000.00	\$1,500,000.00
Mobridge (02)	12/11/91	4%,15	\$158,000.00	\$158,000.00
North Sioux City (01)	07/08/92	3%,10	\$239,650.00	\$239,650.00
North Sioux City (02)	06/22/95	5%,15	\$646,000.00	\$646,000.00
Northdale Sanitary District	04/25/94	5%,20	\$315,000.00	\$256,380.00
Philip (01)	06/22/95	5%,15	\$472,000.00	\$453,885.00
Philip (02)	06/26/97	5.25%,20	\$325,000.00	\$325,000.00
Pickrel Lake Sanitary District (01)	05/09/96	5.25%,20	\$850,000.00	\$850,000.00
Pickrel Lake Sanitary District (02)	09/25/97	5.25%,20	\$670,000.00	\$670,000.00

RECIPIENT	BINDING		BINDING	
	COMMITMENT		COMMITMENT	ACTUAL
	DATE	RATE, TERM	AMOUNT	LOAN AMOUNT
Pierre	11/08/90	4%,15	\$600,000.00	\$433,976.00
Pollock	09/23/93	3%,10	\$170,000.00	\$151,619.49
Rapid City (01)	12/12/90	4%,15	\$2,637,000.00	\$2,479,905.00
Rapid City (02)	07/08/92	4%,15	\$1,138,200.00	\$986,685.00
Rapid City (03)	06/23/93	4%,15	\$777,500.00	\$674,577.00
Rapid City (04)	08/10/94	4%,15	\$1,214,861.39	\$1,214,861.39
Rapid Valley Sanitary District (01)	07/11/90	3%,20	\$614,000.00	\$614,000.00
Rapid Valley Sanitary District (02)	11/10/94	4%,15	\$460,000.00	\$364,583.00
Rapid Valley Sanitary District (03)	07/29/96	5.25%,20	\$630,000.00	\$630,000.00
Richmond Lake Sanitary District	06/27/96	5.25%,20	\$414,000.00	\$414,000.00
Roscoe	07/29/96	5.25%,20	\$358,408.00	\$358,408.00
Sioux Falls (01)	04/11/90	3%,20	\$3,316,310.00	\$2,836,962.58
Sioux Falls (02)	07/11/90	3%,10	\$454,000.00	\$453,999.19
Sioux Falls (03)	12/12/90	3%,10	\$845,000.00	\$844,999.94
Sioux Falls (04)	12/12/90	3%,10	\$1,200,000.00	\$1,199,999.89
Sioux Falls (05)	03/12/92	3%,10	\$1,955,000.00	\$1,954,999.84
Sioux Falls (06)	03/12/92	3%,10	\$700,000.00	\$699,999.92
Sioux Falls (07)	01/26/93	3%,10	\$4,500,000.00	\$4,500,000.00
Sioux Falls (08)	01/13/94	3%,10	\$1,000,000.00	\$699,003.00
Sioux Falls (09)	08/10/94	3%,10	\$1,250,000.00	\$1,250,000.00
Sioux Falls (10)	08/10/94	3%,10	\$1,500,000.00	\$1,432,941.00
Sioux Falls (11)	06/22/95	4.5%,10	\$1,250,000.00	\$1,250,000.00
Sioux Falls (12)	03/27/96	4.5%,10	\$1,300,000.00	\$1,300,000.00
Sioux Falls (13)	01/09/97	4.5%,10	\$2,500,000.00	\$2,500,000.00
Southern Missouri WMD	10/06/94	5%,20	\$700,000.00	\$700,000.00
Spearfish	03/12/92	4%,15	\$1,956,000.00	\$1,955,999.83
Sturgis (01)	08/23/93	5%,20	\$502,000.00	\$502,000.00
Sturgis (02)	06/23/94	5%,20	\$936,250.00	\$936,250.00
Sturgis (03)	06/27/97	5.25%,20	\$450,000.00	\$450,000.00
Tea (01)	03/31/93	4%,15	\$600,000.00	\$600,000.00
Tea (02)	05/11/94	4%,15	\$600,000.00	\$600,000.00
Tea (03)	06/27/97	5.25%,20	\$250,000.00	\$250,000.00
Vermillion (01)	06/07/90	3%,20	\$125,000.00	\$125,000.00
Vermillion (02)	01/13/94	4%,15	\$500,000.00	\$370,471.00
Vermillion (NPS/01)	08/10/94	4.5%,10	\$480,000.00	\$356,531.00
Warner	03/23/95	4.5%,10	\$102,000.00	\$101,152.00
Watertown (01)	10/09/91	4%,15	\$2,000,000.00	\$2,000,000.00
Watertown (02)	08/12/92	4%,15	\$4,000,000.00	\$4,000,000.00
Watertown (03)	06/22/95	5.25%,20	\$2,600,000.00	\$2,600,000.00
Watertown (04)	11/09/95	5.25%,20	\$2,200,000.00	\$932,830.00
Waubay	02/18/92	5%,20	\$163,487.00	\$81,454.00
Webster	03/27/96	5.25%,20	\$400,000.00	\$345,394.00
Whitewood	02/18/92	4%,15	\$200,000.00	\$180,801.00
Worthing	06/27/96	5.25%,20	\$315,725.00	\$315,725.00
TOTAL 94 Loans, 50 Entities			\$77,826,994.39	\$72,553,663.07

PROJECT DESCRIPTIONS

Loans approved during federal fiscal year 1997 are designated by the year 1997 written directly beside the loan recipients' names and italic lettering within the paragraph.

BELLE FOURCHE - The city of Belle Fourche has received two loans totaling \$517,422. The first loan of \$253,000 was at a rate of 3% for 20 years. It was used to construct sanitary sewer lines and manholes. The second loan of \$264,422 was used to upgrade the city's primary sanitary forcemain which had deteriorated. This loan is at 4.5% for a 10-year term.

BOX ELDER - Box Elder utilized a \$648,600 SRF loan to refinance existing sewer debt incurred to expand its treatment facility. The term of the loan is for 20 years at a rate of 3%.

BRANDON - The city of Brandon used two SRF loans totaling \$631,018. The first loan of \$105,000 was for a storm drainage project. The second loan of \$526,018 was for the construction of a forcemain to convey partially treated wastewater from the Brandon wastewater treatment facility to the Sioux Falls wastewater treatment plant. This loan also financed the associated pumping station and some minor improvements to the existing treatment facility. Both loans are for 10-year terms at an interest rate of 3%.

BRIDGEWATER* - (1997) - *The city of Bridgewater received a loan for \$120,000 to construct storm sewer along the north and east side of the city to connect to an existing inlet basin. The 20-year loan is at 5.25%.*

BROOKINGS - The city of Brookings received a loan for \$188,065 at an interest rate of 4% for 15 years. The loan financed the construction of a new interceptor.

CANTON - The city of Canton received an SRF loan for \$515,715. This loan financed sanitary and storm sewer improvements. The loan is for a 15-year term at an interest rate of 4%.

CHAMBERLAIN - Chamberlain received two loans at 3% for 10-years totaling \$615,500. The loans were used to rehabilitate sanitary sewer lines and construct storm sewer lines under two major streets in the city. Both of these loans have been repaid in full. The city received a third loan for \$2,700,000 at 5.25% for 20 years. The loan was used for a major renovation to the city's wastewater treatment facility.

CLEAR LAKE - The city of Clear Lake used a \$79,537, 4%, 15-year loan to construct a new wastewater treatment facility. The facility consisted of the construction of two new wastewater treatment stabilization ponds and the conversion of the existing pond into an artificial wetland.

CUSTER - The city of Custer received three SRF loans totaling \$888,000. The first loan of \$430,000 financed the construction of a forcemain to convey treated effluent from the wastewater treatment facility to the municipal golf course, a storage reservoir at the golf course to store the effluent, and irrigation facilities at the golf course to utilize the effluent. The second loan of \$182,000 partially financed sewer improvements which included collection lines and an interceptor line extension on the west edge of the city limits. The first and second loans were for 20 years at an interest rate of 3%. The third loan of \$276,000 partially financed the construction of an additional wastewater stabilization pond. The third loan is for a 10-year term at an interest rate of 3%.

CUSTER-FALL RIVER WASTE MANAGEMENT DISTRICT - The Custer-Fall River Solid Waste Management District used \$106,939 in SRF funds for the construction of a landfill to serve residents of Custer and Fall River counties. The landfill also serves the Hot Springs Material Recovery Facility (MRF). The loan is for 20 years at 5% interest.

DEADWOOD - Deadwood received a \$447,838 SRF loan at a rate of 5% for 20 years. The loan was used to slip line approximately 2,700 feet of 24 inch diameter sewer interceptor line.

DELL RAPIDS - The city of Dell Rapids constructed sanitary and storm sewers with a \$300,000 loan. The new lines replaced existing undersized sewers in conjunction with a street rehabilitation project. The term of the loan is 10 years at 3%.

ELK POINT - The city of Elk Point received a \$458,000 loan with a term of 4% for 15 years. The city replaced two existing lift stations with a new lift station, forcemain and interceptor lines.

FORT PIERRE - The city of Fort Pierre used a \$330,294 SRF loan to construct a new sanitary sewer and two storm sewers. The sanitary sewer serves a residential area that was previously not connected to the city's system. The term of the loan is 3% for 10 years.

GARRETSON - The city of Garretson constructed new wastewater treatment stabilization ponds to make the existing sanitary system total retention. The city also made improvements to the existing wastewater facility using the \$300,000, 4%, 15-year loan.

GROTON - (1997) - The city of Groton used two SRF loans in the amounts of \$189,524 and \$74,630 to build new interceptor lines, forcemains and lift stations. The new sanitary systems were constructed in the east and northwest sections of the city. Both loans are at 3% for 10 years. *The city received a third loan for the construction of a new three cell wastewater treatment facility, lift station, and forcemain. The \$635,000 loan is for 20 years at 5.25%.*

HOT SPRINGS - The city of Hot Springs received two loans totaling \$1,126,930. The first loan of \$196,930 was used to construct new sanitary sewers in an area of the city that had failing septic systems. This loan is at 3% interest and a 10-year term. The second loan of \$930,000 was for closing the existing landfill site and constructing a transfer station and municipal solid waste composting facility. This loan is at 5% for a 20-year term.

HURON - The city of Huron received three SRF loans. The first loan was used to partially fund improvements at the mechanical wastewater treatment facility and artificial wetlands treatment site. This loan totaled \$1,656,000 at a rate of 3% for 20 years. The second loan was used to construct an extension to the storm sewer system to provide drainage in the rapidly developing northwest part of the city. The second loan totaled \$701,997 at a rate of 3% for 10 years. The city of Huron used a third SRF loan in the amount of \$1,856,828 to expand the existing stabilization pond system and increase pumping capacity. The loan is at a rate of 5.25% for a 20-year term.

LAKE COCHRANE SANITARY DISTRICT - The Lake Cochrane Sanitary District constructed a wastewater collection and treatment system at Lake Cochrane. An \$80,000 loan was made to the district to refinance a portion of the project. The loan was made for 20 years at a 3% rate.

LAKE MADISON SANITARY DISTRICT - The Lake Madison Sanitary District received a 4%, 15-year term SRF loan for \$330,000. The loan was used to refinance a Farmers Home Administration loan, which partially funded the installation of a wastewater collection and treatment system to serve Lake Madison.

LEAD - The city of Lead received three SRF loans that were used for the separation of combined sanitary and storm sewers along with the rehabilitation of portions of the sanitary sewer system. The first loan was for \$186,409 at a rate of 3% for 20 years. The second loan for \$500,770 and the third loan for \$375,298 are at 3% for 10 years.

LEAD-DEADWOOD SANITARY DISTRICT - A sludge disposal vehicle and a sewer jet were purchased by the Lead-Deadwood Sanitary District with this loan. The loan was for \$106,855 at a rate of 3% for 5 years. This loan has been repaid in full.

LEMMON - The city of Lemmon received a \$427,100 loan at a rate of 3% for 20 years to refinance a general obligation sewer bond issued in 1985. The bonds were issued to correct an infiltration/inflow problem.

LENNOX - (1997) - The city of Lennox used an SRF loan to construct and rehabilitate sanitary sewer interceptors. The loan is for \$350,000 at 5.25% for 20 years. *The city received a second loan for \$600,000 at 5.25% for 20 years. The loan will be used to add four aeration basins, two lift stations, and forcemains to the existing wastewater facility.*

MADISON - The city of Madison received an SRF loan to finance the construction of new collectors. The loan totaled \$119,416 at 3% for 10 years.

McCOOK LAKE SANITARY DISTRICT - The McCook Lake Sanitary District received an SRF loan for \$641,935 to partially fund the upgrade and expansion of the wastewater treatment facility. The loan rate is 5% for 20 years.

MITCHELL - (1997) - *The city of Mitchell received a \$2,000,000 loan to partially fund the construction of a storm drain diversion project. The 10-year loan is at 4.5%. Construction is scheduled for completion in 1998.*

MOBRIDGE - The city of Mobridge received two SRF loans to partially fund the upgrade and expansion of the wastewater treatment facility. The first loan totaled \$1,500,000 at a rate of 3% for 20 years. The second loan of \$158,000 was at a rate of 4% for 15 years.

NORTH SIOUX CITY - North Sioux City received an SRF loan in the amount of \$239,650 at a rate of 3% for 10 years. The loan was used to construct storm sewer and drainage improvements in the community. North Sioux City received its second SRF loan to expand the storm sewer system and to provide drainage for a rapidly developing area. The \$646,000 loan is at a rate of 5% for a 15-year term.

NORTHDAL SANITARY DISTRICT - The Northdale Sanitary District used a \$256,380, 5%, 20-year loan to construct a new gravity sewer, lift station and forcemain. The new system connects the sanitary district to Rapid City's wastewater system.

PHILIP - (1997) - The city of Philip financed the construction of sanitary and storm sewer improvements with a loan of \$453,885. The loan is for 15 years at an interest rate of 5%. *The city received a second SRF loan for \$325,000 to finance the construction of sanitary sewer, storm sewer, concrete curb and gutter, and replacement of forcemain. The 20-year loan is at 5.25%. Construction is scheduled for completion in 1998.*

PICKEREL LAKE SANITARY DISTRICT - (1997) - The Pickerel Lake Sanitary District received an \$850,000 SRF loan to finance the phase I construction of a new wastewater treatment facility and a sanitary sewer collection system. This loan is for 20 years at 5.25%. *The district received a second loan of \$670,000 at 5.25% for 20 years to complete phase II of the collection system construction.*

PIERRE - The city of Pierre used an SRF loan to completely finance the construction of an interceptor line near the airport and the addition of comminutors at the treatment plant. The airport interceptor re-routed wastewater, that had been going to an unpermitted lagoon near the airport, into the main sewer system. The loan also partially financed improvements to the sludge handling facilities at the treatment plant. The loan was for \$433,976 at 4% for 15 years.

POLLOCK - Pollock received an SRF loan to cover costs which exceeded the available EPA grant funding used to upgrade the wastewater treatment facility. The loan was for \$151,619 at a rate of 3% for 10 years.

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RAPID CITY - Rapid City has received four SRF loans which have been used for construction activities at the wastewater treatment facility, rehabilitation and extension of the sanitary sewer system, construction of stormwater facilities and mitigation of approximately four acres of wetlands at the city's Material Recovery Facility (MRF). The first three loans totaled \$4,141,167. The fourth loan for the MRF was for \$1,214,861.39. All Rapid City loans are at a rate of 4% for 15 years.

RAPID VALLEY SANITARY DISTRICT - The Rapid Valley Sanitary District received two SRF loans totaling \$978,583. These loans were used for the rehabilitation and extension of the existing sanitary sewer system and carried terms of 3% for 20 years and 4% for 15 years. The sanitary district received a third loan for continued rehabilitation of the sanitary sewer system. The \$630,000 loan is at a rate of 5.25% for 20 years.

RICHMOND LAKE SANITARY DISTRICT - The Richmond Lake Sanitary District received a \$414,000 SRF loan at an interest rate of 5.25% and a term of 20 years. The loan will be used to partially finance the construction of a new sanitary sewer system and stabilization pond system for residences around Richmond Lake. Construction is expected to be completed in 1998.

ROSCOE - The city of Roscoe received an SRF loan for \$358,408 to expand their wastewater treatment facility, rehabilitate an interceptor sewer and construct a new collection sewer. The loan is for 20 years at an interest rate of 5.25%.

SIoux FALLS - (1997) - The city of Sioux Falls has received 13 SRF loans totaling \$20,922,905.36. Sioux Falls has used the loans on a variety of projects. These projects include the construction of new interceptor lines and lift stations, rehabilitation of the sanitary sewer, purchase of sludge handling equipment, infiltration/inflow correction, improvement of stormwater drainage, flow equalization basin construction and sludge handling improvements. The first loan is at 3% for 20 years. Loans 2 through 10 are at 3% for 10 years. Loans 11 and 12 are at 4.5% for 10 years. *Sioux Falls received its 13th loan of \$2,500,000 for sanitary sewer system improvements related to the Sioux River North Interceptor and lift station. This loan is at 4.5% for 10 years.*

SOUTHERN MISSOURI WASTE MANAGEMENT DISTRICT - The Southern Missouri Recycling and Waste Management District received a \$700,000 SRF loan for the construction of a regional landfill near Lake Andes. The term of the loan is 20 years at 5%. The construction of the landfill has been completed and the facility is operational.

SPEARFISH - The city of Spearfish used a \$1,955,999.83 SRF loan to fund the expansion of the wastewater treatment facility. The loan rate is 4% for 15 years.

STURGIS - (1997) - The city of Sturgis has received three loans totaling \$1,888,250. The first loan for \$502,000 financed the construction of three sewer interceptor lines, a sewer collection line, and a portion of the Sturgis wastewater treatment facility upgrade. The second loan for \$936,250 financed the majority of the treatment facility upgrade. The first two loans are at an interest rate of 5% for 20 years. *The city of Sturgis received its third loan of \$450,000 to repair*

damage and replace riprap in the second and third cells of the wastewater treatment facility and to finance engineering planning studies. The 20-year loan is at 5.25%. Completion is scheduled for the fall of 1997.

TEA - (1997) - The city of Tea has received three loans totaling \$1,450,000. Its first two loans were for the construction of a storm drainage system. The loans are \$600,000 each, at an interest rate of 4% for 15 years. *The city of Tea received a third loan of \$250,000 to construct a sanitary sewer and lift station. The 20-year loan is at an interest rate of 5.25%. Completion is scheduled for December of 1997.*

VERMILLION - Vermillion has received three loans totaling \$852,002. The first loan for \$125,000 was used to reconstruct a sanitary sewer interceptor that was in need of replacement. The second loan for \$370,471 was for construction of approximately 6,200 feet of storm sewer pipe and associated appurtenances in three separate areas of Vermillion. The third loan of \$356,531 was for the construction of a second trench at the city's landfill and to purchase a scraper. The first loan rate was 3% for 20 years, the second loan was 4% for 15 years, and the third loan was 4.5% for 10 years.

WARNER - The town of Warner used a \$101,152 SRF loan at a rate of 4.5% and a term of 10 years. The project included the construction of a storm sewer collection and disposal system to improve storm drainage within the community.

WATERTOWN - The city of Watertown received two SRF loans totaling \$6,000,000 for the upgrade and expansion of the city's wastewater treatment facility. Both loans are at a rate of 4% for 15 years. The city was awarded its third SRF loan in the amount of \$2,600,000 to rehabilitate portions of the sanitary sewer collection system. The city used \$932,830 of its fourth loan for engineering costs associated with the final upgrade of the wastewater treatment facility. The city repaid this loan in full after receiving a large federal grant. The third and fourth loans were at 5.25% for 20 years.

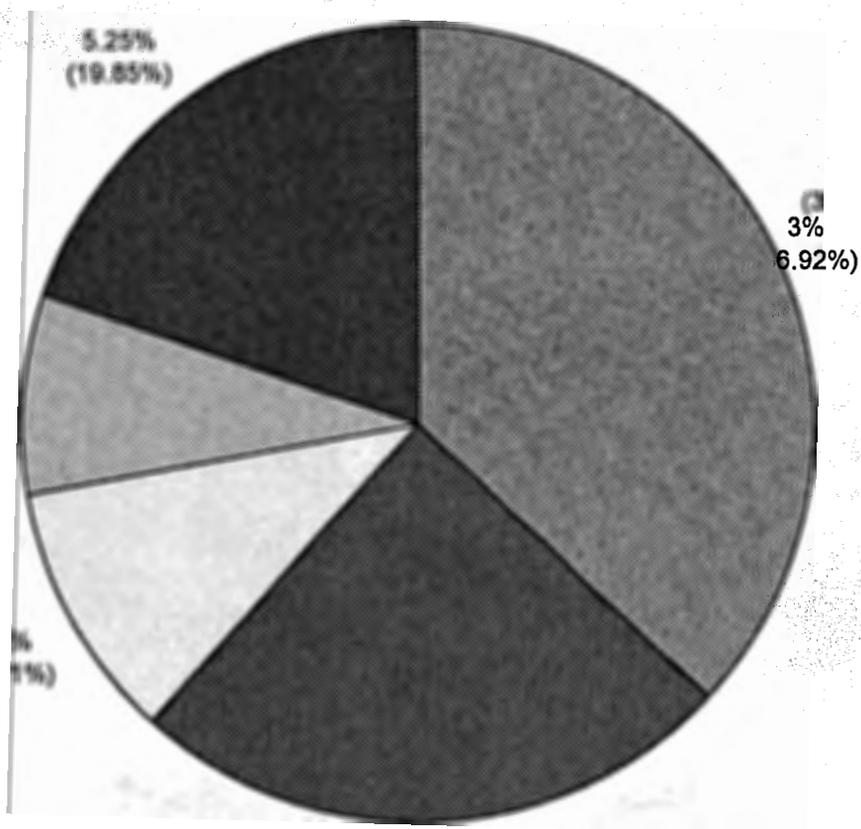
WAUBAY - The city of Waubay received an SRF loan of \$81,454 to construct a wastewater collection system within the city limits on the south shore of Blue Dog Lake. This area was previously served by septic tanks. The loan was for 20 years at 5% and has been fully repaid.

WEBSTER - The city of Webster used a \$345,394 SRF loan to reconstruct a sanitary sewer line on Main Street. The loan is for 10 years at 4.5%.

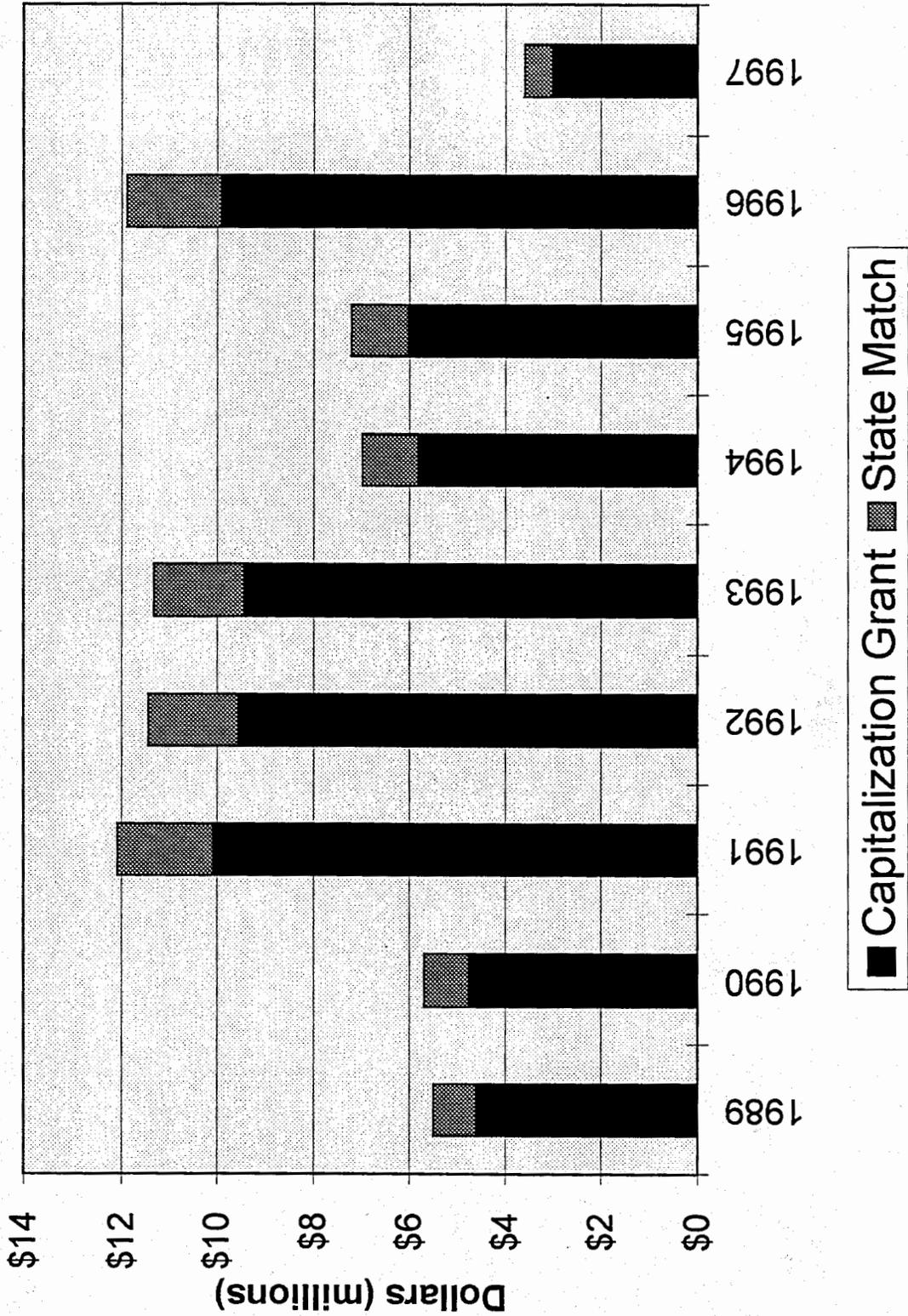
WHITEWOOD - Whitewood constructed a new mechanical wastewater treatment facility in conjunction with the existing stabilization pond system. The city partially funded the project with an SRF loan of \$180,801 at 4% for 15 years.

WORTHING - The town of Worthing received a \$315,725 SRF loan at a 5.25% interest rate and a term of 20 years. The loan is being used to expand and upgrade the existing stabilization pond treatment facility.

STATE REVOLVING FUND INTEREST RATES BY % OF LOAN PORTFOLIO (\$72.55 M)



SRF CAPITALIZATION GRANTS AND STATE MATCH



INITIATION OF THE PROGRAM

The State Water Pollution Control Revolving Loan Fund (SRF) is a low interest loan program to finance the construction of wastewater facilities, storm sewers, and nonpoint source pollution control projects. The program was created by the 1987 Clean Water Act amendments. Funds are provided to the states in the form of capitalization grants awarded annually through the United States Environmental Protection Agency. The federal capitalization grants are matched by state funds at a ratio of 5:1.

The 1988 South Dakota Legislature authorized the State Water Pollution Control Revolving Loan Fund (SRF) program. Additionally, the legislature appropriated \$1,200,000 and directed the South Dakota Conservancy District to administer the program.

CAPITALIZATION GRANTS

Since 1988, the conservancy district has received nine capitalization grants totaling \$63,072,700. In order to receive each of the capitalization grants, the conservancy district must have state matching funds in place equal to at least 20% of each grant. To meet this requirement, the conservancy district used the state appropriation as well as issuing revenue bonds to provide for the required \$12,614,540 in state matching funds.

STATE MATCHING FUNDS

In 1989, \$5,875,000 in revenue bonds were issued with a AAA rating from Standard & Poor's Ratings Corporation (S & P). This bond issue was insured by Capital Guaranty Insurance Company.

In 1992, the district issued \$4,180,000 in revenue bonds without insurance and received a BBB rating by S & P. However, an annual report of cash flow projections was required to be submitted, and approximately 70% of the SRF loan portfolio was required to be rated BBB or better by the rating agency.

In 1994, \$10,220,000 in revenue bonds were issued as an advanced refunding of the two prior outstanding issues plus additional matching funds. The program raised its rating to an A. Moody's Investors Service was the rating agency for this issue. No bond insurance was obtained, no cash flow report was required, and no loan applicants had to be rated. The advance refunding provided considerable cost savings by securing a lower interest rate, decreasing the administration of the program, and deleting numerous accounts. Bond proceeds were used to purchase government securities to redeem the Series 1989 and Series 1992 bonds on their first optional call date at par. The Series 1989 bonds were called on August 1, 1996. The Series 1992 bonds will be called on August 1, 2002.

In 1995, \$7,970,000 in revenue bonds were issued with an upgraded rating of A1 by Moody's Investors Service. A portion of the Series 1995A bonds were used to provide matching funds for the 1995 and 1996 federal capitalization grants.

In 1996, the district issued \$2,770,000 in revenue bonds. The bonds received an A1 rating by Moody's Investors Service. The Series 1996A bonds were issued to provide match for part of the 1996 federal capitalization grant as well as the 1997 and 1998 capitalization grants.

LEVERAGED PROGRAM BONDS

Included in the Series 1995A bond issue was \$4,500,000 in program bonds. These program bonds were leveraged to provide additional loan funds to communities. These funds are still available to be loaned.

PRINCIPAL REPAYMENT LOANS

The SRF program is intended to last in perpetuity. As borrowers repay their loans, the principal repayments are then available to be loaned out to other communities. The first principal repayment loan was awarded to Watertown in November of 1995. Eventually, the state will no longer receive federal capitalization grants, and all loans will be made from the principal repayments of other borrowers.

TRUSTEE

The First National Bank in Sioux Falls has been the trustee since the onset of the program in 1989. The trustee manages and invests all funds and accounts for the SRF Program, including the Series 1992 escrow; issues amortization schedules; disburses loan funds; and accepts all repayments from each of the program's 94 loans.

BOND COUNSEL

Alzheimer & Gray was hired as bond counsel for the Series 1994A, 1995A, and 1996A State Revolving Fund Revenue Bonds. Kutak Rock served as bond counsel for the Series 1989 and 1992 bond issues.

UNDERWRITER

Piper Jaffray was hired as underwriter for the Series 1994A, 1995A, and 1996A State Revolving Fund Revenue Bonds. Shearson Lehman served as underwriter for the Series 1989 and 1992 bond issues.

EPA REGION VIII

Region VIII of the Environmental Protection Agency oversees the South Dakota State Revolving Fund Program. EPA assists the state in securing capitalization grants and guides the conservancy district in its administration of the program.

I. INTRODUCTION

The state of South Dakota herewith submits its Annual Report for Federal Fiscal Year 1997 (October 1, 1996 through September 30, 1997). This report describes how South Dakota has met the goals and objectives of the State Revolving Fund Loan Program as identified in the 1997 Intended Use Plan, the actual use of funds, and the financial position of the SRF.

II. EXECUTIVE SUMMARY

South Dakota's SRF Program received a federal appropriation of \$2,990,500 in Federal Fiscal Year 1997. These funds were matched by \$598,100 in state issued revenue bonds.

Nine communities entered into binding commitments with the conservancy district totaling \$7,550,000 in loans for the construction of wastewater treatment and storm sewer projects. A breakdown of the binding commitments is shown in Exhibit I.

Loan disbursements from the program to the various recipients totaled \$7,146,599.04. This total includes the cost of issuance expenses which were incurred with the Series 1996A bond issue. The state chose to use funds from its 4% administration allotment to pay for the cost of issuance rather than issuing additional bonds to pay the expenses. See Exhibit V for a breakdown of all cash draws and the projects and administration assistance for which they were made.

The SRF application form was revised in August of 1997, concurrent with the annual review and update of the South Dakota State Water Planning Process document. This document contains all applications for the Department of Environment and Natural Resources' funding programs.

As of September 30, 1997, South Dakota has funded the construction of a materials recovery facility and three landfills satisfying all Subtitle D requirements.

In December of 1996, the conservancy district reviewed and approved the SRF interest rates for Federal Fiscal Year 1997. The rates remained unchanged at 4.5% for a 10-year term, 5% for a 15-year term, and 5.25% for a 20-year term. The rates for the leveraged funds were set at an interest rate of 6.25% for a 10-year, 15-year, or 20-year term.

Since the onset of the Program in 1988, 94 loans have been awarded. The project facilities associated with 80 loans are fully constructed or essentially complete and in operation. The following eight projects initiated operations this past year: Lennox (01), Roscoe (01), Sioux Falls (11), Sioux Falls (12), Southern Missouri Waste Management District (NPS/01), Sturgis (03), Watertown (03), and Webster (01). Seventy-six loans are currently in repayment, and five loans have been repaid in full.

III. GOALS AND ACCOMPLISHMENTS

A. Short Term Goals and Accomplishments

In its 1997 Intended Use Plan, the state of South Dakota identified one short term goal to be implemented and three objectives to be accomplished. The state has made significant progress toward successful completion of its short term goals and objectives.

GOAL: To fully capitalize the SRF.

As of September 30, 1997, South Dakota has made binding commitments equal to all but \$1,543,499 of its entire capitalization awards and associated state matching funds. The state has also loaned an additional \$2,200,000 in principal repayment funds.

OBJECTIVE: Ensure the technical integrity of the SRF projects through the review of planning, design, plans and specifications, and construction activities.

Each SRF application is assigned to an engineer and is followed through by that engineer until project completion and initiation of operations. Plans and specifications and facility plans are reviewed and approved by the Department of Environment and Natural Resources. Pre-construction, initial, interim, and final construction inspections are conducted to ensure each project's technical integrity.

OBJECTIVE: Ensure compliance with all pertinent federal, state, and local water pollution control laws and regulations.

The state works with all pertinent federal, state, and local agencies to ensure compliance.

OBJECTIVE: Obtain maximum capitalization of the funds for the state in the shortest time possible.

The state applied for its capitalization grants as soon as the awards were announced, and state matching funds were in place prior to receiving the grants. Loans are awarded by assessing the following criteria: (1) the availability of funds in the SRF program; (2) the applicant's need; (3) violation of health or safety standards; and (4) the applicant's ability to repay. Loans are usually awarded within four to six weeks after receiving the application. South Dakota has not reverted any capitalization grant funds due to the eight quarter time limit. Funds are usually awarded within one year of receiving each capitalization grant.

B. Long Term Goals and Accomplishments

In its 1997 Intended Use Plan, the state of South Dakota identified two long term goals and two objectives to be accomplished.

GOAL: To fully capitalize the SRF.

The state has received and expended each capitalization grant in the required time period and has had state match moneys available for each capitalization grant. As of September 30, 1997, South Dakota has made binding commitments equal to all but \$1,543,499 of its entire capitalization awards and associated state matching funds. The state also loaned an additional \$2,200,000 in principal repayment funds.

GOAL: Maintain or restore and enhance the chemical, physical and biological integrity of the state's waters for the benefit of the overall environment, the protection of public health, and the promotion of economic well-being.

The state has awarded 94 loans to 50 entities to assist with construction of wastewater, storm sewer, and nonpoint source projects.

OBJECTIVE: Maintain a permanent, self-sustaining SRF program that will serve in perpetuity as a financing source for wastewater treatment works projects and water pollution control activities, including nonpoint source and groundwater protection projects.

By ensuring that all loans are made to financially sound and responsible borrowers, the SRF program will serve in perpetuity for South Dakota's wastewater, storm sewer, and nonpoint source projects.

OBJECTIVE: 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.

The state has tailored its Handbook of Procedures to be customer service oriented and user friendly for State Revolving Fund Loan Program recipients. The handbooks also allow for maximum program flexibility while continuing to maintain sufficient state oversight of the program's activities.

IV. DETAILS OF ACCOMPLISHMENTS

A. Fund Financial Status

1. Binding Commitments

In order to provide financial assistance for Section 212 (wastewater and storm water) and nonpoint source projects, the state entered into nine binding commitments totaling \$7,550,000. Exhibit I lists the recipients of these SRF loans.

2. Sources of Funds

During 1997, the state was awarded a \$2,990,500 federal capitalization grant that was matched by \$598,100 in state funds. Exhibit III shows the annual allocation and source of SRF funds.

3. Revenues and Expenses

Fund revenues consisted of interest earned on loans to communities, cash and investments, the special reserve account, and administrative expense surcharge payments received from each borrower. These earnings totaled \$3,491,000. Fund expenses included administration expenditures, interest payable on bonds, and the amortization of each bond issuance's costs. These totaled \$1,502,000. The Statement of Income and Retained Earnings is shown on Exhibit XI.

4. Disbursements and Guarantees

There were no loan guarantees during Federal Fiscal Year 1997.

5. Findings of the 1996 Audit

The SRF program was audited by the South Dakota Department of Legislative Audit in October of 1996, for state fiscal year 1996 (July 1, 1995, through June 30, 1996). The audit did not contain any written findings or recommendations.

In April of 1997, EPA Region VIII conducted its annual review of the South Dakota SRF program. A final report was received in July. EPA recommended two changes to the program. The department's formal response to these recommendations were incorporated into the final report.

B. Assistance Activity

Exhibits I through VI illustrate the assistance activity of the SRF in Federal Fiscal Year 1997.

Exhibit I shows those recipients that received SRF loans during Federal Fiscal Year 1997. All nine loans were for Section 212 projects.

Exhibit II lists the assistance amount provided to each project by needs category.

Exhibit III lists the total SRF dollars available, broken down by fiscal year, capitalization amounts and state match amounts.

Exhibit IV lists each SRF loan and its source of funding.

Exhibit V lists the cash draws and the projects or administrative assistance for which they were made.

Exhibit VI lists the estimated and actual cash disbursement schedule from the federal Letter of Credit (LOC) for FFY 1997. The estimated schedule was agreed upon by the state and EPA in the 1997 Annual Workplan.

C. Provisions of the Operating Agreement / Conditions of the Grant

The state of South Dakota agreed to 20 conditions in the Operating Agreement and Capitalization Grant Agreement. The following 17 conditions have been met and need no further description.

Agreement to Accept Payments
Cash Draws for SRF Program Separate
Prior Incurred Costs Not as State Match
Revenues Dedicated for Repayment of Loans
Procurement Actions - 40 CFR Part 31
Administrative Surcharge
State Match
Cash Draw Schedule
Anti-Lobbying
Expenditure of State Matching Funds
Deposit of State Matching Funds with Federal Moneys
Binding Commitment Ratio
Timely and Expeditious Use of Funds
No Transfer of Title II Funds
Eligibility of Storm Sewers
SRF Contains an 83.33%/16.67% Federal/State Split
State Projects to Spend \$6.0 Million in FY 96 Funds in FY 96 and FY 97.

The following three conditions are described in detail below:

1. Establishment of Minority Business Enterprise (MBE)/Women's Business Enterprise (WBE) Goals and Submittal of MBE/WBE Utilization Report.

The state and EPA have agreed on "fair share" goals of 6% and 2% for MBE and WBE firms. The actual goals achieved for Federal Fiscal Year 1997 were 3.1% MBE and 1.1% for WBE.

2. Prior to executing binding commitments on SRF projects, the Regional Administrator must certify project compliance with Title VI of the Civil Rights Act.

The nine loan recipients all submitted project certification forms (EPA 4700-4) to DENR, who in turn submitted these forms to EPA for concurrence. The forms were, in most cases, returned with EPA approval prior to the Board of Water and Natural Resources' action regarding the loans. In those cases that EPA did not return the forms prior to board consideration, the board approved each loan contingent on approval by EPA.

3. The state hereby establishes that it has reviewed all SRF funded Section 212 projects in accordance with the approved environmental review procedures as required by 40 CFR Section 35.3165 (b) (1).

V. PROGRAM CHANGES

A. 1998 Intended Use Plan

The Annual Report contains the 1998 Intended Use Plan as approved by the Board of Water and Natural Resources on December 10, 1997.

VI. PROGRAM IMPROVEMENTS

A. Modification of the Program

No major modifications to the program occurred in federal fiscal year 1997.

B. Long-term and Short-term Goals and Objectives for Future IUP

The SRF program will continue to review its goals and objectives throughout federal fiscal year 1998 for possible inclusion into the 1999 Intended Use Plan.

**EXHIBIT I
PROJECTS RECEIVING SRF ASSISTANCE
FEDERAL FISCAL YEAR 1997**

Recipient	Assistance Amount	Binding Commitment Date	Rate, Term
Bridgewater	\$120,000	09/25/97	5.25%,20
Groton (03)	\$635,000	07/23/97	5.25%,20
Lennox (02)	\$600,000	07/23/97	5.25%,20
Mitchell	\$2,000,000	04/15/97	4.5%,10
Philip (02)	\$325,000	06/26/97	5.25%,20
Pickerel Lake San. Dist. (02)	\$670,000	09/25/97	5.25%,20
Sioux Falls (13)	\$2,500,000	01/09/97	4.5%,10
Sturgis (03)	\$450,000	06/27/97	5.25%,20
Tea (03)	\$250,000	06/27/97	5.25%,20
TOTAL	\$7,550,000		

**EXHIBIT II
SRF NEEDS CATEGORIES
FEDERAL FISCAL YEAR 1997**

Recipient	Project No.	I Sec. Treat.	III B Sys. Rehab.	IV B New Inter.	VI Storm Sewer
Bridgewater	C461112-01				\$120,000
Groton (03)	C461051-03	\$635,000			
Lennox (02)	C461105-02	\$600,000			
Mitchell	C461129-01				\$2,000,000
Philip (02)	C461205-02		\$130,000		\$195,000
Pickerel Lake San. Dist. (02)	C461066-02	\$670,000			
Sioux Falls (13)	C461232-13			\$2,500,000	
Sturgis (03)	C461068-03	\$450,000			
Tea (03)	C461028-03			\$250,000	
TOTAL		\$2,355,000	\$130,000	\$2,750,000	\$2,315,000

**EXHIBIT III
ALLOCATION AND SOURCE OF
TOTAL AVAILABLE SRF FUNDS**

Fiscal Year	Capitalization Grant Award	State Match	Total
1989	\$4,577,200	\$915,440	\$5,492,640
1990	\$4,738,000	\$947,600	\$5,685,600
1991	\$10,074,800	\$2,014,960	\$12,089,760
1992	\$9,534,900	\$1,906,980	\$11,441,880
1993	\$9,431,000	\$1,886,200	\$11,317,200
1994	\$5,813,800	\$1,162,760	\$6,976,560
1995	\$6,007,800	\$1,201,560	\$7,209,360
1996	\$9,904,700	\$1,980,940	\$11,885,640
1997	\$2,990,500	\$598,100	\$3,588,600
TOTAL	\$63,072,700	\$12,614,540	\$75,687,240

**EXHIBIT IV
OBLIGATIONS FOR
FFY 89-97 CAPITALIZATION GRANTS,
DEOBLIGATIONS, PRINCIPAL REPAYMENTS, AND LEVERAGED FUNDS**

1. Projects utilizing 89 SRF funds:

Project	Loan Amount	Board Action	1989 SRF Capitalization Amount=\$5,492,640 Balance Remaining
1. SRF Admin	\$183,088		\$5,309,552
2. Huron (01)	\$1,656,000	11/09/89	\$3,653,552
3. Rapid Valley San. Dist. (01)	\$614,000	01/11/90	\$3,039,552
4. Box Elder (01)	\$648,600	04/11/90	\$2,390,952
5. Custer (01)	\$430,000	04/11/90	\$1,960,952
6. Lemmon (01)	\$427,100	04/11/90	\$1,533,852
7. Sioux Falls (01)*	\$1,533,852	04/11/90	\$0

*Remainder of \$3,316,310 loan (\$1,782,458) is out of 90 funds

2. Projects utilizing 90 SRF funds:

Project	Loan Amount	Board Action	1990 SRF Capitalization Amount=\$5,685,600 Balance Remaining
1. SRF Admin	\$189,520		\$5,496,080
2. Sioux Falls (01)*	\$1,782,458	04/11/90	\$3,713,622
3. Lake Cochrane (01)	\$80,000	04/11/90	\$3,633,622
4. Lead-Deadwood San. Dist. (01)	\$110,000	06/07/90	\$3,523,622
5. Vermillion (01)	\$125,000	06/07/90	\$3,398,622
6. Custer (02)	\$182,000	07/11/90	\$3,216,622
7. Lead (01)	\$186,409	07/11/90	\$3,030,213
8. Mobridge (01)	\$1,500,000	07/11/90	\$1,530,213
9. Sioux Falls (02)	\$454,000	07/11/90	\$1,076,213
10. Belle Fourche (01)	\$253,000	08/22/90	\$823,213
11. Pierre (01)	\$600,000	11/08/90	\$223,213
12. Rapid City (01) **	\$223,213	12/12/90	\$0

* Remainder of \$3,316,310 loan (\$1,533,852) is out of 89 funds

** Remainder of \$2,637,000 loan (\$2,413,787) is out of 91 funds

3. Projects utilizing 91 SRF funds:

Project	Loan Amount	Board Action	1991 SRF
			Amount=\$12,089,760 Balance Remaining
1. SRF Admin	\$402,992		\$11,686,768
2. Rapid City (01) *	\$2,413,787	12/12/90	\$9,272,981
3. Sioux Falls (03)	\$845,000	12/12/90	\$8,427,981
4. Sioux Falls (04)	\$1,200,000	12/12/90	\$7,227,981
5. Brandon (01)	\$105,000	03/14/91	\$7,122,981
6. Brookings (01)	\$188,065	03/14/91	\$6,934,916
7. Lake Madison (01)	\$330,000	03/14/91	\$6,604,916
8. Madison (01)	\$150,000	03/14/91	\$6,454,916
9. Clear Lake (01)	\$370,000	06/13/91	\$6,084,916
10. Huron (02)	\$750,000	06/13/91	\$5,334,916
11. Lead (02)	\$500,770	07/11/91	\$4,834,146
12. McCook Lake (01)	\$641,935	08/29/91	\$4,192,211
13. Watertown (01)	\$2,000,000	10/09/91	\$2,192,211
14. Mobridge (02)	\$158,000	12/11/91	\$2,034,211
15. Waubay (01)	\$163,487	02/18/92	\$1,870,724
16. Whitewood	\$200,000	02/18/92	\$1,670,724
17. Hot Springs (01)	\$196,930	03/12/92	\$1,473,794
18. Sioux Falls (05) **	\$1,473,794	03/12/92	\$0

* Remainder of \$2,637,000 loan (\$223,213) is out of 90 funds

** Remainder of \$1,955,000 loan (\$481,206) is out of 92 funds

4. Projects utilizing 92 SRF funds:

Project	Loan Amount	Board Action	1992 SRF
			Amount=\$11,441,880 Balance Remaining
1. SRF Admin	\$381,396		\$11,060,484
2. Sioux Falls (05) *	\$481,206	03/12/92	\$10,579,278
3. Sioux Falls (06)	\$700,000	03/12/92	\$9,879,278
4. Spearfish (01)	\$1,956,000	03/12/92	\$7,923,278
5. Canton (01)	\$621,000	05/19/92	\$7,302,278
6. Lead (03)	\$405,000	05/19/92	\$6,897,278
7. Chamberlain (01)	\$350,500	07/08/92	\$6,546,778
8. North Sioux City (01)	\$239,650	07/08/92	\$6,307,128
9. Rapid City (02)	\$1,138,200	07/08/92	\$5,168,928
10. Watertown (02)	\$4,000,000	08/12/92	\$1,168,928
11. Chamberlain (02)	\$265,000	01/26/93	\$903,928
12. Sioux Falls (07)*	\$903,928	01/26/93	\$0

* Remainder of \$1,955,000 loan (\$1,473,794) is out of 91 funds

** Remainder of \$4,500,000 loan (\$3,596,072) is out of 93 funds

5. Projects utilizing 93 SRF funds:

Project	Loan Amount	Board Action	1993 SRF Amount=\$11,317,200 Balance Remaining
1. SRF Admin	\$377,240		\$10,939,960
2. Sioux Falls (07)*	\$3,596,072	01/26/93	\$7,343,888
3. Brandon (02)	\$600,000	03/31/93	\$6,743,888
4. Tea (01)	\$600,000	03/31/93	\$6,143,888
5. Elk Point (01)	\$458,000	05/27/93	\$5,685,888
6. Rapid City (03)	\$777,500	06/23/93	\$4,908,388
7. Custer (03)	\$276,000	08/23/93	\$4,632,388
8. Sturgis (01)	\$502,000	08/23/93	\$4,130,388
9. Pollock (01)	\$170,000	09/23/93	\$3,960,388
10. Dell Rapids (01)	\$300,000	12/09/93	\$3,660,388
11. Vermillion (02)	\$500,000	12/09/93	\$3,160,388
12. Groton (01)	\$192,000	01/13/94	\$2,968,388
13. Hot Springs (NPS/01)	\$930,000	01/13/94	\$2,038,388
14. Sioux Falls (08)	\$1,000,000	01/13/94	\$1,038,388
15. Deadwood (01)	\$582,000	04/25/94	\$456,388
16. Northdale SD (01)	\$315,000	04/25/94	\$141,388
17. Ft. Pierre (01) **	\$141,388	05/11/94	\$0

* Remainder of \$4,500,000 loan (\$1,342,645) is out of 92 funds

** Remainder of \$330,294 loan (\$501,976) is out of 94 funds

6. Projects utilizing 94 SRF funds:

Project	Loan Amount	Board Action	1994 SRF Capitalization Amount=\$6,976,560 Balance Remaining
1. SRF Admin	\$232,552		\$6,744,008
2. Ft. Pierre (01) *	\$188,906	05/11/94	\$6,555,102
3. Garretson (01)	\$510,000	05/11/94	\$6,045,102
4. Groton (02)	\$106,000	05/11/94	\$5,939,102
5. Tea (02)	\$600,000	05/11/94	\$5,339,102
6. Sturgis (02)	\$936,250	06/23/94	\$4,402,852
7. Rapid City (04)	\$1,214,861	08/10/94	\$3,187,991
8. Sioux Falls (09)	\$1,250,000	08/10/94	\$1,937,991
9. Sioux Falls (10)	\$1,500,000	08/10/94	\$437,991
10. Southern Missouri WMD**	\$437,991	10/06/94	\$0

* Remainder of \$330,294 loan (\$141,388) is out of 93 funds

** Remainder of \$700,000 loan (\$262,009) is out of 95 funds

7. Projects utilizing 95 SRF funds:

			1995 SRF Capitalization Amount=\$7,209,360
Project	Loan Amount	Board Action	Balance Remaining
1. SRF Admin	\$240,312		\$6,969,048
2. Southern Missouri WMD*	\$262,009	10/06/94	\$6,707,039
3. Rapid Valley SD (02)	\$460,000	11/10/94	\$6,247,039
4. Warner (01)	\$102,000	03/23/95	\$6,145,039
5. Custer-Fall River WMD (01)	\$250,000	06/22/95	\$5,895,039
6. Philip (01)	\$472,000	06/22/95	\$5,423,039
7. Watertown (03)	\$2,600,000	06/22/95	\$2,823,039
8. North Sioux City (02)	\$646,000	06/22/95	\$2,177,039
9. Sioux Falls (11)	\$1,250,000	06/22/95	\$927,039
10. Belle Fourche (02)	\$300,000	06/22/95	\$627,039
11. Vermillion (NPS/01)	\$480,000	08/10/95	\$147,039
12. Huron (03) **	\$147,039	09/19/95	\$0

* Remainder of \$700,000 loan (\$437,991) is out of 95 funds

** Remainder of \$2,700,000 loan (\$2,552,961) is out of 96 funds

8. Projects utilizing 96 SRF funds:

			1996 SRF Capitalization Amount=\$11,885,640
Project	Loan Amount	Board Action	Balance Remaining
1. SRF Admin	\$396,188		\$11,489,452
2. Huron (03)*	\$2,552,961	09/19/95	\$8,936,491
3. Sioux Falls (12)	\$1,300,000	03/27/96	\$7,636,491
4. Webster	\$400,000	03/27/96	\$7,236,491
5. Pickerel Lake Sanitary Dist.	\$850,000	05/09/96	\$6,386,491
6. Chamberlain (03)	\$2,700,000	06/27/96	\$3,686,491
7. Lennox	\$350,000	06/27/96	\$3,336,491
8. Richmond Lake Sanitary Dist.	\$414,000	06/27/96	\$2,922,491
9. Worthing	\$315,725	06/27/96	\$2,606,766
10. Rapid Valley San. Dist. (03)	\$630,000	07/29/96	\$1,976,766
11. Roscoe	\$358,408	07/29/96	\$1,618,358
12. Sioux Falls (13)**	\$1,618,358	01/09/97	\$0

* Remainder of \$2,700,000 loan (\$147,039) is out of 95 funds

**Remainder of \$2,500,000 loan (\$881,642) is out of 97 funds

9. Current projects utilizing 97 SRF funds:

Project	Loan Amount	Board Action	1997 SRF Capitalization
			Amount=\$3,588,600 Balance Remaining
1. SRF Admin	\$119,620		\$3,468,980
2. Sioux Falls (13)*	\$881,642	01/09/97	\$2,587,338
3. Mitchell	\$2,000,000	04/15/97	\$587,338
4. Philip (02)	\$325,000	06/26/97	\$262,338
5. Sturgis (03)**	\$262,338	06/27/97	\$0

*Remainder of \$2,500,000 loan (\$1,618,358) is out of 96 funds

**Remainder of \$450,000 loan (\$187,662) is out of deobligated funds

10. Projects utilizing deobligated funds:

Project	Loan Amount	Board Action	89-97 SRF Deobligated
			As of 9/30/97 Amount=\$4,006,161 Balance Remaining
			\$4,006,161
1. Sturgis (03)*	\$187,662	06/27/97	\$3,818,499
2. Tea (03)	\$250,000	06/27/97	\$3,568,499
3. Groton (03)	\$635,000	07/23/97	\$2,933,499
4. Lennox (02)	\$600,000	07/23/97	\$2,333,499
5. Bridgewater	\$120,000	09/25/97	\$2,213,499
6. Pickerel Lake (02)	\$670,000	09/25/97	\$1,543,499

*Remainder of \$450,000 loan (\$262,338) is out of 97 funds

11. Projects utilizing repayment funds:

Project	Actual Loan Amount	Board Action	89-97 Repayments
			As of 9/30/97 Amount=\$10,706,012 Balance Remaining
1. Watertown (04)	\$932,830	11/09/95	\$9,773,182

EXHIBIT V
STATE REVOLVING FUND CASH DRAWS
OCTOBER 1, 1996 TO SEPTEMBER 30, 1997

DISBURSEMENT NUMBER	DATE	RECIPIENT	STATE MATCH FUNDS	FEDERAL FUNDS	PAYMENT AMOUNT
96-48	10/11/96	Alzheimer & Gray **	\$4,917.00	\$24,583.00	\$29,500.00
96-49	10/11/96	Warner (01)	\$250.00	\$1,250.00	\$1,500.00
96-50	10/24/96	Huron (03)	\$24,714.00	\$123,571.00	\$148,285.00
96-51	10/24/96	Lennox (01)	\$10,482.00	\$52,408.00	\$62,890.00
96-52	10/31/96	Philip (01)	\$1,713.00	\$8,561.00	\$10,274.00
96-53	10/31/96	Watertown (03)	\$45,904.00	\$229,520.00	\$275,424.00
96-54	10/31/96	Roscoe (01)	\$702.00	\$3,507.00	\$4,209.00
96-55	11/14/96	Webster	\$6,328.00	\$31,640.00	\$37,968.00
96-56	11/14/96	Sioux Falls (10)	\$25,722.00	\$128,607.00	\$154,329.00
96-57	11/25/96	Lennox (01)	\$10,535.00	\$52,675.00	\$63,210.00
96-58	12/04/96	State of South Dakota *	\$11,206.00	\$56,030.00	\$67,236.00
96-59	12/19/96	First National Bank in Sioux Falls **	\$3,550.00	\$17,750.00	\$21,300.00
96-60	12/19/96	Piper Jaffray Inc. *	\$9,773.00	\$52,317.00	\$62,090.00
96-61	12/24/96	American Financial Printing Inc. **	\$370.04	\$1,851.00	\$2,221.04
96-62	12/24/96	Huron (03)	\$13,721.00	\$68,604.00	\$82,325.00
96-63	12/24/96	Lennox (01)	\$3,834.00	\$19,166.00	\$23,000.00
96-64	12/24/96	Sioux Falls (11)	\$123,306.00	\$616,530.00	\$739,836.00
96-65	12/24/96	Worthing (01)	\$6,023.00	\$30,117.00	\$36,140.00
96-66	12/30/96	North Sioux City (02)	\$3,250.00	\$16,251.00	\$19,501.00
96-67	12/30/96	Grant Thornton **	\$417.00	\$2,083.00	\$2,500.00
96-68	12/30/96	Moody's **	\$1,133.00	\$5,667.00	\$6,800.00
97-01	01/30/97	Worthing (01)	\$525.00	\$2,625.00	\$3,150.00
97-02	02/06/97	Lennox (01)	\$3,617.00	\$18,083.00	\$21,700.00
97-03	03/04/97	State of South Dakota *	\$8,516.00	\$42,580.00	\$51,096.00
97-04	03/13/97	Chamberlain (03)	\$41,667.00	\$208,333.00	\$250,000.00
97-05	03/27/97	Alzheimer & Gray **	\$5,417.00	\$27,083.00	\$32,500.00
97-06	04/04/97	Sioux Falls (12)	\$71,166.00	\$355,830.00	\$426,996.00
97-07	04/04/97	Chamberlain (03)	\$33,334.00	\$166,666.00	\$200,000.00
97-08	04/17/97	Fiduciary Comm. Co. **	\$108.00	\$542.00	\$650.00
97-09	05/01/97	Rapid Valley Sanitary District (03)	\$17,594.00	\$87,968.00	\$105,562.00
97-10	05/08/97	Lennox (01)	\$6,250.00	\$31,250.00	\$37,500.00
97-11	05/15/97	Chamberlain (03)	\$71,667.00	\$358,333.00	\$430,000.00
97-12	05/22/97	Pickrel Lake Sanitary District (01)	\$16,565.00	\$82,824.00	\$99,389.00
97-13	05/23/97	Sioux Falls (12)	\$27,239.00	\$136,195.00	\$163,434.00
97-14	05/29/97	First National Bank in Sioux Falls **	\$3,083.00	\$15,417.00	\$18,500.00
97-15	05/29/97	Rapid Valley Sanitary District (03)	\$6,665.00	\$33,325.00	\$39,990.00
97-16	06/05/97	Richmond Lake Sanitary District (01)	\$7,757.00	\$38,786.00	\$46,543.00
97-17	06/12/97	State of South Dakota *	\$13,358.00	\$66,790.00	\$80,148.00
97-18	06/12/97	Chamberlain (03)	\$91,834.00	\$459,166.00	\$551,000.00
97-19	06/12/97	Lennox (01)	\$2,427.00	\$12,133.00	\$14,560.00
97-20	06/17/97	Roscoe (01)	\$2,797.00	\$13,983.00	\$16,780.00
97-21	06/20/97	Pickrel Lake Sanitary District (01)	\$31,739.00	\$158,693.00	\$190,432.00

DISBURSEMENT NUMBER	DATE	RECIPIENT	STATE MATCH FUNDS	FEDERAL FUNDS	PAYMENT AMOUNT
97-22	07/10/97	Lennox (01)	\$1,540.00	\$7,700.00	\$9,240.00
97-23	07/17/97	Chamberlain (03)	\$98,000.00	\$490,000.00	\$588,000.00
97-24	07/17/97	Pickrel Lake Sanitary District (01)	\$10,959.00	\$54,790.00	\$65,749.00
97-25	07/24/97	Roscoe (01)	\$10,166.00	\$50,829.00	\$60,995.00
97-26	07/24/97	Richmond Lake Sanitary District (01)	\$6,005.00	\$30,024.00	\$36,029.00
97-27	08/15/97	Richmond Lake Sanitary District (01)	\$10,108.00	\$50,539.00	\$60,647.00
97-28	08/15/97	Roscoe (01)	\$13,089.00	\$65,444.00	\$78,533.00
97-29	08/15/97	Lennox (01)	\$1,150.00	\$5,750.00	\$6,900.00
97-30	08/21/97	Lennox (01)	\$6,517.00	\$32,583.00	\$39,100.00
97-31	08/21/97	Chamberlain (03)	\$56,167.00	\$280,833.00	\$337,000.00
97-32	08/25/97	Pickrel Lake Sanitary District (01)	\$31,762.00	\$158,811.00	\$190,573.00
97-33	09/11/97	Rapid Valley Sanitary District (03)	\$4,440.00	\$22,202.00	\$26,642.00
97-34	09/11/97	Roscoe (01)	\$19,600.00	\$98,002.00	\$117,602.00
97-35	09/11/97	Richmond Lake Sanitary District (01)	\$9,088.00	\$45,440.00	\$54,528.00
97-36	09/19/97	Chamberlain (03)	\$44,333.00	\$221,667.00	\$266,000.00
97-37	09/19/97	Sioux Falls (12)	\$87,122.00	\$435,611.00	\$522,733.00
97-38	09/26/97	State of South Dakota *	\$9,310.00	\$46,550.00	\$55,860.00
TOTALS			\$1,190,531.04	\$5,956,068.00	\$7,146,599.04

Administration*	\$254,340.00
Contracts and Cost of Issuance**	\$176,061.04
Loan Disbursements	\$6,716,198.00
	<u>\$7,146,599.04</u>

**EXHIBIT VI
LETTER OF CREDIT
PROJECTED VS. ACTUAL
FFY 1997**

<u>QUARTER</u>	<u>PROJECTED DRAWS</u>	<u>ACTUAL DRAWS</u>	<u>DIFFERENCE</u>
1ST	\$1,283,333	\$1,382,407	\$99,074
2ND	\$154,167	\$229,041	\$74,874
3RD	\$1,525,000	\$1,935,152	\$410,152
4TH	\$3,366,667	\$2,050,225	(\$1,316,442)
TOTAL	\$6,329,167	\$5,596,825	(\$732,342)

**EXHIBIT VII
ENVIRONMENTAL REVIEW AND
LAND PURCHASE INFORMATION**

<u>Loan Recipient</u>	<u>Environmental Assessment Class</u>	<u>Environmental Assessment Publication Date</u>	<u>Land Purchase w/ SRF?</u>
Bridgewater	CATEX	09/18/97	No
Groton (03)	FNSI	08/07/97	No
Lennox (02)	FNSI	04/18/96	No
Mitchell	FNSI	03/24/97	No
Philip (02)	FNSI	05/15/97	No
Pickerel Lake (02)	FNSI	10/03/94	No
Sioux Falls (13)	CATEX	04/05/96	No
Sturgis (03)	CATEX	06/04/94	No
Tea (03)	FNSI	06/19/97	No

Exhibit VIII
SRF Loan Participants
September 30, 1997
(Unaudited)

Customer Name	Rate/ Term	Loan Amount	State Advances	Federal Advances	Total Advances	Repayment Amounts	Loan Balances
Belle Fourche #1	3%, 20	\$253,000	\$38,396	\$214,604	\$253,000	\$47,130	\$205,870
Belle Fourche #2	4.5%, 10	264,422	44,071	220,351	264,422	32,914	231,508
Box Elder	3%, 20	648,600	108,100	540,500	648,600	184,408	464,192
Brandon #1	3%, 10	105,000	103,772	1,277	105,049	43,437	61,612
Brandon #2	3%, 10	526,018	125,389	400,629	526,018	115,800	410,218
Bridgewater	5.25%, 20	120,000	0	0	0	0	0
Brookings	4%, 15	188,065	31,344	156,721	188,065	93,282	94,783
Canton	4%, 15	515,715	0	515,715	515,715	108,977	406,738
Chamberlain #1	3%, 10	350,500	0	350,500	350,500	350,500	0
Chamberlain #2	3%, 10	265,000	44,167	220,833	265,000	265,000	0
Chamberlain #3	5.25%, 20	2,700,000	437,002	2,184,998	2,622,000	0	2,622,000
Clear Lake	4%, 15	79,537	18,075	61,462	79,537	32,692	46,845
Custer City #1	3%, 20	430,000	91,087	338,913	430,000	82,844	347,156
Custer City #2	3%, 20	182,000	30,333	151,667	182,000	45,575	136,425
Custer City #3	3%, 10	276,000	46,003	229,997	276,000	55,097	220,903
Custer-Fall River WMD	5%, 20	106,939	17,823	89,116	106,939	5,284	101,655
Deadwood	4%, 15	447,838	74,640	373,198	447,838	50,963	396,875
Dell Rapids	3%, 10	300,000	50,001	249,999	300,000	66,795	233,205
Elk Point	4%, 15	458,000	76,335	381,665	458,000	52,538	405,462
Ft. Pierre	3%, 10	330,294	55,051	275,243	330,294	55,884	274,410
Garretson	4%, 15	300,000	50,001	249,999	300,000	96,678	203,322
Groton #1	3%, 10	189,524	31,589	157,935	189,524	24,947	164,577
Groton #2	3%, 10	74,630	12,440	62,190	74,630	9,823	64,807
Groton #3	5.25%, 20	635,000	0	0	0	0	0
Hot Springs	3%, 10	196,930	32,822	164,108	196,930	43,846	153,084
Hot Springs NPS#1	5%, 20	930,000	155,001	774,999	930,000	56,985	873,015
Huron #1	3%, 20	1,656,000	276,001	1,379,999	1,656,000	378,502	1,277,498
Huron #2	3%, 10	701,997	110,501	591,496	701,997	324,821	377,176
Huron #3	5.25%, 20	1,856,828	309,472	1,547,356	1,856,828	24,229	1,832,599
Lake Cochrane San. Dist.	3%, 20	80,000	13,333	66,667	80,000	24,011	55,989
Lake Madison San. Dist.	4%, 15	330,000	55,000	275,000	330,000	113,831	216,169
Lead-Deadwood San. Dist.	3%, 5	106,855	17,809	89,046	106,855	106,855	0

Customer Name	Rate/ Term	Loan Amount	State Advances	Federal Advances	Total Advances	Repayment Amounts	Loan Balances
Lead #1	3%, 20	186,409	31,068	155,341	186,409	46,092	140,317
Lead #2	3%, 10	500,770	94,264	406,506	500,770	219,215	281,555
Lead #3	3%, 10	375,298	21,459	353,839	375,298	124,749	250,549
Lemmon	3%, 20	427,100	71,184	355,916	427,100	121,499	305,601
Lennox #1	5.25%, 20	350,000	58,336	291,664	350,000	8,801	341,199
Lennox #2	5.25%, 20	600,000	0	0	0	0	0
Madison	3%, 10	119,416	19,904	99,512	119,416	61,248	58,168
McCook Lake San. Dist.	5%, 20	641,935	45,304	596,631	641,935	72,916	569,019
Mitchell	4.5%, 10	2,000,000	0	0	0	0	569,019
Mobridge #1	3%, 20	1,500,000	250,000	1,250,000	1,500,000	354,485	1,145,515
Mobridge #2	4%, 15	158,000	158,000	0	158,000	44,689	113,311
Northdale San. Dist.	5%, 20	256,380	42,731	213,649	256,380	18,501	237,879
North Sioux City #1	3%, 10	239,650	35,828	203,822	239,650	70,600	169,050
North Sioux City #2	5%, 15	646,000	107,667	538,333	646,000	14,678	631,322
Philip #1	5%, 15	453,885	75,649	378,236	453,885	27,812	426,073
Philip #2	5.25%, 20	325,000	0	0	0	0	0
Pickeral Lake San. Dist. #1	5.25%, 20	850,000	91,025	455,118	546,143	0	546,143
Pickeral Lake San. Dist. #2	5.25%, 20	670,000	0	0	0	0	0
Pierre	4%, 15	433,976	119,669	314,307	433,976	112,632	321,344
Pollock	3%, 10	151,619	25,269	126,350	151,619	33,768	117,851
Rapid City #1	4%, 15	2,479,905	314,856	2,165,049	2,479,905	503,944	1,975,961
Rapid City #2	4%, 15	986,685	84,228	902,457	986,685	132,102	854,583
Rapid City #3	4%, 15	674,577	139,827	534,750	674,577	74,836	599,741
Rapid City #4	4%, 15	1,214,861	202,476	1,012,385	1,214,861	151,462	1,063,399
Rapid Valley San. Dist. #1	3%, 20	614,000	37,161	576,839	614,000	111,963	502,037
Rapid Valley San. Dist. #2	4%, 15	364,583	60,762	303,821	364,583	28,709	335,874
Rapid Valley San. Dist. #3	5.25%, 20	630,000	28,699	143,495	172,194	0	172,194
Richmond Lake San. Dist.	5.25%, 20	414,000	32,958	164,789	197,747	0	197,747
Roscoe	5.25%, 20	358,408	51,293	256,459	307,752	578	307,174
Sioux Falls #1	3%, 20	2,836,963	485,790	2,351,173	2,836,963	578,763	2,258,200
Sioux Falls #2	3%, 10	453,999	63,755	390,244	453,999	202,842	251,157
Sioux Falls #3	3%, 10	845,000	214,026	630,974	845,000	272,309	572,691
Sioux Falls #4	3%, 10	1,200,000	451,539	748,461	1,200,000	505,636	694,364
Sioux Falls #5	3%, 10	1,955,000	7,485	1,947,515	1,955,000	531,271	1,423,729
Sioux Falls #6	3%, 10	700,000	28,754	671,246	700,000	243,875	456,125
Sioux Falls #7	3%, 10	4,500,000	717,666	3,782,334	4,500,000	829,680	3,670,320
Sioux Falls #8	3%, 10	699,003	87,540	611,463	699,003	66,749	632,254
Sioux Falls #9	3%, 10	1,250,000	208,336	1,041,664	1,250,000	137,271	1,112,729
Sioux Falls #10	3%, 10	1,432,941	155,264	1,277,677	1,432,941	161,024	1,271,917
Sioux Falls #11	4.5%, 10	1,250,000	195,265	976,318	1,171,583	62,809	1,108,774
Sioux Falls #12	4.5%, 10	1,300,000	216,667	1,083,333	1,300,000	22,186	1,277,814
Sioux Falls #13	4.5%, 10	2,500,000	0	0	0	0	0

Customer Name	Rate/ Term	Loan Amount	State Advances	Federal Advances	Total Advances	Repayment Amounts	Loan Balances
Southern Missouri WMD	5%, 20	700,000	116,667	583,333	700,000	0	700,000
Spearfish	4%, 15	1,956,000	61,132	1,894,868	1,956,000	348,577	1,607,423
Sturgis #1	5%, 20	502,000	83,667	418,333	502,000	21,469	480,531
Sturgis #2	5%, 20	936,250	103,368	832,882	936,250	62,952	873,298
Sturgis #3	5.25%, 20	450,000	0	0	0	0	0
Tea #1	4%, 15	600,000	99,999	500,001	600,000	76,862	523,138
Tea #2	4%, 15	600,000	89,603	510,397	600,000	64,193	535,807
Tea #3	5.25%, 20	250,000	0	0	0	0	0
Vermillion #1	3%, 20	125,000	97,149	27,851	125,000	21,998	103,002
Vermillion #2	4%, 15	370,471	61,746	308,725	370,471	32,722	337,749
Vermillion NPS #1	4.5%, 10	356,531	59,422	297,109	356,531	38,045	318,486
Warner	4.5%, 10	101,152	16,859	84,293	101,152	12,752	88,400
Watertown #1	4%, 15	2,000,000	792,024	1,207,976	2,000,000	451,341	1,548,659
Watertown #2	4%, 15	4,000,000	760,786	3,239,214	4,000,000	688,782	3,311,218
Watertown #3	5.25%, 20	2,600,000	410,983	2,054,917	2,465,900	49,240	2,416,660
Watertown #4	5.25%, 20	932,830	0	0	932,830 *	932,830	0
Waubay	5%, 20	81,454	81,454	0	81,454	81,454	0
Webster	4.5%, 10	345,394	45,820	229,098	274,918	11,022	263,896
Whitewood	4%, 15	180,801	26,344	154,457	180,801	38,206	142,595
Worthing	5.25%, 20	315,725	6,548	32,742	39,290	617	38,673
SRF PROGRAM TOTAL		\$72,553,663	\$10,400,833	\$52,004,049	\$63,337,712	\$11,776,404	\$52,130,327

* Loan advances out of principal repayments.

Exhibit IX
SRF Projected Cash Flow Worksheet
for 10-01-97 through 09-30-98
(Unaudited)

Customer Name	Amt of Quar or Monthly Pmt	Total figured from Quar/Mon Pmt	Principal	Interest	Adm Surcharge
Belle Fourche #1	\$1,403	\$16,836	\$10,776	\$4,545	\$1,515
Belle Fourche #2	2,780	33,360	23,992	7,026	2,342
Box Elder	3,597	43,164	29,532	10,224	3,408
Brandon #1	3,048	12,192	10,500	1,269	423
Brandon #2	15,129	60,516	48,936	8,685	2,895
Bridgewater (no advances)	0	0	0	0	0
Brookings	1,391	16,692	13,068	2,718	906
Canton	11,472	45,888	30,212	11,757	3,919
Chamberlain #3			Accrued	55,763	18,588
Initial Loan Amort Date 01-01-98	55,000	110,000	40,000	52,500	17,500
Clear Lake	551	6,612	4,800	1,359	453
Custer City #1	2,397	28,764	18,576	7,641	2,547
Custer City #2	1,020	12,240	8,244	2,997	999
Custer City #3	2,665	31,980	25,668	4,734	1,578
Custer-Fall River WMD	2,114	8,456	3,456	3,750	1,250
Deadwood	3,316	39,792	24,312	11,610	3,870
Dell Rapids	2,897	34,764	28,116	4,986	1,662
Elk Point	10,188	40,752	25,028	11,793	3,931
Ft. Pierre	3,189	38,268	30,336	5,949	1,983
Garretson	6,673	26,692	18,732	5,970	1,990
Groton #1	5,502	22,008	17,328	3,510	1,170
Groton #2	2,166	8,664	6,824	1,380	460
Groton #3 (no advances)	0	0	0	0	0
Hot Springs	1,902	22,824	18,408	3,312	1,104
Hot Springs NPS#1	6,138	73,656	30,492	32,373	10,791
Huron #1	9,190	110,280	72,864	28,062	9,354
Huron #2	20,379	81,516	70,728	8,091	2,697
Huron #3	12,528	150,336	55,320	71,262	23,754
Lake Cochrane San. Dist.	1,325	5,300	3,676	1,218	406

Customer Name	Amt of Quar or Monthly Pmt	Total figured from Quar/Mon Pmt	Principal	Interest	Adm Surcharge
Lake Madison San. Dist.	2,443	29,316	21,024	6,219	2,073
Lead #1	1,034	12,408	8,280	3,096	1,032
Lead #2	4,836	58,032	50,088	5,958	1,986
Lead #3	3,624	43,488	36,324	5,373	1,791
Lemmon	7,119	28,476	19,452	6,768	2,256
Lennox #1	7,068	28,272	10,496	13,332	4,444
Lennox #2 (no advances)	0	0	0	0	0
Madison	3,467	13,868	12,212	1,242	414
McCook Lake San. Dist.	4,268	51,216	23,244	20,979	6,993
Mitchell (no advances)	0	0	0	0	0
Mobridge #1	8,319	99,828	66,288	25,155	8,385
Mobridge #2	1,171	14,052	9,684	3,276	1,092
Northdale San. Dist.	1,697	20,364	8,640	8,793	2,931
North Sioux City #1	6,940	27,760	23,200	3,420	1,140
North Sioux City #2	15,368	61,472	30,660	23,109	7,703
Philip #1	3,591	43,092	22,152	15,705	5,235
Philip #2	0	0	0	0	0
Initial Loan Amort Date 12-01-98					
Pickeral Lake San. Dist. #1			Accrued	10,875	3,625
Initial Loan Amort Date 01-01-98	14,200	28,400	10,500	13,425	4,475
Pickeral Lake San. Dist. #2 (no advances)	0	0	0	0	0
Pierre	3,210	38,520	26,100	9,315	3,105
Pollock	4,401	17,604	14,176	2,571	857
Rapid City #1	55,731	222,924	146,776	57,111	19,037
Rapid City #2	22,146	88,584	55,496	24,816	8,272
Rapid City #3	15,069	60,276	37,016	17,445	5,815
Rapid City #4	27,130	108,520	67,312	30,906	10,302
Rapid Valley San. Dist. #1	3,503	42,036	27,312	11,043	3,681
Rapid Valley San. Dist. #2	2,738	32,856	20,544	9,234	3,078
Rapid Valley San. Dist. #3			Accrued	7,125	2,375
Initial Loan Amort Date 01-01-98	4,000	32,000	12,150	14,888	4,963
Richmond Lake San. Dist.			Accrued	4,500	1,500
Initial Loan Amort Date 02-01-98	7,500	15,000	5,700	6,975	2,325
Roscoe	7,250	29,000	10,500	13,875	4,625

Customer Name	Amt of Quar or Monthly Pmt	Total figured from Quar/Mon Pmt	Principal	Interest	Adm Surcharge
Sioux Falls #1	15,734	188,808	122,580	49,671	16,557
Sioux Falls #2	4,378	52,536	45,564	5,229	1,743
Sioux Falls #3	8,384	100,608	84,468	12,105	4,035
Sioux Falls #4	11,587	139,044	119,700	14,508	4,836
Sioux Falls #5	19,439	233,268	192,948	30,240	10,080
Sioux Falls #6	6,759	81,108	68,268	9,630	3,210
Sioux Falls #7	43,452	521,424	416,484	78,705	26,235
Sioux Falls #8	6,741	80,892	62,712	13,635	4,545
Sioux Falls #9	12,164	145,968	114,000	23,976	7,992
Sioux Falls #10	13,904	166,848	130,308	27,405	9,135
Sioux Falls #11	12,142	145,704	97,620	36,063	12,021
Sioux Falls #12	13,598	163,176	107,700	41,607	13,869
Sioux Falls #13			Accrued	18,750	6,250
Initial Loan Amort Date 07-01-98	13,400	26,800	17,700	6,825	2,275
Southern Missouri WMD	4,620	55,440	20,784	25,992	8,664
Spearfish	14,468	173,616	110,784	47,124	15,708
Sturgis #1	3,313	39,756	15,996	17,820	5,940
Sturgis #2	6,193	74,316	31,296	32,265	10,755
Sturgis #3			Accrued	1,500	500
Initial Loan Amort Date 11-30-97	3,000	27,000	1,350	19,238	6,413
Tea #1	13,347	53,388	32,784	15,453	5,151
Tea #2	13,264	53,056	31,940	15,837	5,279
Tea #3			Accrued	2,250	750
Initial Loan Amort Date 03-01-98	6,500	13,000	4,500	6,375	2,125
Vermillion #1	2,084	8,336	5,320	2,262	754
Vermillion #2	8,241	32,964	19,844	9,840	3,280
Vermillion NPS #1	11,059	44,236	30,580	10,242	3,414
Warner	3,222	12,888	9,008	2,910	970
Watertown #1	44,489	177,956	118,340	44,712	14,904
Watertown #2	90,157	360,628	232,764	95,898	31,966
Watertown #3	50,060	200,240	75,304	93,702	31,234
Webster	8,572	34,288	22,924	8,523	2,841
Whitewood	4,022	16,088	10,592	4,122	1,374
Worthing	6,000	24,000	9,150	11,138	3,713
SRF PROGRAM TOTAL		\$5,776,296	\$3,808,562	\$1,576,563	\$525,521

Exhibit X
SRF COMBINING BALANCE SHEET
September 30, 1997
(Expressed in Thousands)
(Unaudited)

	<u>SRF</u>	<u>Non-SRF</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and Cash Equivalents (Note 2)	\$162	\$461	\$623
Investments (Note 3)	2,599	20,185	22,784
Loans Receivable (Exhibit VIII)	51,561	0	51,561
Federal LOC Commitment less Cash Draws	0	9,504	9,504
Reserve Accounts (Note 4)	0	1,917	1,917
Deferred Bond Issuance Costs	0	566	566
Accrued Interest Receivable	293	229	522
Accrued Administrative Expense Surcharges	89	0	89
TOTAL ASSETS	\$54,704	\$32,862	\$87,566
<u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Bonds Payable (Note 5)	\$0	\$19,675	\$19,675
Less: Unamortized Charges	0	(1,191)	(\$1,191)
Accrued Interest - Bonds (Note 5)	0	175	175
Accrued Expenses	64	0	64
Estimated Arbitrage Rebate	0	0	0
TOTAL LIABILITIES	\$64	\$18,659	\$18,723
<u>FUND EQUITY</u>			
Contribution from EPA (Note 6)	\$52,421	\$10,652	\$63,073
Contribution from State	0	1,298	1,298
Retained Earnings	2,219	2,253	4,472
TOTAL FUND EQUITY	\$54,640	\$14,203	\$68,843
TOTAL LIABILITIES AND FUND EQUITY	\$54,704	\$32,862	\$87,566

The notes to the financial statements are an integral part of this statement.

Exhibit XI
SRF STATEMENT OF REVENUES EXPENSES & CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 1997
(Expressed in Thousands)
(Unaudited)

	<u>SRF</u>	<u>Non-SRF</u>	<u>TOTAL</u>
<u>OPERATING REVENUES</u>			
Interest Income On:			
Loans	\$1,442	\$0	\$1,442
Cash and Investments	118	1,125	1,243
Reserve Accounts	0	111	111
Plus: Arbitrage Rebate Reduction	0	185	185
Administrative Expense Surcharges	480	0	480
Other	0	30	30
TOTAL OPERATING REVENUES	\$2,040	\$1,451	\$3,491
<u>OPERATING EXPENSES</u>			
Interest Expense	\$1,047	\$0	\$1,047
Administrative Expenses (Note 7)	324	0	324
Amortization:			
Unamortized Charges	0	95	95
Bond Issuance Costs	0	36	36
TOTAL OPERATING EXPENSES	\$1,371	\$131	\$1,502
Net Income	\$669	\$1,320	\$1,989
Retained Earnings at Beginning of Year	\$1,550	\$1,232	\$2,782
Federal LOC - Correction 09/30/96	\$0	(\$299)	(\$299)
Retained Earnings at End of Year	\$2,219	\$2,253	\$4,472

The notes to the financial statements are an integral part of this statement.

Exhibit XII
SRF COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 1997
(Expressed in Thousands)
(Unaudited)

	<u>SRF</u>	<u>Non-SRF</u>	<u>TOTAL</u>
Cash flows from Operating Activities:			
Net Income	\$669	\$1,320	\$1,989
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Amortization of unamortized charges	0	95	95
Amortization of bond issuance costs	0	36	36
Assets: (Increase)/Decrease			
Loans Receivable	(2,470)	0	(2,470)
Accrued Interest Receivable	(102)	(82)	(184)
Federal LOC Commitment less Cash Draws	0	2,965	2,965
Deferred Bond Issuance Costs	0	(151)	(151)
Reserve Accounts	0	(313)	(313)
Accrued Administrative Expense Surcharges	(32)	0	(32)
Liabilities: Increase/(Decrease)			
Bond Issuance	0	2,770	2,770
Accrued Interest - Bonds	0	20	20
Accrued Expenses	0	0	0
Arbitrage Rebate	0	(185)	(185)
Cash provided by operations	(\$1,935)	\$6,475	\$4,540
Cash flows from Noncapital Financing Activities:			
Bond Principal Payments	\$0	(\$675)	(\$675)
Contributions from EPA	\$2,367	\$624	\$2,991
Cash Flows from Investing Activities:			
Net (Purchase) of Investment Securities	(\$369)	(\$7,657)	(\$8,026)
Net Increase (Decrease) in Cash	\$63	(\$1,233)	(\$1,170)
Cash \ Cash Equivalents at Beginning of Year	\$99	\$1,694	\$1,793
Cash and Cash Equivalents at Year End	\$162	\$461	\$623

NOTES TO FINANCIAL STATEMENTS

1. The financial information contained on the SRF Loan Participants, SRF Projected Cash Flow Worksheet, SRF Combining Balance Sheet, SRF Statement of Revenues, Expenses and Changes in Retained Earnings and SRF Statement of Combining Cash Flows in Exhibits VIII through XII of the SRF Annual Report is unaudited and prepared by Bert Olson and Kristie Wiederrich of The First National Bank in Sioux Falls. The format for these statements is generally consistent with guidelines provided by EPA personnel.

2. Cash and Cash Equivalents consists of a Goldman Sachs Financial Square Treasury Obligation Fund rated "AAAm" by Standard and Poors, which is currently paying approximately 5.4% as of September 30, 1997.

3. Investments consist of the following Investment Agreements:

5.40% FGIC Capital Market Services Inc. due July 31, 2012 totaling \$12,035,000
 6.85% Societe General due August 1, 2015 totaling \$6,754,000
 6.22% MBIA Inc. due August 1, 2017 totaling \$2,395,000
 6.30% FGIC Capital Market Services Inc. due July 1, 2002 totaling \$1,600,000

4. Reserve Accounts consist primarily of the following Investment Agreements:

5.40% FGIC Capital Market Services Inc. due July 31, 2012 totaling \$892,000
 6.85% Societe General due August 1, 2015 totaling \$712,000
 6.22% MBIA Inc. due August 1, 2017 totaling \$240,000

In addition, \$73,000 is invested in the Goldman Sachs Fund described in Note 2 above.

5. Bonds outstanding plus principal and interest payments on the various bond issues are due as follows:

	<u>Bonds Outstanding</u>	<u>February 1, 1998</u>	<u>August 1, 1998</u>
Series 1994 Bonds			
Principal	\$9,185,000	\$0	\$440,000
Interest		225,251	225,251
Series 1995 Bonds			
Principal	\$7,720,000	\$0	\$260,000
Interest		224,584	224,584
Series 1996 Bonds			
Principal	\$2,770,000	\$0	\$0
Interest	_____	<u>74,249</u>	<u>74,249</u>
Total	<u>\$19,675,000</u>	<u>\$524,084</u>	<u>\$1,224,084</u>

6. The contribution from the EPA is the full amount authorized for the periods ending as follows:

September 30, 1989	\$4,577,200
September 30, 1990	4,738,000
September 30, 1991	10,074,800
September 30, 1992	9,534,900
September 30, 1993	9,431,000
September 30, 1994	5,813,800
September 30, 1995	6,007,800
September 30, 1996	9,904,700
September 30, 1997	<u>2,990,500</u>
Total	<u>\$63,072,700</u>

7. The annual administrative expenses of the SRF program are as follows:

	<u>Year Ending Sept 30, 1997</u>	<u>Cumulative Total</u>
State of South Dakota	\$256,340	\$1,492,265
First National Bank	39,402	210,661
Alzheimer & Gray	27,500	99,500
Other	<u>650</u>	<u>63,703</u>
Total	<u>\$323,892</u>	<u>\$1,866,129</u>

8. Based on the current loan and investment amounts, the following amounts are estimated to be received during the period from October 1, 1997 through September 30, 1998:

	\$(000)
Loan Payments:	
Principal	\$3,809
Interest	1,577
Administrative Expense Surcharges	515
Investment Earnings	
(\$25,500,000 at 6.0%)	<u>1,530</u>
	<u>\$7,431</u>

SOUTH DAKOTA REVOLVING FUND FY 1998 INTENDED USE PLAN

I. INTRODUCTION

The state of South Dakota proposes to adopt the following Intended Use Plan (IUP) for the federal fiscal year 1998 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 State Revolving Fund (SRF). The IUP has been reviewed by the public and reflects the results of such review.

The IUP includes the following:

1. List of projects and activities;
2. Goals and objectives;
3. Information on the activities to be supported;
4. Assurances and specific proposals; and
5. Criteria and method for distribution of funds.

II. LIST OF PROJECTS

The IUP identifies potential wastewater facilities projects and nonpoint source management activities. The list of potential wastewater facilities projects incorporates a priority ranking system to comply with Project Priority List requirements as per federal regulations. To be eligible for SRF funding the project/activity must be identified and included as a potential project in the IUP. Attachment I is the list of wastewater projects that have been identified

from the State Water Plan as potential borrowers of SRF funds during federal fiscal year 1998. The state may also fund nonpoint source management projects/activities from Attachment II as they apply, subject to the SRF rules adopted by the Board of Water and Natural Resources (BWNR) on May 25, 1988. According to the approved rules, the BWNR may set aside a portion of the 1998 SRF allocation for nonpoint source management projects/activities.

The 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 implementation projects/programs.

The Cheyenne River Sioux Tribe is included on the list of potential wastewater projects so the unincorporated community of Ridgeview is eligible for assistance through the Hardship Grant program.

A determination of which projects are selected from the above mentioned lists, the amount of assistance, and the financing terms and conditions will be made by the BWNR during federal fiscal year 1998.

III. GOALS AND OBJECTIVES

Long-term Goals and Objectives:

The long-term goals of the State Water Pollution Control Revolving Fund are to fully capitalize the 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 SRF program that will serve in perpetuity as a financing source for wastewater treatment works projects and water pollution control activities including nonpoint source and groundwater protection 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 SRF is to fully capitalize the fund and utilize the one-time allocation of Hardship Grant program funds.

Objectives:

1. Ensure the technical integrity of 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.
4. Provide a Hardship Grant to the unincorporated community of Ridgeview.

IV. INFORMATION ON THE ACTIVITIES TO BE SUPPORTED

The primary type of assistance to be provided by the SRF is loans including refinancing of existing debts, where eligible. On a more limited basis, the state may guarantee or buy insurance for local debt obligations, or leverage bond issues. The state plans on reserving 4 percent of the capitalization grant amount for administrative expenses.

From the SRF these types of 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 conjunction with the SRF rules adopted by the BWNR on May 25, 1988.

The unincorporated community of Ridgeview, through the Cheyenne River Sioux Tribe, is seeking assistance through the Hardship Grant program. The community, located on the Cheyenne River

Indian Reservation, meets the income and unemployment guidelines set forth in the grant program. Projects must be identified in the Intended Use Plan and apply for SRF funding to receive a Hardship Grant. South Dakota's allocation for for the Hardship Grant program is \$322,300. It is unknown how much of the allocation will be needed for the Ridgeview project. A five-percent state match (\$16,115 maximum) is required, and it will be requested from the state Consolidated Grant program.

V. ASSURANCE 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 rules promulgated by the BWRN.

Section 602(a) - Environmental Reviews - The state certifies that it will conduct environmental reviews of each project on Attachment I receiving assistance from the SRF. 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 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 staff certifies that all major and minor wastewater treatment facilities identified as part of the National Municipal Policy Universe are:

- (a) in compliance, or
- (b) 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
- (c) have upgraded existing facilities or constructed new facilities through its own means to achieve compliance with its discharge permit.

Those projects identified as part of the NMP Universe were given priority for SRF assistance.

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

VI. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

The SRF funds are being distributed using the following criteria:

- (a) the availability of funds in the SRF program;
- (b) the applicant's need;
- (c) violation of health and safety standards; and
- (d) the applicant's ability to repay.

The methods and criteria used are designed to provide the maximum flexibility and

assistance which 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 SRF rules and to receive comments. Copies of these documents were mailed to interested parties prior to the public hearing. The BWNR approved the rules following the hearing. Revisions to the SRF rules have been made periodically to reflect the needs of the program.

A formal public hearing was held for the South Dakota 1998 IUP on December 10, 1997, and acted upon at that time.

ATTACHMENT I

LIST OF POTENTIAL WASTEWATER PROJECTS

Applicant	Loan #	Project Description	Estimated Loan Amount
Artesian	C461264-01	I/I Correction/Interceptor	\$300,000
Box Elder	C461003-02	Interceptor/Collection	\$3,600,000
Canistota	C461226-01	Sewer Rehabilitation /Interceptor	\$340,000
Chamberlain	C461044-04	Interceptor/Collection/Storm Sewer	\$1,500,000
Cheyenne River Sioux Tribe ¹	C461424-01	Collection/Treatment for Ridgeview	\$322,300
Colman	C461144-01	Treatment	\$300,000
Crooks San. Dist.	C461228-01	Treatment	\$365,000
Custer	C461021-04	Interceptor/Collection	\$380,000
Dell Rapids	C461064-02	Sewer Rehabilitation /Interceptor	\$215,000
Eagle Butte	C461148-01	Treatment	\$500,000
Fort Pierre	C461049-02	Treatment/Interceptor	\$940,000
Gregory	C461126-01	Sewer Rehabilitation	\$85,000
Harrisburg	C461065-01	Treatment/Interceptor/Storm Sewer	\$800,000
Hartford	C461104-01	Sewer Rehabilitation	\$370,000
Hartford	C461104-02	Treatment	\$1,000,000
Ipswich	C461133-01	Sewer Rehabilitation	\$600,000
Keystone	C461074-01	I/I Correction/Treatment	\$1,250,000
Lake Poinsett San. Dist.	C461027-01	System Expansion	\$500,000
Lesterville	C461357-01	Treatment	\$100,000
Madison	C461024-02	Storm Sewer	\$275,000
Mellette	C461363-01	Treatment	\$490,000
Miller	C461128-01	Storm Sewer	\$425,000
Pierre	C461288-02	Treatment	\$5,000,000
Platte	C461130-01	Storm Sewer/Sewer Rehabilitation	\$180,000
Sioux Falls	C461232-14	Treat/Sewer Rehab./Storm/Coll./Int.	\$2,200,000
Sisseton	C461053-01	Sewer Rehabilitation	\$125,000
Sturgis	C461068-04	Treatment	\$1,500,000
Tea	C461028-03	Treatment	\$250,000
Tyndall	C461131-01	Storm Sewer	\$250,000
Valley Springs	C461239-01	Treatment	\$360,000
Vermillion	C461022-03	Treatment	\$400,000
Volga	C461046-01	Treatment	\$2,500,000
Wall	C461033-01	Treatment	\$750,000
White Lake	C461261-01	Sewer Rehabilitation	\$800,000
Yankton	C461038-01	Treatment	\$2,600,000
Yankton	C461038-02	Treatment	\$4,500,000

¹ Proposed Hardship Grant project.

ATTACHMENT II

LIST OF POTENTIAL SRF NONPOINT SOURCE PROGRAMS

Activities to be implemented for the control of NPS pollution in the project areas listed for consideration include:

1. Agricultural Best Management Practices such as reduced tillage, sod based crop rotation, terraces and fertilizer/pesticide management.
2. Urban Best Management Practices such street cleaning, retention/detention basins and non-vegetative soil stabilization.
3. Sediment Control Structures.
4. Studies
 - A. Groundwater impacts from agricultural activities.
 - B. Groundwater characterization from selected aquifers.
 - C. Wellhead protection area identification.
5. Shoreline/Streambank Erosion Control.
6. Animal Waste Management Systems.
7. Shoreline Waste Management Systems.
8. Silviculture Best Management Practices such as ground cover and debris removal.
9. Mining Best Management Practices such as water diversion and block cutting.
10. Ground Water Protection.