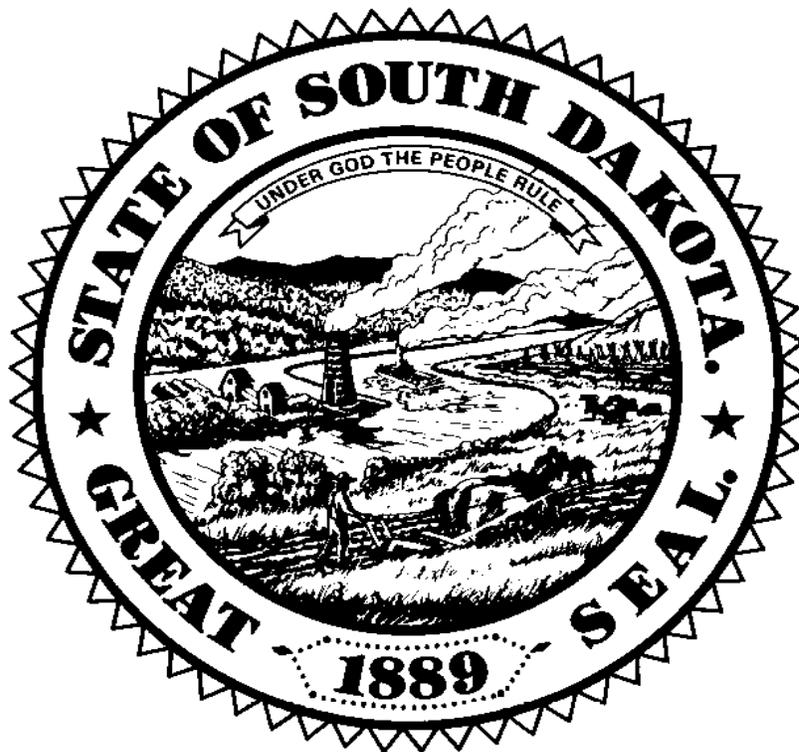


**THE SOUTH DAKOTA CONSERVANCY DISTRICT
REPORT TO THE
LEGISLATIVE BOND REVIEW COMMITTEE**

**STATE FISCAL YEAR 2008
July 1, 2007 – June 30, 2008**



**Department of Environment and Natural Resources
Division of Financial and Technical Assistance**

THE SOUTH DAKOTA CONSERVANCY DISTRICT

REPORT TO THE

LEGISLATIVE BOND REVIEW COMMITTEE

STATE FISCAL YEAR 2008

Department of Environment and Natural Resources
Division of Financial and Technical Assistance
523 East Capitol Avenue
Pierre, South Dakota 57501-3181
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**THE SOUTH DAKOTA CONSERVANCY DISTRICT
BOARD MEMBERS**

BRAD JOHNSON, CHAIRMAN

Watertown

Member since 2003

GENE JONES, JR., VICE-CHAIRMAN

Sioux Falls

Member since 2002

DON ROUNDS, SECRETARY

Pierre

Member since 2003

DON BOLLWEG

Harrold

Member since 1994

DALE KENNEDY

Beresford

Member since 1985

JOHN LOUCKS

Rapid City

Member since 1989

KELLY WHEELER

Custer

Member since 2005

**THE SOUTH DAKOTA CONSERVANCY DISTRICT
LEGISLATIVE OVERSIGHT COMMITTEE**

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Huron

SENATOR GARY D. HANSON
Sisseton

REPRESENTATIVE DALE HARGENS
Miller

REPRESENTATIVE RUSSELL OLSON
Madison

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STATE FISCAL YEAR

2008

EXECUTIVE SUMMARY

PROGRAM OVERVIEW

The Clean Water State Revolving Fund (SRF) program was created by the 1987 amendments to the federal Clean Water Act to provide low interest loans to communities and other political subdivision for wastewater, storm sewer and nonpoint source projects (solid waste facilities/water quality). South Dakota's first Clean Water loan was made in November 1989.

The Drinking Water State Revolving Fund (SRF) program was federally authorized by the Safe Drinking Water Act Amendments of 1996 to provide low interest loans to public water systems for drinking water projects. Political subdivisions (cities and special purpose districts) and nonprofit corporations (rural water systems) are eligible to apply for South Dakota Drinking Water SRF loans. The first Drinking Water loan was awarded in January 1998.

Funds are provided for the programs by means of capitalization grants awarded annually through the United States Environmental Protection Agency. For every \$5 the federal government provides to each program through annual capitalization grants, the state must match it with \$1. Through SFY 2008, the federal capitalization grants total \$226.6 million.

The South Dakota Board of Water and Natural Resources was authorized by SDCL § 46A-1-60.1 through § 46A-1-60.3 to administer a water pollution control revolving fund program and drinking water revolving fund program and to promulgate rules pursuant to chapter 1-26, to implement the provisions of this section consistent with the requirements of federal law. The board serves as the board for the South Dakota Conservancy District.

The two key federal program requirements are that loan rates are set below market rate and that all loan payments and program income revolve in the programs to provide low-interest financing for water and wastewater infrastructure in perpetuity.

As of June 30, 2008, the programs have provided 329 loans totaling \$502,435,657.

BONDING AUTHORITY OVERVIEW

The authority for the South Dakota Conservancy District to issue bonds is established in SDCL § 46A-1-31. In the 2008 Legislative session, SDCL § 46A-1-32 was amended to reflect current variable rate bond sale practices to include removal of the provision that required the Conservancy District to pay interest on its bonds semiannually.

Since the programs' inceptions, the state match requirement amounts to more than \$45.3 million. The South Dakota Conservancy District has issued revenue bonds to provide a large portion of the state match, as well as reserves required for earlier issues. An initial state appropriation was made for each program, and administrative surcharge funds paid by borrowers were used to match the 2002 and 2003 Clean Water SRF capitalization grants.

The Conservancy District has the ability to issue revenue bonds above the amount required for state match to leverage additional funds for the programs. Leveraged bonds for the Clean Water SRF program were issued in 1995, 2005, and 2008 and in 2004, 2005, and 2008 for the Drinking Water SRF program. The total amount of these leveraged bonds is \$107.8 million.

2008 BOND ISSUE

The South Dakota Conservancy District closed its Series 2008 bond issue for the State Revolving Fund programs in March 2008. This was a multi-modal variable rate issue, which was a first for the District. The 2008 bond issue was rated AAA/A-1+ by Standard and Poor and Aaa/VMIG by Moody's. These ratings are the highest long-term and short-term ratings, respectively, assigned by each agency. These ratings were based on the programs' strength and do not involve bond insurance. The par amount of the tax-exempt revenue bonds issued in March 2008 was \$40,000,000. The bonds were originally set with a semi-annual rate mode which can be changed at the discretion of the Conservancy District. The initial interest rate was 2.35% effective until August 1, 2008.

The purpose of the bond issue was to provide State Match and Leveraged Loan funds for both the Clean Water and Drinking Water programs. The Clean Water program utilized \$1.89 million of proceeds for 2008-2010 match and \$19.8 million for leveraged loans. The remaining proceeds provided \$4.89 million for 2008-2010 Drinking Water match and \$13.0 million for leveraged Drinking Water loans.

The issuance of variable rate bonds was to address impacts of the federal Tax Increase Prevention and Reconciliation Act (TIPRA) of 2005. Of particular concern is the requirement that 30 percent of net bond proceeds be spent within one year and 95 percent of net bond proceeds be spent within three years of the date of issue. If these objectives are not met, bonds must be redeemed in an amount necessary to meet the spend-down requirement. The district, working with its financial advisor, Public Financial Management, and bond counsel, Perkins Coie LLP, investigated several options for managing the TIPRA spend-down redemption requirements. The use of variable rate bonds was determined to be the most favorable approach.

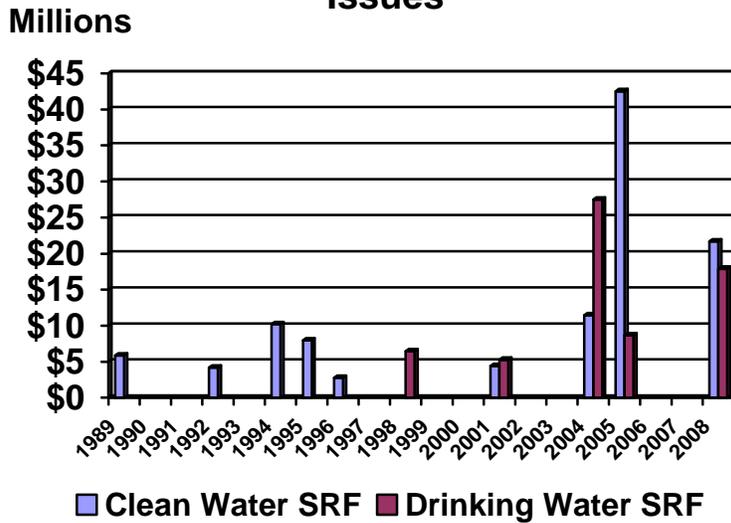
The financial team for the 2008 bond issue included The First National Bank in Sioux Falls as trustee, Perkins Coie LLP as bond counsel, Public Financial Management as financial advisor, Wachovia Bank, National Association as senior underwriter and remarketing agent, and U.S. Bank, National Association as Liquidity Provider. The Trustee, Bond Counsel, and Financial Advisor provide professional financial services to the board and department on an on-going basis.

In conjunction with the bond issue, a Guaranteed Investment Contract (GIC) was awarded to MBIA Investment Management Corp. The award was based on the most favorable spread to the one-month LIBOR (London Interbank Offered Rate) index. The bid from MBIA was LIBOR + 30 basis points. After the agreement was executed, MBIA was downgraded by Moody's Investor Services from Aaa to A2, which is below the allowable rating provided in the agreement. Not only did the downgrade affect the most recent GIC with MBIA, but it also affected a GIC with MBIA that was executed in 1996. The SRF financial team has worked with MBIA to provide a remedy pursuant to the terms of each GIC agreement. The 2008 GIC is being reassigned to another qualified provider that meets the rating criteria. The 1996 GIC was collateralized with securities issued or guaranteed by U.S. government agencies or the Government National Mortgage Association.

BOND HISTORY

The Conservancy District issues bonds for state match as needed, which was initially every three years. Additionally, bonds have been issued to refund prior issues and to provide leveraged funds. Recent demands on the programs have necessitated the Conservancy District to become more active in issuing bonds. Figure 1 below shows bonding activity by calendar year. Summaries of previous bond issues are provided beginning on page 59.

Figure 1 - SD Conservancy District Bond Issues



SRF PROGRAM INTEREST RATES

Interest rates are reviewed periodically to ensure that they are below market rate and are competitive with other funding sources such as the federal Rural Development program. The SFY 2008 interest rates for each program are summarized in the respective sections below.

Clean Water SRF Program

The interest rates were 2.50 percent for loans with a term of 10 years or less, 3.25 percent for loans with a term greater than 10 years up to 20 years, and 3.50 percent for loans with a term greater than 20 years up to a maximum of 30 years. The term of each loan is at the discretion of the borrower provided that the proposed repayment source produces the required debt service coverage.

In addition to the base rates, the board has established a Clean Water SRF incentive rate for nonpoint source (NPS) projects at 1.50 percent for loans with a term of 10 years or less and 2.25 percent for loans with a term greater than 10 years but less than 20 years.

Drinking Water SRF Program

The interest rates for all borrowers were 2.50 percent for loans with a term of 10 years or less and 3.25 percent for loans with a term greater than 10 years up to a maximum of 20 years. The term of each loan is at the discretion of the borrower provided that the proposed repayment source produces the required debt service coverage.

Communities that meet the disadvantaged community criteria may receive a Drinking Water SRF loan at an interest rate below that for other recipients. Additionally, the maximum allowable repayment period for disadvantaged communities can be extended to 30 years. Disadvantaged communities qualify for 3.25 percent loans for 30 years if their median household income (MHI) is 80 percent to 100 percent of the statewide MHI. Municipalities, other community water systems, and sanitary districts must have an MHI below 80 percent of the statewide MHI to be eligible for an interest rate of 2.5 percent, and an MHI less than 60 percent of the statewide MHI to be eligible for a loan at zero percent interest. Residential water bills must be at least \$20 for 5,000 gallons usage for municipalities and sanitary districts and \$50 for 7,000 gallons usage for other community water systems.

OVERSIGHT

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

The Department of Legislative Audit conducts annual financial audits of the Clean Water and Drinking Water SRF programs, and EPA conducts a program audit. Our most recent audits did not note any substantive program or financial deficiencies.

FISCAL YEAR 2008 PROGRAM ACTIVITY

Clean Water State Revolving Fund

The Clean Water program received a \$3,274,300 Federal capitalization grant in 2008. This was matched with \$654,860 in bond proceeds and was supplemented by accumulated loan repayments, interest earnings, and leveraged bonds.

In SFY 2008, disbursements totaling \$14,685,865 were made to borrowers. Disbursements consisted of \$2.74 million in federal funds, \$166,625 in state match funds, \$5.37 million in leveraged bonds, and \$6.41 million in principal repayments and interest earnings.

One hundred fourteen loans are in repayment, and \$15,892,771 in repayments were received during the year. Sixty-one loans have been repaid in full. Three loans drew no funds, and the full loan amounts were deobligated. There have been no defaults.

In SFY 2008, the Board of Water and Natural Resources awarded 17 loans totaling \$33,184,806. Table 1 below provides a synopsis of the loans that were awarded. Leveraged bond proceeds and accumulated principal and interest payments comprised the majority of the funds awarded this past year.

**Table 1
Clean Water Loans
State Fiscal Year 2008**

Recipient	Project Description	Assistance Amount	Rate	Term (Years)
Crooks	Lagoon Expansion	\$697,000	3.25%	20
Dell Rapids (02)	12 th and Clark Stormwater Improvements	\$1,062,000	3.25%	20
Elk Point (05)	Clay and Washington Streets Utility Reconstruction	\$150,000	3.25%	20
Freeman (02)	Sixth Street Storm Water and Detention Ponds	\$800,000	3.25%	20
Garretson (02)	Split Rock Creek Lift Station and Sewer Extension	\$410,000	3.25%	20
Groton (06)	Wastewater Improvements Phases I and II	\$150,000	3.25%	20
Harrold	Storm Water System Replacement	\$170,000	3.25%	20
Madison (02)	Wastewater Treatment Facility Renovation	\$5,343,256	3.25%	20
Martin	North Sewer Lagoon Rehabilitation	\$237,250	3.25%	20
Parkston	Collection Systems Improvements	\$650,000	3.25%	20
Sioux Falls (25)	Collection Systems Improvements	\$5,657,000	2.50%	10
Sioux Falls (26)	Central Mains Interceptor Replacement	\$3,744,000	2.50%	10
Sioux Falls (27)	Detention Ponds and Storm Sewer Rehabilitation	\$2,621,000	2.50%	10
Spearfish (02)	Wastewater Treatment Facility Expansion	\$5,900,000	3.25%	20
Vermillion (05)	Wastewater Treatment Facility Phase II Expansion	\$4,851,000	3.25%	20
Wolsey	Highway 14/281 Utility Replacements	\$162,300	3.25%	20
Worthing (02)	Utilities Replacement and Extension	\$580,000	3.25%	20
TOTAL		\$33,184,806		

Additional information regarding the historical activity of the Clean Water SRF Program is provided on pages 25-43.

Drinking Water State Revolving Fund

The Drinking Water SRF program received a federal capitalization grant of \$8,146,000 in 2008. These funds were matched by \$1,629,200 in state issued revenue bonds and were supplemented by accumulated loan repayments and leveraged bonds.

In SFY 2008, disbursements totaling \$13,984,123 were made to borrowers. Disbursements consisted of \$7.31 million in federal funds, \$2.43 million in state match funds, \$4.21 million in leveraged bonds, and \$34,600 in principal repayments.

Eighty-nine loans are in repayment, and \$11,459,273 in repayments were received during the year. Six loans have been repaid in full. Five loans drew no funds, and the full loan amounts were deobligated. There have been no defaults.

In SFY 2008, the board awarded 12 loans totaling \$49,598,375. Table 2 below provides a synopsis of the loans that were awarded.

**Table 2
Drinking Water Loans
State Fiscal Year 2008**

Recipient	Project Description	Assistance Amount	Rate	Term (Years)
Black Hawk WUD (02)	Water Reservoir and Transmission Line	\$1,142,000	3.25%	20
Chamberlain	Water Plant Renovation and Upgrade	\$276,500	3.25%	20
Delmont	Water Main Replacement	\$185,000	2.50%	30
Elk Point (04)	Clay and Washington Streets Utility Reconstruction	\$564,000	3.25%	20
Miller	Water Meter Replacement	\$255,200	2.50%	10
Mission Hill	Water Tower and Distribution System Looping	\$250,000	3.25%	20
Sioux Falls (06)	Backwash Handling Basin and Filter Improvements	\$17,848,000	2.50%	10
Sioux Falls (07)	Well 69 Rehabilitation	\$2,200,000	2.50%	10
Sioux Falls (08)	Water Distribution System Improvements	\$2,705,600	2.50%	10
Viborg	Water Line Replacement and Looping	\$249,775	3.25%	20
Watertown	Water Source, Treatment, and Storage Improvements	\$23,760,000	3.25%	20
Wolsey	Highway 14/281 Utility Replacements	\$162,300	3.25%	20
TOTAL		\$49,598,375		

Additional information regarding the historical activity of the Drinking Water SRF Program is provided on pages 45-58.

STATE REVOLVING FUND
FINANCIAL STATEMENTS
(Unaudited)

**SOUTH DAKOTA BOARD OF WATER
AND NATURAL RESOURCES
CLEAN WATER STATE REVOLVING FUND
STATEMENT OF NET ASSETS
June 30, 2008**

Assets

Current Assets:

Cash and Cash Equivalents	\$905,472.53
Restricted Cash and Cash Equivalents	10,428.60
Due From Federal Governments	16,725.53
Due from Other Governments	244,055.12
Deferred Charges	31,697.39
Accrued Interest Receivable	1,676,299.60
Accounts Receivable	16,977.16
Loans Receivable	11,560,195.62
Total Current Assets	<u>14,461,851.55</u>

Noncurrent Assets:

Investments	63,821,961.63
Restricted Investments	374,421.62
Deferred Charges	546,449.80
Loans Receivable	<u>146,407,901.27</u>

Total Assets

225,612,585.87

Liabilities

Current Liabilities:

Accounts Payable	257,203.17
Cost of Issuance Payable	38,430.00
Accrued Liabilities	12,823.74
Compensated Absences Payable	3,831.51
Accrued Interest Payable	1,127,030.85
Bonds Payable - net of unamortized premium, discount, and deferred amount of refunding	<u>2,638,626.11</u>
Total Current Liabilities	4,077,945.38

Noncurrent Liabilities:

Compensated Absences Payable	3,430.63
Bonds Payable - net of unamortized premium, discount, and deferred amount of refunding	<u>71,774,385.29</u>

Total Liabilities

75,855,761.30

Net Assets

Restricted For Debt Service	384,850.22
Unrestricted	<u>149,371,974.35</u>

Total Net Assets

\$149,756,824.57

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

**SOUTH DAKOTA BOARD OF WATER
AND NATURAL RESOURCES
CLEAN WATER STATE REVOLVING FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2008**

Operating Revenues:

Loan Interest Income	\$3,613,590.33
Federal Capitalization Grants	2,925,462.53
Other Income	1,211,869.78
Total Operating Revenue	<u>7,750,922.64</u>

Operating Expenses:

Administrative Expenses		
Personal Services	173,500.85	
Employee Benefits	3,418.09	
Travel	8,615.63	
Contractual	276,912.72	
Supplies	1,549.68	
Grants	1,384,818.97	
Other	-	
Total Administrative Expenses	<u>1,848,815.94</u>	
Interest Expense		2,568,589.85
Bond Issuance Expense		31,697.39
Total Operating Expenses		<u>4,449,103.18</u>

Operating Income (Loss) 3,301,819.46

Nonoperating Revenues (Expenses):

Investment Income 2,257,827.30

Income (Loss) Before Transfers 5,559,646.76

Transfers:

Transfer Out (26,570.33)

Change in Net Assets 5,533,076.43

Net Assets at Beginning of Year 144,223,748.14

Net Assets at End of Year \$149,756,824.57

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

**SOUTH DAKOTA BOARD OF WATER
AND NATURAL RESOURCES
CLEAN WATER STATE REVOLVING FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2008**

Cash Flows from Operating Activities:		
Receipts for Loan Repayments	\$11,075,799.82	
Receipts for Interest Income on Loans	3,586,872.77	
Receipts for Surcharge Interest on Loans	1,230,098.30	
Receipts for Administering Program	2,908,737.00	
Payments to Loan Recipients	(14,685,865.00)	
Payments for Employee Services	(215,581.99)	
Payments for Contractual Services	(231,955.17)	
Payment for Grants	(1,394,011.21)	
Other Payments	(10,263.64)	
Net Cash Provided (Used) by Operating Activities		2,263,830.88
Cash Flows from Noncapital Financing Activities:		
Bond Issuance Costs Paid	(128,278.95)	
Bond Receipts	21,960,000.00	
Transfers Out	(26,570.33)	
Principal Payments on Bonds	(2,635,000.00)	
Interest Payments on Bonds and Notes	(2,344,670.01)	
Net Cash Provided (Used) by Noncapital Financing Activities		16,825,480.71
Cash Flows from Investing Activities:		
Interest on Investments	2,393,796.55	
Proceeds from Sale of Investment Securities	17,400,186.50	
Purchase of Investment Securities	(42,214,561.39)	
Net Cash Provided (Used) by Investing Activities		(22,420,578.34)
Net Increase (Decrease) in Cash and Cash Equivalents		(3,331,266.75)
Cash and Cash Equivalents at Beginning of Year		4,247,167.88
Cash and Cash Equivalents at End of Year		<u>\$915,901.13</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)		\$3,301,819.46
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Interest Expense	2,568,589.85	
Amortization of Bond Issuance Cost	31,697.39	
Assets: (Increase)/Decrease		
Loans Receivable	(3,610,065.18)	
Accounts Receivable	(16,977.16)	
Accrued Interest Receivable on Loans	(26,717.56)	
Due from Other Governments	18,228.52	
Due from Federal Governments	(16,725.53)	
Liabilities: Increase/(Decrease)		
Accounts Payable	52,644.14	
Accrued Employee Benefits	(38,459.28)	
Accrued Liabilities	(203.77)	
Total Adjustments		(1,037,988.58)
Net Cash Provided by Operations		<u>\$2,263,830.88</u>

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

**SOUTH DAKOTA BOARD OF WATER
AND NATURAL RESOURCES
CLEAN WATER STATE REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Authorizing Legislation

The 1988 South Dakota Legislature authorized the State Water Pollution Control Revolving Loan Fund Program, also known as the Clean Water State Revolving Fund (CWSRF) Loan Program. Additionally, the legislature appropriated \$1,200,000 and directed the South Dakota Conservancy District to administer the program. The Department of Environment and Natural Resources performs all of the functions of the South Dakota Conservancy District, except for quasi-legislative, quasi-judicial, advisory, and special budgetary functions, which are performed by the District acting in its capacity as the Board of Water and Natural Resources. The CWSRF is a low interest loan program to finance the construction of wastewater facilities, storm sewers and non-point 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 Clean Water State Revolving Fund is a part of the State of South Dakota and, as such, the accompanying financial statements are included in the Comprehensive Annual Financial Report of the State of South Dakota.

B. Fund Accounting

The CWSRF is accounted for as an enterprise fund. An enterprise fund is a proprietary fund type used to report an activity for which a fee is charged to external users for goods or services.

C. Basis of Accounting

The CWSRF follows the accrual basis of accounting. This method of accounting recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows. The CWSRF follows all Governmental Accounting Standards Board (GASB) pronouncements and those Financial Accounting Standards Boards Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins that were issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

D. Cash and Cash Equivalents

For purposes of the accompanying statement of net assets and statement of cash flows all highly liquid investments with original maturities of 90 days or less are considered to cash equivalents.

E. Investments

Investments are reported at fair value. Unrealized gains and losses due to fluctuations in market value are included in investment income.

F. Deferred Charges

Issuance costs, discounts, premiums, and deferred amount of refunding on bonds are amortized using the straight line method over the life of the bonds to which they relate.

G. Reserves

The bond indentures provide that certain reserve accounts be established. The reserves as of June 30, 2008 consist of the following Investment Agreements and are reported as restricted net assets in the financial statements:

- 6.22% MBIA Inc. due August 1, 2017 totaling \$95,771
- 5.07% AIG due August 1, 2025 totaling \$278,651

In addition, \$10,429 is invested in the Goldman Sachs Fund described in note 2 below.

H. Restricted Resources

When both restricted and unrestricted resources are available for use, it is the CWSRF's policy to use restricted resources first, and then unrestricted resources as they are needed.

I. Revenue and Expense Recognition

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering items in connection with an enterprise fund's principal ongoing operations. The CWSRF records all revenues derived from interest on loans, and federal capitalization grants as operating revenues since these revenues are generated from the CWSRF's daily operations needed to carry out its purpose. Operating expenses include interest expense on bonds, grants and subsidies, and contractual service expenses related to the administration of the CWSRF program.

J. Federal Capitalization Grant

Federal capitalization grants reported as operating income in the statement of revenues, expenses, and changes in fund net assets is a federally funded loan program. Information about the program is as follows:

CFDA Number:	66.458
Federal Agency:	Water Management Division
Program:	Clean Water State Revolving Fund
State Agency:	Environment & Natural Resources
Expenditures:	\$158,141,666
Outstanding Loans:	\$157,968,096
Current Year	
Administrative Expense:	\$173,570
Loan Disbursement:	\$14,685,865

2. CASH AND INVESTMENTS

Cash and Cash Equivalents consist of a Goldman Sachs Financial Square Treasury Obligation Fund (mutual fund) and is rated "AAA" by Standard and Poor's Rating Group. The fund paid on average approximately 3.33% for the year ending June 30, 2008.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the Clean Water State Revolving Fund's investments may not be returned. At June 30, 2008, \$64,196,383 of guaranteed investment contracts were uninsured and unregistered, with the securities held by its trust department, but not in the CWSRF's name.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The maturities of the investments are listed below.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Guaranteed Investment Contract	5/01/2011	\$24,415,437
Guaranteed Investment Contract	7/31/2012	1,627,535
Guaranteed Investment Contract	8/01/2015	6,731,854
Guaranteed Investment Contract	8/01/2017	7,011,768
Guaranteed Investment Contract	8/01/2025	8,440,223
Guaranteed Investment Contract	8/01/2026	<u>15,969,566</u>
		<u>\$ 64,196,383</u>

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the CWSRF. The South Dakota State Revolving Fund Master Trust Indenture requires any investment agreement to be with a guarantor whose long-term rating category is no lower than the two highest long-term rating categories. The investment is rated by Moody's Investors Service.

<u>Moody's Rating</u>	<u>Fair Value</u>
Aaa	\$ 1,627,535
Aa2	16,232,832
Aa3	24,409,789
A2	<u>21,926,227</u>
Total	<u>\$64,196,383</u>

Additional guarantors' ratings fell below the acceptable rating category (i.e., below Moody's Aa3) subsequent to the financial reports reporting periods. All investments that fell below the acceptable rating category have been fully collateralized with government securities in accordance with the provisions of Guaranteed Investment Contracts.

3. LOANS RECEIVABLE

Loans receivable consist of loans made to local governments through a loan agreement. In order for a local government to receive a loan, evidence must be shown that the principal and interest of the loan will be repaid. Therefore, each local government must show the ability to impose utility rates, levy special assessments or collect sales taxes that will generate enough revenue to equal at least 110% of the annual principal and interest on the loan. Loans made from the CWSRF may be made at or below market interest rates and shall be fully amortized within twenty years of the date which is not more than one year following completion of the project financed. Interest rates are reduced for those loans shorter than twenty years.

4. LONG-TERM DEBT

Revenue Bonds

The bond issues outstanding as of June 30, 2008 are as follows:

<u>Issue</u>	<u>Interest Rate</u>	<u>Maturity Through</u>	<u>Principal Balance</u>
Series 1996A Term Bonds	5.625%	2017	\$ 100,000
Series 2001 Serial Bonds	4%-5%	2014	1,385,000
Term Bonds	5%	2022	2,250,000
Series 2004 Serial Bonds	2.5%-5.25%	2017	8,255,000
Series 2005 Serial State Match	3.25%-5%	2026	1,420,000
Serial Leveraged	3.25%-5%	2026	38,715,000
Series 2008 Term State Match	Variable	2029	1,985,000
Term Leveraged	Variable	2029	<u>19,975,000</u>
Total			74,085,000
Less: Unamortized Deferred Amount of Refunding			(877,972)
Less: Unamortized Bond Discount			(22,275)
Add: Unamortized Bond Premium			1,228,258
Total Net of Amortization			<u>\$74,413,011</u>

Future bond payments and future interest payments remaining as of June 30, 2008 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
2009	2,730,000	2,918,893	5,648,893
2010	2,820,000	3,032,637	5,852,637
2011	3,665,000	2,914,097	6,579,097
2012	3,800,000	2,771,848	6,571,848
2013	3,970,000	2,619,992	6,589,992
2014-2018	17,400,000	10,905,433	28,305,433
2019-2023	18,620,000	6,945,195	25,565,195
2024-2028	18,095,000	2,460,829	20,555,829
2029-2030	<u>2,985,000</u>	<u>126,195</u>	<u>3,111,195</u>
TOTAL	<u>\$74,085,000</u>	<u>\$ 34,695,119</u>	<u>\$108,780,119</u>

Changes in long-term liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue Bonds	\$54,996,637	\$21,961,681	\$2,545,307	\$74,413,011	\$2,638,626
Compensated Absences	<u>45,721</u>	<u>15,524</u>	<u>53,983</u>	<u>7,262</u>	<u>3,832</u>
Long-Term Liabilities	<u>\$55,042,358</u>	<u>\$21,977,205</u>	<u>\$2,599,290</u>	<u>\$74,420,273</u>	<u>\$2,642,458</u>

5. COMMITMENTS

As of June 30, 2008, the CWSRF had loan commitments with political subdivisions worth \$46,814,191.

6. RETIREMENT PLAN

The Department of Environment and Natural Resources participates in the South Dakota Retirement System (SDRS) a cost-sharing, multiple employer defined benefit pension plan established to provide retirement, disability, and survivor benefits for employees of the State and its political subdivisions. Authority for establishing, administering and amending plan provisions is found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements, footnote disclosures, and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Employees are required by state statute to contribute 6 percent of their salary to the plan. State statute also requires the employer to contribute an amount equal to the employee's contribution. The right to receive retirement benefits vests after three years of credited service. The CWSRF contributions to the SDRS for the fiscal years ended June 30, 2008, 2007, and 2006 were \$11,870.22, \$10,949.55, and \$10,815.48, respectively, equal to the required contributions each year.

7. ANNUAL AND SICK LEAVE ACCRUAL

All employees earn annual leave. Upon termination, employees are eligible to receive compensation for their accrued annual leave balances. At June 30, 2008, a liability existed for accumulated annual leave calculated at the employee's June 30, 2008 pay rate in the amount of \$19,552.59. Employees who have been continuously employed by the State of South Dakota for at least seven years prior to the date of their retirement, voluntary resignation or death will receive payment for one-fourth of their accumulated sick leave balance. This payment is not to exceed the sum of twelve weeks of employee's annual compensation. At June 30, 2008, a liability existed for accumulated sick leave, calculated at each employee's June 30, 2008 pay rate in the amount of \$21,782.18. The total leave liability of \$41,334.77 at June 30, 2008 is shown as a liability on the balance sheet.

8. RISK MANAGEMENT

The Department of Environment and Natural Resources is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Department is uninsured for property loss. The Department participates in the various programs administered by the State of South Dakota. These risk management programs are funded through assessments charged to participating entities. The risk management programs include; 1) coverage for risks associated with automobile liability and general tort liability (including public officials' errors and omissions liability, medical malpractice liability, law enforcement liability, and products liability) through the State's Public Entity Pool for Liability Fund, 2) coverage of employee medical claims through the State's health insurance program, 3) coverage for unemployment benefits through the State's Workers' Compensation Fund, and, 4) coverage for workers' compensation benefits through the State's Workers' Compensation Fund. Financial information relative to the self-insurance funds administered by the State is presented in the State of South Dakota Comprehensive Annual Financial Report.

**SOUTH DAKOTA BOARD OF WATER
AND NATURAL RESOURCES
DRINKING WATER STATE REVOLVING FUND
STATEMENT OF NET ASSETS
June 30, 2008**

Assets

Current Assets:

Cash and Cash Equivalents	\$613,553.39
Restricted Cash and Cash Equivalents	11,032.97
Investments	7,246,121.45
Restricted Investments	528,812.12
Due from Federal Government	193,858.74
Due from Other Governments	178,489.56
Deferred Charges	36,571.03
Accounts Receivable	13,022.84
Accrued Interest Receivable	1,226,022.43
Loans Receivable	6,213,207.50
Total Current Assets	16,260,692.03

Noncurrent Assets:

Investments	47,342,813.00
Restricted Investments	419,250.00
Deferred Charges	587,150.01
Loans Receivable	106,261,079.55

Total Assets 170,870,984.59

Liabilities

Current Liabilities:

Accounts Payable	140,598.94
Cost of Issuance Payable	31,570.00
Accrued Liabilities	12,855.33
Compensated Absences Payable	25,472.07
Accrued Interest Payable	970,727.16
Bonds Payable - net of unamortized premium and discount	1,788,820.77
Total Current Liabilities	2,970,044.27

Noncurrent Liabilities:

Compensated Absences Payable	22,807.06
Bonds Payable - net of unamortized premium and discount	59,323,471.36

Total Liabilities 62,316,322.69

Net Assets

Restricted For Debt Service	959,095.09
Unrestricted	<u>107,595,566.81</u>

Total Net Assets \$108,554,661.90

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

**SOUTH DAKOTA BOARD OF WATER
AND NATURAL RESOURCES
DRINKING WATER STATE REVOLVING FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2008**

Operating Revenues:		
Loan Interest Income		\$2,713,679.89
Federal Capitalization Grants		7,970,158.56
Other Income		867,927.54
Total Operating Revenue		11,551,765.99
 Operating Expenses:		
Administrative Expenses		
Personal Services	162,973.25	
Employee Benefits	57,075.25	
Travel	7,993.24	
Contractual	201,481.66	
Supplies	1,549.71	
Grants	290,264.50	
Other	-	
Total Administrative Expenses		721,337.61
Interest Expense		2,097,845.67
Bond Issuance Expense		36,571.03
Total Operating Expenses		2,855,754.31
Operating Income (Loss)		8,696,011.68
 Nonoperating Revenue (Expenses):		
Investment Income		1,641,040.63
Income (Loss) Before Transfers		10,337,052.31
 Transfers:		
Transfer In		
Transfer Out		(24,761.28)
Change in Net Assets		10,312,291.03
Net Assets at Beginning of Year		98,242,370.87
Net Assets at End of Year		\$108,554,661.90

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

**SOUTH DAKOTA BOARD OF WATER
AND NATURAL RESOURCES
DRINKING WATER STATE REVOLVING FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2008**

Cash Flows from Operating Activities:		
Receipts for Loan Repayments	\$7,885,383.80	
Receipts for Interest Income on Loans	2,709,085.03	
Receipts for Surcharge Interest on Loans	875,460.25	
Receipts for Administering Program	7,975,968.00	
Payments to Loan Recipients	(13,994,779.00)	
Payments for Employee Services	(201,004.42)	
Payments for Contractual Services	(194,245.17)	
Other Payments	(287,138.94)	
Net Cash Provided (Used) by Operating Activities		4,768,729.55
Cash Flows from Noncapital Financing Activities:		
Bond Issuance Costs Paid	(109,924.73)	
Bond Receipts	18,040,000.00	
Transfers Out	(24,761.28)	
Principal Payments on Bonds	(1,685,000.00)	
Interest Payments on Bonds and Notes	(2,027,820.01)	
Net Cash Provided (Used) by Noncapital Financing Activities		14,192,493.98
Cash Flows from Investing Activities:		
Interest on Investments	1,630,375.16	
Proceeds from Sale of Investment Securities	6,606,042.83	
Purchase of Investment Securities	(39,065,715.17)	
Net Cash Provided (Used) by Investing Activities		(30,829,297.18)
Net Increase (Decrease) in Cash and Cash Equivalents		(11,868,073.65)
Cash and Cash Equivalents at Beginning of Year		12,492,660.01
Cash and Cash Equivalents at End of Year		<u>\$624,586.36</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)		\$8,696,011.68
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Interest Expense	2,097,845.67	
Amortization of Bond Issuance Cost	36,571.03	
Assets: (Increase)/Decrease		
Loans Receivable	(6,109,395.20)	
Accounts Receivable	(13,022.84)	
Accrued Interest Receivable on Loans	(4,594.86)	
Due from Federal Government	5,809.44	
Due from Other Governments	7,532.71	
Liabilities: Increase/(Decrease)		
Accounts Payable	32,927.84	
Accrued Employee Benefits	17,680.11	
Accrued Liabilities	1,363.97	
Total Adjustments		(3,927,282.13)
Net Cash Provided by Operations		<u>\$4,768,729.55</u>

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

**SOUTH DAKOTA BOARD OF WATER
AND NATURAL RESOURCES
DRINKING WATER STATE REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Authorizing Legislation

The Drinking Water State Revolving Fund (DWSRF) Loan Program was federally authorized by the Safe Drinking Water Act Amendments of 1996. The state authorized the loan program in 1994 in anticipation of federal action. The Environmental Protection Agency (EPA) developed final guidance for the Drinking Water State Revolving Fund on February 28, 1997. The South Dakota Conservancy District, acting in its capacity as the Board of Water and Natural Resources, conducted a public hearing on April 15, 1997 to adopt formal administrative rules for the program. The Department of Environment and Natural Resources performs all of the functions of the South Dakota Conservancy District, except for quasi-legislative, quasi-judicial, advisory, and special budgetary functions, which are performed by the District acting in its capacity as the Board of Water and Natural Resources. The DWSRF is a low interest loan program to finance drinking water projects. 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 Drinking Water State Revolving Fund is a part of the State of South Dakota and, as such, the accompanying financial statements are included in the Comprehensive Annual Financial Report of the State of South Dakota.

B. Fund Accounting

The DWSRF is accounted for as an enterprise fund. An enterprise fund is a proprietary fund type used to report an activity for which a fee is charged to external users for goods or services.

C. Basis of Accounting

The DWSRF follows the accrual basis of accounting. This method of accounting recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the timing of related cash flows. The DWSRF follows all Governmental Accounting Standards Board (GASB) pronouncements and those Financial Accounting Standards Boards Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

D. Cash and Cash Equivalents

For purposes of the accompanying statement of net assets and statement of cash flows all highly liquid investments with original maturities of 90 days or less are considered to cash equivalents.

E. Investments

Investments are reported at fair value. Unrealized gains and losses due to fluctuations in market value are included in investment income.

F. Deferred Charges

Issuance costs, discounts, and premiums on bonds are amortized using the straight line method over the life of the bonds to which they relate.

G. Reserves

The bond indentures provide that certain reserve accounts be established. The reserves as of June 30, 2008 consist of an Investment Agreement at 5.56% with CDC Funding Corporation due August 1, 2008 totaling \$528,812. Also an Investment Agreement at 5.07% with AIG Matched Funding Corp due August 1, 2025 totaling \$419,250. The reserves are reported as restricted assets in the financial statements.

In addition, \$11,033 is invested in the Goldman Sachs Fund described in note 2 below.

H. Restricted Resources

When both restricted and unrestricted resources are available for use, it is the DWSRF's policy to use restricted resources first, and then unrestricted resources as they are needed.

I. Revenue and Expense Recognition

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering items in connection with an enterprise fund's principal ongoing operations. The DWSRF records all revenues derived from interest on loans, and federal capitalization grants as operating revenues since these revenues are generated from the DWSRF's daily operations needed to carry out its purpose. Operating expenses include interest expense on bonds, grants and subsidies, and contractual service expenses related to the administration of the DWSRF program.

J. Federal Capitalization Grant

Federal capitalization grants reported as operating income in the statement of revenues, expenses, and changes in fund net assets is a federally funded loan program. Information about the program is as follows:

CFDA Number:	66.468
Federal Agency:	Water Management Division
Program:	Drinking Water State Revolving Fund
State Agency:	Environment & Natural Resources
Expenditures:	\$113,089,076
Outstanding Loans:	\$112,474,287
Current Year	
Administrative Expense:	\$614,789
Loan Disbursement:	\$13,994,779

2. CASH AND INVESTMENTS

Cash and Cash Equivalents consist of a Goldman Sachs Financial Square Treasury Obligation Fund (mutual fund) and is rated "AAA" by Standard and Poor's Rating Group. The fund paid on average approximately 3.33% for the year ending June 30, 2008.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the Drinking Water State Revolving Fund's investments may not be returned. At June 30, 2008, \$55,536,997 of guaranteed investment contracts were uninsured and unregistered, with the securities held by its trust department, but not in the DWSRF's name.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The maturities of the investments are listed below.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Guaranteed Investment Contract	8/01/2008	\$ 7,774,934
Guaranteed Investment Contract	5/01/2011	26,922,958
Guaranteed Investment Contract	8/01/2025	18,229,618
Guaranteed Investment Contract	8/01/2026	<u>2,609,487</u>
		<u>\$ 55,536,997</u>

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the DWSRF. The South Dakota State Revolving Fund Master Trust Indenture requires any investment agreement to be with a guarantor whose long-term rating category is no lower than the two highest long-term rating categories. The investment is rated by Moody's Investors Service.

<u>Moody's Rating</u>	<u>Fair Value</u>
Aaa	\$ 7,774,934
Aa3	20,839,105
A2	<u>26,922,958</u>
	<u>\$ 55,536,997</u>

Additional guarantors' ratings fell below the acceptable rating category (i.e., below Moody's Aa3) subsequent to the financial reports reporting periods. All investments that fell below the acceptable rating category have been fully collateralized with government securities in accordance with the provisions of Guaranteed Investment Contracts.

3. LOANS RECEIVABLE

Loans receivable consists of loans made to local governments through a loan agreement. In order for a local government to receive a loan, evidence must be shown that the principal and interest of the loan will be repaid. Loans made from the DWSRF may be made at or below market interest rates and shall be fully amortized within twenty years, unless the loan is to a Disadvantaged Community, in which case the loan must be amortized within 30 years. Interest rates are reduced for those loans with shorter amortization periods.

4. LONG-TERM DEBT

Revenue Bonds

The bond issues outstanding as of June 30, 2008 are as follows:

<u>Issue</u>	<u>Interest Rate</u>	<u>Maturity Through</u>	<u>Principal Balance</u>
Series 1998A			
Serial Bonds	4.5%-4.9%	2012	\$ 1,580,000
Term Bonds	5.0%	2019	2,960,000

Series 2001					
Serial Bonds	4% - 5%		2014		1,650,000
Term Bonds	5.0%		2022		2,700,000
Series 2004					
Leveraged Serial Bonds	3.0%-5.25%		2025		20,650,000
St. Match Serial Bonds	3.0%-5.25%		2025		4,590,000
Series 2005					
Leveraged Serial Bonds	3.25%-5.0%		2026		6,605,000
St. Match Serial Bonds	3.25%-5.0%		2026		1,580,000
Series 2008					
Leveraged Term Bonds	Variable		2029		13,110,000
St Match Term Bonds	Variable		2029		<u>4,930,000</u>
Total					60,355,000
Less: Unamortized Original Issue Discount					(73,956)
Add: Unamortized Premium					<u>831,248</u>
Total Net of Amortization					<u>\$ 61,112,292</u>

Future bond payments and future interest payments remaining as of June 30, 2008 are as follows:

Year Ended June 30,	Principal	Interest	Total Principal and Interest
2009	1,745,000	2,511,845	4,256,845
2010	1,815,000	2,618,035	4,433,035
2011	2,495,000	2,534,065	5,029,065
2012	2,595,000	2,431,941	5,026,941
2013	2,720,000	2,322,188	5,042,188
2014-2018	15,340,000	9,704,288	25,044,288
2019-2023	17,590,000	5,755,886	23,345,886
2024-2028	13,600,000	1,747,094	15,347,094
2029-2030	<u>2,455,000</u>	<u>105,114</u>	<u>2,560,114</u>
TOTAL	<u>\$60,355,000</u>	<u>\$ 29,730,456</u>	<u>\$90,085,456</u>

Changes in long-term liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds Compensated Absences	\$44,801,113	\$18,046,857	\$1,735,678	\$61,112,292	\$ 1,788,820
	<u>30,599</u>	<u>15,924</u>	<u>-1,756</u>	<u>48,279</u>	<u>25,472</u>
Long-Term Liabilities	<u>\$44,831,712</u>	<u>\$18,062,781</u>	<u>\$1,733,922</u>	<u>\$61,160,571</u>	<u>\$ 1,814,292</u>

5. COMMITMENTS

As of June 30, 2008, the DWSRF had loan commitments with political subdivisions worth \$33,700,009.

6. RETIREMENT PLAN

The Department of Environment and Natural Resources participates in the South Dakota Retirement System (SDRS), a cost-sharing, multiple-employer defined benefit pension plan established to provide retirement, disability, and survivor benefits for employees of the State and its political subdivisions. Authority for establishing, administering and amending plan provisions is found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements, footnote disclosures, and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Employees are required by state statute to contribute 6 percent of their salary to the plan. State statute also requires the employer to contribute an amount equal to the employee's contribution. The right to receive retirement benefits vests after three years of credited service. The DWSRF contributions to the SDRS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$11,075.87, \$10,212.45, and \$10,173.06, respectively, equal to the required contributions each year.

7. ANNUAL AND SICK LEAVE ACCRUAL

All employees earn annual leave. Upon termination, employees are eligible to receive compensation for their accrued annual leave balances. At June 30, 2008, a liability existed for accumulated annual leave calculated at the employee's June 30, 2008, pay rate in the amount of \$22,143. Employees who have been continuously employed by the State of South Dakota for at least seven years prior to the date of their retirement, voluntary resignation or death will receive payment for one-fourth of their accumulated sick leave balance. This payment is not to exceed the sum of twelve weeks of employee's annual compensation. At June 30, 2008, a liability existed for accumulated sick leave, calculated at each employee's June 30, 2008, pay rate in the amount of \$26,136. The total leave liability of \$48,279 at June 30, 2008, is shown as a liability on the balance sheet.

8. PUBLIC ENTITY POOL FOR LIABILITY

The Department of Environment and Natural Resources is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Department is uninsured for property loss. The Department participates in the various programs administered by the State of South Dakota. These risk management programs are funded through assessments charged to participating entities. The risk management programs include; 1) coverage for risks associated with automobile liability and general tort liability (including public officials' errors and omissions liability, medical malpractice liability, law enforcement liability, and products liability) through the State's Public Entity Pool for Liability Fund, 2) coverage of employee medical claims through the State's health insurance program, 3) coverage for unemployment benefits through the State's Workers' Compensation Fund, and, 4) coverage for workers' compensation benefits through the State's Workers' Compensation Fund. Financial information relative to the self-insurance funds administered by the State is presented in the State of South Dakota Comprehensive Annual Financial Report.

SOUTH DAKOTA
CLEAN WATER STATE REVOLVING FUND
PROGRAM INFORMATION

CLEAN WATER SRF INTRODUCTION

The Clean Water SRF program was created by the 1987 Clean Water Act amendments, and in 1988 the South Dakota legislature authorized the State Water Pollution Control Revolving Loan Fund program. The legislature also appropriated \$1,200,000 and directed the South Dakota Board of Water and Natural Resources to administer the program.

Since 1989, South Dakota's Clean Water SRF program has received federal capitalization grants totaling \$113,718,300. In federal fiscal years 2002 and 2003, because of the demand on the drinking water program, the Clean Water SRF Capitalization Grants and state match were transferred to the Drinking Water SRF program. These grants amounted to \$12,978,600, with a corresponding state match of \$2,595,720. Table 3 shows capitalization grants, state match, and leveraged funds for the Clean Water SRF program.

Table 3
Clean Water SRF Program - Source of Funds

Federal Fiscal Year	Federal Capitalization Grant Award	State Match	Leveraged Funds	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	\$4,507,540	\$11,716,900
1996	\$9,904,700	\$1,980,940		\$11,885,640
1997	\$2,990,500	\$598,100		\$3,588,600
1998	\$6,577,300	\$1,315,460		\$7,892,760
1999	\$6,577,900	\$1,315,580		\$7,893,480
2000	\$6,555,200	\$1,311,040		\$7,866,240
2001	\$6,496,100	\$1,299,220		\$7,795,320
2002 *	\$0	\$0		\$0
2003 *	\$0	\$0		\$0
2004	\$6,471,800	\$1,294,360		\$7,766,160
2005	\$5,243,500	\$1,048,700		\$6,292,200
2006	\$4,242,300	\$848,460	\$41,000,000	\$46,090,760
2007	\$5,207,200	\$1,041,440		\$6,248,640
2008	\$3,274,300	\$654,860	\$19,826,250	\$23,755,410
TOTAL	\$113,718,300	\$22,743,660	\$65,333,790	\$201,795,750

* The 2002 and 2003 capitalization grants and state match were transferred to the Drinking Water SRF program. Administrative surcharge funds were used as state match.

Fiscal Year	Capitalization		Total
	Grant Award	State Match	Transferred
2002	\$6,510,800	\$1,302,160	\$7,812,960
2003	\$6,467,800	\$1,293,560	\$7,761,360
TOTAL	\$12,978,600	\$2,595,720	\$15,574,320

Through June 30, 2008, principal repayment from borrowers totaled \$89,681,876.18. Of this amount \$72,604,348 has been re-loaned and \$13,046,049 has been used as leveraged bond debt service. Interest payment from borrowers totaled \$30,922,067.79. These funds, coupled with investment earnings, have provided \$34,998,027 in loans. Interest payments are also used for debt service on State Match bonds.

As of June 30, 2008, the Board has made 208 Clean Water loans totaling \$310,237,581. The Clean Water SRF loan portfolio begins on page 27 with a map showing the location of the borrowers. Table 4 on pages 28-33 provides the loan amount, date, and terms. More detailed project description narratives are provided by recipient on pages 34-43.

FIGURE 2

Clean Water State Revolving Fund Loans

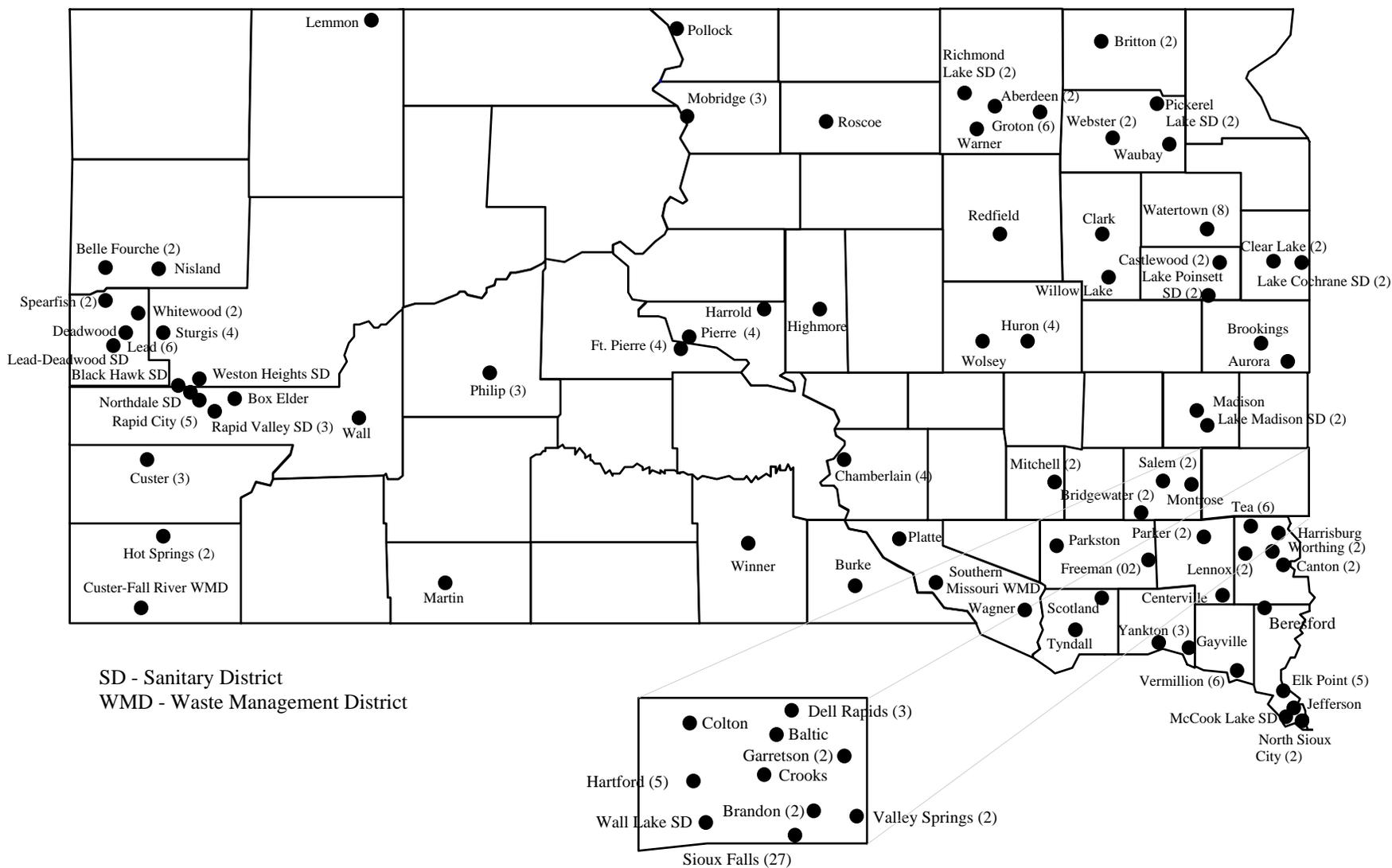


Table 4
Clean Water SRF Loans
Since Inception of Program through June 30, 2008

Sponsor	Binding Commitment Date	Rate	Term (years)	Original Binding Commitment Amount	Final Loan Amount
Aberdeen (01)	01/06/2005	2.25%	20	\$12,062,600	\$12,062,600
Aberdeen (01NPS)	01/06/2005	2.25%	20	\$1,156,259	\$1,156,259
Aberdeen (02)	06/28/2007	3.25%	20	\$6,000,000	\$6,000,000
Aurora (01)	07/27/2000	5.00%	20	\$410,000	\$309,759
Baltic (01)	06/27/2002	3.50%	20	\$465,000	\$405,646
Belle Fourche (01)	08/22/1990	3.00%	20	\$253,000	\$253,000
Belle Fourche (02) ¹	06/22/1995	4.50%	10	\$300,000	\$264,422
Beresford (01) ¹	06/22/2000	4.50%	10	\$1,150,000	\$1,115,852
Black Hawk Sanitary District (01)	06/26/2003	3.50%	20	\$589,600	\$477,823
Box Elder (01)	04/11/1990	3.00%	20	\$648,600	\$648,600
Brandon (01) ¹	03/14/1991	3.00%	10	\$105,000	\$105,000
Brandon (02) ¹	03/31/1993	3.00%	10	\$600,000	\$526,018
Bridgewater (01)	09/25/1997	5.25%	20	\$120,000	\$90,328
Bridgewater (02)	06/23/2005	3.25%	20	\$321,600	\$321,600
Britton (01)	05/13/1999	4.50%	10	\$509,935	\$509,935
Britton (02)	09/26/2002	3.50%	20	\$322,500	\$291,854
Brookings (01) ¹	03/14/1991	4.00%	15	\$188,065	\$188,065
Burke (01)	01/05/2006	3.25%	20	\$155,000	\$155,000
Canton (01)	05/19/1992	4.00%	15	\$621,000	\$515,715
Canton (02)	01/10/2003	3.50%	20	\$600,000	\$600,000
Castlewood (01)	01/31/2002	3.50%	20	\$250,000	\$215,859
Castlewood (02)	06/22/2006	3.25%	20	\$160,000	\$160,000
Centerville (01)	06/27/2002	3.50%	20	\$500,000	\$500,000
Chamberlain (01) ¹	07/08/1992	3.00%	10	\$350,500	\$350,500
Chamberlain (02) ¹	01/26/1993	3.00%	10	\$265,000	\$265,000
Chamberlain (03) ¹	06/27/1996	5.25%	20	\$2,700,000	\$2,700,000
Chamberlain (04)	03/26/1998	5.25%	20	\$450,000	\$450,000
Clark (01)	01/10/2003	3.50%	20	\$400,000	\$400,000
Clear Lake (01) ¹	06/13/1991	4.00%	15	\$370,000	\$79,537
Clear Lake (02)	06/25/2004	3.25%	20	\$910,000	\$687,227
Colton (01)	09/22/2005	3.25%	20	\$204,500	\$178,332
Crooks (01)	03/27/2008	3.25%	20	\$697,000	\$697,000
Custer (01)	04/11/1990	3.00%	20	\$430,000	\$430,000
Custer (02) ¹	07/11/1990	3.00%	20	\$182,000	\$182,000
Custer (03) ¹	08/23/1993	3.00%	10	\$276,000	\$276,000
Custer-Fall River WMD (NPS-01) ¹	06/22/1995	5.00%	20	\$250,000	\$106,939

Sponsor	Binding Commitment Date	Rate	Term (years)	Original Binding Commitment Amount	Final Loan Amount
Deadwood (01) ¹	04/25/1994	4.00%	15	\$582,000	\$447,838
Dell Rapids (01) ¹	12/09/1993	3.00%	10	\$300,000	\$300,000
Dell Rapids (02)	01/05/2006	3.25%	20	\$731,737	\$561,737
Dell Rapids (03)	09/27/2007	3.25%	20	\$1,062,000	\$1,062,000
Elk Point (01)	05/27/1993	4.00%	15	\$458,000	\$458,000
Elk Point (02)	01/31/2002	3.50%	20	\$450,000	\$450,000
Elk Point (03)	06/26/2003	3.50%	20	\$345,000	\$345,000
Elk Point (04)	06/22/2006	3.25%	20	\$100,000	\$100,000
Elk Point (05)	06/26/2008	3.25%	20	\$150,000	\$150,000
Fort Pierre (01) ¹	05/11/1994	3.00%	10	\$330,294	\$330,294
Fort Pierre (02)	01/31/2002	3.50%	15	\$462,500	\$462,500
Fort Pierre (03)	01/09/2004	3.50%	20	\$450,000	\$443,223
Fort Pierre (04)	03/30/2007	3.25%	20	\$374,620	\$374,620
Freeman (01)	01/06/2005	2.50%	10	\$300,000	\$300,000
Freeman (02)	06/26/2008	3.25%	20	\$800,000	\$800,000
Garretson (01) ¹	05/11/1994	4.00%	15	\$510,000	\$300,000
Garretson (02)	03/27/2008	3.25%	20	\$410,000	\$410,000
Gayville (01)	06/25/2004	3.25%	20	\$275,000	\$262,972
Groton (01) ¹	01/13/1994	3.00%	10	\$192,000	\$189,524
Groton (02) ¹	05/11/1994	3.00%	10	\$106,000	\$74,630
Groton (03)	07/23/1997	5.25%	20	\$635,000	\$470,809
Groton (04)	03/28/2003	3.50%	20	\$163,775	\$126,648
Groton (05)	03/28/2003	3.50%	20	\$440,000	\$440,000
Groton (06)	01/03/2008	3.25%	20	\$150,000	\$150,000
Harrisburg (01)	06/23/1999	5.00%	20	\$520,000	\$507,277
Harrold (01)	06/26/2008	3.25%	20	\$170,000	\$170,000
Hartford (01)	04/13/2000	5.00%	20	\$504,000	\$504,000
Hartford (02)	04/13/2000	5.00%	20	\$690,804	\$690,804
Hartford (03)	04/12/2002	3.50%	20	\$300,000	\$300,000
Hartford (04)	01/10/2003	3.50%	20	\$550,035	\$550,035
Hartford (05)	06/28/2007	3.25%	20	\$583,000	\$583,000
Highmore (01)	04/12/2002	3.50%	20	\$262,300	\$262,300
Hot Springs (01) ¹	03/12/1992	3.00%	10	\$196,930	\$196,930
Hot Springs (NPS-01)	01/13/1994	5.00%	20	\$930,000	\$930,000
Huron (01) ¹	11/09/1989	3.00%	20	\$1,656,000	\$1,656,000
Huron (02) ¹	06/13/1991	3.00%	10	\$750,000	\$701,997
Huron (03)	09/19/1995	5.25%	20	\$2,700,000	\$1,856,828
Huron (04) ²	01/06/2005	3.25%	20	\$1,500,000	\$0
Jefferson (01)	03/28/2003	3.50%	20	\$320,000	\$166,084
Lake Cochrane San Dist (01)	04/11/1990	3.00%	20	\$80,000	\$80,000

Sponsor	Binding Commitment Date	Rate	Term (years)	Original Binding Commitment Amount	Final Loan Amount
Lake Cochrane San Dist (02)	01/08/2004	3.50%	20	\$160,000	\$156,111
Lake Madison San Dist (01) ¹	03/14/1991	4.00%	15	\$330,000	\$330,000
Lake Madison San Dist (02)	09/25/2003	3.50%	20	\$875,000	\$613,419
Lake Poinsett San Dist (01) ²	01/06/2005	3.25%	20	\$590,000	\$0
Lake Poinsett San Dist (02)	06/28/2007	3.50%	30	\$1,094,700	\$1,094,700
Lead (01)	07/11/1990	3.00%	20	\$186,409	\$186,409
Lead (02) ¹	07/11/1991	3.00%	10	\$500,770	\$500,770
Lead (03) ¹	05/19/1992	3.00%	10	\$405,000	\$375,298
Lead (04)	07/27/2000	4.50%	10	\$239,200	\$239,200
Lead (05)	01/06/2005	3.25%	20	\$333,700	\$220,029
Lead (06)	06/28/2007	3.25%	20	\$240,000	\$240,000
Lead-Deadwood San Dist (01) ¹	06/07/1990	3.00%	5	\$110,000	\$106,855
Lemmon (01) ¹	04/11/1990	3.00%	20	\$427,100	\$427,100
Lennox (01)	06/27/1996	5.25%	20	\$350,000	\$350,000
Lennox (02)	07/23/1997	5.25%	20	\$600,000	\$583,735
Madison (01) ¹	03/14/1991	3.00%	10	\$150,000	\$119,416
Madison (02)	09/27/2007	3.25%	20	\$5,343,256	\$5,343,256
Martin (01)	03/27/2008	3.25%	20	\$237,250	\$237,250
McCook Lake San Dist (01)	08/29/1991	5.00%	20	\$641,935	\$641,935
Mitchell (01) ¹	04/15/1997	4.50%	10	\$2,000,000	\$1,543,405
Mitchell (02)	09/25/2003	3.50%	20	\$1,320,000	\$1,320,000
Mobridge (01)	07/11/1990	3.00%	20	\$1,500,000	\$1,500,000
Mobridge (02) ¹	12/11/1991	4.00%	15	\$158,000	\$158,000
Mobridge (03)	04/13/2000	4.50%	10	\$1,355,000	\$1,350,000
Montrose (01)	09/22/2005	2.50%	10	\$142,621	\$142,621
Nisland (01)	01/06/2005	3.25%	20	\$204,000	\$204,000
North Sioux City (01) ¹	07/08/1992	3.00%	10	\$239,650	\$239,650
North Sioux City (02)	06/22/1995	5.00%	15	\$646,000	\$646,000
Northdale San Dist (01) ¹	04/25/1994	5.00%	20	\$315,000	\$256,380
Parker (01)	09/23/2004	3.25%	20	\$824,000	\$430,000
Parker (02)	06/22/2006	3.25%	20	\$620,000	\$620,000
Parkston (01)	06/26/2008	3.25%	20	\$650,000	\$650,000
Philip (01)	06/22/1995	5.00%	15	\$472,000	\$453,885
Philip (02)	06/26/1997	5.25%	20	\$325,000	\$321,127
Philip (03)	09/22/2005	3.25%	15	\$347,040	\$316,423
Pickerel Lake San Dist (01)	05/09/1996	5.25%	15	\$850,000	\$850,000
Pickerel Lake San Dist (02)	09/25/1997	5.25%	20	\$670,000	\$670,000
Pierre (01) ¹	11/08/1990	4.00%	15	\$600,000	\$433,976
Pierre (02)	03/26/1998	5.25%	20	\$4,417,000	\$4,417,000
Pierre (03)	03/25/1999	5.00%	20	\$5,391,260	\$5,391,260

Sponsor	Binding Commitment Date	Rate	Term (years)	Original Binding Commitment Amount	Final Loan Amount
Pierre (04)	03/28/2003	3.50%	20	\$1,378,404	\$1,199,832
Platte (01) ¹	03/25/1999	5.00%	20	\$1,000,000	\$975,865
Pollock (01) ¹	09/23/1993	3.00%	10	\$170,000	\$151,619
Rapid City (01)	12/12/1990	4.00%	15	\$2,637,000	\$2,479,905
Rapid City (02)	07/08/1992	4.00%	15	\$1,138,200	\$986,685
Rapid City (03)	06/23/1993	4.00%	15	\$777,500	\$674,577
Rapid City (04)	08/10/1994	4.00%	15	\$1,214,861	\$1,214,861
Rapid City (05)	01/11/2001	4.50%	20	\$14,000,000	\$14,000,000
Rapid Valley San Dist (01) ¹	01/11/1990	3.00%	20	\$614,000	\$614,000
Rapid Valley San Dist (02)	11/10/1994	4.00%	15	\$460,000	\$364,583
Rapid Valley San Dist (03)	07/29/1996	5.25%	20	\$630,000	\$630,000
Redfield (01) ²	06/23/2005	3.25%	20	\$333,788	\$0
Richmond Lake San Dist (01) ¹	06/27/1996	5.25%	20	\$414,000	\$414,000
Richmond Lake San Dist (02) ¹	06/25/1998	5.25%	20	\$226,500	\$191,500
Roscoe (01) ¹	07/29/1996	5.25%	20	\$358,408	\$358,408
Salem (01)	03/28/2003	3.50%	20	\$592,307	\$518,035
Salem (02)	06/23/2005	3.25%	20	\$387,960	\$387,960
Scotland (01)	03/28/2003	3.50%	20	\$250,000	\$250,000
Sioux Falls (01)	04/11/1990	3.00%	20	\$3,316,310	\$2,836,963
Sioux Falls (02) ¹	07/11/1990	3.00%	10	\$453,999	\$453,999
Sioux Falls (03) ¹	12/12/1990	3.00%	10	\$845,000	\$845,000
Sioux Falls (04) ¹	12/12/1990	3.00%	10	\$1,200,000	\$1,200,000
Sioux Falls (05) ¹	03/12/1992	3.00%	10	\$1,955,000	\$1,955,000
Sioux Falls (06) ¹	03/12/1992	3.00%	10	\$700,000	\$700,000
Sioux Falls (07) ¹	01/26/1993	3.00%	10	\$4,500,000	\$4,500,000
Sioux Falls (08) ¹	01/13/1994	3.00%	10	\$1,000,000	\$699,003
Sioux Falls (09) ¹	08/10/1994	3.00%	10	\$1,250,000	\$1,250,000
Sioux Falls (10) ¹	08/10/1994	3.00%	10	\$1,500,000	\$1,432,941
Sioux Falls (11) ¹	06/22/1995	4.50%	10	\$1,250,000	\$1,195,346
Sioux Falls (12) ¹	03/27/1996	4.50%	10	\$1,300,000	\$1,300,000
Sioux Falls (13) ¹	01/09/1997	4.50%	10	\$2,500,000	\$2,083,137
Sioux Falls (14)	07/27/2000	4.50%	10	\$510,000	\$4,888,537
Sioux Falls (15)	04/12/2002	3.50%	10	\$1,724,000	\$1,467,706
Sioux Falls (16)	01/10/2003	3.50%	10	\$2,479,500	\$2,479,500
Sioux Falls (17)	06/26/2003	3.50%	10	\$932,000	\$561,320
Sioux Falls (18)	07/16/2004	2.50%	10	\$3,951,000	\$3,951,000
Sioux Falls (19)	07/16/2004	2.50%	10	\$801,000	\$415,785
Sioux Falls (20A)	01/06/2005	1.50%	10	\$16,000,000	\$16,000,000
Sioux Falls (20B)	10/19/2005	1.50%	10	\$8,700,000	\$8,700,000
Sioux Falls (20NPS)	01/06/2005	1.50%	10	\$1,249,349	\$1,249,349

Sponsor	Binding Commitment Date	Rate	Term (years)	Original Binding Commitment Amount	Final Loan Amount
Sioux Falls (21A)	03/31/2005	2.25%	20	\$12,500,000	\$12,500,000
Sioux Falls (21B)	10/19/2005	2.25%	20	\$21,608,000	\$20,108,000
Sioux Falls (21NPS)	03/31/2005	2.25%	20	\$3,269,418	\$3,125,636
Sioux Falls (22)	02/07/2006	2.50%	10	\$10,550,000	\$10,550,000
Sioux Falls (23)	03/31/2006	2.50%	10	\$10,323,000	\$10,323,000
Sioux Falls (24)	03/30/2007	2.25%	7	\$500,000	\$500,000
Sioux Falls (25)	01/03/2008	2.50%	10	\$5,657,000	\$5,657,000
Sioux Falls (26)	03/27/2008	2.50%	10	\$3,744,000	\$3,744,000
Sioux Falls (27)	03/27/2008	2.50%	10	\$2,621,000	\$2,621,000
Southern Missouri RWMD (NPS-01)	10/06/1994	5.00%	20	\$700,000	\$700,000
Spearfish (01)	03/12/1992	4.00%	15	\$1,956,000	\$1,956,000
Spearfish (02)	01/03/2008	3.25%	20	\$5,900,000	\$5,900,000
Sturgis (01) ¹	08/23/1993	5.00%	20	\$502,000	\$502,000
Sturgis (02) ¹	06/23/1994	5.00%	20	\$936,250	\$936,250
Sturgis (03) ¹	06/27/1997	5.25%	20	\$450,000	\$437,380
Sturgis (04) ¹	04/14/2000	5.00%	20	\$2,100,000	\$2,100,000
Tea (01)	03/31/1993	4.00%	15	\$600,000	\$600,000
Tea (02)	05/11/1994	4.00%	15	\$600,000	\$600,000
Tea (03)	06/27/1997	5.25%	20	\$250,000	\$208,813
Tea (04)	05/14/1998	5.00%	15	\$375,000	\$375,000
Tea (05)	06/26/2003	3.50%	20	\$495,490	\$495,490
Tea (06)	06/28/2007	3.25%	20	\$858,000	\$858,000
Tyndall (01)	03/31/2006	3.25%	20	\$795,000	\$795,000
Valley Springs (01)	05/14/1998	5.25%	20	\$430,000	\$422,128
Valley Springs (02)	09/23/2004	3.25%	20	\$350,000	\$350,000
Vermillion (01)	06/07/1990	3.00%	20	\$125,000	\$125,000
Vermillion (02)	12/09/1993	4.00%	15	\$500,000	\$370,471
Vermillion (03)	03/28/2003	3.50%	20	\$456,000	\$273,965
Vermillion (04)	07/16/2004	3.25%	20	\$3,548,351	\$3,333,994
Vermillion (05)	06/26/2008	3.25%	20	\$4,851,000	\$4,851,000
Vermillion (NPS-01) ¹	08/10/1995	4.50%	10	\$480,000	\$356,531
Wagner (01)	06/28/2007	3.25%	20	\$150,000	\$150,000
Wall (01) ¹	07/22/1999	5.00%	20	\$1,146,000	\$788,600
Wall Lake San Dist (01)	12/13/2001	3.50%	20	\$200,000	\$175,126
Warner (01) ¹	03/23/1995	4.50%	10	\$102,000	\$101,152
Watertown (01) ¹	10/09/1991	4.00%	15	\$2,000,000	\$2,000,000
Watertown (02)	08/12/1992	4.00%	15	\$4,000,000	\$4,000,000
Watertown (03)	06/22/1995	5.25%	20	\$2,600,000	\$2,583,734
Watertown (04) ¹	11/09/1995	5.25%	20	\$2,200,000	\$932,830
Watertown (05)	03/28/2003	3.50%	20	\$2,055,000	\$2,055,000

Sponsor	Binding Commitment Date	Rate	Term (years)	Original Binding Commitment Amount	Final Loan Amount
Watertown (06)	03/31/2006	2.25%	20	\$1,189,145	\$1,189,145
Watertown (06NPS)	03/31/2006	2.25%	20	\$113,985	\$113,985
Watertown (07)	01/05/2007	2.25%	20	\$847,170	\$847,170
Watertown (07NPS)	01/05/2007	2.25%	20	\$81,205	\$81,205
Watertown (08)	01/05/2007	2.25%	20	\$612,877	\$612,877
Watertown (08NPS)	01/05/2007	2.25%	20	\$58,747	\$58,747
Waubay (01) ¹	02/18/1992	5.00%	20	\$163,487	\$81,454
Webster (01) ¹	03/27/1996	4.50%	10	\$400,000	\$345,394
Webster (02)	04/12/2002	3.50%	20	\$811,000	\$811,000
Weston Heights Sanitary District (01)	03/31/2006	3.25%	20	\$638,300	\$638,300
Whitewood (01)	02/18/1992	4.00%	15	\$200,000	\$180,801
Whitewood (02)	07/27/2000	5.00%	20	\$275,000	\$189,032
Willow Lake (01)	01/08/2004	3.50%	20	\$100,000	\$100,000
Winner (01)	06/22/2006	3.25%	20	\$925,000	\$925,000
Wolsey (01)	09/27/2007	3.25%	20	\$162,300	\$162,300
Worthing (01)	06/27/1996	5.25%	20	\$315,725	\$227,645
Worthing (02)	09/27/2007	3.25%	20	\$580,000	\$580,000
Yankton (01)	12/10/1997	5.25%	20	\$2,625,000	\$2,625,000
Yankton (02)	12/10/1997	6.00%	20	\$4,500,000	\$4,500,000
Yankton (03)	10/12/2001	3.50%	20	\$6,130,000	\$6,020,406
TOTAL				310,237,581	\$299,848,107

¹ Loans paid in full

² Deobligated in full

CLEAN WATER SRF PROJECT DESCRIPTIONS

ABERDEEN – Aberdeen received its first loan for wastewater treatment plant improvements and upgrades and nonpoint source best management practices. The loan is for \$13,218,859 at 2.25 percent for 20 years. The second loan, in the amount of \$6,000,000, at 3.25 percent for 20 years funded the second phase of the wastewater treatment plant improvement project.

AURORA – Aurora received a \$410,000 loan at 5 percent interest for 20 years. The project upgraded the city's wastewater collection system.

BALTIC – Baltic received a \$465,000 loan at 3.5 percent for 20 years to fund sewer main and lift station replacement.

BELLE FOURCHE – The city of Belle Fourche received two loans totaling \$517,422. The first loan, at 3 percent for 20 years, was used to construct sanitary sewer lines and manholes. The second loan, at 4.5 percent for 10 years, was used to upgrade the city's primary sanitary force main.

BERESFORD – The city of Beresford received a 4.5 percent, 10-year loan in the amount of \$1,150,000 to improve sanitary sewer and storm sewer lines in conjunction with a South Dakota Department of Transportation street reconstruction project.

BLACK HAWK SANITARY DISTRICT – Black Hawk Sanitary District's Clean Water SRF loan in the amount of \$589,600 loan at 3.5 percent for 20 years was used for a wastewater improvement project. The district's wastewater will be run through the Northdale Sanitary District to be treated by the city of Rapid City.

BOX ELDER – Box Elder utilized a \$648,600 Clean Water SRF loan at 3 percent for 20 years to refinance existing sewer debt incurred to expand its treatment facility.

BRANDON – The city of Brandon received two Clean Water SRF loans totaling \$631,018 for a storm drainage project and for the construction of a force main to convey partially treated wastewater from Brandon to the Sioux Falls wastewater treatment plant as well as the associated pumping station and improvements to the existing treatment facility. Both loans were for 10 years at 3 percent interest.

BRIDGEWATER – The city of Bridgewater constructed storm sewer along the north and east sides of the city to connect to an existing inlet basin with its first loan, a 20 year, 5.25 percent loan for \$90,328. The city's second loan, for \$321,600 at 3.25 percent for 20 years funded improvements to the sanitary sewer system.

BRITTON – The city of Britton received two Clean Water SRF loans for a total amount of \$832,435. The first loan, at 4.5 percent for 10 years, funded wastewater system improvements, including the installation of a lift station and force main and the construction of artificial wetlands. The city's second loan in the amount of \$322,500 at 3.5 percent for 20 years funded sewer main replacement and extensions along Highway 10.

BROOKINGS – The city of Brookings received a loan for \$188,065 at 4 percent for 15 years to finance the construction of a new interceptor.

BURKE – The city of Burke received a \$155,000 loan at 3.25 percent for 20 years to fund the wastewater portion of the Franklin Street Utilities Replacement project.

CANTON – The city of Canton received its first Clean Water SRF loan at 4 percent for 15 years in the amount of \$515,715 to finance sanitary and storm sewer improvements. The city’s second loan, for \$600,000, was at 3.5 percent for 20 years for utility improvements in conjunction with South Dakota Department of Transportation reconstruction of US 18.

CASTLEWOOD – The city of Castlewood received a \$250,000 loan at 3.5 percent for 20 years to fund sanitary sewer collection improvements. The city’s second loan funded the restoration of the wastewater treatment lagoons. This project was funded at \$160,000 at 3.5 percent for 20 years.

CENTERVILLE – Centerville received a loan for \$500,000 at 3.5 percent for 20 years to fund the construction of a new wastewater treatment facility and new force main and lift station to transfer the wastewater to the new facility.

CHAMBERLAIN – Chamberlain received two loans at 3 percent for 10 years totaling \$615,500 to rehabilitate sanitary sewer lines and construct storm sewer lines under two major streets in the city. The city’s third and fourth loans, at 5.25 percent for 20 years, totaled \$3,150,000 for renovations to the city’s wastewater treatment facility and expansion of sewer service into a newly annexed area of town.

CLARK – Clark rehabilitated portions of its wastewater collection and treatment system with a \$400,000 loan at 3.5 percent for 20 years.

CLEAR LAKE – The city of Clear Lake used a \$79,537, 4 percent, 15-year loan to construct two new wastewater treatment stabilization ponds and convert the existing pond into an artificial wetland. The city’s second loan, in the amount of \$910,000 at 3.25 percent for 20 years, funded wastewater collection improvements.

COLTON – The city’s first loan, \$204,500 at 3.25 percent for 20 years, funded wastewater treatment system improvements.

CROOKS – Crooks received its first Clean Water SRF loan, in the amount of \$697,000 at 3.25 percent for 20 years, to expand its wastewater treatment facility by adding approximately 32 acres of new lagoons.

CUSTER – The city of Custer received three Clean Water SRF loans totaling \$888,000. The first loan financed the construction of a force main 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 financed sewer improvements that 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 percent. The third loan, for \$276,000 at 3 percent interest for 10 years, financed the construction of an additional wastewater stabilization pond.

CUSTER-FALL RIVER WASTE MANAGEMENT DISTRICT – The Custer-Fall River Solid Waste Management District used a \$106,939 loan at 5 percent interest for 20 years 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).

DEADWOOD – Deadwood received a \$447,838 Clean Water SRF loan at 4 percent interest for 15 years 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 was 10 years at 3 percent. The city’s second loan, for \$731,737 at 3.25 percent for 20

years, funded the wastewater portion of the 4th Street Utility Improvements project. The city's third loan, \$1,062,000 at 3.25 percent for 20 years, is for improvements to storm water drainage in the 12th Street and Clark Avenue area.

ELK POINT – The city of Elk Point has received five loans totaling \$1,503,000. Its first loan, \$458,000 at 4 percent for 15 years, financed the replacement of two existing lift stations with a new lift station, force main and interceptor lines. The city's second loan for \$450,000 at 3.5 percent for 20 years funded new storm sewer and replaced sanitary sewer in conjunction with the Pearl Street Utility Improvement project. Its third loan, in the amount of \$345,000 at 3.5 percent for 20 years, financed renovation of the city's lagoon system. Elk Point's fourth loan, \$100,000 at 3.25 percent for 20 years, funded the wastewater portion of the utility systems improvements. The fifth SRF loan awarded to Elk Point funded sanitary and storm sewer rehabilitation on Clay and Washington Streets. This loan was \$150,000 at 3.25 percent for 20 years.

FORT PIERRE – Fort Pierre's first loan, \$330,294 at 3 percent for 10 years, was used to construct two storm sewers and a new sanitary sewer that serves a residential area previously not connected to the city's system. Fort Pierre received its second loan in the amount of \$462,500 at 3.5 percent for 15 years to finance a sanitary sewer lift station and manhole rehabilitation. The city's third loan, in the amount of \$450,000 at 3.5 percent for 20 years, funded additional wastewater lagoons. The city's fourth loan, in the amount of \$374,620 at 3.25 percent for 20 years, funded a nonpoint source project to make improvements to drainage ditches and prevent sediment from entering the Missouri River.

FREEMAN – The city of Freeman's first loan, in the amount of \$300,000 at 2.5 percent for 10 years, funded wastewater collection system improvements.

GARRETSON – The city of Garretson constructed new wastewater treatment stabilization ponds to make the existing sanitary system total retention and made improvements to the existing wastewater facility using the \$300,000, 4 percent, 15-year loan. The Split Rock Creek lift station and sewer extension project was funded with the city's second loan for \$410,000 at 3.25 percent for 20 years.

GAYVILLE – Gayville received its first Clean Water SRF loan in the amount of \$275,000 at 3.25 percent for 20 years to fund a wastewater lagoon upgrade.

GROTON – The city of Groton has received six Clean Water SRF loans totaling \$1,488,738 to finance various projects. Its first two loans, in the total amount of \$264,154, financed new interceptor lines, force mains and lift stations in the east and northwest sections of the city. Both loans were at 3 percent for 10 years. The city's third loan, \$470,809 at 5.25 percent for 20 years, funded construction of a new three-cell wastewater treatment facility, lift station, and force main. The city received its fourth and fifth Clean Water SRF loans in 2003, both at 3.5 percent for 20 years. The fourth loan, for \$163,775, funded expansion of the sewer system to the northeast part of the city. The fifth loan, \$440,000, funded replacement of sewer lines on Main Street and reconstruction of the road. Groton's sixth loan - \$150,000, 3.25 percent, 20 years - was awarded for emergency replacement of approximately 3 blocks of sewer main damaged by heavy rainfall and flooding.

HARRISBURG – The city of Harrisburg received a Clean Water SRF loan for \$507,277 at 5 percent for 20 years to construct total retention stabilization ponds.

HARROLD - The city of Harrold was awarded a loan in the amount of \$170,000 at 3.25 percent for 20 years to replace the entire storm water drainage system on Wyman Avenue from Highway 14 to the south side of town.

HARTFORD – The city of Hartford has received five loans totaling \$2,627,839. With the first two loans, for \$1,194,804 at 5 percent interest for 20 years, the city replaced sanitary sewer mains within the city and replaced the wastewater treatment facility. Hartford’s third loan, for \$300,000 at 3.5 percent for 20 years, completed the funding for the wastewater treatment facility project. Hartford’s fourth loan, in the amount of \$550,035 at 3.5 percent for 20 years, funded further wastewater collection and storm sewer improvements. The city’s fifth loan, in the amount of \$583,000 at 3.25 percent for 20 years, also funded further wastewater collection and storm sewer improvements.

HIGHMORE – The city of Highmore’s first loan was in the amount of \$262,300 at 3.5 percent for 20 years to fund an upgrade to its wastewater treatment facility. The upgrade included reshaping dikes, installing riprap, relocating the inlet structure, and replacing interpond piping.

HOT SPRINGS – The city of Hot Springs received two loans totaling \$1,126,930. The first loan of \$196,930, at 3 percent interest for 10 years, was used to construct new sanitary sewers in an area of the city with failing septic systems. The second loan of \$930,000, at 5 percent for 20 years, was used to close the existing landfill site and construct a transfer station and municipal solid waste composting facility.

HURON – The city of Huron has received four Clean Water 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 3 percent for 20 years. The second loan, for \$701,007 at 3 percent for 10 years, was used to construct an extension to the storm sewer system to provide drainage in a developing area of the city. Huron utilized a third Clean Water SRF loan in the amount of \$1,856,828 at 5.25 percent for 20 years to expand the existing stabilization pond system and increase pumping capacity. The city funded upgrades to its wastewater treatment facility with a fourth loan for \$1,500,000 at 3.25 percent for 20 years.

JEFFERSON – Jefferson received its first Clean Water SRF loan of \$320,000 at 3.5 percent for 20 years to fund wastewater treatment facilities improvements. The city constructed two lagoon cells, enabling the existing cell to become a wetland.

LAKE COCHRANE SANITARY DISTRICT – The Lake Cochrane Sanitary District constructed a wastewater collection and treatment system at Lake Cochrane. An \$80,000 loan at 3 percent for 20 years was made to the district to refinance a portion of the project. Its second loan, in the amount of \$160,000 at 3.5 percent for 20 years, upgraded the wastewater collection system.

LAKE MADISON SANITARY DISTRICT – The Lake Madison Sanitary District received a 4 percent, 15-year Clean Water SRF loan for \$330,000 to refinance a Farmers Home Administration loan, which partially funded the installation of a wastewater collection and treatment system to serve Lake Madison. The district’s second loan, in the amount of \$875,000 at 3.5 percent for 20 years, funded two new wastewater treatment ponds.

LAKE POINSETT SANITARY DISTRICT – Lake Poinsett Sanitary District received a loan in the amount of \$590,000 at 3.25 percent for 20 years to fund expansion of the sanitary system at Lake Poinsett. Due to the need to re-site the proposed wastewater treatment lagoons, the project was delayed. As a result the project cost increased significantly, and the loan was deobligated at the sanitary district’s request. A second loan in the amount of \$1,094,700 at 3.50 percent for 30 years was received to fund the expansion project.

LEAD – The city of Lead received six Clean Water SRF loans amounting to \$1,761,706 to separate combined sanitary and storm sewers along with the rehabilitation of portions of the sanitary sewer system. The first loan was 3 percent interest for 20 years, the second and third loans were at 3 percent for 10 years, and the fourth loan was at 4.5 percent interest for 10 years. Lead’s fifth Clean Water SRF loan, in

the amount of \$220,029 at 3.25 percent for 20 years, constructed wastewater collection system improvements associated with the SDDOT's Highway 85 reconstruction. The six loan for \$240,000 at 3.25 percent for 20 years constructed separate storm and sanitary sewers on Julius Street and several arterial streets.

LEAD-DEADWOOD SANITARY DISTRICT – A sludge disposal vehicle and a sewer jet were purchased by the Lead-Deadwood Sanitary District with a loan for \$106,855 at 3 percent for 5 years.

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

LENNOX – The city of Lennox used a \$350,000 Clean Water SRF loan at 5.25 percent interest for 20 years to construct and rehabilitate sanitary sewer interceptors. The city received a second loan for \$583,735 at 5.25 percent for 20 years to add four aeration basins, two lift stations, and force mains to the existing wastewater facility.

MADISON – The city of Madison received a \$119,416 Clean Water SRF loan at 3 percent interest for 10 years to finance the construction of new collectors. The city's second loan for \$5,343,256 at 3.25 percent for 20 years will make widespread renovations to the existing wastewater treatment facility.

MARTIN - Martin was awarded its first Clean Water SRF loan in the amount of \$237,250 at 3.25 percent for 20 years to fund the rehabilitation of the city's north stabilization ponds.

McCOOK LAKE SANITARY DISTRICT – McCook Lake Sanitary District received a Clean Water SRF loan for \$641,935 at 5 percent for 20 years to partially fund the upgrade and expansion of the wastewater treatment facility.

MITCHELL – The city of Mitchell received its first \$1,543,405 loan at 4.5 percent for 10 years to partially fund the construction of a storm drain diversion project. Mitchell's second loan, of \$1,320,000 at 3.5 percent for 20 years, funded the water quality components of a regional landfill that serves Mitchell as well as several surrounding counties and their communities.

MOBRIDGE – The city of Mobridge received two Clean Water SRF loans to partially fund the upgrade and expansion of the wastewater treatment facility. The first loan totaled \$1,500,000 at 3 percent for 20 years, while the second loan of \$158,000 was at a rate of 4 percent for 15 years. The city received its third loan in the amount of \$1,355,000 at 4.5 percent interest for 10 years to install storm sewers in the northwest section of town.

MONTROSE – Montrose's first loan in the amount of \$142,621 at 2.5 percent for 10 years funded wastewater collection and treatment improvements.

NISLAND – Nisland received its first loan in the amount of \$204,000 at 3.25 percent for 20 years to upgrade its wastewater treatment system to a three-cell stabilization pond system.

NORTH SIOUX CITY – North Sioux City received a Clean Water SRF loan in the amount of \$239,650 at a rate of 3 percent for 10 years to construct storm sewer and drainage improvements in the community. The city received its second Clean Water SRF loan, \$646,000 at 5 percent interest for 15 years, to expand the storm sewer system and to provide drainage for a rapidly developing area.

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

PARKER – Parker's first loan of \$824,000 at 3.25 percent for 20 years funded improvements to the city's wastewater collection system. The city's second loan, \$620,000 at 3.25 percent for 20 years, funded the second phase of the improvements to the wastewater collection system.

PARKSTON – The city of Parkston received its first Clean Water SRF loan to address deficiencies within the wastewater collection system. The loan is for \$650,000 with a 3.25 percent interest rate and a 20-year term.

PHILIP – Philip financed the construction of sanitary and storm sewer improvements with its first loan for \$453,885 at 5 percent interest for 15 years. The city received a second, \$321,127 Clean Water SRF loan for a term of 20 years at 5.25 percent to finance the construction of sanitary sewer, storm sewer, concrete curb and gutter, and replacement of force main. Philip's third SRF loan, in the amount of \$347,040 at 3.25 percent for 15 years, funded wastewater and storm sewer utility improvements in the downtown area of the city.

PICKEREL LAKE SANITARY DISTRICT – The Pickerel Lake Sanitary District received an \$850,000 Clean Water SRF loan, at 5 percent for 15 years, to finance the phase I construction of a new wastewater treatment facility and a sanitary sewer collection system. The district received a second loan of \$670,000 at 5.25 percent for 20 years to complete phase II of the collection system construction.

PIERRE – The city of Pierre has received four Clean Water SRF loans totaling \$11,620,640. Its first loan, in the amount of \$433,976 at 4 percent for 15 years, financed the construction of an interceptor line near the airport and the addition of comminutors at the treatment plant as well as improvements to the sludge handling facilities at the treatment plant. The city's second loan, for \$4,417,000 at 5.25 percent for 20 years, financed phase I improvements to the wastewater treatment facility. Pierre received a third loan in the amount of \$5,391,260 at 5 percent for 20 years to improve the wastewater treatment facility (phase II). Its fourth loan, \$1,378,404 at 3.5 percent for 20 years, funded the water quality components of a new regional landfill.

PLATTE – The city of Platte received a \$1,000,000 loan at 5 percent for 20 years to renovate its sanitary sewer system.

POLLOCK – Pollock received a \$151,619 Clean Water SRF loan at 3 percent for 10 years to cover costs that exceeded the available EPA grant funding used to upgrade the wastewater treatment facility.

RAPID CITY – Rapid City has received five Clean Water 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 four loans totaled \$5,536,028, all at a rate of 4 percent for 15 years. The fifth loan, at a rate of 4.5 percent for 20 years for \$14,000,000, was used to upgrade the wastewater treatment plant as well as to construct a facility to co-compost wastewater treatment plant biosolids with municipal solid wastes.

RAPID VALLEY SANITARY DISTRICT – The Rapid Valley Sanitary District has received three Clean Water SRF loans totaling \$1,600,583. The first two loans, totaling \$978,583, were used for rehabilitation and extension of the existing sanitary sewer system and carried terms of 3 percent for 20 years and 4 percent for 15 years. The sanitary district continued to rehabilitate the sanitary sewer system with a third loan of \$630,000 at 5.25 percent for 20 years.

REDFIELD – Redfield’s first loan, \$333,788 at 3.25 percent for 20 years, funded wastewater and storm water utility improvements on South Main Street and Sixth Avenue.

RICHMOND LAKE SANITARY DISTRICT – The Richmond Lake Sanitary District received a \$414,000 Clean Water SRF loan at an interest rate of 5.25 percent for 20 years, which was used to partially finance the construction of a new sanitary sewer system and stabilization pond system for residences around Richmond Lake. The district received a second loan of \$191,500 at 5.25 percent for 20 years to complete phase II of the collection system construction.

ROSCOE – The city of Roscoe received a Clean Water SRF loan for \$358,408 at 5.25 percent for 20 years to expand its wastewater treatment facility, rehabilitate an interceptor sewer and construct a new collection sewer.

SALEM – Salem’s first Clean Water SRF loan, in the amount of \$592,307 at 3.5 percent for 20 years, funded wastewater collection improvements in conjunction with a South Dakota DOT project. The city’s second loan, \$387,960 at 3.25 percent for 20 years, funded wastewater and storm water utility improvements.

SCOTLAND – Scotland funded the wastewater component of its Main Street reconstruction project with a \$250,000 loan at 3.5 percent for 20 years.

SIoux FALLS – The city of Sioux Falls has received 27 Clean Water SRF loans totaling \$129,293,221 for a variety of projects. These projects include the construction of new interceptor lines and lift stations, rehabilitation of the sanitary sewers and lift stations, purchase of sludge handling equipment and improvements, infiltration/inflow correction, improvement of storm water drainage, flow equalization basin construction, and other wastewater system improvements. The first loan was at 3 percent for 20 years. Loans 2 through 10 were at 3 percent for 10 years, loans 11 through 14 were at 4.5 percent for 10 years, and the 15th loan was at 3.5 percent for 10 years. The City’s 16th and 17th loans, for \$2,479,500 and \$932,000, are both at 3.5 percent for ten years, funded wastewater facilities improvements and identified and implemented best management practices within the city. Loans 18 (for \$3,951,000) and 19 (for \$801,000) were at 2.5 percent for ten years and funded improvements to the wastewater system and retrofitted storm water detention ponds, respectively. The city’s 20th loan, in the amount of \$25,949,349 at 1.5 percent for 10 years, funded storm sewer improvements and nonpoint source best management practices, and the 21st loan provided for construction of the East Side Sanitary Sewer System and nonpoint source best management practices. This loan is for \$37,377,418 at 2.25 percent for 20 years. Both 2005 loans were structured with a portion of the funding in a Series B bond that was approved contingent upon sufficient Clean SRF funding being available in FFY 2006 to fund the balance. The Series B amounts are \$8,700,000 and \$21,608,000 for the Storm Drainage (20) and East Side Sanitary Sewer (21) projects, respectively. The city’s 22nd loan, \$10,550,000 at 2.5 percent for 10 years, also funded the Storm Drainage project, and its 23rd loan, for \$10,323,000 at 2.5 percent for 10 years, was approved for the Basin 13 Trunk sewer and other utility system improvements. The city’s 24th loan, \$500,000 at 2.5 percent for 7 years, will be used to close side slopes of the unlined active area and construct an alternative cap on the active area side slopes at the city-owned regional landfill. In 2008, Sioux Falls received three additional Clean Water SRF loans. The city’s 25th, 26th, and 27th loans were for \$5,657,000, \$3,744,000 and \$2,621,000, respectively, and each was at 2.5 percent for 10 years. The loans were awarded for sanitary trunk and collection system sewer construction within the Basin 13 area, along with two odor control structures (loan 25); replacement of a portion of the Central Main Interceptor (loan 26); and reconstructing storm sewer and retrofitting eight existing detention ponds (loan 27).

SOUTHERN MISSOURI WASTE MANAGEMENT DISTRICT – The Southern Missouri Recycling and Waste Management District received a \$700,000 Clean Water SRF loan at 5 percent for 20 years for

the construction of a regional landfill near Lake Andes. In federal fiscal year 1998, Southern Missouri Waste Management District received a grant from HUD in the amount of \$400,000 to pay against the principal portion of Southern Missouri's Clean Water SRF loan.

SPEARFISH – The city of Spearfish used a \$1,956,000 Clean Water SRF loan for 15 years at 4 percent to fund the expansion of the wastewater treatment facility. The city's second loan increases capacity of the wastewater treatment facility and provides additional treatment components to meet the discharge permit limit for residual chlorine. The loan is for \$5,900,000 with an interest rate of 3.25 percent and a term of 20 years.

STURGIS – The city of Sturgis has received four loans totaling \$3,975,630. The first two loans, totaling \$1,438,250 at 5 percent for 20 years, financed the construction of three sewer interceptor lines, a sewer collection line, and wastewater treatment facility upgrades. The city's third loan, \$437,380 at 5.25 percent for 20 years, financed the repair of damage to and replacement of riprap in the second and third cells of the wastewater treatment facility as well as engineering planning studies. The city's fourth loan for \$2,100,000, at 5 percent interest for 20 years, expanded the city's treated effluent irrigation system.

TEA – The city of Tea has received six loans totaling \$3,137,303. Its first two loans of \$600,000 each at 4 percent for 15 years funded the construction of a storm drainage system. The third loan of \$208,813, at 5.25 percent for 20 years, funded the construction of a sanitary sewer and lift station. The city received a fourth loan of \$375,000 at 5 percent for 15 years to reconfigure the existing lagoon system and construct a new primary cell and two secondary cells. Tea's fifth loan of \$495,490 at 3.5 percent for 20 years expanded the city's wastewater treatment capability by adding an aerated lagoon. The sixth loan will fund the construction of a new lift station at the wastewater treatment facility and installation of about 1,200 feet of sanitary sewer trunk line, force main and appurtenances. This loan is for \$858,000 at 3.25 percent for 20 years.

TYNDALL – The city of Tyndall's first loan, in the amount of \$795,000 at 3.25 percent for 20 years, funded the South Main Street and 14th Avenue Sanitary Sewer Project.

VALLEY SPRINGS – The city of Valley Springs received a \$430,000 loan for 20 years at 5.25 percent interest to fund the expansion and upgrade of the existing wastewater treatment facility. The city's second loan, in the amount of \$350,000 at 3.25 percent for 20 years, funded sanitary sewer replacement.

VERMILLION – Vermillion's first loan, \$125,000 at 3 percent for 20 years, was used to reconstruct a sanitary sewer interceptor. The second loan, \$500,000 at 4 percent for 15 years, funded the construction of approximately 6,200 feet of storm sewer pipe and associated appurtenances in three areas of the city. The third loan, a nonpoint source loan of \$480,000 at 4.5 percent for 10 years, financed the construction of a second trench at the city's landfill and to purchase a scraper. The city's fourth SRF loan, \$456,000 at 3.5 percent for 20 years, funded wastewater collection facilities in the northwest area of the city. Vermillion's fifth and sixth loans, in the amount of \$3,548,351 and \$4,851,000, respectively, financed two phases of wastewater treatment plant improvements to update mechanical process equipment, controls and instrumentation, to replace the main lift station, and to construct an additional force main between the new lift station and the treatment facility. Both are 20-year loans with an interest rate of 3.25 percent.

WAGNER –Wagner received its first SRF loan, in an amount of \$150,000 at 3.25 percent for 20 years, to replace wastewater utilities along North Park St. and North Street and extend sanitary sewer to unsewered residences at Lake Wagner.

WALL – The city of Wall received a Clean Water SRF loan in the amount of \$1,146,000 at 5 percent for 20 years for its municipal wastewater improvement project. The project consists of the construction of a seven-mile transfer line to new total retention ponds.

WALL LAKE SANITARY DISTRICT – The district received its first Clean Water loan for \$200,000 at 3.5 percent for 20 years to fund an extension of sewer main to residents without service. This included the installation of lift stations and small diameter force main.

WARNER – The town of Warner used a \$101,152 Clean Water SRF loan at 4.5 percent for 10 years to construct a storm sewer collection and disposal system to improve storm drainage within the community.

WATERTOWN – The city of Watertown has received five Clean Water SRF loans totaling \$11,571,564 for various projects. The first two loans, both at 4 percent for 15 years, financed the upgrade and expansion of the city's wastewater treatment facility. The third and fourth loans, payable at 5.25 percent interest for 20 years, were used to rehabilitate portions of the sanitary sewer collection system and for engineering costs associated with the final upgrade of the wastewater treatment facility. The city's fifth loan, \$2,055,000 at 3.5 percent for 20 years, funded replacement or rehabilitation of sanitary sewers throughout the city and lift stations serving the Lake Kampeska area. Watertown's sixth loan of \$1,303,130 funded a storm water project in the southwest portion of the city and a nonpoint source portion for BMPs on the Big Sioux River, thus qualifying the city for a loan at 2.25 percent for 20 years. The city received its seventh and eighth loan for a project to install sanitary and storm sewer on First Avenue North and continuation of the BMP project on the Big Sioux River. Loan seven was for \$928,375 at 2.25 percent for 20 years, of which \$847,170 was for the sanitary sewer portion of the First Avenue North project and \$81,205 for the BMP project. Loan eight is for \$671,624 at 2.25 percent for 20 years, of which \$612,877 is for the storm sewer portion of the First Avenue North project and \$58,747 for the BMP project.

WAUBAY – The city of Waubay received a 20 year, 5 percent Clean Water SRF loan in the amount of \$81,454 to construct a wastewater collection system within the city limits on the south shore of Blue Dog Lake, an area previously served by septic tanks.

WEBSTER – The city of Webster used a 10 year, 4.5 percent Clean Water SRF loan for \$345,394 to reconstruct a sanitary sewer line on Main Street. The city received a second loan in the amount of \$811,000 at 3.5 percent for 20 years to fund the replacement of about 7,400 feet of sewer main, 136 service connections, and approximately 3,400 feet of storm sewer lines.

WESTON HEIGHTS SANITARY DISTRICT – Weston Heights secured a loan for \$638,300 at 3.25 percent for 20 years to improve its wastewater treatment system.

WHITEWOOD – Whitewood has received two loans totaling \$455,801. The first loan was at 4 percent interest for 15 years while the second was at 5 percent for 20 years. Whitewood constructed a new mechanical wastewater treatment facility in conjunction with the existing stabilization pond system and expanded the wastewater collection system.

WILLOW LAKE – Willow Lake's first loan, in the amount of \$100,000 at 3.5 percent for 20 years, funded improvements to the wastewater collection system.

WINNER – The city of Winner's first loan, in the amount of \$925,000 at 3.25 percent for 20 years, will fund improvement to the wastewater collection system.

WOLSEY – The city of Wolsey was awarded its first SRF loan - \$162,300 at 3.25 percent for 20 years - to replace sanitary sewer mains under US Highway 14/281 in conjunction with a SDDOT project.

WORTHING – The town of Worthing received a \$227,645 Clean Water SRF loan at 5.25 percent interest for 20 years that was used to expand and upgrade the existing stabilization pond treatment facility. Worthing’s second loan is to install a new sewer line along Cedar Street and to replace the lift station at the wastewater treatment facility and a sewer trunk line along Third Street. The loan is for \$580,000 at 3.25 percent for 20 years.

YANKTON – The city of Yankton received three loans totaling \$13,255,000. All three loans were used to upgrade and expand the existing wastewater treatment facility. The term of the first loan was 5.25 percent for 20 years. The second loan utilized the leveraged program bonds with a term of 6 percent for 20 years. Yankton’s third loan, in the amount of \$6,130,000 at 3.5 percent for 20 years, funded the third phase of the project.

SOUTH DAKOTA
DRINKING WATER STATE REVOLVING FUND
PROGRAM INFORMATION

DRINKING WATER SRF INTRODUCTION

The Drinking Water SRF program was federally authorized by the Safe Drinking Water Act Amendments of 1996, while the state authorized the loan program in 1994 in anticipation of federal action. EPA provided the final guidance for the Drinking Water SRF program on February 28, 1997. The South Dakota Conservancy District, acting in its capacity as the Board of Water and Natural Resources, conducted a public hearing on April 15, 1997, to adopt formal administrative rules for the program.

Since 1997, South Dakota's Drinking Water SRF Program has received federal capitalization grants totaling \$112,918,100. Because of the demand on the Drinking Water SRF program, the 2002 and 2003 Clean Water SRF Capitalization Grants and state match were transferred to the Drinking Water SRF program. These grants amounted to \$12,978,600, with the corresponding state match of \$2,595,720 provided by administrative surcharge funds and not bond proceeds. Table 5 shows capitalization grants, state match and leveraged funds for the Drinking Water SRF program.

Table 5
Drinking Water SRF Program - Source of Funds

Federal Fiscal Year	Federal Capitalization Grant Award	State Match	Leveraged Funds	Total
1997	\$12,558,800	\$2,511,760		\$15,070,560
1998	\$7,121,300	\$1,424,260		\$8,545,560
1999	\$7,463,800	\$1,492,760		\$8,956,560
2000	\$7,757,000	\$1,551,400		\$9,308,400
2001	\$7,789,100	\$1,557,820		\$9,346,920
2002	\$14,563,300	\$2,912,660		\$17,475,960
2003	\$14,471,900	\$2,894,380		\$17,366,280
2004	\$8,303,100	\$1,660,620	\$22,503,662	\$32,467,382
2005	\$8,285,500	\$1,657,100		\$9,942,600
2006	\$8,229,300	\$1,645,860	\$7,000,414	\$16,875,574
2007	\$8,229,000	\$1,645,800		\$9,874,800
2008	\$8,146,000	\$1,629,200	\$13,000,000	\$22,775,200
TOTAL	\$112,918,100	\$22,583,620	\$42,504,076	\$178,005,796

Through June 30, 2008, principal repayment from borrowers totaled \$31,129,853.95. Of this amount \$22,824,984 has been re-loaned and \$7,971,024 has been used as leveraged bond debt service. Interest payment from borrowers totaled \$12,543,017.14, of which \$10,499,795 has been re-loaned. Interest payments are also used for debt service on State Match bonds.

As of June 30, 2008, the Board has made 121 Drinking Water loans totaling \$221,743,947. The Drinking Water SRF loan portfolio begins on page 47 with a map showing the location of the borrowers. Table 6 on pages 48-51 provides the loan amount, date, and terms. More detailed project description narratives are provided by recipient on pages 52-58.

Table 6
Drinking Water SRF Loans
Since Inception of Program through June 30, 2008

Sponsor	Binding Commitment Date	Rate	Term (years)	Original Binding Commitment Amount	Final Loan Amount
Aberdeen (DW-01A)	03/28/2003	3.50%	20	\$9,460,000	\$9,460,000
Aberdeen (DW-01B)	01/08/2004	3.50%	20	\$7,300,000	\$7,024,258
Baltic (DW-01)	06/27/2002	3.50%	20	\$250,000	\$250,000
BDM RWS (DW-01)	04/12/2002	3.50%	20	\$536,000	\$280,251
Big Sioux CWS (DW-01) ²	03/31/2006	3.25%	20	\$831,000	\$0
Big Stone City (DW-01)	07/22/1998	5.25%	20	\$600,000	\$570,000
Big Stone City (DW-02)	06/26/2003	3.50%	20	\$240,000	\$139,873
Black Hawk WUD (DW-01)	03/26/1998	5.25%	20	\$500,000	\$500,000
Black Hawk WUD (DW-02)	01/03/2008	3.25%	20	\$1,142,000	\$1,142,000
Brandon (DW-01)	11/13/1998	4.75%	15	\$1,950,000	\$1,877,375
Bristol (DW-01) ²	04/25/2001	4.50%	20	\$139,000	\$0
Britton (DW-01)	04/25/2001	4.50%	20	\$320,000	\$320,000
Brookings-Deuel Rural Water System (DW-01)	01/06/2005	3.25%	30	\$1,200,000	\$1,002,464
Brookings-Deuel Rural Water System (DW-02)	06/23/2005	3.25%	30	\$1,750,000	\$1,750,000
Bryant (DW-01)	01/13/2000	3.00%	30	\$142,000	\$142,000
Burke (DW-01)	01/05/2006	2.50%	30	\$115,600	\$115,600
Canton (DW-01)	01/10/2003	3.50%	20	\$500,000	\$500,000
Centerville (DW-01)	03/25/2004	3.25%	30	\$870,000	\$870,000
Chamberlain (DW-01)	03/27/2008	3.25%	20	\$276,500	\$276,500
Chancellor (DW-01)	09/22/2005	3.25%	30	\$230,000	\$205,948
Clay RWS (DW-01)	06/23/2005	3.25%	30	\$4,331,000	\$4,331,000
Clear Lake (DW-01)	12/10/1998	3.00%	30	\$565,000	\$540,637
Colonial Pine Hills Sanitary District (DW-01)	01/31/2002	3.50%	20	\$659,000	\$636,108
Colton (DW-01)	06/27/2002	3.50%	30	\$681,720	\$632,455
Crooks (DW-01)	06/25/2004	3.25%	20	\$302,900	\$133,510
Custer (DW-01)	01/10/2003	3.50%	20	\$800,000	\$800,000
Dakota Dunes CID (DW-01)	06/27/2002	3.50%	20	\$908,000	\$508,000
Dell Rapids (DW-01)	03/28/2003	3.50%	20	\$621,000	\$621,000
Dell Rapids (DW-02)	01/05/2006	3.25%	20	\$162,263	\$162,263
Delmont (DW-01)	06/26/2008	2.50%	30	\$185,000	\$185,000
Elk Point (DW-01)	01/31/2002	3.50%	20	\$220,000	\$220,000
Elk Point (DW-02)	06/25/2004	3.25%	20	\$570,000	\$570,000
Elk Point (DW-03)	06/22/2006	3.25%	20	\$218,000	\$218,000
Elk Point (DW-04)	06/26/2008	3.25%	20	\$564,000	\$564,000
Eureka (DW-01)	09/28/2006	0.00%	10	\$135,000	\$133,681
Fall River Water Users District (DW-01)	12/09/1999	3.00%	30	\$759,000	\$759,000

Sponsor	Binding Commitment Date	Rate	Term (years)	Original Binding Commitment Amount	Final Loan Amount
Fall River Water Users District (DW-02)	11/09/2001	2.50%	30	\$400,000	\$260,958
Garretson (DW-01)	06/27/2002	3.50%	30	\$1,261,060	\$1,102,147
Gettysburg (DW-01)	06/14/2001	4.50%	20	\$565,000	\$565,000
Gregory (DW-01)	04/12/2002	2.50%	30	\$380,000	\$347,580
Groton (DW-01)	03/28/2003	3.50%	20	\$440,000	\$440,000
Groton (DW-02)	06/25/2004	3.25%	20	\$365,900	\$308,945
Harrisburg (DW-01)	10/12/2000	5.00%	20	\$525,000	\$525,000
Harrisburg (DW-02)	03/30/2007	3.25%	20	\$1,714,327	\$1,714,327
Hartford (DW-01)	04/13/2000	5.00%	20	\$185,000	\$185,000
Hartford (DW-02)	01/10/2003	3.50%	20	\$800,957	\$800,957
Hartford (DW-03)	01/06/2005	3.25%	20	\$1,123,556	\$1,123,556
Hermosa (DW-01)	12/10/1998	5.00%	20	\$300,000	\$300,000
Humboldt (DW-01)	06/22/2006	3.25%	20	\$520,000	\$481,773
Huron (DW-01)	06/27/2002	3.50%	20	\$4,000,000	\$4,000,000
Irene (DW-01) ¹	06/22/2000	5.00%	20	\$145,000	\$127,126
Keystone (DW-01)	03/25/2004	3.25%	20	\$762,000	\$630,212
Kingbrook RWS (DW-01)	04/13/2000	0.00%	30	\$475,000	\$474,204
Kingbrook RWS (DW-02)	01/06/2005	3.25%	30	\$2,115,000	\$2,115,000
Kingbrook RWS (DW-03)	03/30/2005	3.25%	20	\$3,324,000	\$3,136,677
Kingbrook RWS (DW-04)	06/22/2006	3.25%	20	\$2,350,000	\$2,350,000
Lead (DW-01)	07/27/2000	4.50%	10	\$192,800	\$192,800
Lead (DW-02)	01/06/2005	3.25%	30	\$205,800	\$192,549
Lead-Deadwood San Dist (DW-01) ¹	06/24/1998	5.25%	20	\$2,700,000	\$2,683,957
Lennox (DW-01)	07/16/2004	3.25%	30	\$2,000,000	\$2,000,000
Lincoln County Rural Water (DW-01)	01/31/2002	3.50%	20	\$1,200,000	\$1,079,170
Madison (DW-01) ¹	05/14/1998	5.00%	15	\$2,372,000	\$2,372,000
Martin (DW-01)	09/25/2003	2.50%	30	\$920,000	\$917,901
McLaughlin (DW-01)	06/25/2004	2.50%	30	\$350,000	\$350,000
Milbank (DW-01)	09/22/2005	2.50%	30	\$4,741,000	\$4,741,000
Miller (DW-01)	01/03/2008	2.50%	10	\$255,200	\$255,200
Mina Lake San Dist (DW-01)	11/13/1998	5.00%	20	\$255,200	\$255,200
Minnehaha CWC (DW-01)	06/27/2002	3.50%	20	\$6,500,000	\$6,022,816
Mission Hill (DW-01)	06/26/2008	3.25%	20	\$250,000	\$250,000
Mitchell (DW-01)	10/12/2000	4.00%	20	\$6,000,000	\$2,850,115
Mobridge (DW-01) ¹	03/26/1998	5.25%	20	\$965,000	\$965,000
Mobridge (DW-02) ¹	07/22/1998	5.25%	20	\$355,000	\$352,207
Mobridge (DW-03)	09/28/2006	2.50%	30	\$213,500	\$213,500
Mobridge (DW-04)	06/28/2007	2.50%	30	\$90,000	\$62,442
Nisland (DW-01)	12/13/2001	0.00%	30	\$350,000	\$350,000
Parker (DW-01)	09/23/2004	3.25%	20	\$730,000	\$730,000

Sponsor	Binding Commitment Date	Rate	Term (years)	Original Binding Commitment Amount	Final Loan Amount
Parker (DW-02)	06/22/2006	3.25%	20	\$300,000	\$300,000
Pierre (DW-01)	01/31/2002	3.50%	15	\$1,094,200	\$988,188
Pierre (DW-02)	09/25/2003	3.50%	15	\$1,832,900	\$1,832,900
Platte (DW-01)	06/25/2004	2.50%	10	\$400,000	\$293,134
Rapid City (DW-01)	11/14/2003	3.50%	20	\$3,500,000	\$3,500,000
Redfield (DW-01)	04/25/2001	4.50%	20	\$85,000	\$85,000
Redfield (DW-02)	06/23/2005	2.50%	30	\$342,755	\$342,755
Salem (DW-01)	03/28/2003	3.50%	10	\$126,921	\$118,540
Salem (DW-02)	06/23/2005	3.25%	20	\$348,540	\$328,966
Salem (DW-03)	06/28/2007	3.25%	30	\$1,345,000	\$1,345,000
Scotland (DW-01)	03/28/2003	2.50%	30	\$340,000	\$235,172
Sioux Falls (DW-01)	07/22/1998	4.50%	10	\$7,022,000	\$6,496,745
Sioux Falls (DW-02)	01/11/2001	4.50%	10	\$2,750,000	\$2,348,168
Sioux Falls (DW-03)	04/12/2002	3.50%	10	\$7,930,000	\$7,930,000
Sioux Falls (DW-04)	01/10/2003	3.50%	10	\$5,279,000	\$279,599
Sioux Falls (DW-05)	07/16/2004	2.50%	10	\$12,749,000	\$12,749,000
Sioux Falls (DW-06)	01/03/2008	2.50%	10	\$17,848,000	\$17,848,000
Sioux Falls (DW-07)	01/03/2008	2.50%	10	\$2,200,000	\$2,200,000
Sioux Falls (DW-08)	01/03/2008	2.50%	10	\$2,705,600	\$2,705,600
South Lincoln RWS (DW-01)	01/10/2003	3.50%	20	\$2,000,000	\$2,000,000
Sturgis (DW-01) ¹	01/08/1998	5.00%	15	\$700,000	\$478,377
Tea (DW-01)	03/30/2007	3.25%	20	\$2,263,723	\$2,263,723
Tripp (DW-01)	07/26/2001	2.50%	30	\$291,000	\$225,656
Tripp County WUD (DW-01)	11/14/2002	2.50%	30	\$3,500,000	\$3,500,000
Tripp County WUD (DW-02)	11/14/2002	0.00%	30	\$148,000	\$131,469
Tyndall (DW-01)	07/27/2000	2.50%	10	\$300,000	\$300,000
Tyndall (DW-02)	11/09/2001	2.50%	30	\$861,000	\$861,000
Vermillion (DW-01)	05/13/1999	5.00%	20	\$942,000	\$795,338
Vermillion (DW-02)	06/27/2002	3.50%	20	\$1,510,000	\$1,507,552
Vermillion (DW-03)	09/22/2005	2.50%	20	\$3,772,500	\$3,772,500
Viborg (DW-01)	03/27/2008	3.25%	20	\$249,775	\$249,775
Wagner (DW-01)	06/22/2006	0.00%	30	\$750,000	\$750,000
Wagner (DW-02)	06/28/2007	0.00%	30	\$175,000	\$175,000
Watertown (DW-01)	03/27/2008	3.25%	20	\$23,760,000	\$23,760,000
Waubay (DW-01)	03/31/2006	2.50%	30	\$750,000	\$750,000
WEB WDA (DW-01) ³	03/26/1998	5.25%	20	\$1,110,000	\$0
WEB WDA (DW-02) ³	10/11/2001	2.50%	30	\$137,450	\$0
WEB WDA (DW-03) ³	03/31/2006	3.25%	20	\$3,950,000	\$0
Webster (DW-01)	04/12/2002	3.50%	20	\$330,000	\$318,828
West River/Lyman Jones RWS (DW-01)	10/12/2001	2.50%	30	\$340,000	\$340,000

Sponsor	Binding Commitment Date	Rate	Term (years)	Original Binding Commitment Amount	Final Loan Amount
West River/Lyman Jones RWS (DW-02)	03/30/2005	3.25%	30	\$8,000,000	\$7,943,023
Wolsey (DW-01)	06/23/2005	3.25%	20	\$263,000	\$263,000
Wolsey (DW-02)	09/27/2007	3.25%	20	\$162,300	\$162,300
Worthing (DW-01)	06/26/2003	3.50%	20	\$288,000	\$288,000
Yankton (DW-01)	11/09/2001	3.50%	20	\$3,460,000	\$3,460,000
Yankton (DW-02)	06/28/2007	3.25%	20	\$1,100,000	\$1,100,000
TOTAL				\$221,743,947	\$202,587,550

¹ Loans paid in full

² Deobligated in full

³ Rescinded by BWNR

DRINKING WATER SRF PROJECT DESCRIPTIONS

ABERDEEN – The city of Aberdeen received an \$8,460,000 loan at 3.5 percent for 20 years. This loan was the first installment of the city's \$14,460,000 project to improve the water treatment plant. Total project costs increased to \$18,700,000, and the city received the second installment of its loan in 2004 in the amount of \$8,300,000.

BALTIC – The city of Baltic received a \$250,000 loan for replacement of existing cast iron pipe with PVC water mains. The loan is at 3.5 percent for 20 years.

BDM RURAL WATER SYSTEM – The system received a loan in the amount of \$536,000 for expansion of the system to the city of Britton, SD. The loan is at 3.5 percent for 20 years.

BIG SIOUX COMMUNITY WATER SYSTEM – Big Sioux received a loan in the amount of \$831,000 for clearwell and water storage improvements. The loan is at 3.25 percent for 20 years.

BIG STONE CITY – The city of Big Stone City utilized a \$600,000 loan to construct a 100,000-gallon elevated water storage tank. The project also included the installation of a water main to connect the tank to the existing distribution system, and the refinancing of debt incurred to connect to the Ortonville, Minnesota regional water treatment plant. The 20-year loan is at 5.25 percent. The city received its second loan in the amount of \$240,000 at 3.5 percent for 20 years to fund improvements to the water distribution system.

BLACK HAWK WATER USER DISTRICT – The Black Hawk Water User District received a loan for \$500,000. This loan financed a new well, pump house construction, installation of chlorination and fluoridation equipment, a 48,000-gallon water storage reservoir, and approximately 7,000 feet of new water lines. This loan is at 5.25 percent for 20 years. The second loan, in the amount of \$1,142,000 loan at 3.25 percent for 20 years, financed an 815,000-gallon, ground storage reservoir and a transmission line to improve service to Summerset

BRANDON – Brandon received a loan for \$1,950,000 at 4.75 percent for 15 years. This project consists of constructing a new water treatment plant and upgrading the current distribution system.

BRISTOL – The town of Bristol received a loan in the amount of \$139,000 at 4.5 percent interest for 20 years. The project involves construction of a new elevated storage tank as well as replacement of an underground storage tank. This will allow the town to discontinue renting railroad land where the current low level tank is located and to eliminate its existing pumping station that pressurizes the distribution system.

BRITTON – The city of Britton received a loan in the amount of \$320,000 to replace and make improvements to approximately 30 blocks of water main throughout the city. The project involves replacing 50 year old cast iron pipes, much of which has completely deteriorated due to rust and scale build-up. The loan is at 4.5 percent interest for 20 years.

BROOKINGS-DEUEL RURAL WATER SYSTEM – Brookings-Deuel RWS received two Drinking Water SRF loans in FFY 2005. The first loan, in the amount of \$1,200,000 at 3.25 percent for 30 years, increases the treatment capacity of the Bruce water treatment plant. The second loan, in the amount of \$1,750,000 at 3.25 percent for 30 years, makes improvements to the distribution system and extends water to the community of Astoria.

BRYANT – The city of Bryant received a \$142,000 loan to help replace lead service lines and asbestos cement water mains throughout the city. The loan is at 3 percent interest for a term of 30 years.

BURKE – Burke’s first loan, in the amount of \$115,600 at the disadvantaged rate of 2.5 percent for 30 years, funded the drinking water portion of the Franklin Street Utilities Replacement project.

CANTON -- Canton utilized its first loan in the amount of \$500,000 at 3.5 percent for 20 years to fund utility improvements in conjunction with South Dakota DOT reconstruction of US 18.

CENTERVILLE – Centerville received its first drinking water SRF loan in the amount of \$870,000 to construct water distribution system improvements. The loan is at 3.25 percent for 30 years.

CHAMBERLAIN – The city of Chamberlain obtained its first Drinking Water SRF loan in the amount of \$276,500 at 3.25 percent for 20 years to upgrade chemical feed and control systems and to make renovations to its water treatment plant.

CHANCELLOR – Chancellor’s first drinking water SRF loan for \$230,000 at 3.25 percent for 30 years will provide water distribution system improvements.

CLAY RURAL WATER SYSTEM – Clay RWS’s first drinking water SRF loan will expand the system to southern Union County. The loan is for \$4,331,000 at 3.25 percent for 30 years.

CLEAR LAKE – Clear Lake received a loan in the amount of \$565,000. This loan qualifies for the disadvantaged rate and term of 3 percent for 30 years. This project consists of constructing a new 300,000-gallon water tower and installation of a 2,700 LF of 10-inch water main to connect the tower with the water distribution system.

COLONIAL PINE HILLS SANITARY DISTRICT – Colonial Pine Hills proposes to improve its water distribution system with a \$659,000 loan at 3.5 percent for 20 years.

COLTON – The city of Colton will connect to the Minnehaha CWC with a loan in the amount of \$681,720 at 3.5 percent for 30 years. The loan will be used for an elevated storage tank, water lines, wells, and new water treatment plant.

CROOKS – Crooks will construct a second connection to Minnehaha Community Water Corporation’s distribution system and replace high service pumps to improve capacity. The loan, in the amount of \$302,900, is at 3.25 percent for 20 years.

CUSTER - Custer received an \$800,000 loan at 3.5 percent for 20 years to replace transmission and distribution water lines within the business district in conjunction with a South Dakota DOT project.

DAKOTA DUNES COMMUNITY IMPROVEMENT DISTRICT – Dakota Dunes will connect its water supply with the city of Sioux City, Iowa, with its \$908,000 loan at 3.5 percent for 20 years. This project includes construction of a line beneath the Big Sioux River connecting the city of Sioux City’s distribution system with Dakota Dunes and the cost to upsize water mains in Sioux City to provide the additional capacity necessary to serve Dakota Dunes.

DELL RAPIDS - Dell Rapids constructed various distribution system improvements with its first \$621,000 loan at 3.5 percent for 20 years. The city’s second loan, in the amount of \$162,263 at 3.25 percent for 20 years, financed the drinking water portion of the 4th Street Utility Improvements project.

DELMONT - Delmont received its first Drinking Water SRF loan to loop lines within the distribution system to improve water quality. The \$185,000 loan has a 2.5 percent interest rate with a 30-year term.

ELK POINT – Elk Point received its first loan in the amount of \$220,000 for water main replacement in conjunction with its Pearl Street Utility Improvement project at 3.5 percent for 20 years. Its second loan, in the amount of \$570,000 at 3.25 percent for 20 years, will fund an upgrade to the city’s water treatment plant. The city received a \$218,000 loan at 3.25 percent for 20 years, to fund the drinking water portion of the utility systems improvements. The fourth SRF loan awarded to Elk Point funded water line replacement on Clay and Washington Streets. This loan was for \$150,000 at 3.25 percent for 20 years.

EUREKA - Eureka utilized a \$135,000 loan at zero percent interest for ten year to replace water meters and implement a computer-generated water meter reading system.

FALL RIVER WATER USERS DISTRICT – The Fall River Water Users District received a \$759,000 loan at 3 percent interest for 30 years. This loan will help finance the construction of the Fall River Rural Water System to include supply, storage, and distribution. Fall River’s second SRF loan in the amount of \$400,000 at 2.5 percent for 30 years was used for initial construction of the rural water system in Fall River County.

GARRETSON – The city of Garretson will connect to the Minnehaha CWC with its \$1,261,060 loan at 3.5 percent for 30 years. The loan will be used for water lines, wells, and a new water treatment plant.

GETTYSBURG – The city of Gettysburg received a \$565,000 loan at 4.5 percent interest for 20 years to replace and relocate water lines within the city.

GREGORY – The city of Gregory received \$380,000 for the construction of a new steel reservoir and a new booster station. The terms of the loan are 2.5 percent for 30 years.

GROTON - Groton’s first loan in the amount of \$440,000 at 3.5 percent for 20 years funded replacement of water main in conjunction with its Main Street Utility Project. Its second loan, in the amount of \$365,900 at 3.25 percent for 20 years, will fund additional waterline replacement.

HARRISBURG – The city of Harrisburg received its first loan in the amount of \$525,000 at 5 percent interest for 20 years to abandon its existing wells and water treatment plant, construct a connection to the Lincoln County RWS, construct an elevated water storage tank, and loop a line to ensure uninterrupted water service. The city’s second loan - \$1,714,327 at 3.25 percent for 20 years - funded an emergency connection to the Lewis and Clark Rural Water System.

HARTFORD – Hartford received a \$185,000 loan at 5 percent interest for 20 years. This project will replace water distribution lines throughout the city. With its second loan in the amount of \$800,957 at 3.5 percent for 20 years, Hartford replaced aging cast iron water mains. Hartford’s third loan, in the amount of \$1,123,556 at 3.25 percent for 20 years, will improve the water supply by providing a second connection to the Minnehaha Community Water Corporation.

HERMOSA – Hermosa received a loan for \$300,000. This loan is at 5 percent for 20 years. This project will replace water distribution lines.

HUMBOLDT – The city of Humboldt’s first loan, in the amount of \$412,300 at 3.25 percent for 20 years, funded water supply and distribution system improvements.

HURON – Huron received a loan in the amount of \$4,000,000 at 3.5 percent for 20 years to fund the construction of a new water treatment facility, water tower improvements, and water meter replacement.

IRENE – The city of Irene received a 5 percent interest loan for 20 years in the amount of \$145,000. The project is to replace water main along SD Highway 46.

KEYSTONE – Keystone used its first loan, in the amount of \$762,000 at 3.25 percent for 20 years, to build a 187,000 gallon reservoir, to close the loop on one-third of the town’s system, and to install a pumping station.

KINGBROOK RWS – The Kingbrook Rural Water System received a loan in the amount of \$475,000. This loan was at 0 percent interest for 30 years. The project being financed hooked up the city of Carthage and upgraded its distribution system and storage tank. Kingbrook RWS took over the system and provided individual service. Kingbrook’s second loan, in the amount of \$2,115,000 at 3.25 percent for 30 years, provided additional capacity within the system and provided service to Ramona and the Badger area. The third loan of \$3,324,000 at 3.25 percent for 20 years expanded the distribution system to allow 250 additional connections to the system. Kingbrook’s fourth loan, \$2,350,000 at 3.25 percent for 20 years, continued with the improvements to the system’s distribution system.

LEAD – Lead received a \$192,800 loan at 4.5 percent interest for 10 years. This loan helped replace water lines beneath a portion of US Highway 85 in conjunction with the South Dakota Department of Transportation roadway reconstruction project. Lead’s second drinking water SRF loan, in the amount of \$205,800 at 3.25 percent for 30 years, completed water main improvements associated with the Highway 85 project.

LEAD-DEADWOOD SANITARY DISTRICT – The Lead-Deadwood Sanitary District received a \$2,683,957, 5.25 percent, 20-year loan to refinance their Series 1994 General Obligation Bond issue. The Series 1994 bonds were originally issued to finance the construction of a new water treatment plant in Lead.

LENNOX – Lennox’s first loan, in the amount of \$2,000,000 at 3.25 percent for 30 years, will fund two wells, an elevated water storage reservoir, water main replacement and new lines.

LINCOLN COUNTY RURAL WATER SYSTEM – The RWS received a loan in the amount of \$1,200,000 at 3.5 percent for 20 years to fund storage improvements.

MADISON – Madison received a loan for \$2,372,000 to refinance their Series 1995 Bonds. The Series 1995 Bonds were originally issued to finance the rehabilitation of the treatment facility and the construction of three new wells. This loan is at 5 percent for 15 years.

MARTIN —Martin corrected undersized water lines and water supply issues with a \$920,000 loan at 2.5 percent for 30 years.

McLAUGHLIN – Improvements to McLaughlin’s water distribution system in conjunction with an SDDOT project were funded with a \$350,000 loan at 2.5 percent for 30 years.

MILBANK – Milbank secured a \$4,741,000 loan at 2.5 percent for 30 years to replace raw water transmission lines.

MILLER - The city of Miller was awarded a loan in the amount of \$255,200 at 2.5 percent for 10 years to replace water meters throughout the city.

MINA LAKE SANITARY DISTRICT – Mina Lake Sanitary District received a loan for \$255,200 at an interest rate of 5 percent for 20 years. This loan is for the construction of a 150,000-gallon water tower.

MINNEHAHA COMMUNITY WATER CORPORATION – Minnehaha Community Water Corporation received a loan in the amount of \$6,500,000 at 3.5 percent for 20 years to expand its rural

water system to the communities of Colton and Garretson. The loan was used for water lines, an elevated water storage tank, wells, and a new water treatment plant.

MISSION HILL - The first SRF loan awarded to Mission Hill will be used to construct a new water tower and install new water lines to loop dead-end lines. The loan is in the amount of \$250,000 at 3.25 percent for 20 years.

MITCHELL – The city of Mitchell received a \$6,000,000 loan at 4.5 percent interest for 20 years to connect to the B-Y Rural Water System by constructing a water pipeline from Lesterville west and north to Mitchell. The project involves 61 miles of pipe, two pumping stations, a water storage reservoir, a meter station and appurtenances.

MOBRIDGE – The city of Mobridge received two loans in the amounts of \$965,000 and \$355,000 to finance water treatment plant upgrades. Both loans are at 5.25 percent for 20 years. The city undertook a water line extension project along Lake Front Drive to provide water to new users and to loop the system. The project was funded with two loans in the amounts of \$213,500 and \$90,000 both at 2.50 percent for 30 years.

NISLAND – Nisland received a \$350,000 loan at 0.00 percent interest for 30 years to fund the reconstruction of its water distribution system.

PARKER – Parker’s first loan, in the amount of \$730,000 at 3.25 percent for 20 years, was used to replace cast iron water mains in various locations in the city. The city’s second loan, in the amount of \$300,000 at 3.25 percent for 20 years, funded the second phase of the water line replacement project.

PIERRE – The city of Pierre will use a \$1,094,200 loan at 3.5 percent for 15 years to fund a well field expansion. The loan funded construction of new wells, well houses, and water distribution lines. Pierre’s second drinking water loan, \$1,832,900 at 3.5 percent for 15 years, funded construction of a new storage tank to create a third pressure zone within the city.

PLATTE – Platte will replace cast iron water mains with its first drinking water loan of \$400,000 at 2.5 percent for 10 years.

RAPID CITY – Rapid City’s first drinking water loan is for \$3,500,000 at 3.5 percent for 20 years. This loan will finance a new water tank and transmission main in the southwest edge of the city.

REDFIELD – The City of Redfield received a loan in the amount of \$85,000 at an interest rate of 4.5 percent for 20 years. The loan will finance the replacement of water lines located under US Hwy 212 and 281. The project involves construction of approximately 4,900 feet of pipe, services lines, and appurtenances and will replace brittle asbestos cement or cast iron pipes that are fifty to eighty years old. Redfield received a second loan, in the amount of \$342,755 at 2.5 percent for 30 years, to fund water line replacement on South Main Street and Sixth Avenue.

SALEM -- Salem received a loan of \$126,921 at 3.5 percent for 10 years to fund water distribution improvements in the city. Salem’s second loan, in the amount of \$348,540 at 3.25 percent for 20 years, will fund water distribution system improvements in 2005. The city’s third loan, in the amount of \$1,345,000 at 3.25 percent for 30 years, is for a microfiltration pretreatment system with a nanofiltration softening system in a new water treatment facility and the installation of a new well.

SCOTLAND —Scotland replaced water mains in conjunction with reconstruction of Main Street with its \$340,000 loan at 2.5 percent for 30 years.

SIoux FALLS – The city of Sioux Falls received a loan in the amount of \$7,022,000 at an interest rate of 4.5 percent for 10 years to finance central pressure zone improvements. The city’s second loan allowed the city to continue with drinking water facility improvements with a loan for \$2,750,000 at 4.5 percent interest for 10 years. Its third loan, at 3.5 percent for ten years, was in the amount of \$7,930,000 for drinking water facilities improvements and water distribution line replacement. The city’s fourth drinking water loan, \$5,279,000 at 3.5 percent for 10 years, funded the replacement of aging equipment and water main and the improvement of operational efficiency, maintenance space, and pressure zones. Sioux Falls’ fifth drinking water loan is in the amount of \$12,749,000 at 2.5 percent for 10 years. This loan financed improvements to the water treatment plant, improvements to the West Pump Station, replacement of water mains, and upgrade of elevated finish tanks and collector wells. In 2008, Sioux Falls received three additional Drinking Water SRF loans, each at 2.5 percent for 10 years. The city’s sixth loan, for \$17,848,000, is for the construction of a new backwash basin and additional filters to improve operational efficiencies in the treatment plant. The seventh loan is to upgrade a vertical well to a horizontal collector well to increase production capacity and is for \$2,200,000. The eighth loan, in the amount of \$2,705,600, will replace water mains in two areas and replace valves at several locations.

SOUTH LINCOLN RWS —A \$2,000,000 loan at 3.5 percent for 20 years funded South Lincoln RWS’s pipeline, well and pumping improvements. In addition, new facilities were constructed to provide connection of South Lincoln’s system to the Lewis and Clark RWS.

STURGIS – Sturgis received a loan for \$700,000 at 5 percent interest for 15 years. This loan financed the replacement of approximately 7,800 feet of water main in conjunction with a South Dakota Department of Transportation roadway reconstruction project.

TEA - Tea received a loan in the amount of \$1,714,327 at 3.25 percent for 20 years for an emergency connection to the Lewis and Clark Rural Water System.

TRIPP – The city of Tripp received a loan for \$291,000 at 2.5 percent interest for 30 years to complete the city’s on-going water main rehabilitation project. The project involves approximately 8,100 feet of pipe, service connections, valves, fire hydrants and appurtenances to replace 70 year old cast iron water mains.

TRIPP COUNTY WUD — Tripp County Water Users District was awarded two loans in 2003. The first loan, \$3,500,000 at 2.5 percent for 30 years, funded expansion of the TCWUD into Gregory County and absorbed the East Gregory Rural Water System. The second loan, \$148,000 at zero percent interest for 30 years, allowed the District to assume the water distribution system at Wood.

TYNDALL – Tyndall received a loan for \$300,000 at 2.5 percent interest for 10 years. This loan will finance the installation of approximately 2,800 feet of water main to enhance the overall efficiency of the distribution system by looping areas of the community that are currently dead ends. Tyndall received a second loan in the amount of \$861,000 to fund connection to the B-Y Rural Water System. This loan is at 2.5 percent interest for 30 years.

VERMILLION – Vermillion received a loan for \$942,000 at 5 percent interest for 20 years. This loan is being used to construct lime sludge disposal lagoons. Vermillion’s second loan, \$1,510,000 at 3.5 percent interest for 20 years, will fund water treatment plant improvements. Vermillion’s third drinking water SRF loan, in the amount of \$3,772,500 at 2.5 percent for 20 years, will fund phase 3 improvements to the water treatment plant.

VIBORG - The city of Viborg’s first SRF loan is to replace water distribution lines and loop lines at various locations in the city. The loan amount is \$249,775 with an interest rate of 3.25 percent and a term of 20 years.

WAGNER – Wagner received its first drinking water loan in the amount of \$750,000 at the disadvantaged rate of zero percent interest for 30 years to make improvements to its water tower and replace water lines. The city's second loan replaced water utilities along North Park St. and North Street and is in the amount of \$175,000 at the disadvantaged rate of zero percent interest for 30 years.

WATERTOWN - Watertown's first Drinking Water SRF loan will be used to develop a new well field and expand the city water treatment plant in order to discontinue using the Lake Kampeska water source and treatment facility and replace a standpipe with a new 2-million gallon standpipe. The loan is for \$23,760,000 at 3.25 percent interest and a 20-year term.

WAUBAY – The city of Waubay's first loan, in the amount of \$750,000 at the disadvantaged rate of 2.5 percent for 30 years, funded phase 1 of the city's drinking water distribution system improvements.

WEB – WEB Water Development Association, Inc. received a loan for \$1,110,000 at 5 percent interest for 15 years. The project would have allowed WEB to extend service to approximately 200 additional rural homes and farms and provide additional water service to four existing bulk users. The Board of Water and Natural Resources rescinded this loan on May 13, 1999. WEB applied for and received a \$137,450 loan at 2.5 percent interest for 30 years to improve water service in the community of Glenham by replacing the town's water distribution system. This loan was rescinded on June 27, 2003. WEB was awarded its third drinking water SRF loan in the amount of \$3,950,000 at 3.25 percent for 20 years to increase the capacity of its water treatment plant. The award was contingent upon a specific loan closing date, which was not met, and the application was withdrawn at WEB's request.

WEBSTER – The city of Webster received a \$330,000 loan at 3.5 percent interest for 20 years to fund replacement of cast iron water mains with PVC pipe and replacement of water services and fire hydrants.

WEST RIVER/LYMAN-JONES RURAL WATER SYSTEM – WR/LJ received a loan in the amount of \$340,000 at 2.5 percent for 30 years to fund water main replacement in the town of Reliance. WRLJ's second loan, in the amount of \$8,000,000 at 3.25 percent for 30 years, will fund phase 1 of the construction of the north loop pipeline to provide service to Stanley and Haakon counties.

WOLSEY – Wolsey's first drinking water SRF loan, \$263,000 at 3.25 percent for 20 years, funded a waterline replacement project. The city's second loan, in the amount of \$162,300 at 3.25 percent for 20 years, funded water line replacement in conjunction with the SDDOT's reconstruction of Highway 14/281.

WORTHING — Worthing received its first loan in the amount of \$288,000 at 3.5 percent for 20 years for improvements to the city's water distribution system.

YANKTON – Yankton utilized a \$3,460,000 loan for line replacement and water treatment plant improvements to include a new disinfection system. The loan is at 3.5 percent for 20 years. The city secured a second loan in the amount of \$1,100,000 at 3.25 percent for 20 years to install a high pressure area pump station and transmission lines.

BOND ISSUE SUMMARIES

The South Dakota Conservancy District has issued 11 bond series since 1989. Five series have been issued solely for the purpose of providing state match. One series was issued to advance refund prior series. The other five issues have been issued for a combination of state match, leveraged funds, and advanced refunding. Table 7 itemizes the uses of the various series of bonds, and more specific details for each bond series begin on the following pages.

Table 7
State Revolving Fund Program Bond Issues

Calendar Year	Par Amount	Clean Water SRF				Drinking Water SRF		
		Match	Refund	Leveraged	Total	Match	Leveraged	Total
1989	\$5,875,000	\$5,875,000			\$5,875,000			
1990								
1991								
1992	\$4,180,000	\$4,180,000			\$4,180,000			
1993								
1994	\$10,220,000	\$631,195	\$9,299,195		\$10,220,000			
1995	\$7,970,000	\$3,462,460		\$4,507,540	\$7,970,000			
1996	\$2,770,000	\$2,770,000			\$2,770,000			
1997								
1998	\$6,450,000					\$6,450,000		\$6,450,000
1999								
2000								
2001	\$9,675,000	\$4,405,000			\$4,405,000	\$5,270,000		\$5,270,000
2002								
2003								
2004	\$38,460,000		\$11,450,913		\$11,450,913	\$5,001,620	\$22,503,662	\$27,505,282
2005	\$50,000,000	\$1,558,349		\$41,000,000	\$42,558,349	\$1,670,500	\$7,000,000	\$8,670,500
2006								
2007								
2008	\$40,000,000	\$1,964,580		\$19,826,250	\$21,790,830	\$4,887,600	\$13,000,000	\$17,887,600

South Dakota Conservancy District

\$40,000,000 State Revolving Fund Program Bonds Series 2008

Bond Issue

- Tax-exempt, multi-modal variable rate, revenue issue
- Par Amount \$40,000,000
- Provide \$1.96 million to match federal Clean Water SRF capitalization grants for FFY 2008 - 2010
- Provide \$4.89 million to match federal Drinking Water SRF capitalization grants for FFY 2008 - 2010
- Provide \$19.8 million in leveraged proceeds for Clean Water SRF program
- Provide \$13.0 million in leveraged proceeds for Drinking Water SRF program
- Aaa/VMIG 1 rating by Moody's Investors Services, Inc.
- AAA/A-1+ rating by Standard & Poor's
- Bonds priced and sold on March 4, 2008
- Bond closing on March 6, 2008
- Semi-annual rate mode required until August 1, 2008
- Initial interest rate - 2.35% in effect until August 1, 2008

Financial Team

- Perkins Coie, LLP - Bond Counsel
- The First National Bank in Sioux Falls - Trustee
- Public Financial Management, Inc. - Financial Advisor
- Wachovia Bank, National Association - Senior Managing Underwriter & Remarketing Agent
- Faegre & Benson, LLP - Counsel to Underwriter
- U.S. Bank National Association - Liquidity Provider
- Briggs and Morgan, P.A. - Liquidity Provider's Counsel

South Dakota Conservancy District

\$50,000,000 State Revolving Fund Program Bonds Series 2005

Bond Issue

- Tax-exempt, revenue issue
- Par Amount \$50,000,000
- Net Premium \$1,565,648.15
- Provide \$1.56 million to match federal Clean Water SRF capitalization grants for FFY 2006 - 2007
- Provide \$1.67 million to match federal Drinking Water SRF capitalization grants for FFY 2007
- Provide \$41.0 million in leveraged proceeds for Clean Water SRF program
- Provide \$7.0 million in leveraged proceeds for Drinking Water SRF program
- Aaa rating by Moody's Investors Services, Inc.
- AAA rating by Standard & Poor's
- Bonds priced on October 5, 2005
- Bonds sold on October 6, 2005
- Bond closing on October 19, 2005
- True Interest Cost 4.36%
- Average Coupon Rate - 4.68%

Financial Team

- Perkins Coie, LLP - Bond Counsel
- The First National Bank in Sioux Falls - Trustee
- Public Financial Management, Inc. - Financial Advisor
- UBS Financial Services, Inc. - Senior Managing Underwriter
- Faegre & Benson, LLP - Counsel to Underwriter

South Dakota Conservancy District

\$38,460,000
State Revolving Fund Program Bonds
Series 2004

Bond Issue

- Tax-exempt, revenue issue
- Par Amount \$38,460,000
- Net Premium \$903,538.80
- Provide \$5.0 million to match federal Drinking Water SRF capitalization grants for FFYs 2004 - 2006
- Provide \$22.5 million in leveraged proceeds for Drinking Water SRF program
- Provide \$11.5 million to refund prior year Clean Water SRF bonds
- Refunding resulted in Net Present Value savings of \$986,412.65
- Aaa rating by Moody's Investors Services, Inc.
- AAA rating by Standard & Poor's
- Bonds priced on June 28-29, 2004
- Bonds sold on June 30, 2004
- Bond closing on July 13, 2004
- True Interest Cost 4.48%
- Average Coupon Rate - 4.76%

Financial Team

- Perkins Coie, LLP - Bond Counsel
- The First National Bank in Sioux Falls - Trustee
- Public Financial Management, Inc. - Financial Advisor
- UBS Financial Services, Inc. - Senior Managing Underwriter
- Dougherty & Company, LLC. - Co-Manager
- Northland Securities, Inc. - Co-Manager
- Faegre & Benson, LLP - Counsel to Underwriter

South Dakota Conservancy District

\$5,270,000 Drinking Water State Revolving Fund Program Bonds Series 2001

Bond Issue

- Tax-exempt, revenue issue
- Par Amount \$5,270,000
- Provide match for federal Drinking Water SRF capitalization grants for FFYs 2001 - 2003
- Aaa rating by Moody's Investors Services, Inc.
- Insured by Ambac Assurance Corporation
- Underlying Rating Aa1
- Bond closing on October 3, 2001
- Average Coupon Rate - 4.87%

Financial Team

- Altheimer & Gray - Bond Counsel
- The First National Bank in Sioux Falls - Trustee
- Dougherty & Company, LLC.- Senior Managing Underwriter
- Faegre & Benson, LLP - Counsel to Underwriter

South Dakota Conservancy District

\$4,405,000
Clean Water State Revolving Fund Program Bonds
Series 2001

Bond Issue

- Tax-exempt, revenue issue
- Par Amount \$4,405,000
- Provide match for federal Clean Water SRF capitalization grants for FFYs 2001 - 2003
- Aaa rating by Moody's Investors Services, Inc.
- Insured by Ambac Assurance Corporation
- Underlying Rating Aa1
- Bond closing on October 3, 2001
- Average Coupon Rate - 4.85%

Financial Team

- Altheimer & Gray - Bond Counsel
- The First National Bank in Sioux Falls - Trustee
- Dougherty & Company, LLC.- Senior Managing Underwriter
- Faegre & Benson, LLP - Counsel to Underwriter

South Dakota Conservancy District

\$6,450,000
Drinking Water State Revolving Fund Program Bonds
Series 1998A

Bond Issue

- Tax-exempt, revenue issue
- Par Amount \$6,450,000
- Provide match for federal Drinking Water SRF capitalization grants for FFYs 1998 - 2000
- Aaa rating by Moody's Investors Services, Inc.
- Insured by Ambac Assurance Corporation
- Underlying Rating Aa3
- Bond closing on June 30, 1998
- Average Coupon Rate - 4.85%

Financial Team

- Altheimer & Gray - Bond Counsel
- The First National Bank in Sioux Falls - Trustee
- Piper Jaffray, Inc - Senior Managing Underwriter
- Faegre & Benson, LLP - Counsel to Underwriter

South Dakota Conservancy District

\$2,770,000
Clean Water State Revolving Fund Program Bonds
Series 1996A

Bond Issue

- Tax-exempt, revenue issue
- Par Amount \$2,770,000
- Provide match for federal Clean Water SRF capitalization grants for FFYs 1996 - 1998
- A1 rating by Moody's Investors Services, Inc.
- Bond closing on December 17, 1996
- True Interest Cost 5.86%
- Average Coupon Rate 5.51%

Financial Team

- Altheimer & Gray - Bond Counsel
- The First National Bank in Sioux Falls - Trustee
- Piper Jaffray, Inc - Senior Managing Underwriter
- Faegre & Benson, LLP - Counsel to Underwriter

South Dakota Conservancy District

\$7,970,000
Clean Water State Revolving Fund Program Bonds
Series 1995A

Bond Issue

- Tax-exempt, revenue issue
- Par Amount \$7,970,000
- Provide \$2.5 million to match federal Clean Water SRF capitalization grants for FFY 1995 and 1996
- Provide \$4.5 million in leveraged proceeds for Clean Water SRF program
- A1 rating by Moody's Investors Services, Inc.
- Bond closing on April 4, 1995
- Average Coupon Rate 5.94%

Financial Team

- Altheimer & Gray - Bond Counsel
- The First National Bank in Sioux Falls - Trustee
- Piper Jaffray, Inc - Senior Managing Underwriter
- Faegre & Benson, LLP - Counsel to Underwriter

South Dakota Conservancy District

\$10,220,000
State Revolving Fund Program Bonds
Series 1994A

Bond Issue

- Tax-exempt, revenue issue
- Par Amount \$10,220,000
- Provide \$631,195 to match federal Clean Water SRF capitalization grants
- Provide \$9.3 million to refund Series 1989 and 1992 Bonds
- Refunding resulted in Net Present Value savings of \$
- A rating by Moody's Investors Services, Inc.
- Bond closing on February 17, 1994
- Average Coupon Rate 5.01%

Financial Team

- Altheimer & Gray - Bond Counsel
- The First National Bank in Sioux Falls - Trustee
- Piper Jaffray, Inc - Senior Managing Underwriter
- Faegre & Benson, LLP - Counsel to Underwriter

South Dakota Conservancy District

\$4,180,000
State Revolving Fund Program Bonds
Series 1992

Bond Issue

- Tax-exempt, revenue issue
- Par Amount \$4,180,000
- Provide match for federal Clean Water SRF capitalization grants for FFYs 1992 - 1994
- BBB rating by Standard & Poor's
- Bond closing on September 24, 1992
- Average Coupon Rate 6.83%

Financial Team

- Kutak Rock, LLP - Bond Counsel
- The First National Bank in Sioux Falls - Trustee
- Lehman Brothers. - Senior Managing Underwriter

South Dakota Conservancy District

\$5,785,000
State Revolving Fund Program Bonds
Series 1989

Bond Issue

- Tax-exempt, revenue issue
- Par Amount \$5,785,000
- Provide match for federal Clean Water SRF capitalization grants for FFYs 1989 - 1991
- AAA rating by Standard & Poor's
- Insured by Capital Guaranty Insurance Company
- Bond closing on August 10, 1989
- Average Coupon Rate 7.12%

Financial Team

- Kutak Rock & Campbell, LLP - Bond Counsel
- The First National Bank in Sioux Falls - Trustee
- Shearson Lehman Hutton Inc. - Senior Managing Underwriter

STATUTES

State Revolving Fund Administration

SOUTH DAKOTA CONSERVANCY DISTRICT BOARD OF WATER AND NATURAL RESOURCES

1-40-5. Water and Natural Resources Board created -- Functions -- Appointment and terms of members. The Board of Natural Resource Development is abolished. There is created a Board of Water and Natural Resources. The board shall perform all functions exercised by the former Board of Natural Resource Development. The Board of Water and Natural Resources shall consist of seven members not all of the same political party and appointed by the Governor for four-year terms. The terms of members of the Board of Water and Natural Resources who are first appointed after the effective date of this order shall be: one appointed for a term of one year; two appointed for a term of two years; two for a term of three years; and two for a term of four years, and such initial terms shall be designated by the Governor. Any member appointed to fill a vacancy arising from other than the natural expiration of a term shall serve for only the unexpired portion of the term.

1-40-9. Performance of administrative functions of conservancy district board. Except as provided in § 1-40-10, the Department of Environment and Natural Resources shall, under the direction and control of the secretary of environment and natural resources, perform all the functions of the former board of directors of the South Dakota conservancy district, created by chapter 46A-2.

1-40-10. Performance of nonadministrative functions of conservancy district board. The Board of Water and Natural Resources created by this chapter shall perform all quasi-legislative, quasi-judicial, advisory, and special budgetary functions (as defined in § 1-32-1) of the former board of directors of the South Dakota conservancy district, created by chapter 46A-2.

46A-2-1. Creation of South Dakota conservancy district -- Boundaries -- Powers. There is hereby created within the State of South Dakota, a conservancy district, to be known as the "South Dakota conservancy district." The boundaries of the district shall coincide in all particulars with the boundaries of the state of South Dakota. Such district is a governmental agency, body politic and corporate with authority to exercise the powers specified in this chapter.

46A-2-5. Board of directors abolished -- Performance of functions. The board of directors of the South Dakota conservancy district is abolished, and all its functions shall be administered by the department and board of water and natural resources, as provided by §§ 1-40-9 and 1-40-10.

46A-2-11. Board of Water and Natural Resources -- Authority to sue and be sued. The Board of Water and Natural Resources shall have the power to sue and be sued in the name of the district.

State Revolving Fund Administration

SRF SUBFUNDS SRF LOAN PROGRAMS

46A-1-31. Discretionary bond issuance to finance water resources projects or developments-- Maximum amount--Issuance of bonds for purchase or financing of loans by FmHA--Issuance of bonds for revolving fund programs under federal Clean Water Act or federal Safe Drinking Water Act. In addition to the aggregate indebtedness authorized by the Legislature and Board of Water and Natural Resources pursuant to §§ 46A-1-29 and 46A-1-30, the district may issue bonds in an amount not to exceed in aggregate eight million dollars at any time for the purpose of financing projects as defined in subdivision 46A-2-4(5) which are components of the statewide water plan subject to the provisions of §§ 46A-1-49 to 46A-1-52, inclusive. In addition to the aggregate indebtedness authorized by the Legislature and Board of Water and Natural Resources pursuant to §§ 46A-1-29 and 46A-1-30, the district may issue bonds in any amount at any time for the purpose of purchasing or otherwise financing or providing for the purchase or payment of loans made by the United States Farmers' Home Administration to any person or public entity, whether or not the person or public entity or the project financed with the loan are located in South Dakota or formed under or recognized by South Dakota law, as community facilities loans or water and waste disposal loans, which purchasing, financing, or payment activities are hereby determined to be components of the state water plan and are authorized without regard to § 46A-2-20. The district may enter into financing agreements with the persons or public entities to secure and provide for the payment of the bonds, without regard to § 46A-2-20 or §§ 46A-1-63.1 to 46A-1-69, inclusive. The district may make payments or deposits for the purchase or payment of the loans from funds obtained from the persons or public entities, whether or not bonds have been issued. The purchase or payment of loans for persons or public entities or projects located outside of the State of South Dakota is hereby authorized and declared to be a public purpose whenever, at the discretion and in the determination of the district, the purchase or payment is expected to result in economies of scale, fees, interest savings, financing, or other benefits to the district, South Dakota persons or public entities or the State of South Dakota. The district, in the proceedings for the issuance of the bonds, shall establish the manner in which the trustee shall manage and disperse any savings for the benefit of the persons and public entities whose community facilities loans and water and waste disposal loans have been purchased or prepaid by the district. In addition to the aggregate indebtedness authorized by the Legislature and the Board of Water and Natural Resources pursuant to §§ 46A-1-29 and 46A-1-30, the district may also issue bonds in any amount at any time for the purpose of funding all or part of the revolving funds required for either the state water pollution control revolving fund program or the state drinking water revolving fund program or both under either the federal Clean Water Act or federal Safe Drinking Water Act or both. The bonds issued for these revolving fund programs shall be used to purchase or otherwise finance or provide for the purchase or payment of bonds or other obligations, including the refinancing of obligations previously issued or for projects previously completed, which purchasing, financing, or payment activities are hereby determined to be components of the state water facilities plan and are authorized without regard to § 46A-2-20. The district may enter into financing agreements with such persons or public entities to secure and provide for the payment of such bonds, without regard to § 46A-2-20 or §§ 46A-1-63.1 to 46A-1-69, inclusive. The district may pledge or assign to or hold in trust for the benefit of the holder or holders of the bonds those moneys appropriated by the Legislature for the purpose of funding state contributions to the state water pollution control revolving fund program and the state drinking water revolving fund program, which moneys may be held and invested pursuant to a trust agreement for the payment of the principal of, premium, if any, and interest on, the bonds.

46A-1-32. Terms of bonds. The bonds may be issued and sold in one or more series, may be in such amounts and at such prices, may bear such date or dates, may be in such denomination or denominations, may mature at such time or times not exceeding fifty years from the respective dates thereof, may mature in such amount or amounts, may bear interest at such times and at such fixed or variable rate or rates as shall be determined by the district and without regard to any interest rate limitation appearing in any other law, may be in such form, either coupon or registered as to principal only or as to both principal and interest, may carry such registration privileges (including the conversion of a fully registered bond to a coupon bond or bonds and the conversion of a coupon bond to a fully registered bond), may be executed in such manner, may be made payable in such medium of payment, at such place or places within or without the state, may be callable or subject to purchase and retirement or tender and remarketing as determined by the district in any indenture, resolution, or other instrument. The district may take any action it deems appropriate for the purpose of implementing this section, including establishing parameters referencing current market conditions or published indices in connection with establishing interest rates, imposing maximum interest rate limitations, or establishing other parameters it deems appropriate, and may delegate the administration of specific functions within the established parameters. The district may enter into arrangements to provide additional security and liquidity for bonds, and to limit, reduce, or manage interest rate exposure with respect to bonds issued or to be issued

§ 46A-1-60.1. Water pollution control revolving fund program and state drinking water revolving fund program established - Program subfunds created - Deposits into subfunds and use thereof. The state water pollution control revolving fund program and the state drinking water revolving fund program are hereby established. Program subfunds shall be created within the water and environment fund established pursuant to § 46A-1-60. The required subfunds shall be maintained separately, and all federal, state, and other funds for use in the program shall be deposited into the respective subfund, including all federal grants for capitalization of either a state water pollution control revolving fund or a state drinking water revolving fund or both, all repayments of assistance awarded from the subfund, interest on investments made on money in the subfund, proceeds of discretionary bond issues allowed by § 46A-1-31, and principal and interest on loans made from the fund. Money in the subfund may be used only for purposes authorized under federal law. The subfund may be pledged or assigned by the district to or in trust for the holder or holders of the bonds of the district and may be transferred to and held by a trustee or trustees pursuant to § 46A-1-39.

The board shall promulgate rules pursuant to chapter 1-26, to implement the provisions of this section consistent with the requirements of federal law in order for an approved state water pollution control revolving fund or a state drinking water revolving fund to become eligible for grant funds from the United States Environmental Protection Agency.

§ 46A-1-60.2. Disbursements from and administration of water pollution control revolving fund program and state drinking water revolving fund program - Sections 46A-1-61 to 46A-1-69 inapplicable. Funds from the state water pollution control revolving fund program and the state drinking water revolving fund program shall be disbursed and administered according to rules promulgated by the Board of Water and Natural Resources pursuant to chapter 1-26, § 46A-1-65 and the provisions of §§ 46A-1-60 to 46A-1-60.3, inclusive. Sections 46A-1-61 to 46A-1-69, inclusive, do not apply to the subfund of the water and environment fund or loans therefrom pursuant to the state water pollution control revolving fund program and the drinking water revolving fund program described in §§ 46A-1-60 to 46A-1-60.3, inclusive.

The board shall promulgate rules pursuant to chapter 1-26, to implement the provisions of this section consistent with the requirements of federal law in order for an approved state water pollution control revolving fund or a state drinking water revolving fund to become eligible for grant funds from the United States Environmental Protection Agency.

§ 46A-1-60.3. Rules for selection of projects to receive funds from water pollution control revolving fund program and state drinking water revolving fund program and administration of same. The Board of Water and Natural Resources may, by rules promulgated pursuant to chapter 1-26, establish criteria and procedures for the selection of projects to receive funds from the state water pollution control revolving fund program and the state drinking water revolving fund program and for the administration of the programs.

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