

Current Interest Rates

Clean Water State Revolving Fund Loan Rates

	Interest	Admin	Total
Term Up to 30 Years	2.50%	0.75%	3.25%
Term Up to 20 Years	2.25%	0.75%	3.00%
Term Up to 10 Years	1.50%	0.75%	2.25%
Interim Financing (5 years)	2.00%	0.00%	2.00%
NPS--Watershed Incentive Rate (Up to 30 Years)	1.50%	0.75%	2.25%
NPS--Watershed Incentive Rate (Up to 20 Years)	1.25%	0.75%	2.00%
NPS--Watershed Incentive Rate (Up to 10 Years)	0.75%	0.50%	1.25%

Drinking Water State Revolving Fund Loan Rates

	Interest	Admin	Total
Term Up to 30 Years **	2.75%	0.50%	3.25%
Term Up to 20 Years	2.50%	0.50%	3.00%
Term Up to 10 Years	1.75%	0.50%	2.25%
Interim Financing (5 Years)	2.00%	0.00%	2.00%
<u>Disadvantaged Community* Loans Up To 30 Years</u>			
Median Household Income (MHI) between 80% of MHI and the MHI	2.50%	0.50%	3.00%
MHI between 60% and 80% of MHI	1.75%	0.50%	2.25%
MHI Income less than 60% of MHI	0.00%	0.00%	0.00%
<u>Disadvantaged Community* Loans Up To 10 Years</u>			
MHI between 60% and 80% of MHI	1.00%	0.25%	1.25%

* Disadvantaged community must meet a MHI and water rate criteria as per ARSD 74:05:11:01(11)

** Must be a municipality or special purpose governmental entities to receive 30-year non-disadvantaged loan

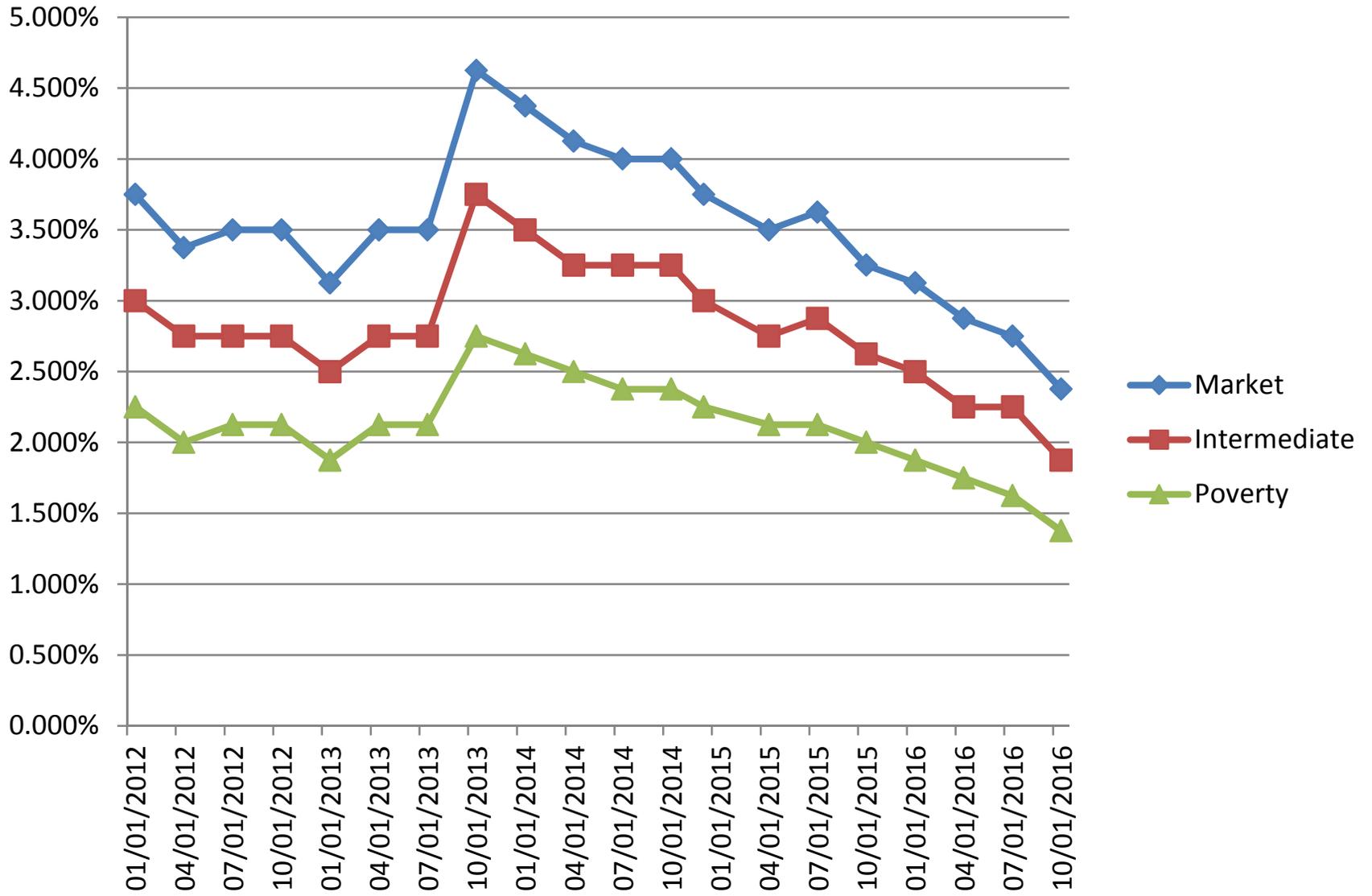
Consolidated Water Facilities Construction Fund Loan Rates

Term Up to 30 Years	3.25%
Term Up to 20 Years	3.00%
Term Up to 10 Years	2.25%

Solid Waste Management Program Loan Rates

Term Up to 20 Years	3.00%
Term Up to 10 Years	2.25%

Rural Development Interest Rates



Colorado Water Resources and Power Development Authority

Clean Water and Drinking Water SRF Loan Rates

	Interest*
Term Up To 20 Years (under \$2,500,000)	2.0%
Projects that qualify as "Green" and the "Green" requirement has not been met	0%
<u>DAC-Disadvantaged Community Loans Up to 30 Years</u> <u>(Population of 10,000 or less)</u>	
Median Household Income (MHI) levels that range from 61% to 80% of the statewide MHI and	1.0%
Median Household Income (MHI) levels that are less than 61% of the statewide MHI	0%
Leveraged Loans (over \$2,500,000)	70% of the Market Rate on the authority's AAA rated Bonds

*Admin fees are built into the interest rates listed above.

Iowa Finance Authority

DW/CW SRF borrowers are charged a 0.5% loan origination fee

	Interest
Term Up To 20 Years	1.75% *
Term Up To 30 Years (Clean Water only)	2.75% *
Term Up To 30 Years (CW/DW Disadvantaged Communities)	1.75% *

* Includes .25% annual servicing fee

Planning & Design Loans are at 0% interest (no payments) up to 3 years. These are either rolled into an SRF loan or paid in full if they get other financing.

Source Water Protection loans are offered at a 0% interest rate

Iowa allows all loans over 10-years old to refinance down to the new interest rate. Borrowers are notified on the loan anniversary date.

Minnesota Public Facilities Authority

Minnesota sets SRF loan rates based on discounts from a daily market index. All borrowers get a base 1.5% discount from the AAA scale. Small borrowers under 2,500 population can get additional discounts up to 2.5% based on average residential system costs as a percentage of MHI. Minnesota has set a minimum rate of 1%.

Loans are amortized up to a maximum of 20 years, or up to 30 years if the average annual residential cost would exceed 1.4 percent of median household income.

With current market rates at or near historic lows, most loans are at or near the 1% minimum.

Montana Department of Natural Resources and Conservation

Clean Water and Drinking Water SRF programs

Up To 20 years / 30 years if Hardship

Up To 3 years

Interest rate: 2.00%

Short term rate: 1.25%

Administration: 0.25%

Loan Loss Reserve: 0.25%

Total loan rate: 2.50%

North Dakota Public Finance Authority

Clean Water and Drinking Water SRF Tax Exempt Loan Rates

20 or 30-year terms: Interest 2% + Admin 0.5% = Total 2.5%

Clean Water and Drinking Water SRF Taxable Loan Rates

20 or 30-year terms: Interest 3% + Admin 0.5% = Total 3.5%

(Taxable loans are uncommon)

Wyoming Water Quality Division

SRF core program rate is 2.5% for up to 20 years.

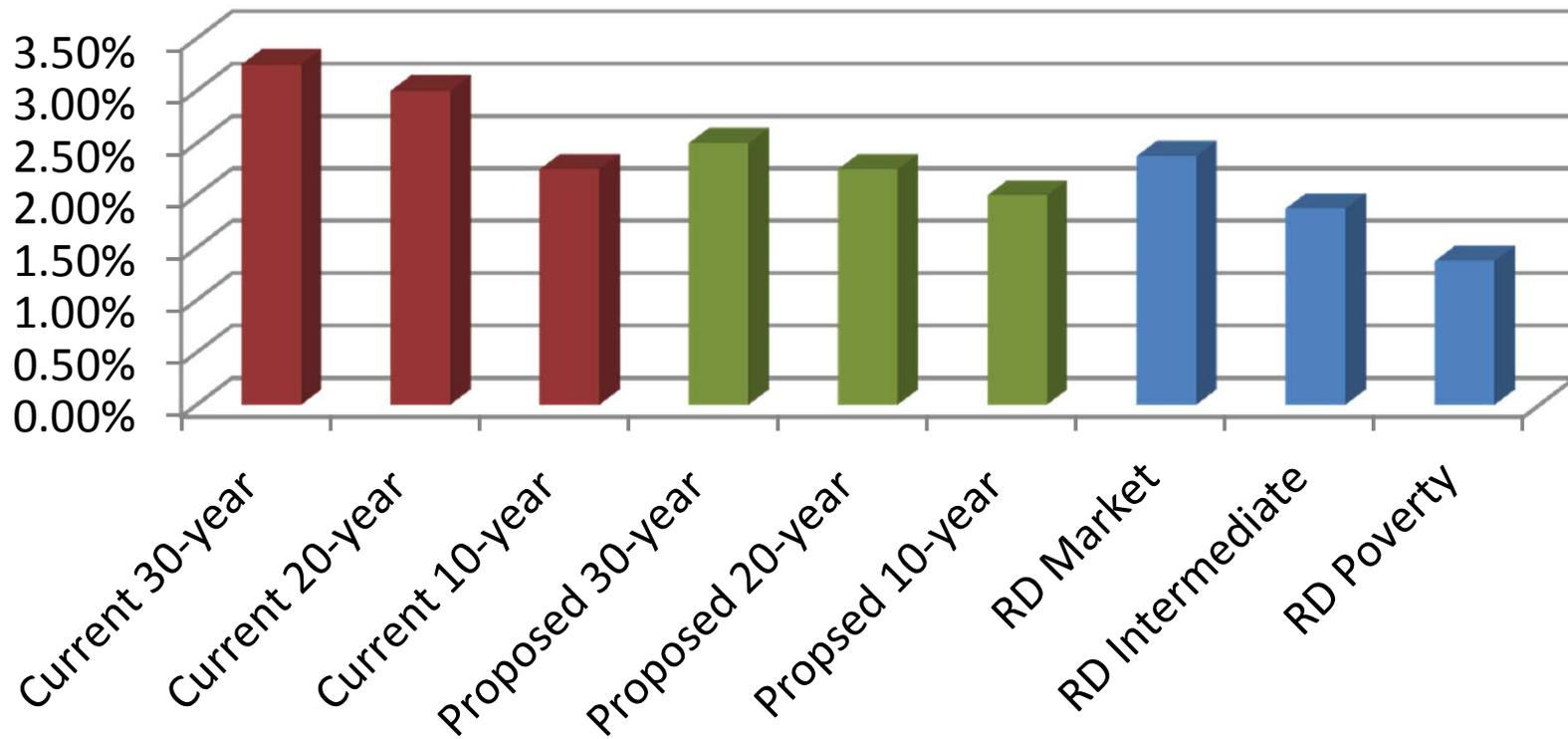
Green Project components are eligible for a 0% for up to 20 year loan.

Under special program incentives (aka additional subsidization), the rate is 0% for 20 years, with principal forgiveness.

Proposed "Base Rates" for All Programs

	<u>Current</u>	<u>Proposed</u>
Term Up to 30 Years	3.25%	2.50%
Term Up to 20 Years	3.00%	2.25%
Term Up to 10 Years	2.25%	2.00%

BWNR and RD Rate Comparison



Proposed Clean Water State Revolving Fund Loan Rates

		Interest	Admin	Total
Term Up to 30 Years	Current	2.50%	0.75%	3.25%
	Proposed	1.75%	0.75%	2.50%
Term Up to 20 Years	Current	2.25%	0.75%	3.00%
	Proposed	1.50%	0.75%	2.25%
Term Up to 10 Years	Current	1.50%	0.75%	2.25%
	Proposed	1.25%	0.75%	2.00%
Interim Financing (5 years)	Current	2.00%	0.00%	2.00%
NPS--Watershed Incentive Rate (Up to 30 Years)	Current	1.50%	0.75%	2.25%
	Proposed	0.75%	0.75%	1.50%
NPS--Watershed Incentive Rate (Up to 20 Years)	Current	1.25%	0.75%	2.00%
	Proposed	0.75%	0.50%	1.25%
NPS--Watershed Incentive Rate (Up to 10 Years)	Current	0.75%	0.50%	1.25%
	Proposed	0.50%	0.50%	1.00%

Proposed Drinking Water State Revolving Fund Loan Rates

		Interest	Admin	Total
Term Up to 30 Years **	Current	2.75%	0.50%	3.25%
	Proposed	2.00%	0.50%	2.50%
Term Up to 20 Years	Current	2.50%	0.50%	3.00%
	Proposed	1.75%	0.50%	2.25%
Term Up to 10 Years	Current	1.75%	0.50%	2.25%
	Proposed	0.50%	0.50%	1.00%
Interim Financing (5 Years)	Current	2.00%	0.00%	2.00%
<u>Disadvantaged Community* Loans Up To 30 Years</u>				
Median Household Income (MHI) between 80% of MHI and the MHI	Current	2.50%	0.50%	3.00%
	Proposed	1.75%	0.50%	2.25%
MHI between 60% and 80% of MHI	Current	1.75%	0.50%	2.25%
	Proposed	1.50%	0.50%	2.00%
MHI Income less than 60% of MHI	Current	0.00%	0.00%	0.00%
<u>Disadvantaged Community* Loans Up To 10 Years</u>				
MHI between 60% and 80% of MHI	Current	1.00%	0.25%	1.25%
	Proposed	1.00%	0.00%	1.00%

* Disadvantaged community must meet a MHI and water rate criteria as per ARSD 74:05:11:01(11)

** Must be a municipality or special purpose governmental entities to receive 30-year non-disadvantaged loan

Proposed Consolidated Water Facilities Construction Program Rates

Term Up to 30 Years	Current	3.25%
	Proposed	2.50%
Term Up to 20 Years	Current	3.00%
	Proposed	2.25%
Term Up to 10 Years	Current	2.25%
	Proposed	2.00%

Proposed Solid Waste Management Program Loan Rates

Term Up to 20 Years

Current 3.00%

Proposed 2.25%

Term Up to 10 Years

Current 2.25%

Proposed 2.00%

State Water Facilities Plan Applicants

Project Sponsor	Description	Estimated Total Project (\$)	Recommendation
Avon	Water Meter Replacement	\$469,860	Place on Facilities Plan
Blunt	Wastewater System Improvements	\$1,310,000	Place on Facilities Plan
Blunt	Storm Water Improvements	\$920,000	Place on Facilities Plan
B-Y Water District	Water Treatment Plant Reservoir	\$4,372,488	Place on Facilities Plan
Canova	Drinking Water Improvements	\$225,920	Place on Facilities Plan
Centerville	Main Street Storm Sewer Improvements	\$214,000	Place on Facilities Plan
Colton	Sanitary Sewer and Watermain Improvements	\$2,668,759	Place on Facilities Plan
Dell Rapids	Water and Sewer Improvements - Phase I	\$14,427,000	Place on Facilities Plan
Doland	Water Meter Replacement	\$104,300	Place on Facilities Plan
Elk Point	Lagoon Expansion	\$283,000	Place on Facilities Plan
Faith	Wastewater System Improvements	\$1,472,814	Place on Facilities Plan
Fort Pierre	Wastewater System Improvements	\$2,229,300	Place on Facilities Plan
Harrisburg	Wastewater Treatment Facility Construction	\$23,917,000	Place on Facilities Plan
Hermosa	Water Source and Distribution	\$199,000	Place on Facilities Plan
Hot Springs	North 24th Street Sewer Expansion	\$270,000	Place on Facilities Plan
Humboldt	Water Meters and Phase 2 Wastewater Replacement	\$3,049,030	Place on Facilities Plan
Lake Norden	Wastewater Collection System Improvements	\$510,000	Place on Facilities Plan
Langford	Water Distribution and Storage Improvements	\$1,922,000	Place on Facilities Plan
Lead-Deadwood Sanitary District	Peake Ditch Pipeline Rehabilitation	\$1,061,000	Place on Facilities Plan

State Water Facilities Plan Applicants

Project Sponsor	Description	Estimated Total Project (\$)	Recommendation
Lesterville	Watermain Replacement and Looping	\$448,500	Place on Facilities Plan
North Sioux City	Northshore Forcemain	\$557,000	Place on Facilities Plan
Onida	Wastewater Collection Improvements	\$7,900,000	Place on Facilities Plan
Philip	Water Meter Replacement	\$340,000	Place on Facilities Plan
Pine Cliff Park Water and Maintenance, Inc.	Water System Improvements	\$398,000	Place on Facilities Plan
Salem	Sanitary Sewer and Watermain Improvements	\$3,768,990	Place on Facilities Plan
South Shore	Water System Improvements	\$2,650,000	Place on Facilities Plan
Summerset	Wastewater Treatment Improvements	\$2,769,000	Place on Facilities Plan
Sturgis	Wastewater Treatment Improvements	\$19,256,000	Place on Facilities Plan
Tea	271st Street Watermain and Sanitary Sewer Extension	\$1,563,000	Place on Facilities Plan
Valley Springs	Water and Sewer System Improvements	\$15,324,000	Place on Facilities Plan
Volga	Lift Station Construction	\$619,200	Place on Facilities Plan
Watertown	Kittelson Addition Sanitary Sewer Extension	\$832,896	Place on Facilities Plan
WEB Water Development Association, Inc.	Mainline Improvements	\$22,504,300	Place on Facilities Plan
Worthing	Water Meter Replacement	\$120,000	Place on Facilities Plan

SFY 2016 State Revolving Fund Investment Returns Overview

Board of Water & Natural
Resources

November 9, 2016

Investment Agreements

Bond Issue	Provider	Interest Rate	Cap on Investment	Amount Invested as of June 30, 2016	Termination Date
1996	MBIA Inc.	6.22%	\$15,000,000	\$1,534,725.62	August 1, 2017
2001 & 2004	AIG Matched Funding Corp. (guaranteed by American International Group, Inc)	5.07%	\$60,000,000	\$60,000,000	August 1, 2025
2005	AIG Matched Funding Corp. (guaranteed by American International Group, Inc)	4.41%	\$80,000,000	\$80,000,000	August 1, 2026
Total				\$141,534,725.62	

SFY2016 Interest Deposited from the Investment Agreements

1996 MBIA	\$79,412
2001 & 2004 AIG Matched Funding Corp.	\$3,029,767
2005 AIG Matched Funding Corp.	\$3,455,645
Total	\$6,564,824

Other Investment Accounts

Provider	Amount Invested as of June 30, 2016	Interest Deposited in SFY2016
SD Cash Flow Fund	\$20,971,472	\$263,040
U.S. Treasury Notes & Federal Agency Bonds (Cost)	\$35,296,250	\$274,330
Federated US Treasury Cash Reserves Fund	\$49,616,446	\$21,799
Totals	\$105,884,168	\$559,169

SRF Investments Summary

SFY 2016

<u>Investment</u>	<u>June 30, 2016 Balance</u>	<u>Interest Deposits</u>	<u>Interest</u>
MBIA due 8-1-2017 @ 6.22%	\$1,534,725	\$79,412	6.22%
AIG 01/04 due 8-1-2025 @ 5.07%	\$60,000,000	\$3,029,767	5.07%
AIG 05 due 8-1-2026 @ 4.412%	\$80,000,000	\$3,455,645	4.41%
SD Cash Flow Fund	\$20,971,472	\$263,040	1.35%
U.S. Treasury Notes & Federal Agency Bonds (Cost Value)	\$35,296,250	\$274,330	0.70%
Federated US Treasury Cash Reserves Fund (Money Market)	<u>\$49,616,446</u>	<u>\$21,799</u>	0.07%
	\$247,418,893	\$6,774,109	2.74%
Outstanding SRF Loan Obligations	\$166,992,007		
Un-obligated SRF Funds	\$80,426,886		

Corrected

SRF Investments Summary SFY 2016

<u>Investment</u>	<u>June 30, 2016 Balance</u>	<u>Interest Deposits</u>	<u>Interest</u>
MBIA due 8-1-2017 @ 6.22%	\$1,534,725	\$79,412	6.22%
AIG 01/04 due 8-1-2025 @ 5.07%	\$60,000,000	\$3,029,767	5.07%
AIG 05 due 8-1-2026 @ 4.412%	\$80,000,000	\$3,455,645	4.41%
SD Cash Flow Fund	\$20,971,472	\$263,040	1.35%
U.S. Treasury Notes & Federal Agency Bonds (Cost Value)	\$35,296,250	\$274,330	0.70%
Federated US Treasury Cash Reserves Fund (Money Market)	<u>\$49,616,446</u>	<u>\$21,799</u>	0.07%
	\$247,418,893	\$7,123,993	2.87%
Outstanding SRF Loan Obligations	\$166,992,007		
Un-obligated SRF Funds	\$80,426,886		

SD Cash Flow Fund Historic Rates

SFY	Rate
2016	1.35%
Est. 2016	0.90%
2015	1.25%
2014	0.99%
2013	1.47%
2012	2.33%

State Revolving Fund Loan Programs

Loan Portfolio Information

- 383 Loans in Repayment with an outstanding principal loan balance of \$402,272,690

Loan Repayments in SFY 2016

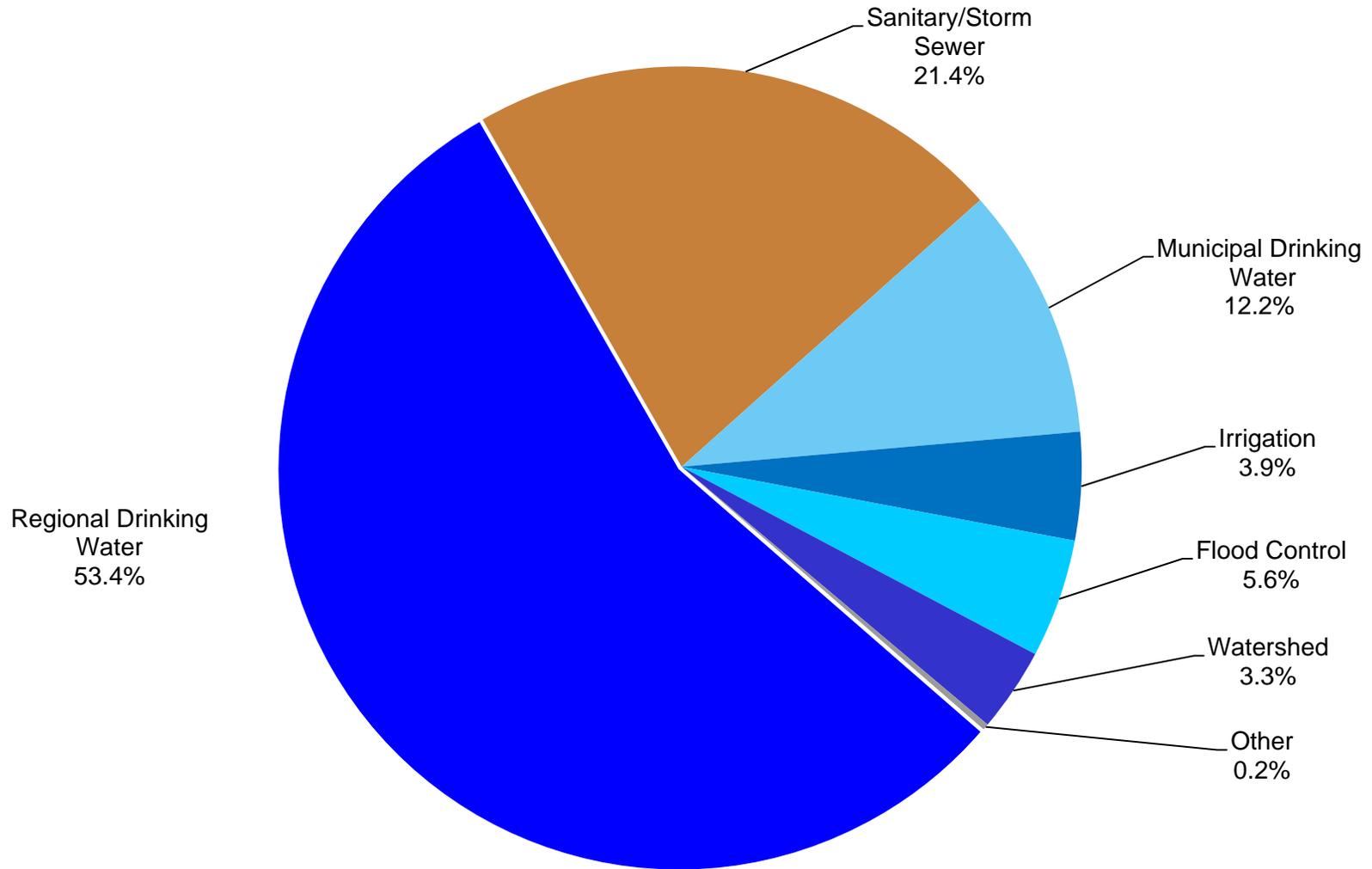
- Total \$48,588,139
- Principal \$37,516,952
- Interest \$8,787,415
- Admin Surcharge \$2,283,771

2017 Omnibus Bill Funding Recommendations

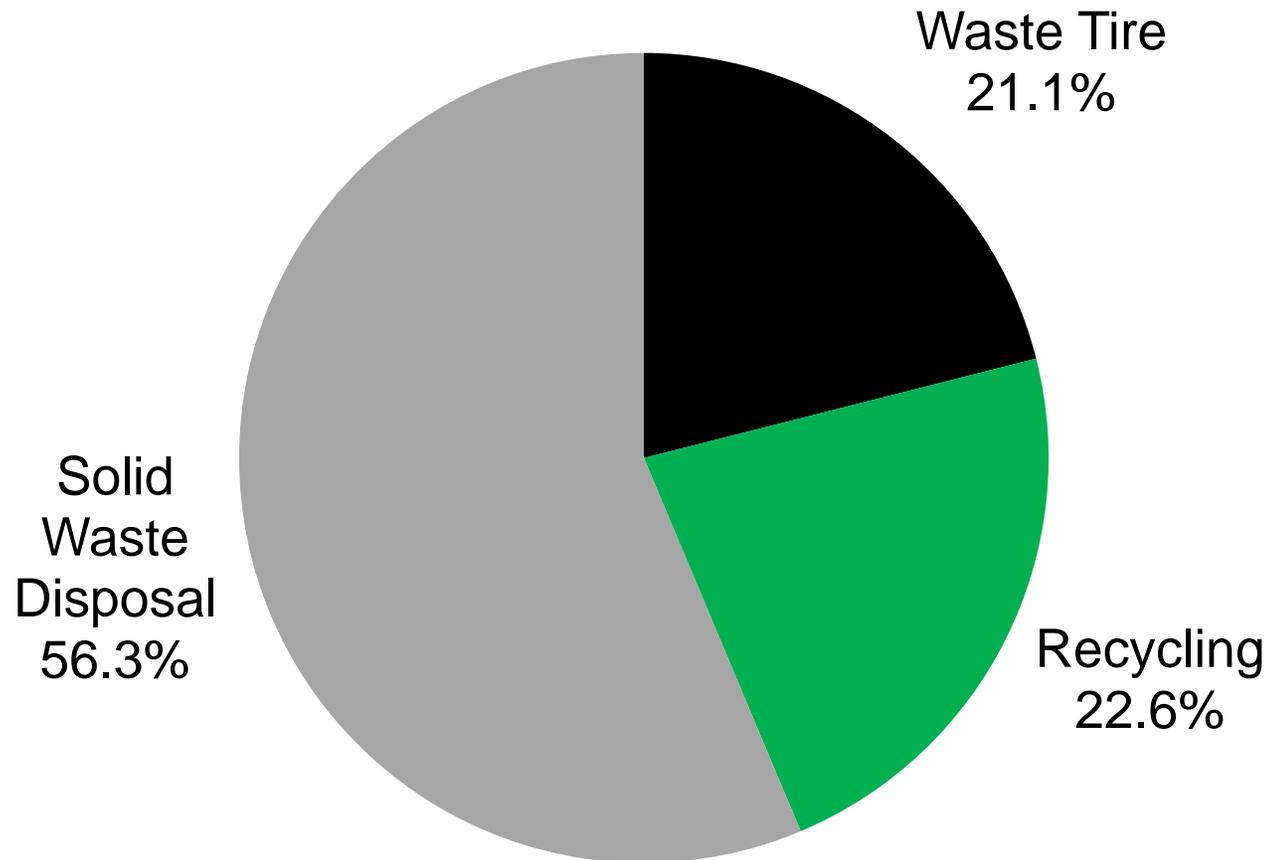
Board of Water & Natural
Resources

November 9, 2016

Dedicated Water Funding \$228.2 Million 1993-2016



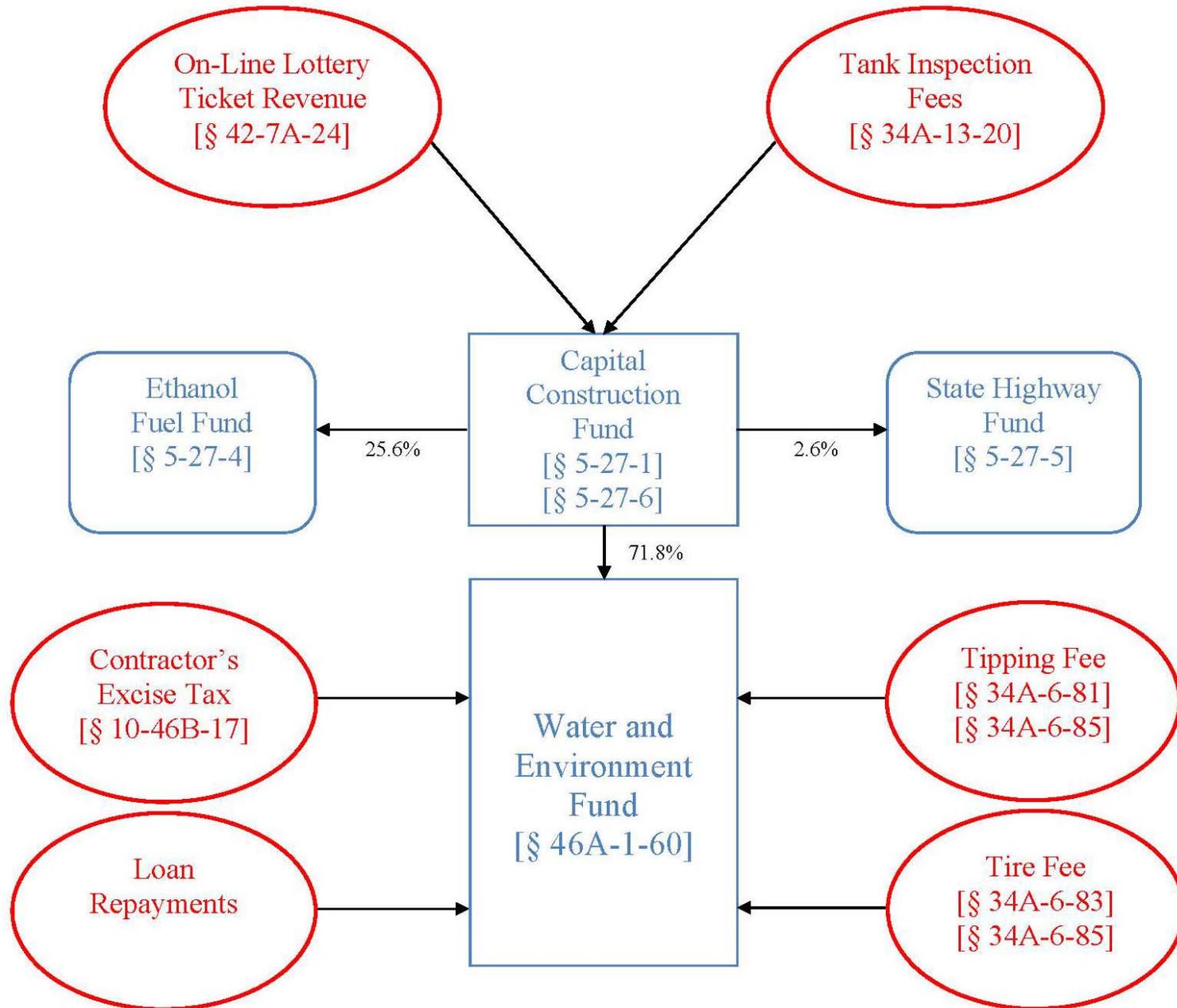
Dedicated Solid Waste Fees
46.9 Million
1992-2016



2017 Omnibus Bill

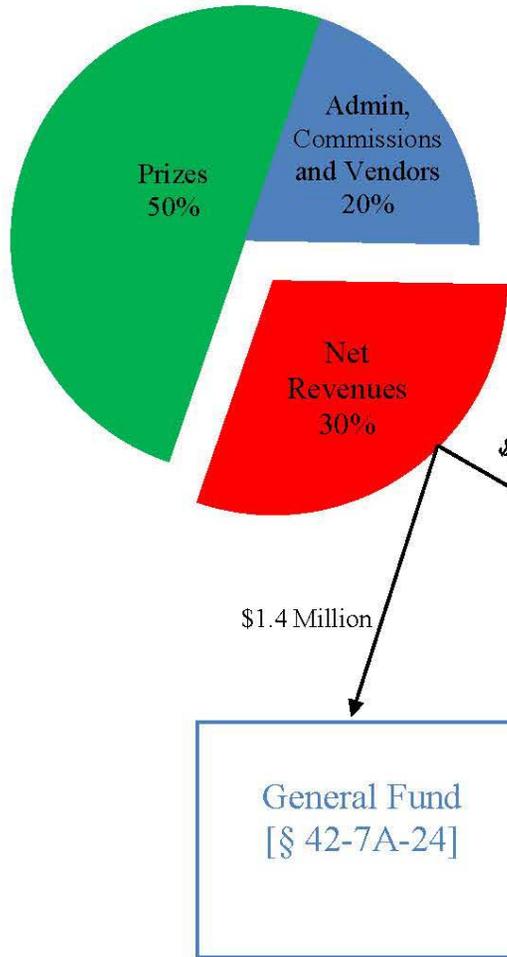
- Authorizes **Special Appropriations** for State Fiscal Year 2018
- Available for four fiscal years (i.e., through 30-Jun-2022)
- Based on actual revenues received through 30-Jun-2016
- Revenue projections for SFY 2017 and 2018 used to estimate available funds

Water and Environment Fund Flow Chart

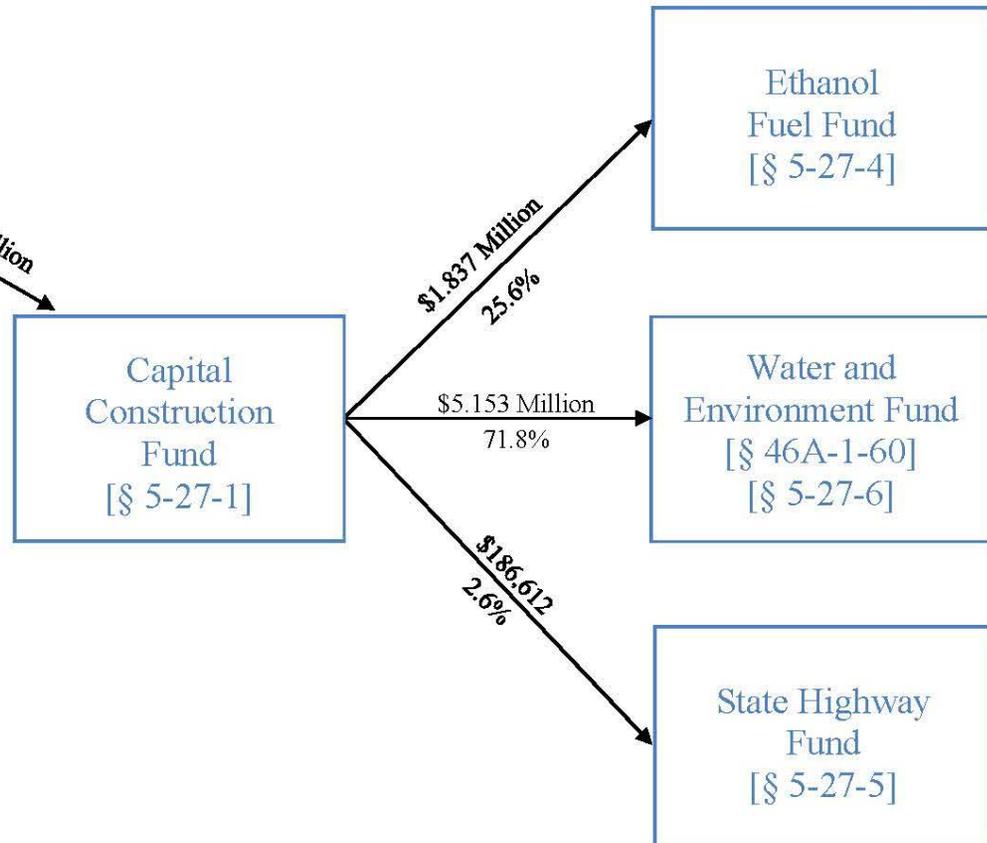


SFY 2016 South Dakota Lotto Distribution

Lotto Breakout

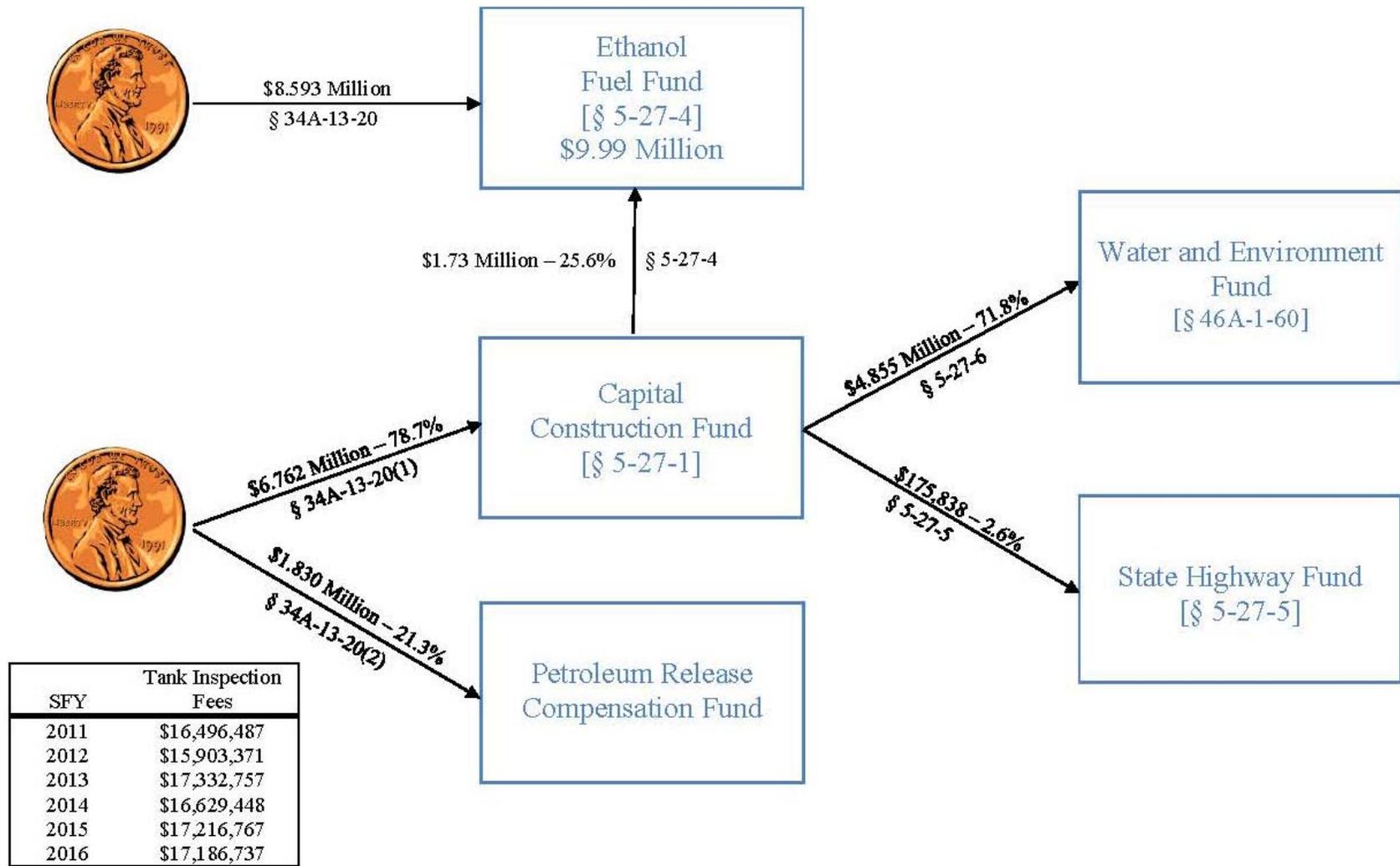


SFY	Lotto Deposits to Capital Construction Fund	Lotto Distribution to Water & Environment Fund
2012	\$7,771,896	\$5,580,221
2013	\$8,505,577	\$6,107,004
2014	\$8,487,780	\$6,094,226
2015	\$7,017,262	\$5,038,394
2016	\$7,177,367	\$5,153,349



SFY 2016 Petroleum Release Compensation and Tank Inspection Fee Distribution

(\$20 per 1,000 gallons or \$0.02 per gallon)



SFY	Tank Inspection Fees
2011	\$16,496,487
2012	\$15,903,371
2013	\$17,332,757
2014	\$16,629,448
2015	\$17,216,767
2016	\$17,186,737

Capital Construction Fund Deposits and WEF Transfers

	Actual			Projections	
	2014	2015	2016	2016 Omnibus 2016 Projects	2017 Omnibus Avg. 2017-18
Tank Inspection Fees	\$6,543,688	\$6,774,798	\$6,762,981	\$6,750,000	\$6,800,000
On-Line Lottery	\$8,487,780	\$7,017,262	\$7,177,367	\$7,175,000	\$7,475,000
Interest	\$5,742	\$3,018	\$3,932	\$0	\$3,500
Total	\$15,037,209	\$13,795,078	\$13,944,280	\$13,925,000	\$14,278,500
WEF Transfer (71.8%)	\$10,796,716	\$9,904,866	\$10,011,993	\$10,000,000	\$10,250,000

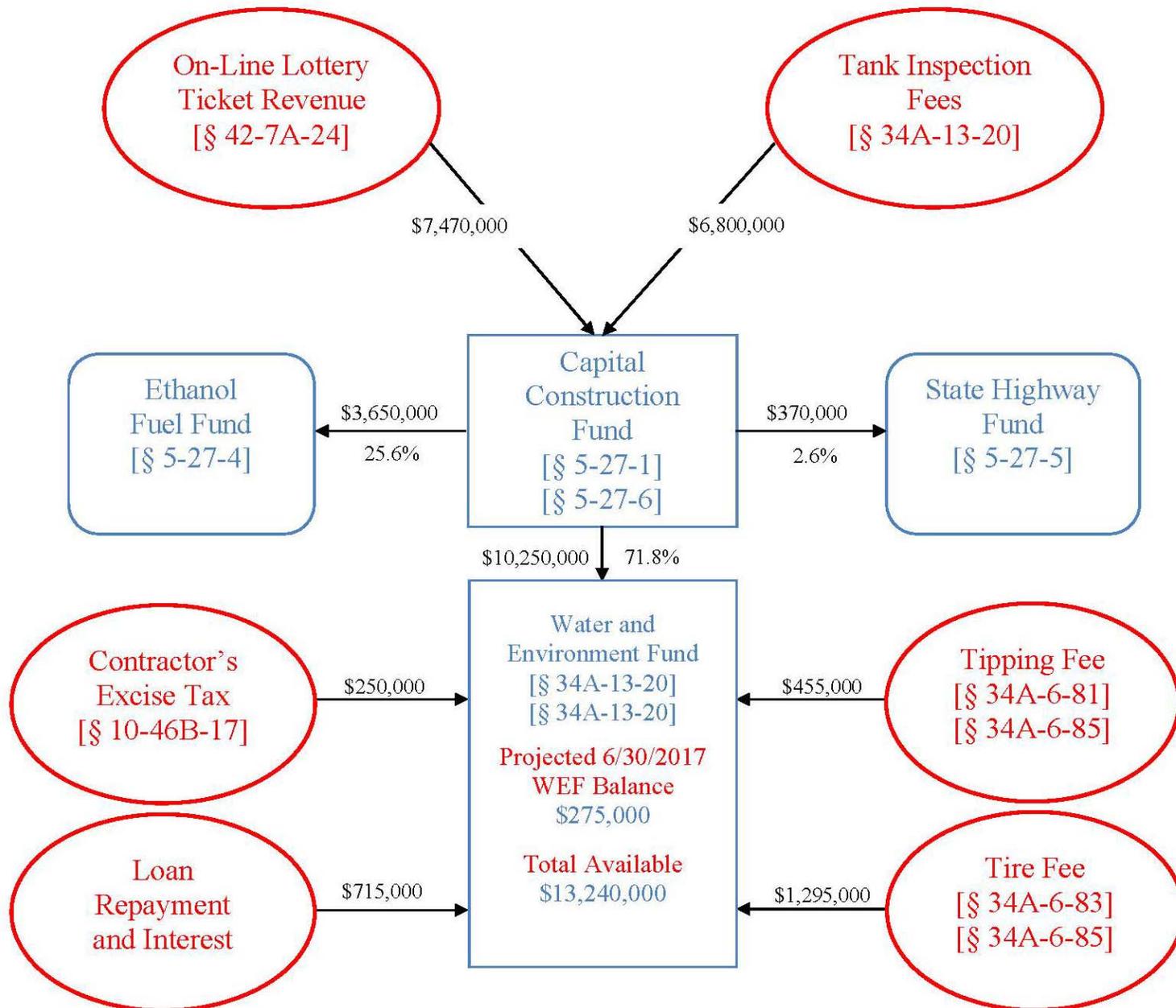
Water and Environment Fund Deposits

	Actual			Projections	
	2014	2015	2016	2016 Omnibus 2016 Projection	2017 Omnibus Avg. 2017-18
Contractor's Excise Tax	\$259,455	\$276,778	\$28,490	\$325,000	\$250,000
Water Loan Payments	\$129,986	\$12,752,632	\$491,798	\$302,500	\$378,000
Solid Waste Loan Payments	\$1,075,100	\$813,544	\$545,957	\$543,000	\$575,000
Solid Waste Fees	1,667,421	1,757,766	1,754,479	\$1,750,000	\$1,750,000
Investment Interest	\$222,755	\$188,481	\$366,242	355,000	\$406,000
Admin Fee	(381,032)	(378,712)	(470,816)	(470,816)	(550,000)
Total	\$2,973,685	\$15,410,489	\$2,716,150	\$2,804,684	\$2,809,000

Available Funding for 2017 Omnibus Bill

Water & Environment Fund	<u>Solid Waste</u>	<u>Water</u>	<u>Total</u>
Projected WEF Balance (30-Jun-2017)	\$100,000	\$175,000	\$275,000
Projected SFY 2018 Deposits			
CCF Transfers		\$10,250,000	\$10,250,000
Contractor's Excise Tax		\$250,000	\$250,000
Loan Payments, Investments Int. & Admin Fees	\$420,000	\$295,000	\$715,000
Solid Waste Fees	<u>\$1,750,000</u>	<u> </u>	<u>\$1,750,000</u>
	\$2,270,000	\$10,970,000	\$13,240,000

Water and Environment Fund Flow Chart



WEF Special Appropriations

<u>Category</u>	<u>Requested</u>	<u>Recommended</u>
SWRMS		
Big Sioux Hydrologic Model	\$450,000	\$450,000
Consolidated Program		\$10,500,000
SWMP		\$2,250,000
		<hr/>
		\$13,200,000

WEF Subfunds

- SDCL 46A-1-60.1 established Clean Water SRF program and Drinking Water SRF program subfunds within the Water & Environment Fund.
- Intended Use Plan process allocates funds for purposes authorized by the federal acts.
- Omnibus Bill provides budget authority for expenditure of these funds to include DW SRF set-asides.
- Because these are special appropriations that vary annually, the preferred method to address budget authority is through the Omnibus Bill rather than through DENR's annual operating budget.

CW SRF Surcharge Fees

FFY 2017 Intend Use Plan -- \$1,150,000

- Water Quality grants to supplement the Consolidated Program assistance for community infrastructure projects
- Water Quality grants to supplement the Section 319 program assistance for watershed projects
- Small Community Planning Grants
- Clean Water SRF Application and Administration Technical Assistance

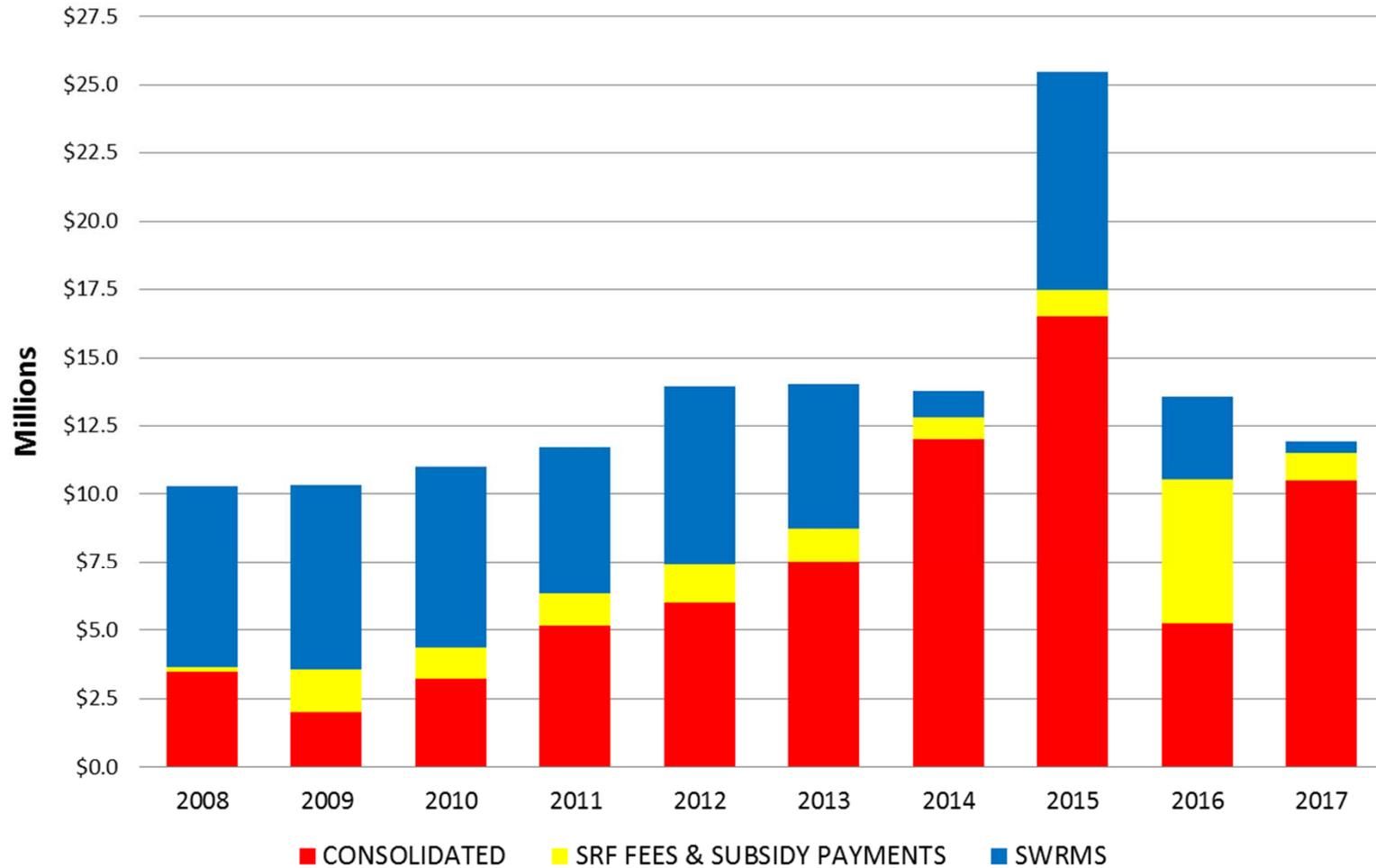
DW SRF Set Asides/Surcharge Fees

FFY 2017 Intended Use Plan

- 2% Small System Technical Assistance
 - Small Community Planning Grants
 - SDARWS Technical Assistance Contract
 - \$150,000 SFY 2018 expenditure authority

- Administrative Surcharge Fees
 - Drinking Water SRF Application and Administration Technical Assistance
 - \$150,000 SFY 2018 expenditure authority

Omnibus Bill Water Project Appropriations



Environment and Natural Resources Fee Fund Transfer

Section __. That § 1-40-32 be amended to read as follows:

1-40-32. On the first of July each year, ~~five~~ six hundred thousand dollars or all the interest deposited for the previous year in the water and environment fund established pursuant to § 46A-1-60, whichever is less, shall be transferred from the water and environment fund to the environment and natural resources fee fund established pursuant to § 1-40-30.

Water & Environment Fund Interest Deposits
Transfers to Environment & Natural Resources Fee Fund

SFY	Interest		Total	Transfer to ENRFF	
	Investment	Loan Payments			
2009	\$ 472,370	\$ 194,268	\$ 666,638	\$ 400,000	SDCL 1-40-32 Cap
2010	\$ 448,380	\$ 139,811	\$ 588,191	\$ 500,000	Amend SDCL 1-40-32
2011	\$ 596,000	\$ 160,398	\$ 756,398	\$ 500,000	SDCL 1-40-32 Cap
2012	\$ 329,531	\$ 136,181	\$ 465,712	\$ 500,000	SDCL 1-40-32 Cap
2013	\$ 240,331	\$ 140,702	\$ 381,033	\$ 462,863	All Interest
2014	\$ 222,755	\$ 155,957	\$ 378,712	\$ 381,033	All Interest
2015	\$ 188,482	\$ 282,335	\$ 470,817	\$ 378,712	Perkins RWS Int. Pd
2016	\$ 366,242	\$ 379,015	\$ 745,257	\$ 470,817	All Interest
2017	\$ 438,833	<i>\$ 330,000</i>	\$ 768,833	\$ 500,000	SDCL 1-40-32 Cap
2018	<i>\$ 375,000</i>	<i>\$ 325,000</i>	\$ 700,000	\$ 600,000	Amend SDCL 1-40-32
2019	<i>\$ 325,000</i>	<i>\$ 379,500</i>	\$ 704,500	\$ 600,000	BFID SWRMS Loan
2020	<i>\$ 275,000</i>	<i>\$ 375,000</i>	\$ 650,000	\$ 600,000	
2021	<i>\$ 225,000</i>	<i>\$ 375,000</i>	\$ 600,000	\$ 600,000	
2022	<i>\$ 225,000</i>	<i>\$ 375,000</i>	\$ 600,000	\$ 600,000	

2017 Omnibus Bill	<u>Solid Waste</u>	<u>Water</u>
State Water Resources Management System		
Hydrology and Water Management Studies		\$450,000
Consolidated Program		\$10,500,000
Solid Waste Management Program	\$2,250,000	
TOTAL WEF APPROPRIATIONS	\$2,250,000	\$10,950,000
State Revolving Fund (SRF) Administrative Surcharge Fees		
Clean Water SRF Water Quality Grants		\$1,000,000
Clean Water SRF Application and Administration Technical Assistance		\$150,000
Drinking Water SRF Application and Administration Technical Assistance		\$150,000
Federal Set-Aside Funds		
Small System Technical Assistance		\$150,000
TOTAL OMNIBUS BILL APPROPRIATIONS		\$14,650,000