

Current Interest Rates

Clean Water State Revolving Fund Loan Rates

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

Drinking Water State Revolving Fund Loan Rates

	Interest	Admin	Total
Term Up to 30 Years **	2.00%	0.50%	2.50%
Term Up to 20 Years	1.75%	0.50%	2.25%
Term Up to 10 Years	1.50%	0.50%	2.00%
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	1.75%	0.50%	2.25%
MHI between 60% and 80% of MHI	1.50%	0.50%	2.00%
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%	0.00%	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

Consolidated Water Facilities Construction Fund Loan Rates

Term Up to 30 Years	2.50%
Term Up to 20 Years	2.25%
Term Up to 10 Years	2.00%

Solid Waste Management Program Loan Rates

Term Up to 20 Years	2.25%
Term Up to 10 Years	2.00%

Proposed Interest Rates

Clean Water State Revolving Fund Loan Rates

	Interest	Admin	Total
Term Up to 30 Years	2.00%	0.75%	2.75%
Term Up to 20 Years	1.75%	0.75%	2.50%
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)	1.00%	0.75%	1.75%
NPS--Watershed Incentive Rate (Up to 20 Years)	1.00%	0.50%	1.50%
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 **	2.25%	0.50%	2.75%
Term Up to 20 Years	2.00%	0.50%	2.50%
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	2.00%	0.50%	2.50%
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	1.25%	0.00%	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

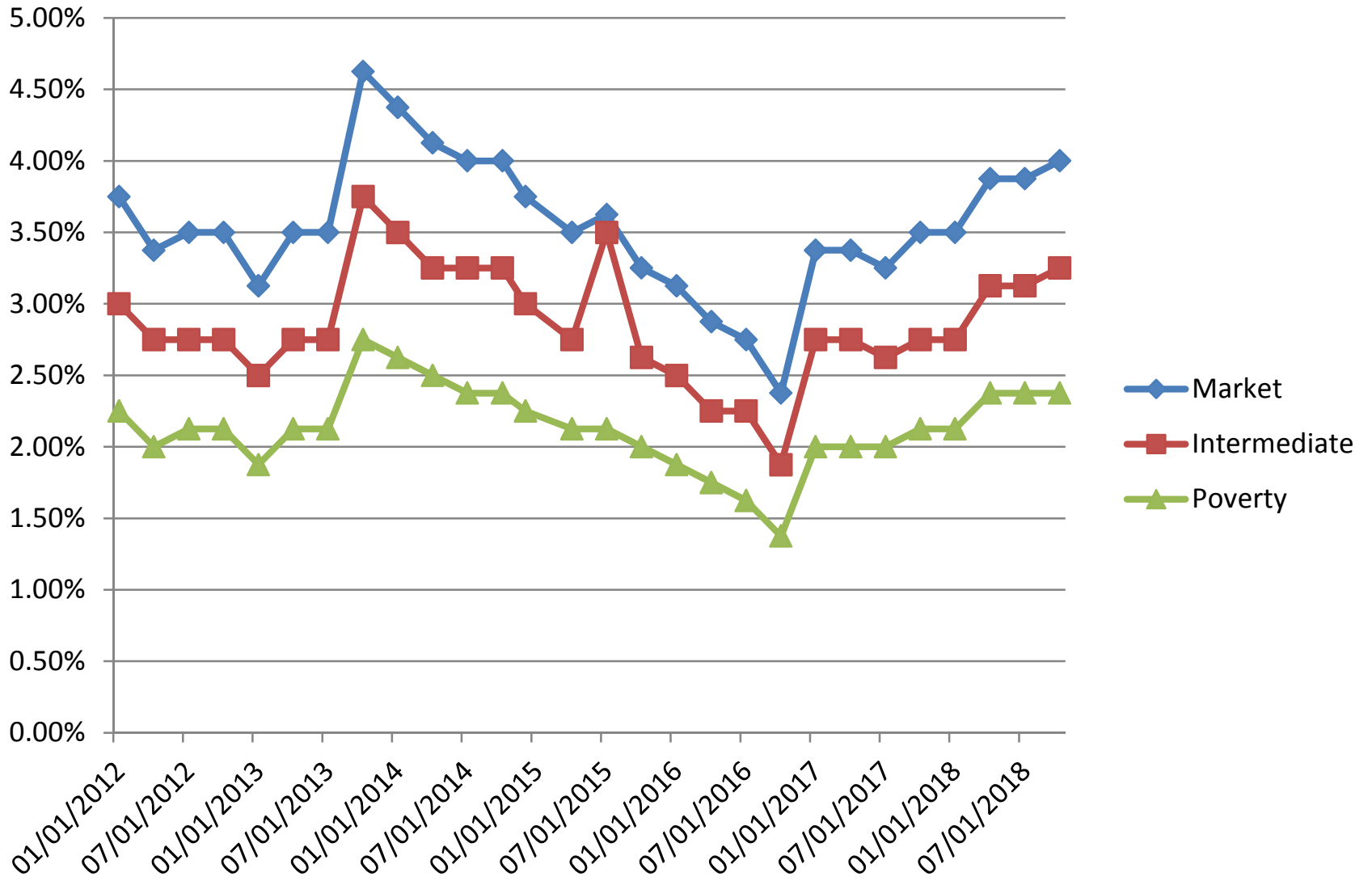
Consolidated Water Facilities Construction Fund Loan Rates

Term Up to 30 Years	2.75%
Term Up to 20 Years	2.50%
Term Up to 10 Years	2.25%

Solid Waste Management Program Loan Rates

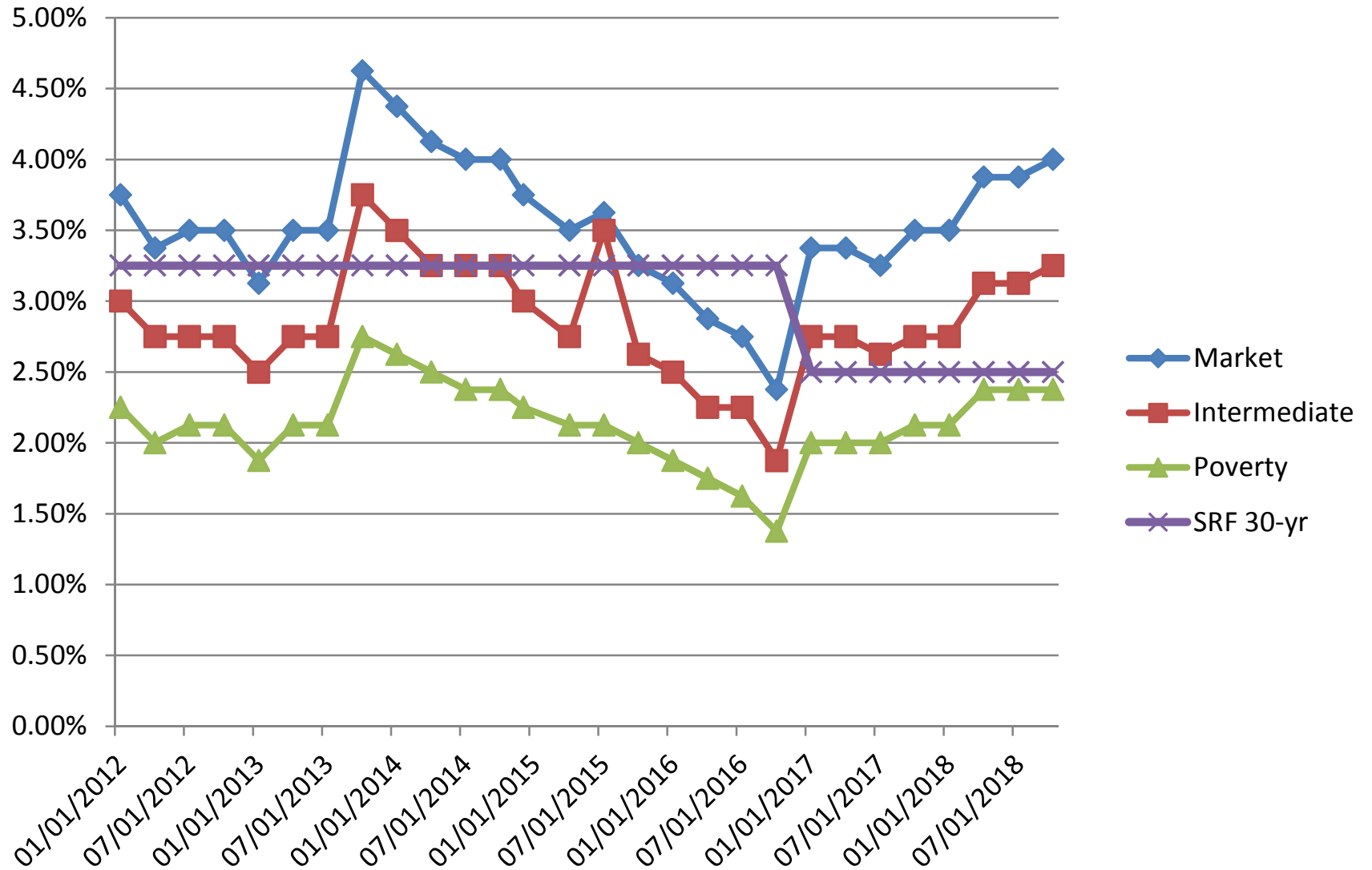
Term Up to 20 Years	2.50%
Term Up to 10 Years	2.25%

Rural Development Interest Rates



Attachment V

Rural Development & SRF Interest Rates



Colorado Water Resources and Power Development Authority

Clean Water and Drinking Water SRF Loan Rates

	Interest*
Term Up To 20 Years (under \$3,000,000)	2.0%
Projects with "Green" Components	
Projects with at least 20 percent green components	0%
Projects with at least 15% but less than 20% green components	1%
Disadvantaged Community Loans	
Up to 30 Years (Population of 10,000 or less)	
Median Household Income (MHI) levels that range from 61% to 80% of the statewide MHI	1.0%
Median Household Income (MHI) levels that are less than 61% of the statewide MHI	0%
Leveraged Loans (over \$3,000,000)	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	2.00% *
Term Up To 30 Years	3.00% *
Term Up To 30 Years (CW/DW Disadvantaged Communities)	2.00% *

* Includes .25% annual servicing fee

Planning & Design Loans are at 0% interest for up to 3 years. These are either rolled into an SRF loan or paid in full if they get other financing.

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.

At current market rates, small borrowers are at or near the 1% minimum; for other borrowers rates for 20-year loans are approximately 1.30% and approximately 1.55% for 30-year loans.

Montana Department of Natural Resources and Conservation

Clean Water and Drinking Water SRF programs

Up To 20 years / 30 years if Hardship

Interest rate: 2.00%

Administration: 0.25%

Loan Loss Reserve: 0.25%

Total loan rate: 2.50%

Up To 3 years

Short term rate: 1.25%

North Dakota Public Finance Authority

Clean Water and Drinking Water SRF Tax Exempt Loan Rates

20 or 30-year terms: Interest 1.5% + Admin 0.5% = Total 2.0%

Clean Water and Drinking Water SRF Taxable Loan Rates

20 or 30-year terms: Interest 2.5% + Admin 0.5% = Total 3.0%

(Taxable loans are uncommon)

Wyoming Department of Environmental Quality

SRF core program rate is 2.5% for both 20- and 30-year loans.

Green Project components are eligible for 0%.

Market Rates

Bond Buyer's 20 Bond Index	4.18%
Municipal Money Market (MMD) 15-year AAA	2.91%
Municipal Money Market (MMD) 30-year AAA	3.27%
U.S Treasury 10-year Note	3.19%
U.S Treasury 20-year Note	3.29%
U.S Treasury 30-year Note	3.35%

Rates as of October 5, 2018

Proposed Clean Water State Revolving Fund Loan Rates

		Interest	Admin	Total
Term Up to 30 Years	Current	1.75%	0.75%	2.50%
	Proposed	2.00%	0.75%	2.75%
Term Up to 20 Years	Current	1.50%	0.75%	2.25%
	Proposed	1.75%	0.75%	2.50%
Term Up to 10 Years	Current	1.25%	0.75%	2.00%
	Proposed	1.50%	0.75%	2.25%
Interim Financing (5 years)	Current	2.00%	0.00%	2.00%
NPS--Watershed Incentive Rate (Up to 30 Years)	Current	0.75%	0.75%	1.50%
	Proposed	1.00%	0.75%	1.75%
NPS--Watershed Incentive Rate (Up to 20 Years)	Current	0.75%	0.50%	1.25%
	Proposed	1.00%	0.50%	1.50%
NPS--Watershed Incentive Rate (Up to 10 Years)	Current	0.50%	0.50%	1.00%
	Proposed	0.75%	0.50%	1.25%

Proposed Drinking Water State Revolving Fund Loan Rates

		Interest	Admin	Total
Term Up to 30 Years **	Current	2.00%	0.50%	2.50%
	Proposed	2.25%	0.50%	2.75%
Term Up to 20 Years	Current	1.75%	0.50%	2.25%
	Proposed	2.00%	0.50%	2.50%
Term Up to 10 Years	Current	1.50%	0.50%	2.00%
	Proposed	1.75%	0.50%	2.25%
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	1.75%	0.50%	2.25%
	Proposed	2.00%	0.50%	2.50%
MHI between 60% and 80% of MHI	Current	1.50%	0.50%	2.00%
	Proposed	1.75%	0.50%	2.25%
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%	0.00%	1.00%
	Proposed	1.25%	0.00%	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

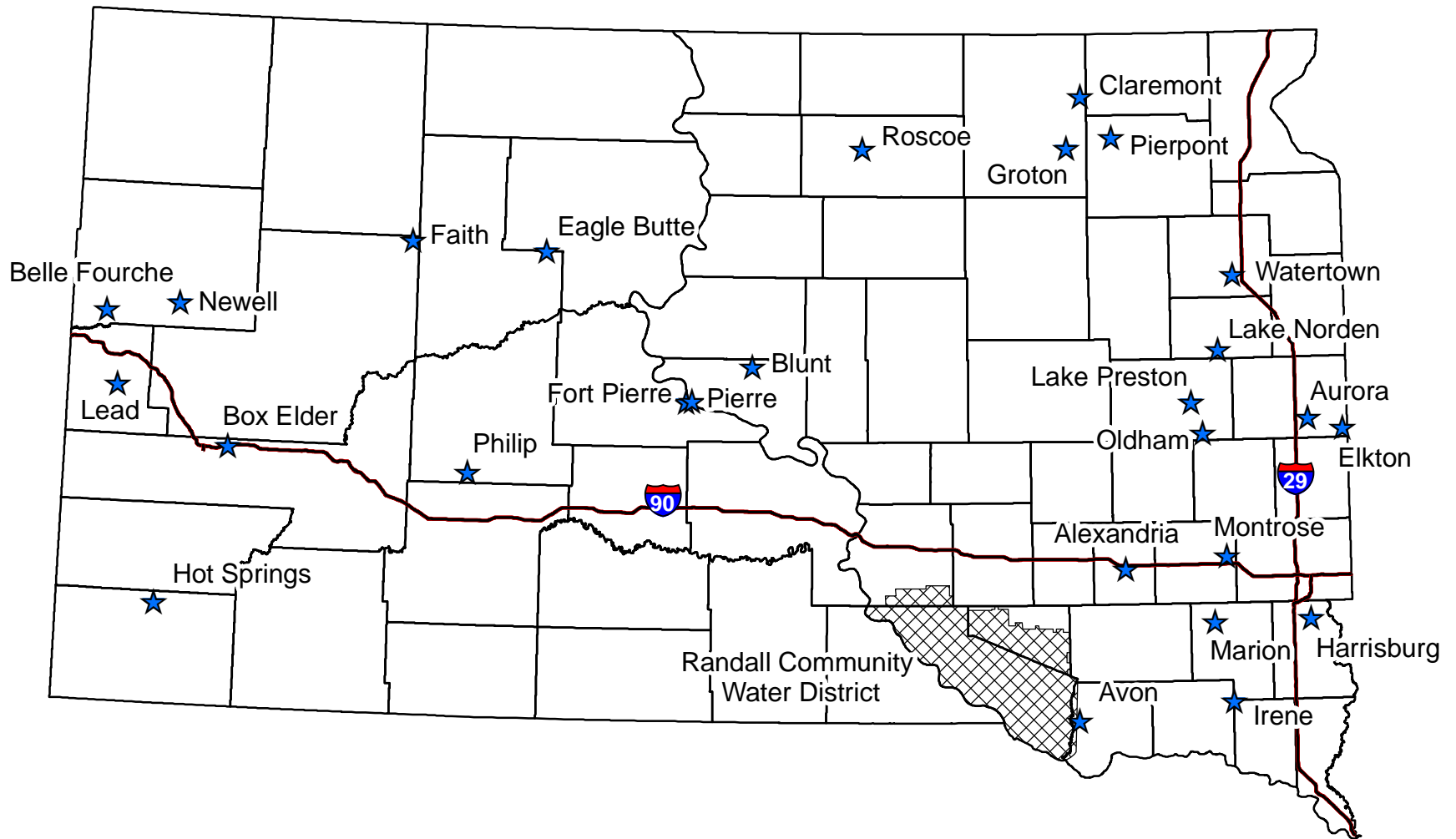
Proposed Consolidated Water Facilities Construction Fund Loan Rates

Term Up to 30 Years	Current	2.50%
	Proposed	2.75%
Term Up to 20 Years	Current	2.25%
	Proposed	2.50%
Term Up to 10 Years	Current	2.00%
	Proposed	2.25%

Proposed Solid Waste Management Program Loan Rates

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

State Water Plan Applications November 2018



State Water Facilities Plan Applicants

Project Sponsor	Description	Estimated Total Project (\$)	Recommendation
Alexandria	Water System Improvements	\$1,453,970	Place on Facilities Plan
Aurora	Wastewater Treatment Improvements	\$4,200,000	Place on Facilities Plan
Avon	Main Street Infrastructure Improvements	\$1,425,226	Place on Facilities Plan
Belle Fourche	Day Street Lift Station Replacement	\$1,836,000	Place on Facilities Plan
Blunt	Storm Water Drainage Improvements	\$920,000	Place on Facilities Plan
Box Elder	Well #10 Construction	\$2,911,681	Place on Facilities Plan
Claremont	Wastewater System Improvements	\$1,831,446	Place on Facilities Plan
Eagle Butte	Water Tower Rehabilitation	\$350,000	Place on Facilities Plan
Elkton	Water System Improvements	\$4,600,000	Place on Facilities Plan
Elkton	Wastewater System Improvements	\$8,412,000	Place on Facilities Plan
Faith	Wastewater System Improvements	\$1,830,821	Place on Facilities Plan
Fort Pierre	Wastewater Treatment Facility Improvements	\$3,930,000	Place on Facilities Plan
Groton	Water System Improvements	\$2,077,700	Place on Facilities Plan
Harrisburg	Highway 115 Watermain Loop	\$1,340,088	Place on Facilities Plan
Hot Springs	North 24 th Street Sewer	\$638,525	Place on Facilities Plan
Hot Springs	North River Street Utility Replacement	\$1,091,950	Place on Facilities Plan
Irene	Phase II Utility Improvements	\$5,323,801	Place on Facilities Plan
Lake Norden	Wastewater Lagoon Improvements	\$1,723,700	Place on Facilities Plan
Lake Preston	Water Distribution System Improvements	\$8,405,000	Place on Facilities Plan
Lead	Houston Street Utility Improvements	\$208,091	Place on Facilities Plan

State Water Facilities Plan Applicants

Project Sponsor	Description	Estimated Total Project (\$)	Recommendation
Marion	Broadway Avenue Utility Improvements Phase I	\$3,843,218	Place on Facilities Plan
Montrose	Water Storage Improvements	\$338,500	Place on Facilities Plan
Newell	Water Main Replacement	\$629,847	Place on Facilities Plan
Oldham	Water Distribution System Improvements	\$1,289,000	Place on Facilities Plan
Philip	Water Meter Replacement	\$340,000	Place on Facilities Plan
Pierpont	Wastewater System Improvements	\$1,933,000	Place on Facilities Plan
Pierre	Wastewater Treatment Facility Improvements	\$11,300,000	Place on Facilities Plan
Randall Community Water District	System Improvements and Geddes Consolidation	\$4,628,749	Place on Facilities Plan
Roscoe	Sanitary Sewer Improvements	\$4,334,469	Place on Facilities Plan
Roscoe	Water system Improvements	\$2,261,790	Place on Facilities Plan
Watertown	Kittelton Addition Sanitary Sewer Extension	\$832,896	Place on Facilities Plan

SFY 2018 State Revolving Fund Investment Returns Overview

Board of Water & Natural
Resources

November 8, 2018

Investment Agreements

Bond Issue	Provider	Interest Rate	Cap on Investment In Revenue Fund	Amount Invested as of June 30, 2018	Termination Date
2001	AIG Matched Funding Corp. (guaranteed by American International Group, Inc)	5.07%	\$60,000,000	\$61,590,201	August 1, 2025
2005	AIG Matched Funding Corp. (guaranteed by American International Group, Inc)	4.41%	\$80,000,000	\$83,219,096	August 1, 2026
Total				\$144,809,297	

SFY2018 Interest deposited from the Guaranteed Investment Contracts

1996 MBIA (Matured August 1, 2017)	\$56,392
2001 & 2004 AIG Matched Funding Corp.	\$3,116,993
2005 AIG Matched Funding Corp.	\$3,627,654
	Total
	\$6,801,039

Other Interest Deposits

Provider	Amount Invested as of June 30, 2018	Interest Deposited in SFY 2018
SD Cash Flow Fund	\$0	\$205,833
U.S. Treasury Notes & Federal Agency Bonds (Cost)	\$79,483,617	\$820,098
Federated US Treasury Cash Reserves Fund	<u>\$49,931,429</u>	<u>\$557,857</u>
Total	\$129,415,046	\$1,583,788

SRF Investments Summary

SFY 2018

<u>Investment</u>	<u>June 30, 2018 Balances</u>	<u>Interest Deposits</u>	<u>Interest</u>
MBIA due 8-1-2017 @ 6.22%	\$0	\$56,392	6.22%
AIG 01/04 due 8-1-2025 @ 5.07%	\$61,590,201	\$3,116,993	5.07%
AIG 05 due 8-1-2026 @ 4.412%	\$83,219,096	\$3,627,654	4.41%
U.S. Treasury Notes & Federal Agency Bonds (Cost Value)	\$79,483,617	\$820,098	1.36%
SD Cash Flow Fund	\$0	\$205,833	1.19%
Federated US Treasury Cash Reserves Fund (Money Market)	<u>\$49,931,429</u>	<u>\$557,857</u>	1.18%
	\$274,224,343	\$8,384,824	
SRF Obligations	\$214,572,000		
Unobligated SRF Trust Funds	\$59,652,343		

State Revolving Fund Loan Programs

Loan Portfolio Information

- 397 Loans in Repayment with an outstanding principal loan balance of \$443,104,895

Loan Repayments in SFY 2018

- Total \$43,771,080
- Principal \$32,430,294
- Interest \$9,029,203
- Admin Surcharge \$2,311,583

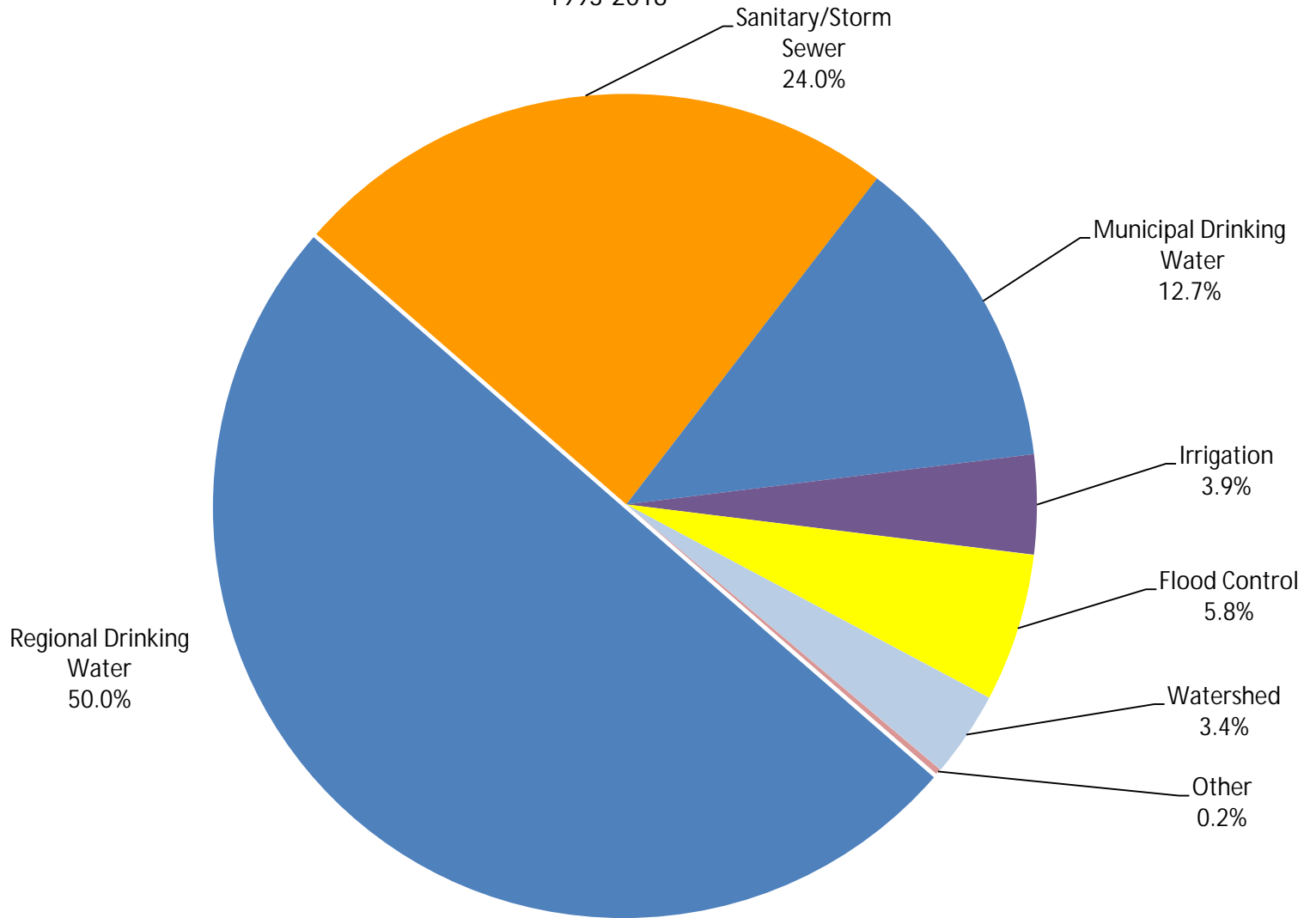
2019 Omnibus Bill Funding Recommendations

Board of Water & Natural
Resources

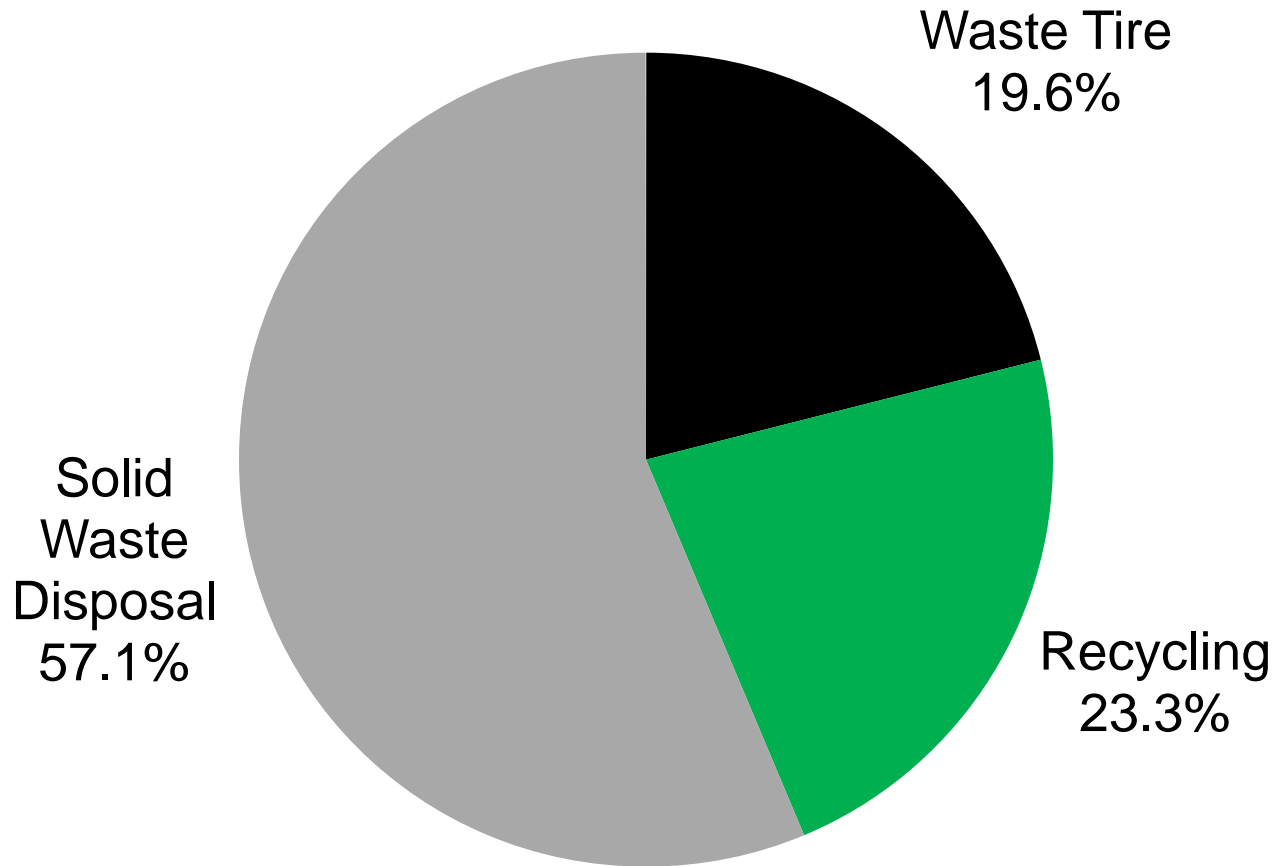
November 8, 2018

Dedicated Water Funding \$242.9 Million

1993-2018

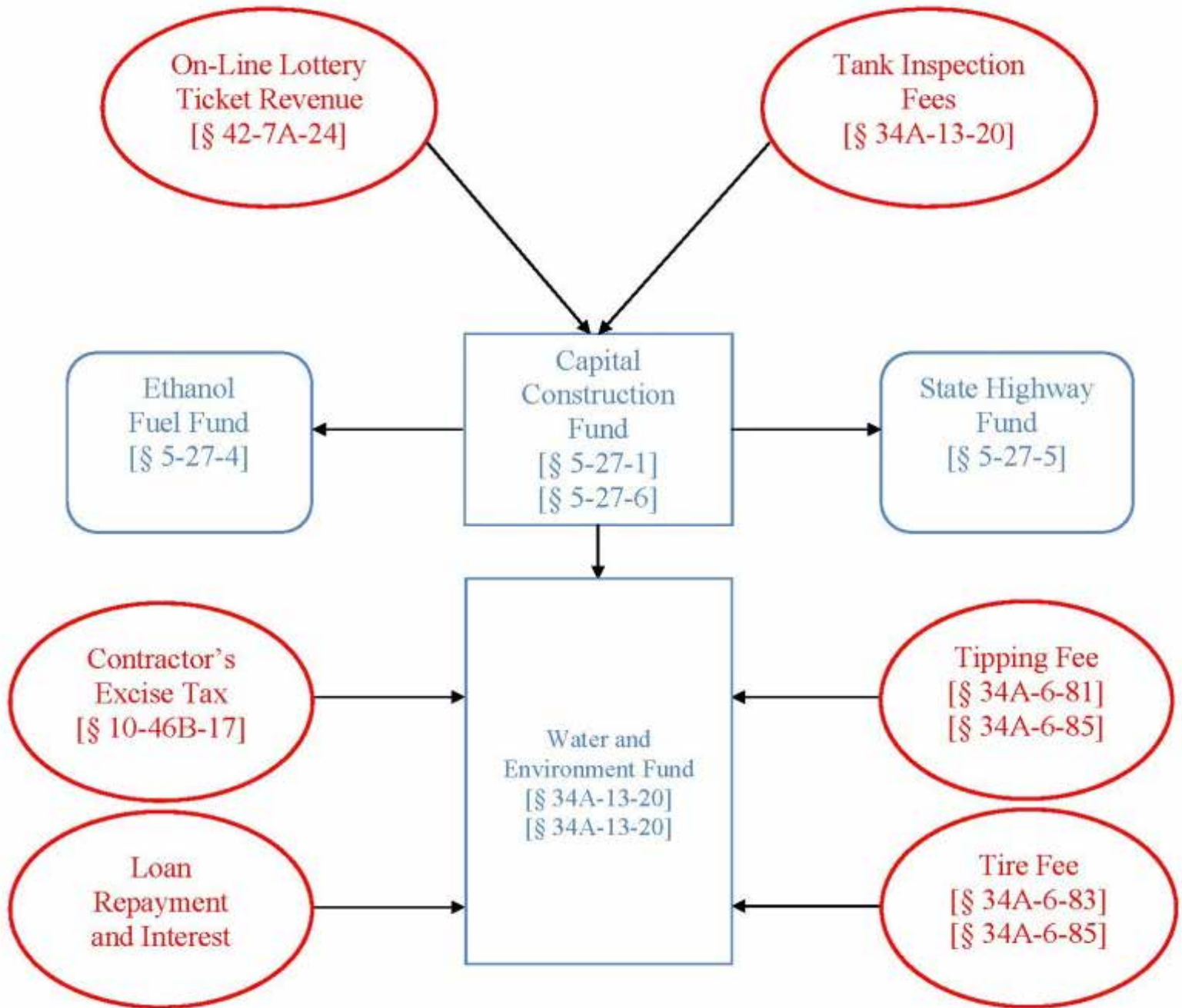


Dedicated Solid Waste Fees
\$52.8 Million
1992-2018



2019 Omnibus Bill

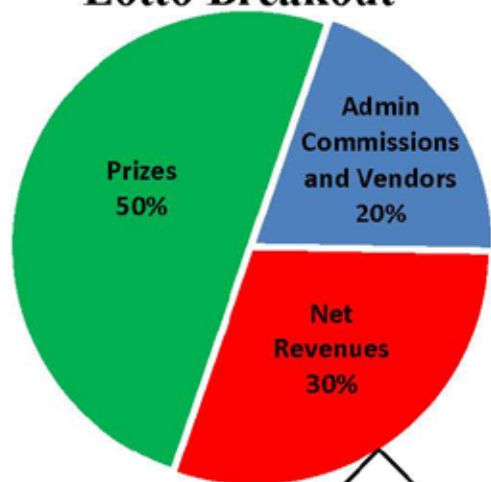
- § Authorizes **Special Appropriations** for State Fiscal Year 2020
- § Available for four fiscal years (i.e., through 30-Jun-2023)
- § Based on actual revenues received through 30-Jun-2018
- § Revenue projections for SFY 2019 and 2020 used to estimate available funds



Projected SFY 2020 South Dakota Lotto Distribution

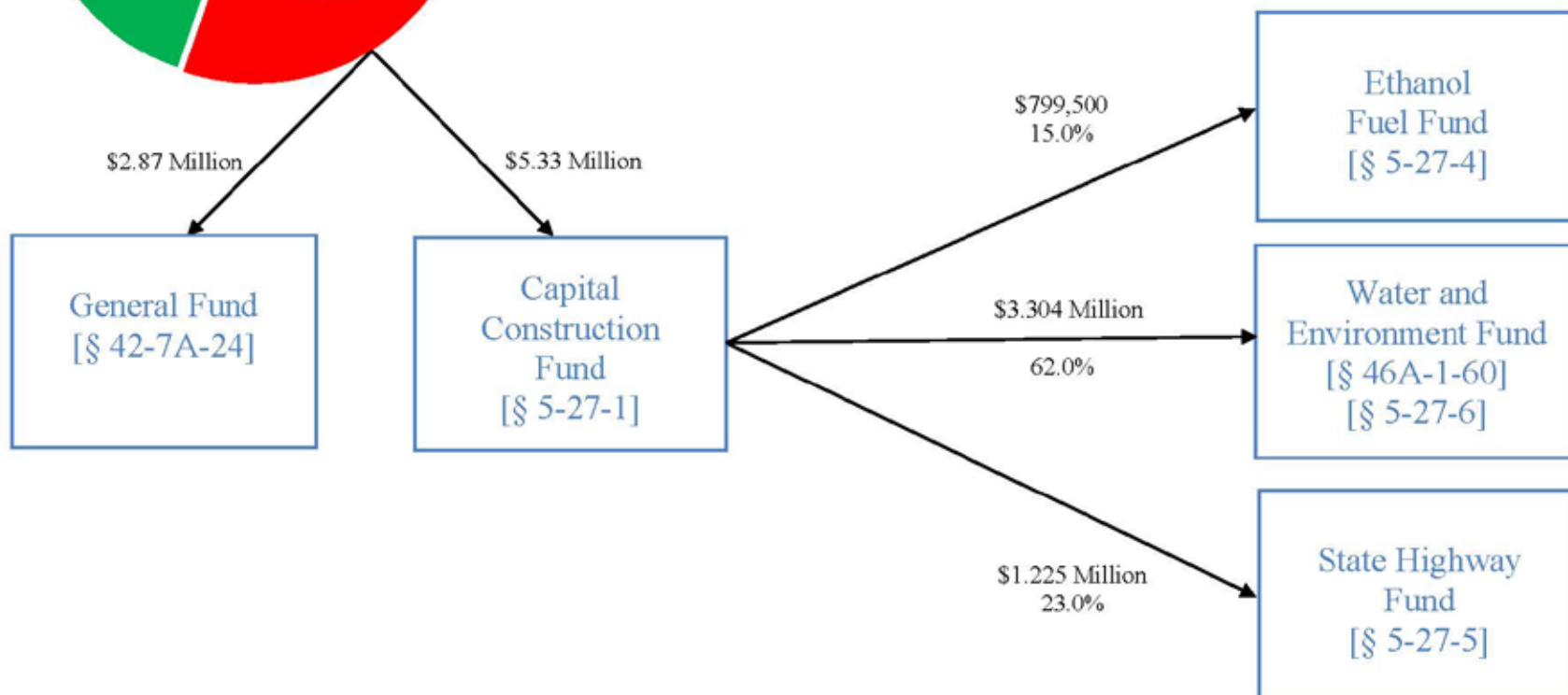
(SB 183 – SFY 2020 Percentages)

Lotto Breakout



SFY	On-Line Lottery Net Proceeds	Lotto Deposits to Capital Construction Fund	Lotto Distribution to Water & Environment Fund
2014	\$9,887,780	\$8,487,780	\$6,094,226
2015	\$8,417,262	\$7,017,262	\$5,038,394
2016	\$8,577,367	\$7,177,367	\$5,153,349
2017	\$6,937,710	\$5,537,710	\$3,976,075
2018	\$8,244,532	\$6,844,532	\$4,914,374
**2019	\$8,100,000	\$6,075,000	\$3,888,000
**2020	\$8,200,000	\$5,330,000	\$3,304,600

**Projected #s

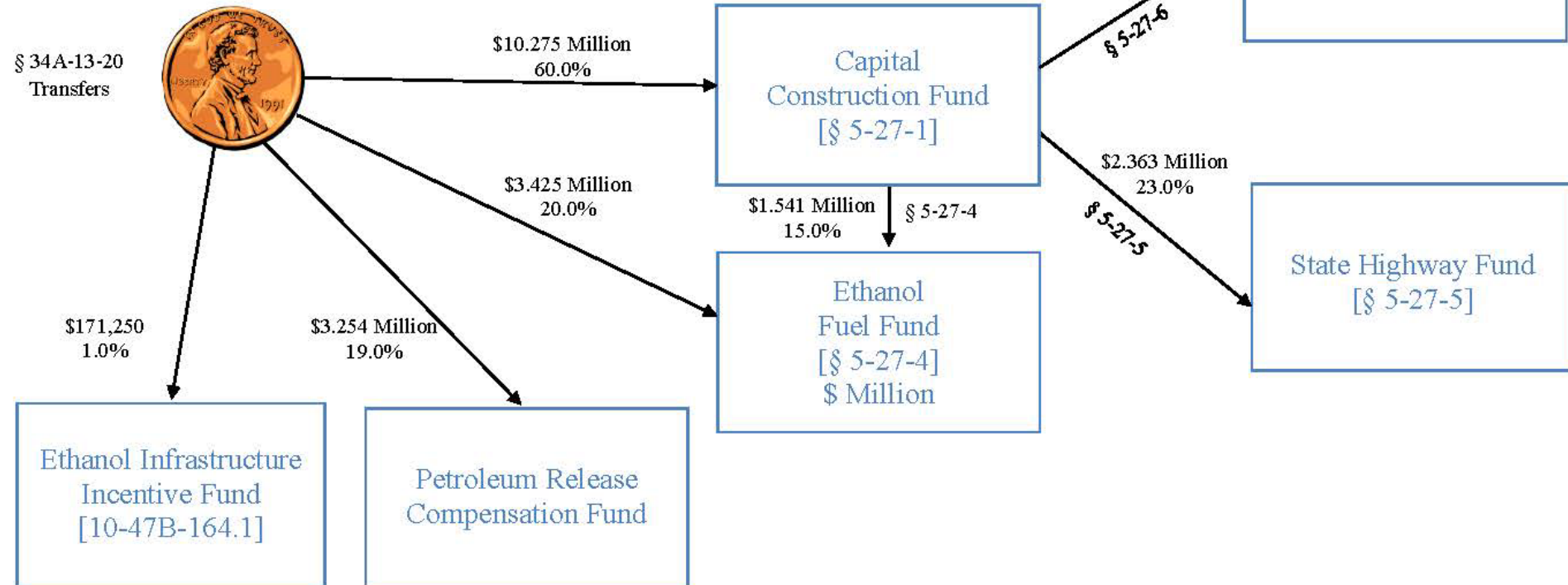


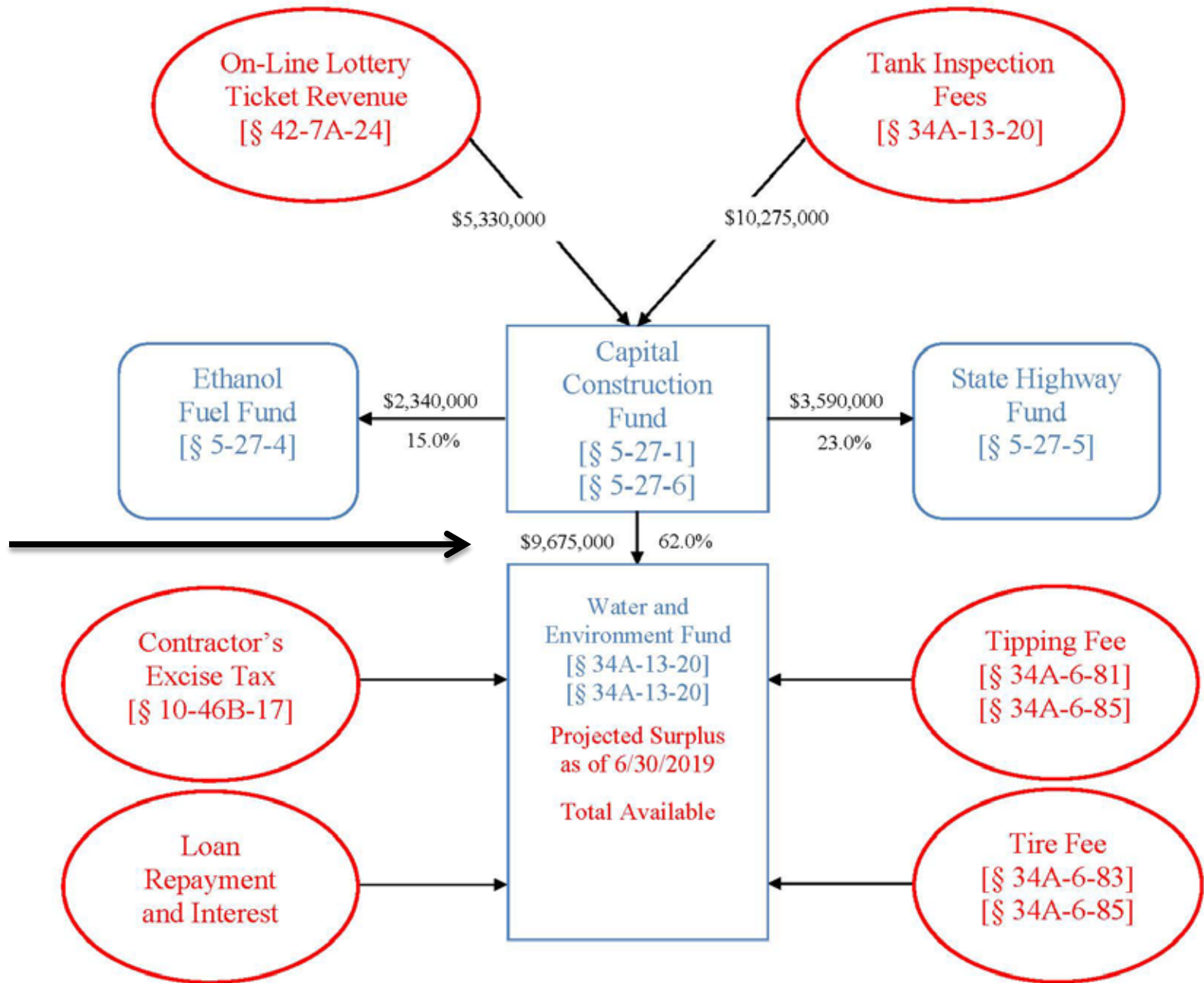
Projected SFY 2020 Petroleum Release Compensation and Tank Inspection Fee Distribution

(\$20 per 1,000 gallons or \$0.02 per gallon)
(SB 183 – SFY 2020 Percentages)

SFY	Tank Inspection Fees	Tank Fees Deposits to the Capital Construction Fund	Tank Fees Distribution to the Water & Environment Fund
2014	\$16,629,448	\$6,543,688	\$4,698,368
2015	\$17,216,767	\$6,774,798	\$4,864,305
2016	\$17,186,737	\$6,762,981	\$4,855,820
2017	\$17,131,056	\$6,741,071	\$4,840,088
2018	\$17,100,480	\$6,729,039	\$4,834,450
**2019	\$17,125,000	\$9,418,750	\$6,028,000
**2020	\$17,125,000	\$10,275,000	\$6,370,500

**Projected#s



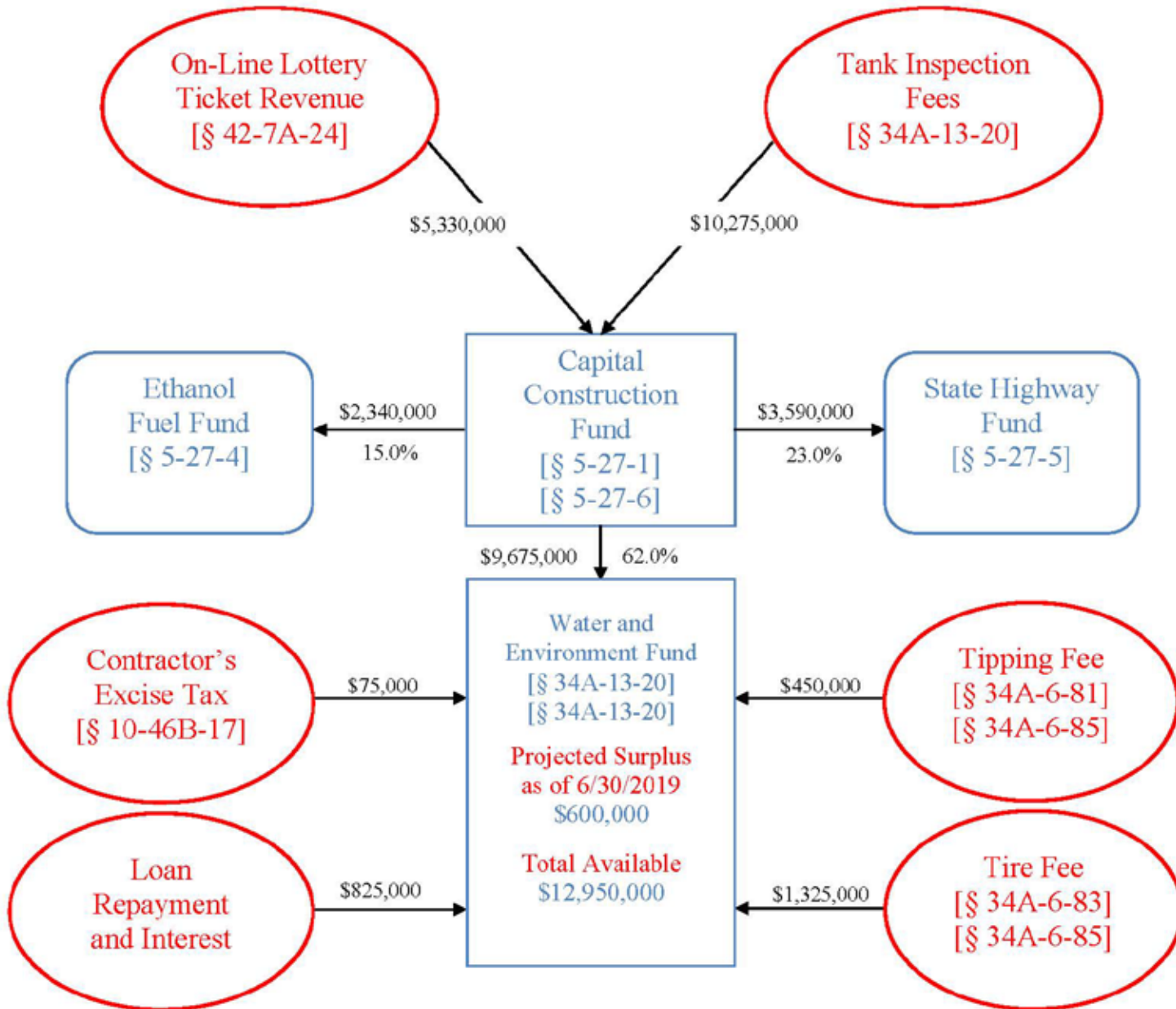


Available Funding for 2019 Omnibus Bill

Water & Environment Fund	<u>Solid Waste</u>	<u>Water</u>	<u>Total</u>
Projected Surplus/(Shortfall) for preparation of 2019 Omnibus Bill (30-Jun-2019)	\$225,000	\$375,000	\$600,000
Projected SFY 2020 Deposits			
CCF Transfers		\$9,675,000	\$9,675,000
Contractor's Excise Tax		\$75,000	\$75,000
Loan Repayments & Interest	\$425,000	\$400,000	\$825,000
Solid Waste Fees	<u>\$1,775,000</u>	<u> </u>	<u>\$1,775,000</u>
	\$2,425,000	\$10,250,000	\$12,950,000

2019 Governor's Omnibus Water Funding Bill

(SB 183 – SFY 2020 Percentages)



WEF Special Appropriations

<u>Category</u>	<u>Requested</u>	<u>Recommended</u>
SWRMS		
No Requests		\$0
Consolidated Program		\$10,500,000
SWMP		\$2,400,000
		<hr/>
		\$12,900,000

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 2019 Intend Use Plan -- \$1,200,000

- § 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 2019 Intended Use Plan

§ 2% Small System Technical Assistance

- Small Community Planning Grants
- SDARWS Technical Assistance Contract
- \$150,000 SFY 2020 expenditure authority

§ Administrative Surcharge Fees

- Drinking Water SRF Application and Administration Technical Assistance
- Small Community Planning Grants
- Drinking Water Very Small System Compliance and Public Health grants
- \$250,000 SFY 2020 expenditure authority

	<u>Solid Waste</u>	<u>Water</u>
Consolidated Program		\$10,500,000
Solid Waste Management Program	\$2,400,000	
TOTAL WEF APPROPRIATIONS	\$2,400,000	\$10,500,000
State Revolving Fund (SRF) Administrative Surcharge Fees		
Clean Water SRF Water Quality Grants		\$1,000,000
Clean Water SRF Application and Admin. Technical Assistance		\$200,000
Drinking Water SRF Application and Admin. Technical Assistance		\$50,000
Drinking Water Very Small System Compliance and Public Health Grants		\$200,000
Federal Set-Aside Funds and Federal Subsidy Payments		
Small System Technical Assistance		\$150,000
WEF SUBFUND TOTAL		\$1,600,000
TOTAL OMNIBUS BILL APPROPRIATIONS		\$14,500,000