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Minutes of the  
Board of Water and Natural Resources  
Telephone Conference Call Meeting  
523 East Capitol  
Pierre, South Dakota

July 10, 2017  
11:00 a.m. CDT

**CALL TO ORDER:** The meeting was called to order by Chairman Brad Johnson. The roll was called and a quorum of the board was present.

**BOARD MEMBERS PRESENT:** Brad Johnson, Gene Jones, Jr., Todd Bernhard, Dr. Paul Gnirk, Jerry Soholt, Paul Goldhammer, and Jackie Lanning (joined the conference call at 11:30 a.m.)

**BOARD MEMBERS ABSENT:** None.

**OTHERS:** Harold Deering, Special Assistant Attorney General, Katie Mallory, Assistant Attorney General, Mike Perkovich, Dave Ruhnke, Jon Peschong, and Lukus Leidholdt.

**APPROVE AGENDA:** Chairman Johnson noted that Item #3, Conflict of Interest Disclosures, would be heard after Item #6. He approved the agenda.

**AMENDMENT TO THE DRINKING WATER SRF 2017 INTENDED USE PLAN:** Mike Perkovich reported that the FY 2017 Drinking Water State Revolving Fund Intended Use Plan (IUP) was approved by the Board of Water and Natural Resources in November 2016 and amended in March and June 2017.

On December 16, 2016, the President signed the Water Infrastructure Improvements for the Nation (WIIN) Act of 2017. As a result of this act, states are now allowed to use three options when calculating the amount of funds from the Drinking Water SRF Capitalization grants that can be used for program administration. These options were not included in the 2017 IUP and need to be included prior to grant submission to EPA.

Below are the sections within the narrative portion of the IUP that will be changed.

**DESCRIPTION AND AMOUNT OF NON-PROJECT ACTIVITIES (SET-ASIDES)**

Administration.

~~Four percent of the fiscal year capitalization grant (\$332,480) will be allocated to administer the Drinking Water SRF program. This is the maximum allowed for this purpose.~~

The WIIN Act of 2017 provides three options to states to calculate the administrative set-aside available from each year's capitalization grant. States may use the greatest of 1) \$400,000 per year, 2) 1/5 of a percent of the current valuation of the Drinking Water SRF fund based on the most recent previous year's audited financial statements, or 3) an amount equal to four percent of the annual capitalization grant.

Four percent of the fiscal year 2017 capitalization grant is \$329,640, and 1/5 of a percent of the current fund valuation of \$168,630,968 results in \$337,261 available for administrative fees. **As a result, an administrative set-aside of \$400,000 will be reserved for administrative purposes in fiscal year 2017.**

Additionally, the amount of the capitalization grant and allowable principal forgiveness has been updated throughout the IUP to reflect the actual amounts as distributed by EPA.

Staff recommended approval of the proposed amendments to the 2017 Drinking Water SRF Intended Use Plan.

Motion by Jones, seconded by Soholt, to approve the amendment to the 2017 Drinking Water State Revolving Fund Intended Use Plan, as presented. A roll call vote was taken, and the motion carried unanimously.

AMENDMENT TO U.S. BANK N.A. TRUSTEE CONTRACT: U. S. Bank has requested that the Trustee contract be amended to address legal fees related to the issuance of Bonds and Notes, not to exceed \$1,500 per issuance.

Mr. Perkovich stated that staff is proposing the following amendment to Section 4.G. of the Trustee contract:

G. The District will pay a Trustee Acceptance Fee of up to \$3,750 and legal fees of up to \$1,500 per new Series of Bonds or Notes. Payment will be made at the time of bond closing.

Staff recommended approval of the proposed amendment to the Trustee contract.

Motion by Gnirk, seconded by Goldhammer, to adopt Resolution #2017-87 approving the amendment to Section 4.G. of the Trustee contract, as presented. A roll call vote was taken, and the motion carried unanimously.

CONSULTING CONTRACT WITH PERKINS COIE LLP FOR BOND COUNSEL SERVICES FOR SRF PROGRAMS SERIES 2017 BOND ISSUE: Mr. Perkovich stated that Bruce Bonjour, Perkins Coie, LLP in Chicago, has served as bond counsel for the South Dakota Conservancy District since 1994. Mr. Bonjour proposed fees of up to \$140,000 for bond counsel services for the 2017 bond issue. The services to be provided will be similar to past issues. This includes an amount up to \$50,000 for the advance refunding portion of the Series 2017 bond issue (\$25,000 per refunding)

Mr. Perkovich noted that it is anticipated the 2017 bond issue will include a taxable series to provide State Match and a tax-exempt series to provide funds for leveraged loans and potentially advance refunding prior years efforts. The projected par amount is \$69.5 million, not including any proceeds for advance refunding. Mr. Perkovich discussed the financing schedule.

Working with the legal counsel and the Office of Attorney General, staff prepared the contract for bond counsel services for the 2017 bond series. The contract runs through December 31, 2018.

Staff recommended the board approve a resolution authorizing the execution of the bond counsel contract.

Motion by Bernhard, seconded by Gnirk, to adopt Resolution #2017-88 authorizing a contract with Bruce A. Bonjour of Perkins Coie to serve as bond counsel for the 2017 Series Bonds and to authorize the Board of Water and Natural Resource to execute the Agreement for Legal Services. A roll call vote was taken, and the motion carried.

CONFLICT OF INTEREST DISCLOSURES: Harold Deering stated that at the June board meeting he discussed H.B. 1170. To address the revisions to the conflicts statutes, Mr. Deering has emailed a letter, the guidance, and disclosure forms to the members of the Board of Water and Natural Resources addressing the specific situation for each board member.

Mr. Deering stated that, in his opinion, none of the board members has to request a waiver or provide an annual disclosure at this time.

Mr. Deering answered questions from the board members.


Jackie Lanning joined the conference call at 11:30 a.m.

ADJOURN: Mr. Perkovich stated that the board will need to hold another conference call to approve a Series Resolution authorizing State Revolving Fund Program Bonds, Series 2017. The board agreed to hold the conference call on July 17, 2017, at 10:00 a.m. Central Time.

Motion by Jones, seconded by Gnirk, that the meeting be adjourned. A roll call vote was taken, and the motion carried unanimously.

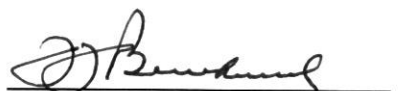
Approved this 29<sup>th</sup> day of September, 2017.

(SEAL)



Chairman, Board of Water and  
Natural Resources

ATTEST:



Secretary, Board of Water and  
Natural Resources