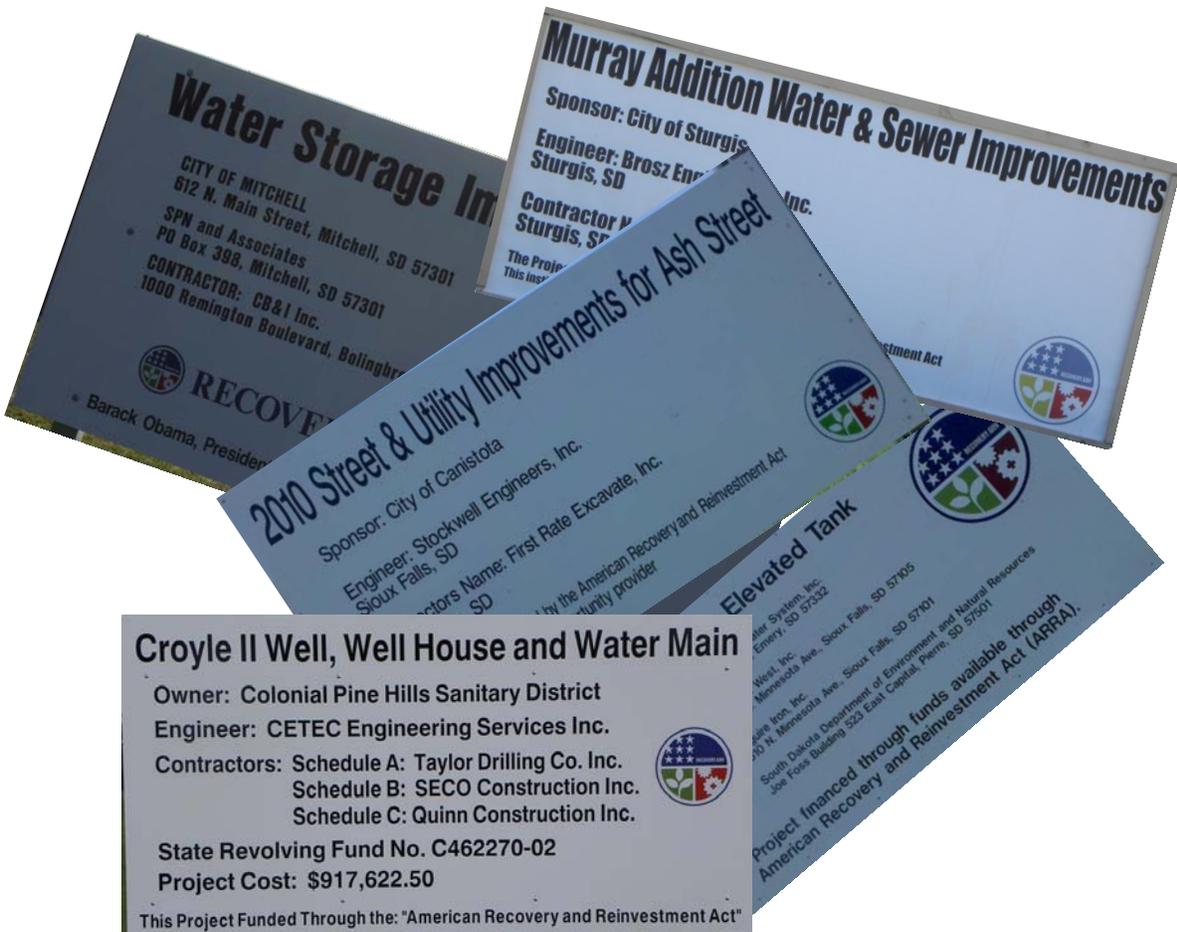


THE SOUTH DAKOTA CONSERVANCY DISTRICT

REPORT TO THE LEGISLATIVE BOND REVIEW COMMITTEE

STATE FISCAL YEAR 2010
July 1, 2009 – June 30, 2010



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 2010

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

TODD BERNHARD

Fort Pierre
Member since 2010

PAUL GNIRK

New Underwood
Member since 2009

PAUL GOLDHAMMER

Wall
Member since 2010

DALE KENNEDY

Beresford
Member since 1985

DON BOLLWEG

Harrold
Member 1994 - 2010

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

SENATOR TOM HANSEN
Huron

SENATOR FRANK KLOUCEK
Scotland

REPRESENTATIVE CHARLES HOFFMAN
Eureka

REPRESENTATIVE ORAN SORENSON
Garretson

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STATE FISCAL YEAR

2010

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 subdivisions 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 2010, the federal capitalization grants total \$261.6 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, 2010, the programs have provided 426 loans totaling \$686.0 million.

BONDING AUTHORITY OVERVIEW

The authority for the South Dakota Conservancy District to issue bonds is established in SDCL § 46A-1-31.

Since the programs' inception, the state match requirement amounts to more than \$52.3 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 fees 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 and notes 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 the leveraged bonds is \$107.8

million. In August 2009, the Conservancy District issued \$55 million in leveraged bond anticipation notes.

2009 BOND ANTICIPATION NOTE ISSUE

Bond Anticipation Notes (BANs) are a short-term financing designed to provide interim financing until long-term bonds are issued. Issuers utilize BANs for a variety of reasons, including uncertainty as to the total amount of proceeds needed for construction or loans and a desire to match long-term debt service to finalized revenues associated with the financed project. BANs may provide savings when compared to other short-term financing options, such as bank loans. The South Dakota Conservancy District issued Bond Anticipation Notes (BANs) in August 2009 to address the demand created by the ARRA-driven demand on the SRF programs. The issuance of BANs was a first for the District.

The par value of the BANs was \$55,000,000. The notes were sold through a competitive bid process. The winning bidder was Piper Jaffray & Company. The winning bid included a premium and provided leveraged funds of \$37,455,570 for the Clean Water SRF program and \$18,221,624 for the Drinking Water SRF program. The average coupon interest rate is 2.00 percent and the True Interest Cost is 0.584 percent. The BANs mature on September 10, 2010.

The 2009 BANs were rated SP-1+ by Standard & Poor and MIG 1 by Moody's. Standard & Poor's AAA and Moody's Aaa ratings on the program bonds were affirmed. These short-term and long-term ratings are the highest ratings assigned by each rating agency. These ratings were based on the programs' strength and do not involve bond insurance.

The 2009 BANs and 2008 variable rate bonds were issued to address requirements of the federal Tax Increase Prevention and Reconciliation Act (TIPRA) of 2005. Of particular concern is the requirement that 30 percent of net bond or note proceeds must be spent within one year and 95 percent of net proceeds must be spent within three years of the date of issue. If these objectives are not met, bonds or notes must be redeemed in an amount necessary to meet the spend-down requirement. As of June 30, 2010, disbursements from the 2009 BANs totaled \$17,240,859, or 31.0 percent of net proceeds.

The financial team for the 2009 issue included The First National Bank in Sioux Falls as trustee, Perkins Coie LLP as bond counsel, and Public Financial Management as financial advisor. The trustee, bond counsel, and financial advisor provide professional financial services to the board and department on an on-going basis.

2008 BOND ISSUE

The South Dakota Conservancy District closed its \$40,000,000 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 bonds were originally set with a semi-annual rate

mode which can be changed at the discretion of the Conservancy District.. The district has chosen to continue with the semi-annual rate mode, and the effective rates are summarized below.

| | |
|--------------------------------|-------|
| Initial rate..... | 2.35% |
| Rate set August 1, 2008..... | 1.90% |
| Rate set February 1, 2009..... | 1.00% |
| Rate set August 1, 2009..... | 0.70% |
| Rate set February 1, 2010..... | 0.34% |

More than \$18 million or 45 percent of bond proceeds from the 2008 issue were expended by March 1, 2009, which significantly exceeded the 30 percent one-year TIPRA requirement. As of June 30, 2010, disbursements from the 2008 bond issue totaled \$34,137,465 or 86.0 percent.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA) of 2009, commonly referred to as the Stimulus Bill or the Recovery Act. The State of South Dakota received Recovery Act funds of \$19,500,000 and \$19,239,100 for the Drinking Water and Clean Water SRF programs, respectively. No state match was required for these awards. The act required that these funds be under construction contracts within one year after the signing of the bill or the funds would be lost. All ARRA funds were under contract prior to February 17, 2010, and no funds were lost.



States were allowed to use a portion of the ARRA allocations for administration of either program or set-asides as allowed by the Safe Drinking Water Act. The Board of Water and Natural Resources and the department chose to reserve four percent of the Clean Water ARRA allocation (\$769,564) for program administration and to utilize the two percent Small System Technical Assistance set-aside of the Drinking Water ARRA allocation (\$390,000). The Small System Technical Assistance funds are being used to conduct energy audits at several water systems serving less than 10,000 people.

The Recovery Act contained numerous provisions that were new to the SRF programs. The most significant requirement of the Recovery Act was that at least 50 percent of the ARRA funds were required to be awarded as “additional subsidy.” This could be in the form of grants, negative interest rate loans, or principal forgiveness on loans. The board chose to provide additional subsidy in the form of principal forgiveness on loans. The administrative rules provided that all loan applicants were eligible to receive 10 percent principal forgiveness on a loan. Municipalities and sanitary districts with monthly residential water rates of at least \$20 or wastewater rates of \$17 per month (based on 5,000 gallons usage or a flat rate for wastewater) were eligible to receive additional principal forgiveness. Other applicants were required to have monthly residential water rates of at least \$50 or wastewater rates of \$35 per month (based on 7,000 gallons usage or a flat rate for wastewater) to be eligible to receive additional principal forgiveness.

Approximately \$31.3 million of principal forgiveness was awarded to 68 projects. Principal forgiveness awarded through the Clean Water SRF program totaled \$15.9 million, or 86.2 percent of the Clean Water ARRA funds awarded to South Dakota. The Drinking Water SRF program provided \$15.4 million as principal forgiveness, or 80.4 percent of the Drinking Water ARRA funds awarded to South Dakota.

Another requirement of the Recovery Act was that at least 20 percent of each ARRA award be used to the extent practical for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. States were required to make a concerted effort to meet this requirement. Those states that did not meet the requirement by August 17, 2009, could receive a waiver from EPA if the state could demonstrate an adequate effort was made to solicit green projects. The department was able to identify sufficient projects to meet the green reserve thresholds of both SRF programs.

The Recovery Act included provisions requiring ARRA assistance recipients to use domestic iron and steel and manufactured goods that are produced in the United States, as well as compliance with Davis-Bacon wage rates laws.

2010 CAPITALIZATION GRANTS

The fiscal year 2010 federal appropriations bill for the State Revolving Fund programs extended several of the requirements set forth in the Recovery Act. These new requirements involve 1) applying Davis-Bacon wage rates to all projects awarded in fiscal year 2010; 2) requiring that up to 20 percent of each capitalization grant be utilized for “green “ projects; and 3) requiring that a portion of each capitalization grant be made available as additional subsidy.

To implement the new requirements for the 2010 capitalization grants, changes to the administrative rules governing the SRF programs were necessary. The Board again chose to use principal forgiveness as the method to provide the additional subsidy. To receive principal forgiveness municipalities and sanitary districts with monthly residential water rates of at least \$25 or wastewater rates of \$22 per month (based on 5,000 gallons usage or a flat rate for wastewater) were eligible. Other applicants were required to have monthly residential water rates of at least \$55 (based on 7,000 gallons usage) or wastewater rates of \$40 per month (based on 5,000 gallons usage or a flat rate) to be eligible to receive principal forgiveness.

The Clean Water SRF program must provide at least \$1,497,892, but no more than \$4,993,274 as principal forgiveness. The Drinking Water SRF program must provide at least \$4,071,900 as principal forgiveness, and can provide up to the entire cap grant amount of \$13,573,000.

The initial awards under the new rules were made in late 2010.

BOND HISTORY

The South Dakota Conservancy District has issued 12 bond or note series since 1989. 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 long-term bonds, variable rate bonds, and bond anticipation notes. Table 1 itemizes the uses of the various series of bonds and notes. Summaries of previous bond and note issues are provided beginning on page 75.

**Table 1
State Revolving Fund Program Bond and Note Issues**

| Series | 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 | | | |
| 1992 | \$4,180,000 | \$4,180,000 | | | \$4,180,000 | | | |
| 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 | | | |
| 1998 | \$6,450,000 | | | | | \$6,450,000 | | \$6,450,000 |
| 2001 | \$4,405,000 | \$4,405,000 | | | \$4,405,000 | | | |
| 2001 | \$5,270,000 | | | | | \$5,270,000 | | \$5,270,000 |
| 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 |
| 2008 | \$40,000,000 | \$1,964,580 | | \$19,826,250 | \$21,790,830 | \$4,887,600 | \$13,000,000 | |
| 2009 | \$55,000,000 | | | \$37,455,570 | \$37,455,570 | | \$18,221,624 | \$18,221,624 |

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 2010 interest rates for each program are summarized in the respective sections below.

Clean Water SRF Program

In February 2009, the board set rates at 2.25 percent for loans with a term of 10 years or less, 3 percent for loans with a term greater than 10 years up to 20 years, and 3.25 percent with a term up to 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 and does not exceed the useful life of the facilities being financed.

In addition to the base rates, the board has established a Clean Water SRF incentive rate for nonpoint source (NPS) projects. In February 2009, the board set the nonpoint source incentive rates at 1.25 percent for loans with a term of 10 years or less, 2.00 percent for loans with a term greater than 10 years up to 20 years, and 2.25 percent with a term up to 30 years.

Drinking Water SRF Program

In February 2009, the board set rates at 2.25 percent for loans with a term of 10 years or less and 3 percent for loans with a term greater than 10 years up to 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 and does not exceed the useful life of the facilities being financed.

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. Since February 2009, disadvantaged communities qualify for 3 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 2.25 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 \$25 for 5,000 gallons usage for municipalities and sanitary districts and \$55 for 7,000 gallons usage for other community water systems to qualify for disadvantaged rates.

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 2010 PROGRAM ACTIVITY

Clean Water State Revolving Fund

The Clean Water program received a \$10,002,000 Federal capitalization grant in 2010. This was matched with \$2,000,400 in bond proceeds. These funds were supplemented by accumulated loan repayments, interest earnings, and leveraged bonds.



Placing rip rap on the berm of a new cell at the Aurora wastewater treatment facility.

In SFY 2010, disbursements totaling \$26,428,629 were made to borrowers. Disbursements consisted of \$12.15 million in federal funds, \$1.62 million in state match funds, \$11.30 million in leveraged bonds, and \$1.36 million in principal repayments and interest earnings.

One hundred thirty-five loans are in repayment, and \$17,986,604 in repayments were received during the year. Seventy-five loans have been repaid in full. Eight loans drew no funds, and the full loan amounts were deobligated. There have been no defaults.

In SFY 2010, the Board of Water and Natural Resources awarded 18 loans and two amendments totaling \$42,495,043. Table 2 below provides a synopsis of the loans that were awarded.

**Table 2
Clean Water Loans
State Fiscal Year 2010**

| Recipient | Project Description | Total SRF Assistance | Principal Forgiveness | Rate | Term (Years) |
|--------------------------|---|----------------------|-----------------------|-------|--------------|
| Aurora (02) | Wastewater Treatment Facility Upgrade | \$660,000 | \$300,000 | 3.25% | 30 yrs. |
| Brant Lake San. Dist. | Wastewater Collection and Treatment System | \$1,700,000 | -0- | 3.25% | 30 yrs. |
| Brookings (03) | Southland Lane Storm Water Detention | \$665,000 | \$66,500 | 3.00% | 20 yrs. |
| Canistota (02) | Ash Street Utilities Improvements | \$188,669 | -0- | 3.25% | 30 yrs. |
| Elk Point (06) | Main Street Utilities Improvements | \$931,700 | \$93,170 | 3.00% | 20 yrs. |
| Elkton - Amendment | Wastewater Treatment Facility Improvements | \$110,000 | -0- | 3.00% | 20 yrs. |
| Gregory | Outfall Line Replacement and Relining | \$357,000 | -0- | 3.00% | 20 yrs. |
| Groton (08) | Sanitary Sewer Line Replacement | \$322,000 | \$80,500 | 2.25% | 10 yrs. |
| Hecla | Sanitary Sewer Line Replacement | \$143,390 | \$14,339 | 3.00% | 20 yrs. |
| Lennox (04) - Amend. | Construction of SBR Treatment System | \$712,033 | -0- | 3.25% | 30 yrs. |
| Rapid City (06) | Water Reclamation Facilities Improvements | \$5,000,000 | -0- | 3.00% | 20 yrs. |
| Sioux Falls (30) | Central Mains Interceptor Phase 3 | \$8,462,000 | \$846,200 | 2.25% | 10 yrs. |
| Spencer | Sanitary Sewer Line Replacement | \$230,156 | \$100,000 | 3.25% | 30 yrs. |
| Sturgis (05) | Murray Addition Utility Improvements | \$516,900 | \$218,283 | 3.00% | 20 yrs. |
| Wagner (02) * | South Park Street Utilities Improvements | \$500,000 | \$50,000 | 3.25% | 30 yrs. |
| Watertown (09) | Sanitary Sewer System Improvements | \$16,446,000 | \$1,644,600 | 3.00% | 20 yrs. |
| Watertown (10) | 2 nd Street SW Storm Sewer Replacement | \$3,330,000 | \$333,000 | 3.00% | 20 yrs. |
| Watertown (11) | Police Station "Green" Parking Lot | \$815,000 | \$500,000 | 3.00% | 20 yrs. |
| Watertown School Dist. # | LATI Storm Water Management Phase I | \$503,635 | \$503,635 | 0% | - |
| Wolsey (03) | Sanitary & Storm Sewer Improvements Phase 3 | \$901,560 | -0- | 3.00% | 20 yrs. |
| TOTAL | | \$42,495,043 | \$4,671,435 | | |

* This loan was de-obligated in its entirety on August 24, 2009 at the request of the city.

loan was reduced to \$424,84, due to insufficient costs being under contract as of February 17, 2010.

Additional information regarding the historical activity of the Clean Water SRF Program is provided on pages 29-52.

Drinking Water State Revolving Fund

The Drinking Water SRF program received a federal capitalization grant of \$13,573,000 in 2010. These funds were matched by \$2,714,600 in state issued revenue bonds. These funds were supplemented by accumulated loan repayments, interest earnings, and leveraged bonds.

In SFY 2010, disbursements totaling \$31,737,550 were made to borrowers. Disbursements consisted of \$15.85 million in federal funds, \$1.85 million in state match funds, \$14.03 million in leveraged bonds, and \$12,614 in principal repayments and interest earnings.

One hundred five loans are in repayment, and \$12,819,428 in repayments were received during the year. Fourteen loans have been repaid in full. Eight loans drew no funds, and the full loan amounts were deobligated. There have been no defaults.

In SFY 2010, the board awarded 20 loans totaling \$22,605,467. Table 3 below provides a synopsis of the loans that were awarded.



Construction of a 200,000-gallon water tower for the Hanson Rural Water System.

**Table 3
Drinking Water Loans
State Fiscal Year 2010**

| Recipient | Project Description | Total SRF Assistance | Principal Forgiveness | Rate | Term (Years) |
|--|--|----------------------|-----------------------|-------|--------------|
| Aberdeen (DW-02) | Water Meter Replacement | \$1,750,000 | \$175,000 | 2.25% | 10 yrs. |
| Chamberlain (DW-02) | Water System Upgrades | \$1,000,000 | \$300,000 | 3.00% | 20 yrs. |
| Clay RWS (DW-03) | 2010 Improvements - Phase II | \$2,208,000 | \$500,000 | 3.00% | 30 yrs. |
| Colonial Pine Hills San. Dist. (DW-02) | Croyle, Well, Well House, and Water Main | \$1,003,608 | \$250,000 | 3.00% | 20 yrs. |
| Corson Village San. Dist. | Water Distribution & Connection to Brandon | \$601,735 | \$541,562 | 3.00% | 20 yrs. |
| De Smet | Third Street Water Main Replacement | \$258,000 | \$25,800 | 2.25% | 30 yrs. |
| Elk Point (DW-05) | Main Street Utilities Improvements | \$1,179,500 | \$660,520 | 3.00% | 20 yrs. |
| Hanson RWS | Ethan Elevated Storage Reservoir | \$840,000 | \$588,000 | 3.00% | 20 yrs. |
| Hill City | Water Line Looping and Replacement | \$402,200 | \$241,320 | 3.00% | 30 yrs. |
| Huron (DW-02) | Water Line Replacement | \$619,684 | \$122,500 | 3.00% | 20 yrs. |
| Lead (DW-03) | Separation and Rehabilitation 2009-2010 | \$1,020,000 | \$387,600 | 3.00% | 20 yrs. |
| Letcher | Water Distribution System Replacement | \$200,000 | -0- | 2.25% | 30 yrs. |
| Mellette | Water System Improvements | \$271,780 | \$244,602 | 3.00% | 30 yrs. |
| Mitchell (DW-02) | Water Reservoir Replacement | \$2,360,000 | \$354,000 | 3.00% | 20 yrs. |
| Newell | Water Tower, Well, and Line Replacement | \$829,500 | \$322,750 | 2.25% | 30 yrs. |
| Northville | System Improvements Phases I, II, & III | \$203,460 | \$162,768 | 3.00% | 20 yrs. |
| Rapid City (DW-02) | Jackson Springs Water Treatment Plant | \$6,000,000 | -0- | 3.00% | 20 yrs. |
| Sturgis (DW-02) | Murray Addition Utility Improvements | \$863,000 | \$86,300 | 2.25% | 10 yrs. |
| Wagner (DW-03) * | South Park Street Utilities Improvements | \$275,000 | \$55,000 | 0% | 30 yrs. |
| Woonsocket | Highway 34 Water Main Replacement | \$720,000 | \$416,500 | 3.00% | 30 yrs. |
| TOTAL | | \$22,605,467 | \$5,434,222 | | |

* This loan was de-obligated in its entirety on August 24, 2009 at the request of the city.

Additional information regarding the historical activity of the Drinking Water SRF Program is provided on pages 53-74.

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, 2010**

Assets

Current Assets:

| | |
|--------------------------------------|----------------------|
| Cash and Cash Equivalents | \$ 37,390,662.72 |
| Restricted Cash and Cash Equivalents | 9,975.49 |
| Due From Federal Governments | 94,568.27 |
| Due from Other Governments | 225,492.63 |
| Deferred Charges | 38,000.36 |
| Accrued Interest Receivable | 1,878,255.30 |
| Loans Receivable | 17,693,316.15 |
| Total Current Assets | <u>57,330,270.92</u> |

Noncurrent Assets:

| | |
|--------------------------|-----------------------|
| Investments | 56,673,603.62 |
| Restricted Investments | 374,421.62 |
| Deferred Charges | 464,146.11 |
| Loans Receivable | 165,746,204.63 |
| Total Noncurrent Assets: | <u>223,258,375.98</u> |

Total Assets

280,588,646.90

Liabilities

Current Liabilities:

| | |
|---|----------------------|
| Accounts Payable | 159,077.05 |
| Accrued Liabilities | 12,030.20 |
| Compensated Absences Payable | 26,778.25 |
| Accrued Interest Payable | 1,136,900.41 |
| Notes Payable | 37,000,000.00 |
| Bonds Payable - net of unamortized premium, discount, and deferred amount of refunding | 3,573,626.11 |
| Total Current Liabilities | <u>41,908,412.02</u> |

Noncurrent Liabilities:

| | |
|---|----------------------|
| Compensated Absences Payable | 23,986.20 |
| Bonds Payable - net of unamortized premium, discount, and deferred amount of refunding | 65,472,133.07 |
| Total Noncurrent Liabilities: | <u>65,496,119.27</u> |

Total Liabilities

107,404,531.29

Net Assets

| | |
|-----------------------------|----------------|
| Restricted For Debt Service | 384,397.11 |
| Unrestricted | 172,799,718.50 |

Total Net Assets

\$173,184,115.61

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, 2010**

| | | |
|--|---------------------|--------------------------------|
| Operating Revenues: | | |
| Loan Interest Income | | \$ 3,937,121.85 |
| Federal Capitalization Grants | | 12,462,721.25 |
| Other Income | | 1,301,150.17 |
| Bond Premium | | 543,160.00 |
| Total Operating Revenue | | <u>18,244,153.27</u> |
| Operating Expenses: | | |
| Administrative Expenses | | |
| Personal Services | 192,748.53 | |
| Employee Benefits | 33,700.76 | |
| Travel | 10,290.74 | |
| Contractual | 245,591.19 | |
| Supplies | 1,008.21 | |
| Grants | 732,428.16 | |
| Other | - | |
| Total Administrative Expenses | <u>1,215,767.59</u> | |
| Grant Expense | | 100,000.00 |
| Interest Expense | | 2,963,018.37 |
| Servicer Expense | | 43,443.53 |
| Bond Issuance Expense | | 133,296.14 |
| Total Operating Expenses | | <u>4,455,525.63</u> |
| Operating Income (Loss) | | 13,788,627.64 |
| Nonoperating Revenues (Expenses): | | |
| Investment Income | | <u>2,721,675.91</u> |
| Income (Loss) Before Transfers | | 16,510,303.55 |
| Transfers: | | |
| Transfer Out | | <u>(33,478.25)</u> |
| Change in Net Assets | | 16,476,825.30 |
| Net Assets at Beginning of Year | | <u>156,707,290.31</u> |
| Net Assets at End of Year | | <u><u>\$173,184,115.61</u></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
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2010**

Operating Revenues:

| | |
|-------------------------------|----------------------|
| Loan Interest Income | \$ 3,937,121.85 |
| Federal Capitalization Grants | 12,462,721.25 |
| Other Income | 1,301,150.17 |
| Bond Premium | 543,160.00 |
| Total Operating Revenue | <u>18,244,153.27</u> |

Operating Expenses:

| | | |
|-------------------------------|---------------------|---------------------|
| Administrative Expenses | | |
| Personal Services | 192,748.53 | |
| Employee Benefits | 33,700.76 | |
| Travel | 10,290.74 | |
| Contractual | 245,591.19 | |
| Supplies | 1,008.21 | |
| Grants | 732,428.16 | |
| Other | - | |
| Total Administrative Expenses | <u>1,215,767.59</u> | |
| Grant Expense | | 100,000.00 |
| Interest Expense | | 2,963,018.37 |
| Servicer Expense | | 43,443.53 |
| Bond Issuance Expense | | 133,296.14 |
| Total Operating Expenses | | <u>4,455,525.63</u> |

Operating Income (Loss) 13,788,627.64

Nonoperating Revenues (Expenses):

Investment Income 2,721,675.91

Income (Loss) Before Transfers 16,510,303.55

Transfers:

Transfer Out (33,478.25)

Change in Net Assets 16,476,825.30

Net Assets at Beginning of Year 156,707,290.31

Net Assets at End of Year \$173,184,115.61

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, 2010**

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, 2010, 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, \$9,975 is invested in a Money Market 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: | \$183,751,679 |
| Outstanding Loans: | \$183,439,521 |
| Current Year | |
| Administrative Expense: | \$312,158 |
| Loan Disbursement: | \$26,428,629 |

2. CASH AND INVESTMENTS

Cash and Cash Equivalents consisted of a Goldman Sachs Financial Square Treasury Obligation Fund (mutual fund). It was rated "AAAm" by Standard and Poor's Rating Group. The fund paid .04% for the period 7/1/2009 – 8/31/2009, .03% for the month of September 2009, and .01% for the period 10/01/2009 – 6/30/2010. A Money Market Taxable of Trust Institutional Now Account held since the previous year was sold 12/30/2009. The fund paid a constant .5%. This fund was not rated, but it was FDIC insured.

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, 2010, \$57,048,025 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 | 7/31/2012 | 1,008,846 |
| Guaranteed Investment Contract | 8/01/2015 | 6,303,257 |
| Guaranteed Investment Contract | 8/01/2017 | 8,415,497 |
| Guaranteed Investment Contract | 8/01/2025 | 10,677,816 |
| Guaranteed Investment Contract | 8/01/2026 | <u>30,642,609</u> |
| | | <u>\$57,048,025</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> |
|-----------------------|---------------------|
| Aa2 | 7,312,103 |
| A3* | 41,320,425 |
| Ba3* | <u>8,415,497</u> |
| Total | <u>\$57,048,025</u> |

* These guarantor's ratings are below the acceptable rating category (i.e., below Moody's Aa3). These investments have been fully collateralized with government securities in accordance with the provisions of Guaranteed Investment Contracts. These fully collateralized investments have a fair value that equates to contract value.

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, 2010 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 | 1,025,000 |
| Term Bonds | 5% | 2022 | 2,250,000 |
| Series 2004 Serial Bonds | 2.5%-5.25% | 2017 | 5,990,000 |
| Series 2005 Serial State Match | 3.25%-5% | 2026 | 1,320,000 |
| Serial Leveraged | 3.25%-5% | 2026 | 35,890,000 |
| Series 2008 Term State Match | 2.35% (a) | 2029 | 1,985,000 |
| Term Leveraged | 2.35% (a) | 2029 | <u>19,975,000</u> |
| Total | | | 68,535,000 |
| Less: Unamortized Deferred Amount of Refunding | | | (543,165) |
| Less: Unamortized Bond Discount | | | (18,914) |
| Add: Unamortized Bond Premium | | | 1,072,838 |
| Total Net of Amortization | | | <u>\$69,045,759</u> |

a) Variable rates are adjusted at any favorable interval. The rate is determined and reset by Wachovia Bank, National Association as Remarketing Agent.

The initial rate was set in March 2008 at 2.35%

For the period 8/1/2008 – 1/31/2009 the rate was 1.9%

For the period 2/1/2009 – 7/31/2009 the rate was 1.0%

For the period 8/1/2008 – 1/31/2010 the rate was .70%

For the period 2/1/2010 – 7/31/2010 the rate was .34%

Future bond payments and future interest payments remaining as of June 30, 2010 are as follows:

| <u>Year Ended</u> <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Principal</u> <u>and Interest</u> |
|--------------------------------------|-------------------|------------------|---|
| 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 | 3,405,000 | 2,473,476 | 5,878,476 |
| 2015 | 3,550,000 | 2,332,111 | 5,882,111 |
| 2016-2020 | 17,395,000 | 9,386,260 | 26,781,260 |
| 2021-2025 | 19,635,000 | 5,200,786 | 24,835,786 |
| 2026-2030 | <u>13,115,000</u> | <u>1,045,019</u> | <u>14,160,019</u> |

TOTAL \$68,535,000 \$ 28,743,589 \$97,278,589

Interest for the Series 2008 bond issue is a variable rate, so the future bond interest payments are an estimate due to the fact that we do not know what the future 2008 interest payments will be.

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 | \$71,774,385 | \$1,681 | \$2,730,307 | \$69,045,759 | \$3,573,626 |
| Compensated Absences | <u>61,857</u> | <u>14,085</u> | <u>25,178</u> | <u>50,764</u> | <u>26,778</u> |
| Long-Term Liabilities | <u>\$71,836,242</u> | <u>\$15,756</u> | <u>\$2,755,485</u> | <u>\$69,096,523</u> | <u>\$3,600,404</u> |

5. BOND ANTICIPATION NOTES (BANS)

Bond Anticipation Notes (BANS) with a par amount of \$37 million were issued with a closing date of 8/26/2009. They were sold at a premium of \$543,160 making the total BANS proceeds equal \$37,543,160. The maturity date on the BANS was 9/30/2010 with an interest rate of 2.0%.

6. COMMITMENTS

As of June 30, 2010, the CWSRF had loan commitments with political subdivisions worth \$76,128,338.

7. 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, 2010, 2009, and 2008 were \$13,258.20, \$11,683.34, and \$11,870.22, respectively, equal to the required contributions each year.

8. 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, 2010, a liability existed for accumulated annual leave calculated at the employee's June 30, 2010 pay rate in the amount of \$22,176.81. 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, 2010, a liability existed for accumulated sick leave, calculated at each employee's June 30, 2010 pay rate in the amount of \$28,587.65. The total leave liability of \$50,764.45 at June 30, 2010 is shown as a liability on the balance sheet.

9. 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.

10. SUBSEQUENT EVENTS

The Conservancy District issued State Revolving Fund Program Bond Anticipation Notes Series 2010 through a competitive sale process in September 2010. Proceeds of the Series 2010 Bond Anticipation Notes, together with other available funds, were used to pay the redemption price of the \$37 million 2009 Bond Anticipation Notes on 9/10/2010. The closing date for the 2010 BANS was 9/8/2010 with a maturity date of 9/30/2011.

**SOUTH DAKOTA BOARD OF WATER
AND NATURAL RESOURCES
DRINKING WATER STATE REVOLVING FUND
STATEMENT OF NET ASSETS
June 30, 2010**

Assets

Current Assets:

| | |
|--------------------------------------|----------------------|
| Cash and Cash Equivalents | \$ 35,748,267.04 |
| Restricted Cash and Cash Equivalents | 526,381.48 |
| Due from Federal Government | 305,478.10 |
| Due from Other Governments | 167,308.90 |
| Deferred Charges | 41,920.70 |
| Accrued Interest Receivable | 1,299,055.07 |
| Loans Receivable | <u>11,003,289.28</u> |
| Total Current Assets | 49,091,700.57 |

Noncurrent Assets:

| | |
|--------------------------|-----------------------|
| Investments | 35,103,975.11 |
| Restricted Investments | 419,250.00 |
| Deferred Charges | 497,958.94 |
| Loans Receivable | <u>124,535,863.84</u> |
| Total Noncurrent Assets: | <u>160,557,047.89</u> |

Total Assets

209,648,748.46

Liabilities

Current Liabilities:

| | |
|---|---------------------|
| Accounts Payable | 179,004.29 |
| Accrued Liabilities | 11,179.78 |
| Compensated Absences Payable | 25,641.87 |
| Accrued Interest Payable | 913,356.92 |
| Notes Payable | 18,000,000.00 |
| Bonds Payable - net of unamortized premium and discount | <u>2,538,820.77</u> |
| Total Current Liabilities | 21,668,003.63 |

Noncurrent Liabilities:

| | |
|---|----------------------|
| Compensated Absences Payable | 22,968.31 |
| Bonds Payable - net of unamortized premium and discount | <u>54,925,829.82</u> |
| Total Noncurrent Liabilities | <u>54,948,798.13</u> |

Total Liabilities

76,616,801.76

Net Assets

| | |
|-----------------------------|-----------------------|
| Restricted For Debt Service | 945,631.48 |
| Unrestricted | <u>132,086,315.22</u> |

Total Net Assets

\$133,031,946.70

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, 2010**

| | | |
|---|------------|--------------------------------|
| Operating Revenues: | | |
| Loan Interest Income | | \$ 2,847,119.96 |
| Federal Capitalization Grants | | 16,556,851.88 |
| Other Income | | 886,286.39 |
| Bond Premium | | 264,240.00 |
| Total Operating Revenue | | <u>20,554,498.23</u> |
| Operating Expenses: | | |
| Administrative Expenses | | |
| Personal Services | 172,139.63 | |
| Employee Benefits | 47,131.50 | |
| Travel | 12,219.34 | |
| Contractual | 531,120.08 | |
| Supplies | 1,008.24 | |
| Grants | 78,700.00 | |
| Other | 571.50 | |
| Total Administrative Expenses | | <u>842,890.29</u> |
| Grant Expense | | 1,862,000.00 |
| Interest Expense | | 2,237,170.11 |
| Servicer Expense | | 35,703.13 |
| Bond Issuance Expense | | 88,286.92 |
| Total Operating Expenses | | <u>5,066,050.45</u> |
| Operating Income (Loss) | | 15,488,447.78 |
| Nonoperating Revenue (Expenses): | | |
| Investment Income | | <u>1,681,054.68</u> |
| Income (Loss) Before Transfers | | 17,169,502.46 |
| Transfers: | | |
| Transfer In | | |
| Transfer Out | | <u>(29,388.59)</u> |
| Change in Net Assets | | 17,140,113.87 |
| Net Assets at Beginning of Year | | <u>115,891,832.83</u> |
| Net Assets at End of Year | | <u><u>\$133,031,946.70</u></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
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2010**

| | | |
|---|------------------|-------------------|
| Cash Flows from Operating Activities: | | |
| Receipts for Loan Repayments | \$ 11,140,084.52 | |
| Receipts for Interest Income on Loans | 2,694,345.47 | |
| Receipts for Surcharge Interest on Loans | 846,998.03 | |
| Receipts for Administering Program | 16,439,568.00 | |
| Receipts for BAN's Premium | 264,240.00 | |
| Payments to Loan Recipients | (31,737,550.00) | |
| Servicing Payments | (35,703.13) | |
| Ban's Issuance Costs Paid | (46,366.22) | |
| Payments for Employee Services | (214,102.85) | |
| Payments for Contractual Services | (525,653.11) | |
| Payment for Grants | (1,928,700.00) | |
| Other Payments | (12,750.52) | |
| Net Cash Provided (Used) by Operating Activities | | (3,115,589.81) |
| Cash Flows from Noncapital Financing Activities: | | |
| BAN's Receipts | 18,000,000.00 | |
| Transfers Out | (29,388.59) | |
| Principal Payments on Bonds | (1,815,000.00) | |
| Interest Payments on Bonds and Notes | (2,249,410.31) | |
| Net Cash Provided (Used) by Noncapital Financing Activities | | 13,906,201.10 |
| Cash Flows from Investing Activities: | | |
| Interest on Investments | 1,554,756.80 | |
| Proceeds from Sale of Investment Securities | 3,447,954.13 | |
| Purchase of Investment Securities | (9,830,910.76) | |
| Net Cash Provided (Used) by Investing Activities | | (4,828,199.83) |
| Net Increase (Decrease) in Cash and Cash Equivalents | | 5,962,411.46 |
| Cash and Cash Equivalents at Beginning of Year | | 30,312,237.06 |
| Cash and Cash Equivalents at End of Year | | \$ 36,274,648.52 |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities | | |
| Operating Income (Loss) | | \$ 15,488,447.78 |
| Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities: | | |
| Interest Expense | 2,237,170.11 | |
| Amortization of Bond Issuance Cost | 41,920.70 | |
| Assets: (Increase)/Decrease | | |
| Loans Receivable | (20,597,465.48) | |
| Accrued Interest Receivable on Loans | (152,774.49) | |
| Due from Federal Government | (117,283.88) | |
| Due from Other Governments | (39,288.36) | |
| Liabilities: Increase/(Decrease) | | |
| Accounts Payable | 18,515.53 | |
| Accrued Employee Benefits | 6,007.14 | |
| Accrued Liabilities | (838.86) | |
| Total Adjustments | | (18,604,037.59) |
| Net Cash Provided by Operations | | \$ (3,115,589.81) |

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, 2010**

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, 2010 consist of 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, \$526,381 is invested in a Money Market 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: | \$136,172,067 |
| Outstanding Loans: | \$135,539,153 |
| Current Year | |
| Administrative Expense: | \$632,914 |
| Loan Disbursement: | \$31,737,550 |

2. CASH AND INVESTMENTS

Cash and Cash Equivalents consisted of a Goldman Sachs Financial Square Treasury Obligation Fund (mutual fund). It was rated "AAAm" by Standard and Poor's Rating Group. The fund paid .04% for the period 7/01/2009 – 8/31/2009, .03% for the month of September 2009, and .01% for the period 10/01/2009 – 6/30/2010. A Money Market Taxable of Trust Institutional Now Account held since the previous year was sold on 12/30/2009. The fund paid a constant 0.5%. This fund was not rated, but it is FDIC insured.

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, 2010, \$35,523,225 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 | 8/01/2025 | \$ 30,315,283 |
| Guaranteed Investment Contract | 8/01/2026 | \$ <u>5,207,942</u> |
| | | \$ <u>35,523,225</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> |
|-----------------------|----------------------|
| A3 | \$ <u>35,523,225</u> |

This guarantor's rating is below the acceptable rating category (i.e., below Moody's Aa3). This investment has been fully collateralized with government securities in accordance with the provisions of Guaranteed Investment Contracts. These fully collateralized investments have a fair value that equates to contract value.

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, 2010 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 | \$ 990,000 |
| Term Bonds | 5.0% | 2019 | 2,960,000 |
| Series 2001 | | | |
| Serial Bonds | 4% - 5% | 2014 | 1,230,000 |
| Term Bonds | 5.0% | 2022 | 2,700,000 |

| | | | |
|---|------------|------|----------------------|
| Series 2004 | | | |
| Leveraged Serial Bonds | 3.0%-5.25% | 2025 | 19,060,000 |
| St. Match Serial Bonds | 3.0%-5.25% | 2025 | 4,235,000 |
| Series 2005 | | | |
| Leveraged Serial Bonds | 3.25%-5.0% | 2026 | 6,115,000 |
| St. Match Serial Bonds | 3.25%-5.0% | 2026 | 1,465,000 |
| Series 2008 | | | |
| Leveraged Term Bonds | 2.35% (a) | 2029 | 13,110,000 |
| St Match Term Bonds | 2.35% (a) | 2029 | <u>4,930,000</u> |
| Total | | | 56,795,000 |
| Less: Unamortized Original Issue Discount | | | (60,241) |
| Add: Unamortized Premium | | | <u>729,892</u> |
| Total Net of Amortization | | | <u>\$ 57,464,651</u> |

a) Variable rates are adjusted at any favorable interval. The rate is determined and reset by Wachovia Bank, National Association as Remarketing Agent.

The initial rate was set in March 2008 at 2.35%

For the period 8/1/2008 – 1/31/2009 the rate was 1.9%

For the period 2/12009 – 7/31/2009 the rate was 1.0%

For the period 8/1/2008 – 1/31/2010 the rate was .70%

For the period 2/1/2010 – 7/31/2010 the rate was .34%

Future bond payments and future interest payments remaining as of June 30, 2010 are as follows:

| Year Ended June 30, | Principal | Interest | Total Principal and Interest |
|------------------------|---------------------|----------------------|---------------------------------|
| 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 | 2,830,000 | 2,206,145 | 5,036,145 |
| 2015 | 2,945,000 | 2,083,676 | 5,028,676 |
| 2016-2020 | 16,715,000 | 8,221,577 | 24,936,577 |
| 2021-2025 | 17,400,000 | 4,075,581 | 21,475,581 |
| 2026-2030 | <u>9,095,000</u> | <u>725,403</u> | <u>9,820,403</u> |
| TOTAL | <u>\$56,795,000</u> | <u>\$ 24,600,576</u> | <u>\$81,395,576</u> |

Interest for the Series 2008 bond issue is a variable rate, so the future bond interest payments are an estimate due to the fact that we do not know what the future 2008 interest payments will be.

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 | \$59,323,471 | \$6,858 | \$1,865,678 | \$57,464,651 | \$ 2,538,821 |
| Compensated Absences | <u>42,603</u> | <u>13,591</u> | <u>7,584</u> | <u>48,610</u> | <u>25,642</u> |
| Long-Term Liabilities | <u>\$59,366,074</u> | <u>\$20,449</u> | <u>\$1,873,262</u> | <u>\$57,513,261</u> | <u>\$ 2,564,463</u> |

5. BOND ANTICIPATION NOTES (BANS)

Bond Anticipation Notes (BANS) with a par amount of \$18 million were issued with a closing date of 8/26/2009. They were sold at a premium of \$264,240 making the total BANS proceeds equal \$18,264,240. The maturity date on the BANS was 9/30/2010 with an interest rate of 2.0%.

6. COMMITMENTS

As of June 30, 2010, the DWSRF had loan commitments with political subdivisions worth \$66,288,335.

7. 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, 2010, 2009, and 2008, were \$11,979.46, \$10,322.14, and \$11,075.87, respectively, equal to the required contributions each year.

8. 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, 2010, a liability existed for accumulated annual leave calculated at the employee's June 30, 2010 pay rate in the amount of \$21,109. 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, 2010, a liability existed for accumulated sick leave, calculated at each employee's June 30, 2010, pay rate in the amount of \$27,501. The total leave liability of \$48,610 at June 30, 2010 is shown as a liability on the balance sheet.

9. 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.

10. SUBSEQUENT EVENTS

The Conservancy District issued State Revolving Fund Program Bond Anticipation Notes Series 2010 through a competitive sale process in September 2010. Proceeds of the Series 2010 Bond Anticipation Notes, together with other available funds, were used to pay the redemption price of the \$18 million 2009 Bond Anticipation Notes on 9/10/2010. The closing date for the 2010 BANS was 9/8/2010 with a maturity date of 9/30/2011.

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 \$146,233,700. 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 4 shows capitalization grants, state match, and leveraged funds for the Clean Water SRF program.

Table 4
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 |
| 2009 | \$3,274,300 | \$654,860 | \$37,455,570 | \$41,384,730 |
| 2009 - ARRA | \$19,239,100 | \$0 | | \$19,239,100 |
| 2010 | \$10,002,000 | \$2,000,400 | | \$12,002,400 |
| TOTAL | \$146,233,700 | \$25,398,920 | \$102,789,360 | \$274,421,980 |

* 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, 2010, principal repayments from borrowers totaled \$114,810,372. Of this amount \$94,946,533 has been re-loaned and \$21,126,848 has been used as leveraged bond debt service. Interest payments from borrowers totaled \$38,673,848. These funds, coupled with investment earnings, have provided \$38,470,386 in loans. Interest payments are also used for debt service on State Match bonds.

As of June 30, 2010, the Board has made 257 Clean Water loans totaling \$399,213,859. The Clean Water SRF loan portfolio begins on page 31 with a map showing the location of the borrowers. Table 5 on pages 32-38 provides the loan amount, date, and terms. Table 6 on page 39 shows the principal forgiveness awarded through the American Reinvestment and Recovery Act of 2009. More detailed project description narratives are provided by recipient on pages 40-52.

FIGURE 1
Clean Water State Revolving Fund Loans

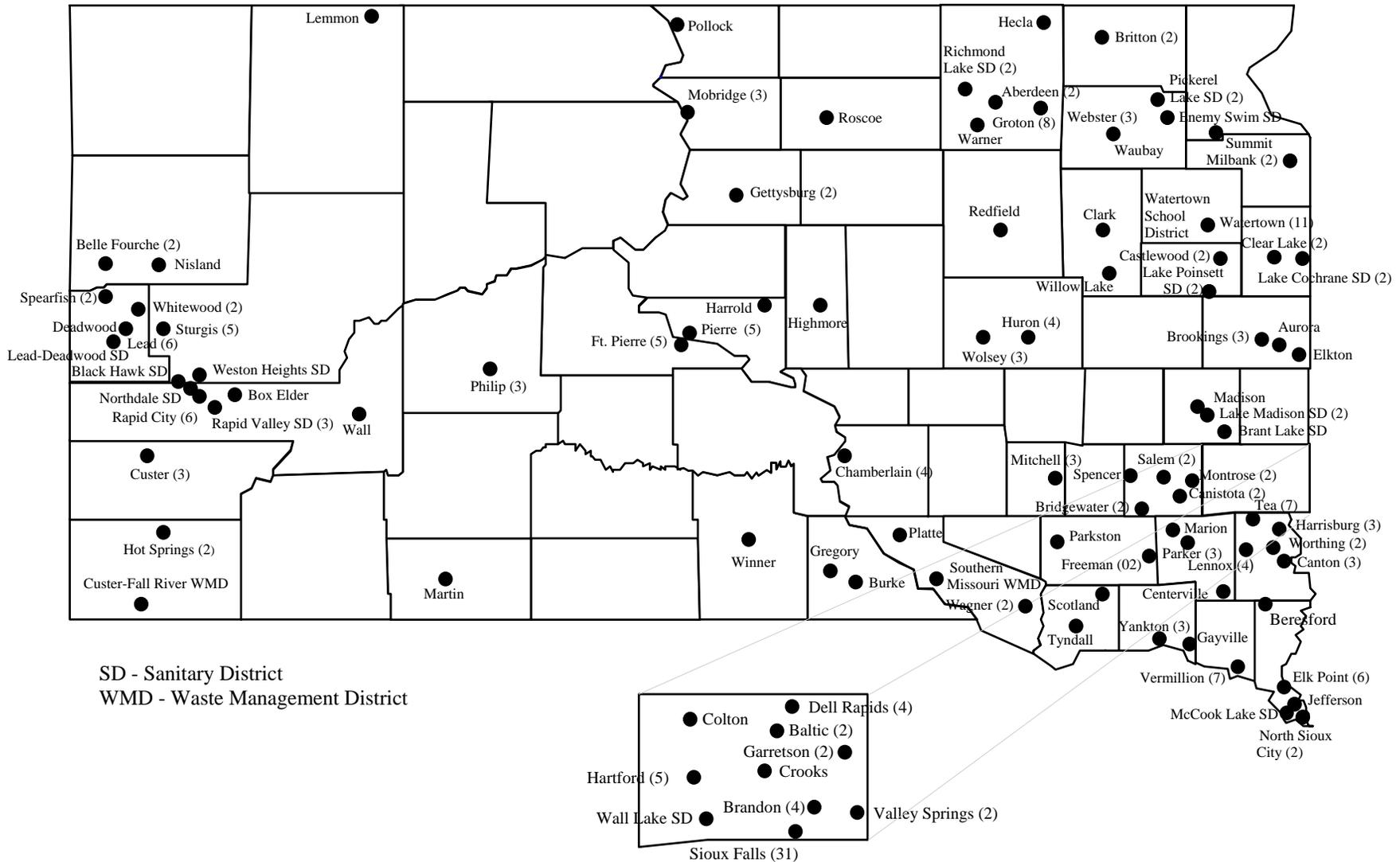


Table 5
Clean Water SRF Loans
Since Inception of Program through June 30, 2010

| 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 |
| Aurora (02) - ARRA | 07/23/2009 | 3.25% | 30 | \$660,000 | \$660,000 |
| Baltic (01) | 06/27/2002 | 3.50% | 20 | \$465,000 | \$405,646 |
| Baltic (02) - ARRA | 06/25/2009 | 3.00% | 20 | \$433,000 | \$433,000 |
| 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 |
| Brandon (03) - ARRA ² | 06/25/2009 | 2.25% | 10 | \$687,000 | \$0 |
| Brandon (04) - ARRA | 06/25/2009 | 2.25% | 10 | \$383,250 | \$383,250 |
| Brant Lake Sanitary District (01) | 06/24/2010 | 3.25% | 30 | \$1,700,000 | \$1,700,000 |
| 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) ¹ | 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 |
| Brookings (02) - ARRA | 03/27/2009 | 3.00% | 20 | \$1,190,000 | \$1,190,000 |
| Brookings (03) | 06/24/2010 | 3.00% | 20 | \$665,000 | \$665,000 |
| Burke (01) | 01/05/2006 | 3.25% | 20 | \$155,000 | \$155,000 |
| Canistota (01) - ARRA | 03/27/2009 | 3.25% | 30 | \$616,840 | \$616,840 |
| Canistota (02) | 12/16/2009 | 3.25% | 30 | \$188,669 | \$188,669 |
| Canton (01) ¹ | 05/19/1992 | 4.00% | 15 | \$621,000 | \$515,715 |
| Canton (02) | 01/10/2003 | 3.50% | 20 | \$600,000 | \$600,000 |
| Canton (03) - ARRA | 03/27/2009 | 3.00% | 20 | \$2,462,000 | \$2,462,000 |
| 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 |

| Sponsor | Binding Commitment Date | Rate | Term (years) | Original Binding Commitment Amount | Final Loan Amount |
|---|--|-------------|-------------------------|---|------------------------------|
| 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 | \$421,975 |
| Custer (01) ¹ | 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 |
| 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 |
| Dell Rapids (04) | 09/25/2008 | 3.25% | 20 | \$950,000 | \$950,000 |
| Elk Point (01) ¹ | 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 |
| Elk Point (06) - ARRA | 07/23/2009 | 3.00% | 20 | \$931,700 | \$931,700 |
| Elkton (01) - ARRA | 03/27/2009 | 3.00% | 20 | \$510,000 | \$510,000 |
| Enemy Swim Sanitary District (01) - ARRA ² | 03/27/2009 | 0% | - | \$300,000 | \$0 |
| 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) ² | 03/30/2007 | 3.25% | 20 | \$374,620 | \$0 |
| Fort Pierre (05) | 02/11/2009 | 3.00% | 20 | \$900,000 | \$900,000 |
| 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 | \$507,445 | \$507,445 |
| Gayville (01) | 06/25/2004 | 3.25% | 20 | \$275,000 | \$262,972 |
| Gettysburg (01) | 06/25/2009 | 3.25% | 30 | \$624,000 | \$624,000 |
| Gregory (01) | 8/26/2009 | 3.00% | 20 | \$357,000 | \$357,000 |
| 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 |

| Sponsor | Binding Commitment Date | Rate | Term (years) | Original Binding Commitment Amount | Final Loan Amount |
|--|--|-------------|-------------------------|---|------------------------------|
| Groton (06) | 01/03/2008 | 3.25% | 20 | \$150,000 | \$56,368 |
| Groton (07) - ARRA | 06/25/2009 | 3.00% | 20 | \$907,700 | \$707,200 |
| Groton (08) | 6/24/2010 | 2.25% | 10 | \$322,000 | \$322,000 |
| Harrisburg (01) ¹ | 06/23/1999 | 5.00% | 20 | \$520,000 | \$507,277 |
| Harrisburg (02) - ARRA | 06/25/2009 | 0% | - | \$3,941,200 | \$3,941,200 |
| Harrisburg (03) | 06/25/2009 | 3.25% | 30 | \$5,911,800 | \$5,911,800 |
| 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 | \$523,629 |
| Hecla (01) | 07/06/2009 | 3.00% | 20 | \$143,390 | \$143,390 |
| 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 |
| 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 |
| Lennox (03) - ARRA | 06/25/2009 | 0% | - | \$1,565,760 | \$1,565,760 |
| Lennox (04) - ARRA | 06/25/2009 | 3.25% | 30 | \$1,942,273 | \$1,942,273 |
| Madison (01) ¹ | 03/14/1991 | 3.00% | 10 | \$150,000 | \$119,416 |

| Sponsor | Binding Commitment Date | Rate | Term (years) | Original Binding Commitment Amount | Final Loan Amount |
|--------------------------------------|--|-------------|-------------------------|---|------------------------------|
| Madison (02) | 09/27/2007 | 3.25% | 20 | \$5,343,256 | \$5,343,256 |
| Marion (01) | 09/25/2008 | 3.50% | 30 | \$1,710,000 | \$1,710,000 |
| 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 |
| Milbank (01) - ARRA | 06/25/2009 | 3.00% | 20 | \$3,515,000 | \$3,515,000 |
| Milbank (02) | 06/25/2009 | 3.25% | 30 | \$1,000,000 | \$1,000,000 |
| 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 |
| Mitchell (03) | 02/11/2009 | 2.00% | 20 | \$1,534,224 | \$1,534,224 |
| Mitchell (03NPS) | 02/11/2009 | 2.00% | 20 | \$148,523 | \$148,523 |
| 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 | \$34,988 |
| Montrose (02) - ARRA | 03/27/2009 | 3.25% | 30 | \$804,000 | \$804,000 |
| 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 | \$480,501 |
| Parker (03) - ARRA | 03/27/2009 | 3.25% | 30 | \$700,900 | \$700,900 |
| Parkston (01) | 06/26/2008 | 3.25% | 20 | \$650,000 | \$635,690 |
| 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 |
| Pierre (04) | 03/28/2003 | 3.50% | 20 | \$1,378,404 | \$1,199,832 |
| Pierre (05) | 09/25/2008 | 3.25% | 20 | \$976,953 | \$976,953 |
| 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) ¹ | 12/12/1990 | 4.00% | 15 | \$2,637,000 | \$2,479,905 |
| Rapid City (02) ¹ | 07/08/1992 | 4.00% | 15 | \$1,138,200 | \$986,685 |
| Rapid City (03) ¹ | 06/23/1993 | 4.00% | 15 | \$777,500 | \$674,577 |
| Rapid City (04) ¹ | 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 |

| Sponsor | Binding Commitment Date | Rate | Term (years) | Original Binding Commitment Amount | Final Loan Amount |
|--|--|-------------|-------------------------|---|------------------------------|
| Rapid City (06) | 09/23/2009 | 3.00% | 20 | \$5,000,000 | \$5,000,000 |
| 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 | \$5,100,000 | \$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 | \$3,730,114 |
| 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 |
| 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 | \$10,309,144 |
| Sioux Falls (24) | 03/30/2007 | 2.50% | 7 | \$500,000 | \$500,000 |
| Sioux Falls (25) | 01/03/2008 | 2.50% | 10 | \$5,657,000 | \$5,657,000 |

| Sponsor | Binding Commitment Date | Rate | Term (years) | Original Binding Commitment Amount | Final Loan Amount |
|----------------------------------|--|-------------|-------------------------|---|------------------------------|
| 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 |
| Sioux Falls (28) - ARRA | 03/27/2009 | 2.25% | 10 | \$1,803,000 | \$1,803,000 |
| Sioux Falls (29) - ARRA | 03/27/2009 | 2.25% | 10 | \$2,540,000 | \$2,540,000 |
| Sioux Falls (30) - ARRA | 07/23/2009 | 2.25% | 10 | \$8,462,000 | \$8,462,000 |
| Sioux Falls (31) - ARRA | 05/27/2009 | 2.25% | 10 | \$1,970,000 | \$1,970,000 |
| Southern Missouri RWMD (NPS-01) | 10/06/1994 | 5.00% | 20 | \$700,000 | \$700,000 |
| Spearfish (01) ¹ | 03/12/1992 | 4.00% | 15 | \$1,956,000 | \$1,956,000 |
| Spearfish (02) | 01/03/2008 | 3.25% | 20 | \$5,900,000 | \$5,658,584 |
| Spencer (01) | 06/24/2010 | 3.25% | 30 | \$230,156 | \$230,156 |
| 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 |
| Sturgis (05) - ARRA | 08/26/2009 | 3.00% | 20 | \$516,900 | \$218,283 |
| Summit (01) - ARRA ¹ | 03/27/2009 | 0% | - | \$100,000 | \$100,000 |
| Tea (01) ¹ | 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 | \$787,174 |
| Tea (07) | 06/25/2009 | 3.00% | 20 | \$875,000 | \$845,000 |
| 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 (06) - ARRA | 06/25/2009 | 3.00% | 20 | \$499,000 | \$499,000 |
| Vermillion (NPS-01) ¹ | 08/10/1995 | 4.50% | 10 | \$480,000 | \$356,531 |
| Wagner (01) | 06/28/2007 | 3.25% | 20 | \$150,000 | \$138,329 |
| Wagner (02) ² | 07/23/2009 | 3.25% | 30 | \$500,000 | \$0 |
| 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) ¹ | 08/12/1992 | 4.00% | 15 | \$4,000,000 | \$4,000,000 |

| Sponsor | Binding Commitment Date | Rate | Term (years) | Original Binding Commitment Amount | Final Loan Amount |
|---------------------------------------|--|-------------|-------------------------|---|------------------------------|
| 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 |
| Watertown (06) | 03/31/2006 | 2.25% | 20 | \$1,189,145 | \$1,151,694 |
| Watertown (06NPS) | 03/31/2006 | 2.25% | 20 | \$113,985 | \$113,985 |
| Watertown (07) | 01/05/2007 | 2.25% | 20 | \$847,170 | \$808,7360 |
| Watertown (07NPS) | 01/05/2007 | 2.25% | 20 | \$81,205 | \$81,205 |
| Watertown (08) | 01/05/2007 | 2.25% | 20 | \$612,877 | \$525,041 |
| Watertown (08NPS) | 01/05/2007 | 2.25% | 20 | \$58,747 | \$58,747 |
| Watertown (09) - ARRA | 07/23/2009 | 3.00% | 20 | \$16,446,000 | \$16,446,000 |
| Watertown (10) - ARRA | 07/23/2009 | 3.00% | 20 | \$3,330,000 | \$3,330,000 |
| Watertown (11) | 07/23/2009 | 3.00% | 20 | \$815,000 | \$815,000 |
| Watertown School District (01) - ARRA | 07/23/2009 | 0% | - | \$503,635 | \$424,843 |
| 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 |
| Webster (03) - ARRA | 03/27/2009 | 0% | - | \$500,000 | \$500,000 |
| Weston Heights Sanitary District (01) | 03/31/2006 | 3.25% | 20 | \$638,300 | \$600,412 |
| Whitewood (01) ¹ | 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 |
| Wolsey (02) ² | 03/27/2009 | 3.00% | 20 | \$614,400 | 0 |
| Wolsey (03) | 03/25/2010 | 3.00% | 20 | \$901,560 | \$901,560 |
| Worthing (01) | 06/27/1996 | 5.25% | 20 | \$315,725 | \$227,645 |
| Worthing (02) | 09/27/2007 | 3.50% | 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 | | | | \$399,213,859 | \$379,999,339 |

¹ Loans paid in full

² Deobligated in full

Table 6
American Recovery and Reinvestment Act of 2009
Clean Water SRF Loans

| Sponsor | Total Assistance Amount | Principal Forgiveness Awarded | ARRA Loan Awarded | Non-ARRA Loan Awarded |
|-------------------------------|--------------------------------|--------------------------------------|--------------------------|------------------------------|
| Aurora (02) | \$660,000 | \$300,000 | \$0 | \$360,000 |
| Baltic (02) | \$433,000 | \$200,000 | \$0 | \$233,000 |
| Brandon (04) | \$383,250 | \$38,325 | \$0 | \$344,925 |
| Brookings (02) | \$1,190,000 | \$119,000 | \$0 | \$1,071,000 |
| Canistota (01) | \$616,840 | \$420,190 | \$0 | \$196,650 |
| Canton (03) | \$2,462,000 | \$840,500 | \$0 | \$1,621,500 |
| Elkton (01) | \$400,000 | \$130,000 | \$0 | \$380,000 |
| Elk Point (06) | \$931,700 | \$93,170 | \$0 | \$838,530 |
| Groton (07) | \$907,700 | \$299,500 | \$0 | \$407,700 |
| Harrisburg (02) | \$3,941,200 | \$3,941,200 | \$0 | \$0 |
| Hecla (01) | \$143,390 | \$14,339 | \$0 | \$129,051 |
| Lennox (03) | \$1,565,760 | \$1,565,760 | \$0 | \$0 |
| Lennox (04) | \$1,942,273 | \$123,024 | \$0 | \$1,819,249 |
| Milbank (01) | \$3,515,000 | \$2,257,500 | \$78,792 | \$1,257,500 |
| Montrose (02) | \$804,000 | \$160,400 | \$0 | \$643,600 |
| Parker (03) | \$700,900 | \$475,450 | \$0 | \$225,450 |
| Sioux Falls (28) | \$1,803,000 | \$180,300 | \$1,439,100 | \$622,700 |
| Sioux Falls (29) | \$2,540,000 | \$254,000 | \$0 | \$2,286,000 |
| Sioux Falls (30) | \$8,462,000 | \$846,200 | \$0 | \$7,615,800 |
| Sioux Falls (31) | \$1,970,000 | \$197,000 | \$1,025,560 | \$747,440 |
| Sturgis (05) | \$516,900 | \$218,283 | \$0 | \$298,617 |
| Summit (01) | \$100,000 | \$100,000 | \$0 | \$0 |
| Vermillion (06) | \$499,000 | \$249,500 | \$0 | \$249,500 |
| Watertown (09) | \$16,446,000 | \$1,644,600 | \$0 | \$14,801,400 |
| Watertown (10) | \$3,330,000 | 333,000 | \$0 | \$2,997,000 |
| Watertown School District(01) | \$424,843 | \$424,843 | \$0 | \$0 |
| Webster (03) | \$500,000 | \$500,000 | \$0 | \$0 |
| TOTAL | \$57,098,256 | \$15,926,084 | \$2,543,452 | \$18,469,536 |

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. The city's second loan was for \$660,000, at 3.25 percent for 30 years, and includes \$300,000 of principal forgiveness through the American Recovery and Reinvestment Act of 2009. This loan is to upgrade the city's single cell wastewater treatment lagoon to an artificial wetland treatment system.

BALTIC – Baltic received a \$465,000 loan at 3.5 percent for 20 years to fund sewer main and lift station replacement. Baltic's second loan was for \$433,000 to install rip rap at the wastewater treatment lagoon cells. This loan is at 3 percent for 20 years and includes \$200,000 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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. Brandon's third loan, for \$687,000 at 2.25 percent for 10 years, was to reroute the force main leading to the wastewater treatment facility. Brandon's fourth loan, for \$383,250 at 2.25 percent for 10 years, was to construct a storm water detention pond on the east side of the city. The third and fourth loans received 10 percent principal forgiveness (\$68,700 and \$38,325, respectively) through the American Recovery and Reinvestment Act of 2009. The third loan was rescinded at the city's request due to uncertainties concerning the route of the force main and the time limitations imposed by the American Recovery and Reinvestment Act.

BRANT LAKE SANITARY DISTRICT - The Brant Lake Sanitary District received a \$1,700,000 loan to construct a wastewater collection system to serve the residents of Brant Lake and convey wastewater to the Chester Sanitary District's wastewater treatment facility. The loan is at 3.25 percent for 30 years.

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. The city of Brookings received its second loan to extend sanitary and storm sewer service to the South Dakota State University Innovation Campus. The loan was for \$1,190,000 at 3.0 percent for 20 years and received \$119,000 of principal forgiveness through the American Recovery and Reinvestment Act of 2009. The city's third loan will finance the construction of a storm water detention pond with a rain garden component. The loan is for \$665,000 at 3 percent for 20 years and includes \$66,500 of principal forgiveness.

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.

CANISTOTA - The city of Canistota received a \$616,840 loan at 3.25 percent for 30 years to replace sewer line on Ash Street. The loan includes \$420,190 of principal forgiveness through the American Recovery and Reinvestment Act of 2009. Due to higher than expected costs on the Ash Street project, the city was awarded a second loan of \$188,669 to complete the project. This loan was also at 3.25 percent for 30 years.

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 Highway 18. Canton's third loan was for \$2,462,000 to upgrade the treatment capabilities of the city's wastewater treatment facility by constructing aerated lagoons and adding disinfection facilities. This loan is at 3.0 percent for 20 years and includes \$840,500 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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. Dell Rapids's fourth loan was for \$950,000 at 3.25 percent for 20 years to construct a new lift station, force main, and gravity sewer.

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. The city's sixth loan is to replace the sewer main on Main Street in conjunction with a highway reconstruction project. The loan amount is \$931,700 at 3 percent for 20 years and includes \$93,170 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

ELKTON - The city of Elkton was awarded a loan for \$510,000 to upgrade its wastewater treatment facility. The loan is at 3.25 percent for 30 years and includes \$130,000 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

ENEMY SWIM SANITATION DISTRICT - The Enemy Swim Sanitation District received a \$300,000 loan with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of

2009. The loan was to construct a centralized wastewater collection system at Enemy Swim Lake. The loan was rescinded at the district's request due to the inability to meet the time limitations imposed by the American Recovery and Reinvestment Act.

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. Due to higher than anticipated construction costs, this loan was rescinded at the city's request, and a new loan in the amount \$900,000 at 3.25 percent for 20 years was awarded.

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, which was later amended to \$507,445.

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.

GETTYSBURG - The city of Gettysburg received a \$624,000 loan to re-line several blocks of sewer main using cured-in-place pipe. The loan is at 3.25 percent for 30 years and includes \$82,400 of principal forgiveness through the American Recovery and Reinvestment Act of 2009. The principal forgiveness component of the loan was forfeited due to failure to meet the milestone date for submitting bid proposals.

GREGORY – Gregory received a \$327,000 loan at 3 percent for 20 years to replace or re-line the outfall line to the wastewater treatment facility and replace 500 feet of sanitary sewer pipe within the city.

GROTON – The city of Groton has received seven Clean Water SRF loans 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. The seventh loan replaced 4,700 feet of 8-inch sanitary sewer lines and 2,700 feet of 4-inch sewer services and upgraded a lift station. This loan was for \$907,700 at 3.0 percent for 20 years and includes \$500,000 of principal forgiveness through the American Recovery and Reinvestment Act of 2009. The city's eighth loan was to replace a collapsed sanitary sewer line that crossed under an operating railroad. The loan was awarded for \$322,000 at 2.25 percent for 10 years and included \$80,500 of principal forgiveness.

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. Harrisburg’s second and third loans were for a project to convey wastewater from Harrisburg to the city of Sioux Falls for treatment. A loan of \$3,941,200 with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009 will be used to construct a lift station at the city’s existing wastewater treatment facility property. A loan of \$5,911,800 at 3.25 percent for 30 years will be used to construct a force main from the lift station to the city of Sioux Falls’ collection system.

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.

HECLA - The town of Hecla was awarded a loan to replace sanitary sewer lines, sewer services, and appurtenances. This loan was for \$143,390 at 3.0 percent for 20 years and includes \$14,339 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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 at 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 sixth 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 received 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. Lennox's third and fourth loans were to replace the existing treatment facility with a sequencing batch reactor (SBR) mechanical aeration system and make improvements to a lift station. A loan of \$1,565,760 with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009 for those components of the project with a design life of 20 years. A loan of \$1,942,273 at 3.25 percent for 30 years will be used to construct those components of the project with a design life of at least 30 years. This loan includes \$123,024 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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.

MARION - The city of Marion received \$1,710,000 loan at 3.25 percent for 20 years to replace lines within the wastewater collection system.

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.

MILBANK - The city of Milbank received two Clean Water SRF loans to complete phase II improvements to its wastewater treatment facility. A loan for \$3,515,000 with \$2,257,500 of principal forgiveness through the American Recovery and Reinvestment Act of 2009 will be used for improvements to the primary clarifier, intermediate pumping facilities, final clarifiers and other appurtenances necessary to complete the project. The loan carries an interest rate of 3.0 percent for 20 years. A loan for \$1,000,000 at 3.25 percent for 30 years will be used to reclaim abandoned sludge storage ponds.

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. The city’s third SRF loan funded the replacement of the Foster Street lift station and associated force main and provided funding for shoreline stabilization and restoration on Lake Mitchell. The loan was in the amount of \$1,682,747 with an interest rate of 2.0 percent for 20 years.

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. Due to changes in the project scope, this loan was not sufficient to fund the needed improvements. The city received a second SRF loan for \$804,000 at 3.25 percent for 30 years to upgrade the wastewater treatment facility. This loan includes \$160,400 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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.

NORTHDALE 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. Parker was awarded a third loan in the amount of \$700,900 to continue replacing its wastewater collection system. This loan is at 3.25 percent for 30 years and includes \$475,450 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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 five Clean Water SRF loans for various projects. 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. Pierre’s fifth loan was for \$976,953 at 3.25 percent for 20 years for the stabilization of slide areas and drainage improvements at an old, pre-Subtitle D 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 City’s sixth loan is for replacing or upgrading various components within the water reclamation facility. The loan amount is \$5,000,000 and is at 3 percent for 20 years.

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 31 Clean Water SRF loans 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, were 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 Water 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). Sioux Falls’ 28th loan in the amount of \$1,803,000 will fund the addition of a third engine/generator in the Energy Recovery Unit at the Water Reclamation Facility. The city’s 29th loan involves the lining of sanitary sewer lines at numerous locations in the city and the construction of the Basin 13 Sanitary Trunk Sewer Section 2, Phase 1 project and was in the amount of \$2,540,000. The city’s 30th loan of \$1,970,000 was to expand the gas collection capabilities at the regional landfill. The 31st loan was for the continuation of the Central Main Interceptor project. Loans 28, 29, 30, and 31 each had an interest rate of 2.25 percent, a

10-year term and included 10 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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.

SPENCER - The town of Spencer was awarded a loan to replace sanitary sewer lines throughout the town. This loan was for \$230,156 at 3.25 percent for 30 years and includes \$100,000 of principal forgiveness.

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. Sturgis was awarded its fifth loan to install sanitary sewer service to the 90 homes of the Murray Addition and connecting them to city sanitary sewer service. The \$516,900 loan is at 3.0 percent for 20 years and includes \$218,283 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

SUMMIT - The city of Summit received a \$100,000 loan with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009. The loan was to upgrade the city’s wastewater treatment system.

TEA – The city of Tea has received seven loans for a variety of projects. 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. The city’s seventh loan for \$875,000 involves the construction of a 24-inch sanitary sewer trunk line along Highway 111 to serve the northern part of the city. This loan is at 3.0 percent for 20 years and includes \$87,500 of principal forgiveness through the American Recovery and Reinvestment Act of 2009. The principal forgiveness component of the loan was forfeited due to failure to meet the milestone date for submitting plans and specifications, and the loan amount was reduced to \$845,000.

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. The city's seventh loan for \$499,000 involves lining approximately 11,600 feet of sanitary sewer lines in various locations throughout the city using cured-in-place pipe. This loan is at 3.0 percent for 20 years and includes \$249,500 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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. Wagner was awarded its second loan to replace sewer line on South Park Street. The \$500,000 loan was at 3.25 percent for 30 years and included \$50,000 of principal forgiveness through the American Recovery and Reinvestment Act of 2009. The loan was rescinded at the city's request.

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 SRF 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 eight Clean Water SRF loans totaling \$14,474,693 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 Best Management Practices (BMP) 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 loans 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 was 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. Watertown's ninth loan was in the amount of \$16,446,000 and

was used to construct a new head works facility, rehabilitate a lift station, and extend, replace and re-line sanitary sewer. The city's tenth loan for \$3,330,000 funded several storm sewer projects through out the city. Loans 9 and 10 each had an interest rate of 3 percent, a 20-year term and included 10 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009. An eleventh loan in the amount of \$815,000 was awarded for the construction of a parking lot utilizing pervious pavement for storm water management. This loan was at 3 percent for 20 years and included \$500,000 of percent principal forgiveness.

WATERTOWN SCHOOL DISTRICT – The Watertown School District was awarded a loan in the amount of \$503,635 with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009. The loan was to construct a parking lot utilizing pervious pavement and other green infrastructure features for storm water management. The loan was reduced to \$424,843 due to insufficient costs being under contract by February 17, 2010.

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. The city's third loan was in the amount of \$500,000 loan with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009. The loan was to upgrade the city's discharging wastewater treatment facility to a total retention artificial wetland system.

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 Clean Water 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 South Dakota Department of Transportation project. The city's second loan for \$614,400 involves installing approximately 3,000 feet of storm sewer to separate combined sewer on Maple Avenue and install a lift station and sanitary sewer to provide sanitary sewer service to a new development in the south part of town. This loan is at 3.0 percent for 20 years and includes \$61,440 of principal forgiveness through the American Recovery and Reinvestment Act of 2009. Due to an expected increase in project costs and the inability to meet the time limitations imposed by the American Recovery and Reinvestment Act, this loan was rescinded. A third loan in the amount of \$901,560 at 3.0 for 20 years was awarded to Wolsey for the 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 \$154,137,100. 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 7 shows capitalization grants, state match and leveraged funds for the Drinking Water SRF program.

Table 7
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 |
| 2009 | \$8,146,000 | \$1,629,200 | \$18,221,624 | \$27,996,824 |
| 2009 - ARRA | \$19,500,000 | \$0 | | \$19,500,000 |
| 2010 | \$13,573,000 | \$2,714,600 | | \$16,287,600 |
| TOTAL | \$154,137,100 | \$26,927,420 | \$60,725,700 | \$241,790,220 |

Through June 30, 2009, principal repayments from borrowers totaled \$50,432,560.68. Of this amount \$31,537,939 has been re-loaned and \$13,331,260 has been used as leveraged bond debt service. Interest payments from borrowers totaled \$18,191,547.80, of which \$17,076,462 has been re-loaned. Interest payments are also used for debt service on State Match bonds.

As of June 30, 2010, the Board has made 171 Drinking Water loans totaling \$286,785,714. The Drinking Water SRF loan portfolio begins on page 55 with a map showing the location of the borrowers. Table 8 on pages 55-61 provides the loan amount, date, and terms. Table 9 on page 62 shows the principal forgiveness awarded through the American Reinvestment and Recovery Act of 2009. More detailed project description narratives are provided by recipient on pages 63-73.

Table 8
Drinking Water SRF Loans
Since Inception of Program through June 30, 2010

| 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 |
| Aberdeen (DW-02) | 07/23/2009 | 2.25% | 10 | \$1,750,000 | \$1,750,000 |
| Arlington (DW-01) - ARRA | 06/25/2009 | 0% | - | \$100,000 | \$100,000 |
| Aurora-Brule RWS (DW-01) - ARRA ¹ | 03/27/2009 | 0% | - | \$500,000 | \$500,000 |
| Baltic (DW-01) | 06/27/2002 | 3.50% | 20 | \$250,000 | \$250,000 |
| Baltic (DW-02) - ARRA | 06/25/2009 | 2.25% | 10 | \$165,000 | \$165,000 |
| 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 | \$1,066,674 |
| Bon Homme - Yankton WUD - ARRA ² | 06/25/2009 | 0% | - | \$300,000 | \$0 |
| Bowdle (DW-01) - ARRA | 06/25/2009 | 0% | - | \$150,000 | \$150,000 |
| 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 |
| Canistota (DW-01) - ARRA | 03/27/2009 | 3.00% | 30 | \$426,460 | \$426,460 |
| 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 |
| Chamberlain (DW-02) | 09/26/2009 | 3.00% | 20 | \$1,000,000 | \$1,000,000 |
| 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 |
| Clay RWS (DW-02) - ARRA | 06/25/2009 | 3.00% | 20 | \$846,300 | \$846,300 |
| Clay RWS (DW-03) | 06/24/2010 | 3.00% | 30 | \$2,208,000 | \$2,208,000 |
| 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 |
| Colonial Pine Hills Sanitary District (DW-02) - ARRA | 07/23/2009 | 3.00% | 20 | \$1,003,608 | \$1,003,608 |
| Colton (DW-01) | 06/27/2002 | 3.50% | 30 | \$681,720 | \$632,455 |

| Sponsor | Binding Commitment Date | Rate | Term (years) | Original Binding Commitment Amount | Final Loan Amount |
|---|--|-------------|-------------------------|---|------------------------------|
| Corson Village Sanitary District (DW-01) - ARRA | 07/23/2009 | 3.00% | 20 | \$601,735 | \$601,735 |
| 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 | \$376,962 |
| 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 | \$158,461 |
| DeSmet (DW-01) - ARRA | 08/26/2009 | 2.25% | 30 | \$258,000 | \$258,000 |
| 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 |
| Elk Point (DW-05) - ARRA | 07/23/2009 | 3.00% | 20 | \$1,179,500 | \$1,179,500 |
| Eureka (DW-01) | 09/28/2006 | 0.00% | 10 | \$135,000 | \$133,681 |
| Eureka (DW-02) - ARRA | 06/25/2009 | 0% | - | \$200,000 | \$200,000 |
| Fall River Water Users District (DW-01) | 12/09/1999 | 3.00% | 30 | \$759,000 | \$759,000 |
| Fall River Water Users District (DW-02) | 11/09/2001 | 2.50% | 30 | \$400,000 | \$260,958 |
| Fall River Water Users District (DW-03) - ARRA ¹ | 03/27/2009 | 0% | - | \$612,000 | \$612,000 |
| Fall River Water Users District (DW-04) - ARRA ¹ | 06/25/2009 | 0% | - | \$750,000 | \$750,000 |
| Faulton (DW-01) - ARRA ¹ | 03/27/2009 | 0% | - | \$500,000 | \$500,000 |
| Garretson (DW-01) | 06/27/2002 | 3.50% | 30 | \$1,261,060 | \$1,102,147 |
| Gettysburg (DW-01) ¹ | 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 |
| Groton (DW-03) - ARRA | 06/25/2009 | 0% | - | \$272,000 | \$272,000 |
| Hanson Rural Water System (DW-01)- ARRA | 08/26/2009 | 3.00% | 20 | \$840,000 | \$840,000 |
| 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 | \$1,291,925 |
| Harrisburg (DW-03) | 09/25/2008 | 3.25% | 20 | \$2,090,000 | \$2,090,000 |
| Hartford (DW-01) ¹ | 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 |
| Hill City (DW-01)- ARRA | 08/26/2009 | 3.00% | 30 | \$402,200 | \$402,200 |
| 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 |
| Huron (DW-02) - ARRA | 08/26/2009 | 3.00% | 30 | \$619,684 | \$619,684 |
| Ipswich (DW-01) - ARRA | 06/25/2009 | 3.00% | 30 | \$1,245,000 | \$1,245,000 |
| Irene (DW-01) ¹ | 06/22/2000 | 5.00% | 20 | \$145,000 | \$127,126 |

| Sponsor | Binding Commitment Date | Rate | Term (years) | Original Binding Commitment Amount | Final Loan Amount |
|---|--|-------------|-------------------------|---|------------------------------|
| 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 | \$2,315,622 |
| 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 (DW-03) -ARRA | 08/26/2009 | 3.00% | 20 | \$1,020,000 | \$1,020,000 |
| 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 |
| Letcher (DW-01) | 08/26/2009 | 2.25% | 30 | \$200,000 | \$200,000 |
| 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 |
| Mellette (DW-01) - ARRA | 08/27/2009 | 3.00% | 30 | \$271,780 | \$271,780 |
| Mid-Dakota RWS (DW-01) | 03/27/2009 | 2.00 | 3 | \$12,000,000 | \$12,000,000 |
| Mid-Dakota RWS (DW-02) - ARRA | 03/27/2009 | 0% | - | \$1,000,000 | \$1,000,000 |
| Milbank (DW-01) | 09/22/2005 | 2.50% | 30 | \$4,741,000 | \$4,460,294 |
| Miller (DW-01) | 01/03/2008 | 2.50% | 10 | \$255,200 | \$225,389 |
| Mina Lake San Dist (DW-01) | 11/13/1998 | 5.00% | 20 | \$255,200 | \$255,200 |
| Mina Lake San Dist (DW-02) - ARRA | 06/25/2009 | 3.00% | 20 | \$567,390 | \$567,390 |
| Minnehaha CWC (DW-01) | 06/27/2002 | 3.50% | 20 | \$6,500,000 | \$6,022,816 |
| Mission Hill (DW-01) ² | 06/26/2008 | 3.25% | 20 | \$250,000 | \$0 |
| Mitchell (DW-01) | 10/12/2000 | 4.50% | 20 | \$6,000,000 | \$2,850,115 |
| Mitchell (DW-02) - ARRA | 08/26/2009 | 3.00% | 20 | \$2,360,000 | \$2,360,000 |
| 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 |
| Mobridge (DW-05) - ARRA | 06/25/2009 | 0% | - | \$500,000 | \$500,000 |
| New Underwood (DW-01)- ARRA | 06/25/2009 | 3.00% | 20 | \$175,500 | \$175,000 |
| Newell (DW-01)- ARRA | 08/26/2009 | 2.25% | 30 | \$829,500 | \$829,500 |
| Nisland (DW-01) | 12/13/2001 | 0.00% | 30 | \$350,000 | \$350,000 |
| Northville (DW-01)- ARRA | 07/23/2009 | 3.00% | 20 | \$203,460 | \$203,460 |
| Oacoma (DW-01) - ARRA ² | 03/27/2009 | 3.00% | 20 | \$1,414,800 | 0 |
| Parker (DW-01) | 09/23/2004 | 3.25% | 20 | \$730,000 | \$730,000 |
| Parker (DW-02) | 06/22/2006 | 3.25% | 20 | \$300,000 | \$209,541 |
| Parker (DW-03) - ARRA | 03/27/2009 | 3.00% | 20 | \$554,200 | \$554,200 |
| Pierre (DW-01) | 01/31/2002 | 3.50% | 15 | \$1,094,200 | \$988,188 |

| Sponsor | Binding Commitment Date | Rate | Term (years) | Original Binding Commitment Amount | Final Loan Amount |
|--|--|-------------|-------------------------|---|------------------------------|
| 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 |
| Rapid City (DW-02) | 07/23/2009 | 3.00% | 20 | \$6,000,000 | \$6,000,000 |
| Rapid Valley San. Dist. (DW-01) - ARRA | 06/25/2009 | 0% | - | \$682,000 | \$682,000 |
| Redfield (DW-01) | 04/25/2001 | 4.50% | 20 | \$85,000 | \$85,000 |
| Redfield (DW-02) | 06/23/2005 | 2.50% | 30 | \$342,755 | \$228,823 |
| Roslyn (DW-01) - ARRA | 06/25/2009 | 0% | - | \$500,000 | \$500,000 |
| 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 |
| Selby (DW-01) - ARRA | 06/25/2009 | 0% | - | \$100,000 | \$100,000 |
| 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 | \$10,828,766 |
| Sioux Falls (DW-06) | 01/03/2008 | 2.50% | 10 | \$17,848,000 | \$12,848,000 |
| 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 |
| Sioux Falls (DW-09) - ARRA | 03/27/2009 | 2.25% | 10 | \$3,578,750 | \$3,578,750 |
| Sioux Falls (DW-10) - ARRA | 03/27/2009 | 2.25% | 10 | \$7,606,900 | \$7,606,900 |
| 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 |
| Sturgis (DW-02) - ARRA | 08/26/2009 | 2.25% | 10 | \$863,000 | \$863,000 |
| 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 | \$3,693,216 |
| Viborg (DW-01) | 03/27/2008 | 3.25% | 20 | \$249,775 | \$104,491 |
| 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 |
| Wagner (DW-03) - ARRA ² | 07/23/2009 | 0.00% | 30 | \$275,000 | \$0 |
| Warner (DW-01) - ARRA | 03/27/2009 | 0% | - | \$400,000 | \$400,000 |

| Sponsor | Binding Commitment Date | Rate | Term (years) | Original Binding Commitment Amount | Final Loan Amount |
|---|--|-------------|-------------------------|---|------------------------------|
| 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) ¹ | 10/12/2001 | 2.50% | 30 | \$340,000 | \$340,000 |
| West River/Lyman Jones RWS (DW-02) ¹ | 03/30/2005 | 3.25% | 30 | \$8,000,000 | \$7,943,023 |
| Wolsey (DW-01) | 06/23/2005 | 3.25% | 20 | \$263,000 | \$227,950 |
| Wolsey (DW-02) | 09/27/2007 | 3.25% | 20 | \$162,300 | \$162,300 |
| Woonsocket (DW-01) - ARRA | 08/27/2009 | 3.00% | 30 | \$720,000 | \$720,000 |
| 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 | \$896,975 |
| Yankton (DW-03) - ARRA | 03/27/2009 | 3.00% | 20 | \$3,000,000 | \$3,000,000 |
| Yankton (DW-04) - ARRA | 03/27/2009 | 3.00% | 20 | \$2,200,000 | \$2,200,000 |
| TOTAL | | | | \$286,785,714 | \$258,122,432 |

¹ Loans paid in full

² Deobligated in full

³ Rescinded by BWNR

Table 9
American Recovery and Reinvestment Act of 2009
Drinking Water SRF Loans

| Sponsor | Total Assistance Amount | Principal Forgiveness Awarded | ARRA Loan Awarded | Non-ARRA Loan Awarded |
|--|--------------------------------|--------------------------------------|--------------------------|------------------------------|
| Aberdeen (DW 02) | \$1,750,000 | 175,000 | \$943,399 | \$631,601 |
| Arlington (DW 01) | \$100,000 | \$100,000 | \$0 | \$0 |
| Aurora-Brule RWS (DW 01) | \$500,000 | \$500,000 | \$0 | \$0 |
| Baltic (DW 02) | \$165,000 | \$16,500 | \$0 | \$148,500 |
| Bon Homme-Yankton WUD (DW 01) | \$300,000 | \$300,000 | \$0 | \$0 |
| Bowdle (DW 01) | \$150,000 | \$150,000 | \$0 | \$0 |
| Canistota (DW 01) | \$426,460 | \$313,960 | \$0 | \$112,500 |
| Chamberlain (DW 02) | \$1,000,000 | \$300,000 | \$0 | \$700,000 |
| Clay RWS (DW 02) | \$846,300 | \$700,000 | \$0 | \$146,300 |
| Colonial Pine Hills San. Dist. (DW 02) | \$1,003,608 | \$250,000 | \$0 | \$753,608 |
| Corson Village San. Dist. (DW 01) | \$601,735 | \$541,562 | \$0 | \$60,173 |
| DeSmet (DW 01) | \$258,000 | \$25,800 | \$0 | \$232,200 |
| Elk Point (DW 05) | \$1,179,500 | \$660,520 | \$0 | \$518,980 |
| Eureka (DW 02) | \$200,000 | \$200,000 | \$0 | \$0 |
| Fall River WUD (DW 03) | \$612,000 | \$612,000 | \$0 | \$0 |
| Fall River WUD (DW 04) | \$750,000 | \$750,000 | \$0 | \$0 |
| Faulkton (DW 01) | \$500,000 | \$500,000 | \$0 | \$0 |
| Groton (DW 03) | \$272,000 | \$272,000 | \$0 | \$0 |
| Hanson RWS (DW 01) | \$840,000 | \$588,000 | \$0 | \$252,000 |
| Hill City (DW 01) | \$402,200 | \$241,320 | \$0 | \$160,880 |
| Huron (DW 02) | \$619,684 | \$122,500 | \$0 | \$497,184 |
| Ipswich (DW 01) | \$1,245,000 | \$933,750 | \$0 | \$311,250 |
| Lead (DW 03) | \$1,020,000 | \$387,600 | \$0 | \$632,400 |
| Mellette (DW 01) | \$271,780 | \$244,602 | \$0 | \$27,178 |
| Mid-Dakota RWS (DW 02) | \$1,000,000 | \$1,000,000 | \$0 | \$0 |
| Mina Lake San. Dist. (DW 02) | \$567,390 | \$283,695 | \$0 | \$283,695 |
| Mitchell (DW 02) | \$2,360,000 | \$354,000 | \$957,799 | \$1,048,201 |
| Mobridge (DW 05) | \$500,000 | \$500,000 | \$0 | \$0 |
| New Underwood (DW 01) | \$175,500 | \$70,200 | \$0 | \$105,300 |
| Newell (DW 01) | \$829,500 | \$322,750 | \$0 | \$506,750 |
| Northville (DW 01) | \$203,460 | \$162,768 | \$0 | \$40,692 |
| Parker (DW 03) | \$554,200 | \$452,100 | \$0 | \$102,100 |
| Rapid Valley San. Dist. (DW 01) | \$682,000 | \$682,000 | \$0 | \$0 |
| Roslyn (DW 01) | \$500,000 | \$500,000 | \$0 | \$0 |
| Selby (DW 01) | \$100,000 | \$100,000 | \$0 | \$0 |
| Sioux Falls (DW 09) | \$3,578,750 | \$357,875 | \$1,849,352 | \$1,371,523 |

| Sponsor | Total Assistance Amount | Principal Forgiveness Awarded | ARRA Loan Awarded | Non-ARRA Loan Awarded |
|---------------------|--------------------------------|--------------------------------------|--------------------------|------------------------------|
| Sioux Falls (DW 10) | \$7,606,900 | \$760,690 | \$0 | \$6,846,210 |
| Sturgis (DW 02) | \$863,000 | \$86,300 | \$0 | \$776,700 |
| Warner (DW 01) | \$400,000 | \$400,000 | \$0 | \$0 |
| Woonsocket (DW 01) | \$720,000 | \$416,500 | \$0 | \$303,500 |
| Yankton (DW 03) | \$3,000,000 | \$136,375 | \$0 | \$2,863,625 |
| Yankton (DW 04) | \$2,200,000 | \$220,000 | \$0 | \$1,980,000 |
| TOTAL | \$19,110,000 | \$15,359,450 | \$3,750,550 | \$21,413,050 |

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. Aberdeen received a \$1,750,000 loan with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009 to replace water meters through out the city. The loan was awarded at 2.25 percent for ten years.

ARLINGTON - The city of Arlington received a \$100,000 loan with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009. The loan was to replace water lines on Birch and 1st Streets.

AURORA-BRULE RURAL WATER SYSTEM - The Aurora-Brule Rural Water System received a \$500,000 loan with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009. The loan was to construct a new raw water intake and associated piping.

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. Baltic's second loan was for \$165,000 to replace water meters. This loan is at 2.25 percent for 10 years and includes \$16,500 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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

BON HOMME-YANKTON WATER USER DISTRICT - The Bon Homme-Yankton Water User District received a \$300,000 loan with 100 percent principal forgiveness through the American Recovery and Reinvestment Act (ARRA) of 2009. The loan was to construct a new raw water intake; however, due to inability of the project to meet ARRA deadlines, the loan was deobligated in full at the district's request.

BOWDLE - The city of Bowdle received a \$150,000 loan with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009. The loan was to replace water lines in various locations throughout the city.

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 involved construction of a new elevated storage tank as well as replacement of an underground storage tank. This would 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. The loan was deobligated at the town's request.

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.

CANISTOTA - The city of Canistota received a \$426,460 loan at 3.0 percent for 30 years to replace the water line on Ash Street. The loan includes \$313,960 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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. Chamberlain's second loan is for \$1,000,000 and will be used to replace water mains and appurtenances at nine locations within the city. This loan is at 3.0 percent for 20 years and includes \$300,000 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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. The system's second loan was for \$846,300 to construct of two new wells, replace the Garfield Booster Station with an above ground pumping station, replace variable frequency drives on pumps, and miscellaneous improvements to the SCADA system. This loan is at 3.0 percent for 20 years and includes \$700,000 of principal forgiveness through the American Recovery and Reinvestment Act of 2009. Clay Rural Water was

awarded its third loan in the amount of \$2,208,000 at 3 percent for 30 years and includes \$500,000 of principal forgiveness. The loan will fund the construction of several loops in the distribution system, improvements to the Spink Reservoir, upgrading the interconnection with the city of Beresford, installing a new booster station, and adding about 80 new users. This loan is at 3.0 percent for 20 years and includes \$250,000 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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 improved its water distribution system with a \$659,000 loan at 3.5 percent for 20 years. The district's second loan in the amount of \$1,003,608 will be used to construct a new well, well-house, and distribution line to replace a well that currently experiences high radionuclide levels..

COLTON – The city of Colton will connect to the Minnehaha Community Water Corporation 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.

CORSON VILLAGE SANITARY DISTRICT – Corson Village received its first Drinking Water SRF loan to replace the water distribution system and connect to the city of Brandon. The \$601,735 loan (3 percent for 20 years) includes \$541,562 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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.

DESMET - DeSmet used its first SRF loan to replace cast iron water mains with PVC water mains on 3rd Street from Highway 25 to Prairie Avenue. The \$258,000 loan, at 2.25 percent for 30 years, includes \$25,800 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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. The city's fifth loan is to replace the water main on Main Street in conjunction with a highway reconstruction project. The loan amount is \$1,179,500 at 3 percent for 20 years and includes \$660,520 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

EUREKA - Eureka utilized a \$135,000 loan at zero percent interest for ten years to replace water meters and implement a computer-generated water meter reading system. The city's second loan was in the amount of \$200,000 loan with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009. The loan was to replace old water mains throughout the city and loop additional lines, as well as the installation of a SCADA system and variable frequency drives on the pump house pump.

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 Drinking Water 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. Fall River's third and fourth loans were for \$612,000 and \$750,000, respectively, each with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009. The third loan was to construct additional lines to serve additional users including the town of Buffalo Gap and to construct a well house and associated lines to connect the well to the system. The fourth loan upgraded main distribution lines throughout the system to supply larger volume of water to meet demand.

FAULKTON - The city of Faulkton received a \$500,000 loan with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009. The loan was to replace water lines in various locations throughout the city, loop all dead-end lines 4 inches and larger, replace all water meters, and purchase a standby generator.

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. The city's third loan was in the amount of \$272,000 with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009. The loan was to replace water meters.

HANSON RURAL WATER SYSTEM – The Hanson Rural Water System was awarded its first Drinking Water SRF loan in the amount of \$840,000 at 3 percent for 20 years and includes \$588,000 of principal forgiveness through the American Recovery and Reinvestment Act of 2009. The rural water system will replace an elevated water storage tank located in Ethan with a new 200,000-gallon water storage tank to be used by Ethan residents and surrounding residents on the Hanson RWS.

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. Harrisburg’s third loan is for \$2,090,000 at 3.25 for 20 years to construct a 750,000-gallon water tower, demolition of the existing standpipe and an abandoned 30,000-gallon water tower, and install miscellaneous piping.

HARTFORD – Hartford received a \$185,000 loan at 5 percent interest for 20 years. This project replaced 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, funded improvements to 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.

HILL CITY – The city of Hill City received its first Drinking Water SRF loan in the amount of \$402,200 at 3 percent for 30 years and included \$241,320 of principal forgiveness through the American Recovery and Reinvestment Act of 2009. The project involves looping dead-end lines and replacing a water line that freezes due to insufficient cover.

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. The city’s second loan was used to replace approximately 14,500 feet of 6 inch and 12 inch water main.

IPSWICH - The city of Ipswich received a \$1,245,000 loan to replace an elevated water tower and two underground water tanks with a new 150,000-gallon elevated water storage tank, replace water meters and install a radio read system, and purchase a standby generator and variable frequency drives for the city pumps. The loan is at 3.0 percent for 30 years and includes \$933,750 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

IRENE – The city of Irene received a 5 percent interest loan for 20 years in the amount of \$145,000. The project is replaced 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. The city’s third SRF loan replaced water mains on Lower May, South Main, and West Addie Streets in conjunction with a project to separate combined sanitary and storm sewer mains. The \$1,020,000 loan, at 3 percent for 20 years, included \$387,600 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

LEAD-DEADWOOD SANITARY DISTRICT – The Lead-Deadwood Sanitary District received a \$2,683,957, 5.25 percent, 20-year loan to refinance its 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.

LETCHER – Letcher received its first SRF loan to assist in financing the replacement of the town’s water distribution system. The loan amount is \$200,000 at 2.25 percent for 30 years.

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 its 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.

MELLETTTE - The town of Mellette received a loan for \$271,780 to replace nine blocks of water main and install gate valves and fire hydrants. The loan is at 3 percent for 30 years and includes \$244,602 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

MID-DAKOTA RURAL WATER SYSTEM - The Mid-Dakota Rural Water System received its first two loans for projects to increase the production capacity of the water treatment plant and to construct an underground pumping station and a two million-gallon elevated water reservoir. The first loan for \$12,000,000 at 2.00 percent for 3 years will provide interim financing for all the projects. The second loan is in the amount of \$1,000,000 with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009 and will partially fund the pumping station and elevated water reservoir.

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. The district's second loan was for \$567,390 to replace undersized water mains, construct approximately 11,400 feet of new water main to improve pressure, and upgrade existing water meters. This loan is at 3.0 percent for 20 years and includes \$283,695 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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. The loan was deobligated in full at the request of the city.

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. The city's second Drinking Water SRF loan will be used to construct a 1,000,000-gallon elevated water storage tank to replace a water tower built in 1928. The \$2,360,000 loan, at 3 percent for 20 years, included \$354,000 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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. The city's fifth loan was in the amount of \$500,000 loan with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009. The loan was to make improvements to the raw water intake.

NEW UNDERWOOD - The city of New Underwood was awarded a \$175,500 loan to partially fund the construction of a water treatment facility to address radium and gross alpha contamination at its water source. The loan is at 3.0 percent for 20 years and includes \$70,200 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

NEWELL - The city of Newell received a loan for \$829,000 to drill a new well, construct a new well house, controls, and chlorination equipment; replace old water main, and replace a water tower. The loan is at 2.25 percent for 30 years and includes \$322,750 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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

NORTHVILLE – Northville received \$203,460 loan to replace water meters throughout the town, replace and loop water lines, and make improvements to a service pump. The loan was at 3.0 percent for 20 years and included \$162,768 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

OACOMA - Oacoma received a \$1,414,800 Drinking water SRF loan to construct a new water reservoir and associated piping. The loan was at 3.0 percent for 20 years and included \$321,480 of principal

forgiveness through the American Recovery and Reinvestment Act of 2009. The loan was deobligated due to a change in project scope which prevented the city from meeting ARRA deadlines.

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. Parker was awarded a third loan in the amount of \$554,200 to continue replacing its water distribution system. This loan is at 3.0 percent for 20 years and includes \$452,100 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

PIERRE – The city of Pierre used 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 financed a new water tank and transmission main in the southwest edge of the city. Rapid City was awarded its second loan for engineering services and the purchase of membranes at the Jackson Springs Water Treatment Plant. The loan amount is \$6,000,000 at 3 percent for 20 years.

RAPID VALLEY SANITARY DISTRICT – The Rapid Valley Sanitary District received a \$682,000 loan with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009. The loan was to install a third microfiltration skid to increase plant production from 2 to 3 MGD, allowing the district to serve two small existing sanitary districts east of Rapid 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 financed 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.

ROSLYN - The city of Roslyn received a \$500,000 loan with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009. The loan was to replace water mains throughout the city and construct a new 50,000-gallon water storage tank.

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, funded 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.

SELBY - The city of Selby received a \$100,000 loan with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009. The loan will partially fund the second phase of the city’s water main replacement project.

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. Sioux Falls’ ninth loan in the amount of \$3,578,750 will replace three vertical water supply wells with a new horizontal collector well and the rehabilitate an existing horizontal well. The city’s tenth loan in the amount of \$7,606,900 involves water main and valve replacement at various locations and the upgrade of a pumping station. Loans 9 and 10 each had an interest rate of 2.25 percent, a 10-year term and included 10 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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 Regional Water System.

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. The second loan awarded to Sturgis is to upgrade the water distribution system serving the Murray Addition. The \$863,000 loan is at 2.25 percent for 10 years and includes \$86,300 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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 Regional 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 financed 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 was used to construct lime sludge disposal lagoons. Vermillion’s second loan, \$1,510,000 at 3.5 percent interest for 20 years, funded 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, funded 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, in the amount of \$175,000 at the disadvantaged rate of zero percent interest for 30 years, replaced water utilities along North Park St. and North Street. Wagner was awarded its third loan to replace water line on South Park Street. The \$275,000 loan was at 0 percent for 30 years and included \$55,000 of principal forgiveness through the American Recovery and Reinvestment Act of 2009. The loan was rescinded at the city’s request.

WARNER - The city of Warner received a \$400,000 loan with 100 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009. The loan will partially fund improvements to the city’s water storage capabilities.

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. WR/LJ’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.

WOOONSOCKET — Woonsocket was awarded its first SRF loan in the amount of \$720,000 to replace and loop of water lines primarily along Highway 34. The loan has an interest rate of 3.0 percent, a 30-year term and included \$416,500 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

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. Yankton's third loan in the amount of \$3,000,000 funded 12 water main replacement projects and two water tower rehabilitation projects. The city received its fourth loan in the amount of \$2,200,000 to drill two wells on the Nebraska side of the Missouri River and construct a raw water transmission line from the wells to the existing water treatment plant on the South Dakota shore. These loans have an interest rate of 3.0 percent, a 20-year term and included 10 percent principal forgiveness through the American Recovery and Reinvestment Act of 2009.

BOND ISSUE SUMMARIES

South Dakota Conservancy District

\$55,000,000 State Revolving Fund Program Bond Anticipation Notes Series 2009

Bond Issue

- Tax-exempt, Bond Anticipation Notes
- Competitive Sale
- Par Amount \$55,000,000
- Provide \$37.5 million in leveraged proceeds for Clean Water SRF program
- Provide \$ 18.2 million in leveraged proceeds for Drinking Water SRF program
- MIG-1 rating by Moody's Investors Services, Inc.
- SP-1+ rating by Standard & Poor's
- Notes priced and sold on August 12, 2009
- Notes closing on August 25, 2009
- True Interest Cost - 0.584%
- Average Coupon Rate - 2.00%
- Maturity Date - September 10, 2010

Financial Team

- Perkins Coie, LLP - Bond Counsel
- The First National Bank in Sioux Falls - Trustee
- Public Financial Management, Inc. - Financial Advisor

Winning Bidder

- Piper Jaffray & Company

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
 - Rate Reset on August 1, 2008 - 1.90% in effect until February 1, 2009
 - Rate Reset on February 1, 2009 - 1.00% in effect until August 1, 2009
 - Rate Reset on August 1, 2009 - 0.70% in effect until February 1, 2010
 - Rate Reset on February 1, 2010 - 0.34% in effect until August 1, 2010

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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