

**South Dakota Department of
Environment and Natural Resources**



Protecting South Dakota's Tomorrow ... Today

**BOARD OF WATER
AND NATURAL RESOURCES**

July 10, 2017

**DENR Large Conference Room
523 E. Capitol Ave.
Pierre, SD**

11:00 a.m. CDT

Via Teleconference on July 10, 2017 at 11:00 a.m. CDT

A limited number of phone lines will be available. Interested parties should contact DENR at (605) 773-4216 no later than 3:00 p.m. on Friday, July 7, 2017, if they wish to participate in the teleconference.

AGENDA

July 10, 2017

11:00 a.m. CDT

1. Call meeting to order
2. Approve agenda
3. Conflict of Interest Disclosures
4. Amendment to the Drinking Water State Revolving Fund 2017 Intended Use Plan — Mike Perkovich
5. Amendment to U.S. Bank N.A. Trustee Contract — Mike Perkovich
6. Consulting Contract with Perkins Coie LLP for Bond Counsel Services for State Revolving Fund Programs Series 2017 Bond Issue— Mike Perkovich
7. Adjourn

Notice is given to individuals with disabilities that this meeting is being held in a physically accessible location. Please notify the Department of Environment and Natural Resources at least 48 hours before the meeting if you have a disability for which special arrangements must be made. The telephone number for making arrangements is (605) 773-4216.

July 10, 2017

Item 4

TITLE: Amendment to FY 2017 Drinking Water SRF Intended Use Plan

EXPLANATION: The FY 2017 Drinking Water State Revolving Fund Intended Use Plan 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 Intended Use Plan and need to be included prior to grant submission to EPA.

Below are the sections within the narrative portion of the Intended Use Plan 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 Intended Use Plan to reflect the actual amounts as distributed by EPA.

RECOMMENDED ACTION: Approve the proposed amendments to the 2017 Drinking Water SRF Intended Use Plan

CONTACT: Mike Perkovich, 773-4216

July 10, 2017

Item 5

TITLE: Amendment to U.S Bank N.A. Contract

EXPLANATION: 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.

Staff is proposing to amend section 4.G. of the Trustee contract as shown:

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.

RECOMMENDED
ACTION:

Approve the amendment to the Trustee contract as proposed.

CONTACT:

Mike Perkovich
605-773-4216

July 10, 2017

Item 6

TITLE: Consulting Contract with Perkins Coie LLP for Bond Counsel Services for State Revolving Fund Program Series 2017 Bond Issue

EXPLANATION: Bruce Bonjour has served as bond counsel for the South Dakota Conservancy District since 1994. Mr. Bonjour is with Perkins Coie, LLP in Chicago. Mr. Bonjour proposed fees of up to \$140,000 for bond counsel services for the 2017 bond issue. The services to be provided would be similar to past issues and would consist of the following:

The Attorney will perform services as bond counsel for all initial services in connection with the proposed Series 2017 Bonds described below ("Bonds") for the Clean Water State Revolving Fund Program and the Drinking Water State Revolving Fund Program. The Bonds will be issued in one or more series (taxable and/or tax exempt) of fixed interest rate bonds to finance State Match and/or provide funds for Leveraged Loans for each Program and potentially to advance refund a portion of the outstanding Series 2010B Bonds and Series 2012B Bonds. Services to be provided by Attorney will include the preparation of an official statement for the Series 2017 Bonds, any initial SEC rule 15c2-12 continuing disclosure undertakings, as well as all advice and opinions on other matters customarily provided by bond counsel related to the proposed Series 2017 Bonds.

It is anticipated that 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. The financing schedule is attached.

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.

**RECOMMENDED
ACTION:**

Approve a resolution authorizing the execution of the bond counsel contract.

CONTACT:

Mike Perkovich
605-773-4216



South Dakota Conservancy District
State Revolving Fund Program Bonds, Series 2017
PRELIMINARY TIMELINE
 Prepared June 14, 2017

JUNE						
S	M	T	W	T	F	S
				1	2	3
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JULY						
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AUGUST						
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STANDING CONFERENCE CALL: 1-877-577-9567 ACCESS CODE: 8198980930

Date	Event	Responsibility
JUNE		
June 19	Weekly conference call 2:00PM CT	All
June 26	Weekly conference call 2:00PM CT	All
Week of June 26	Draft documents circulated.	BC
JULY		
July 3 & 4	Fourth of July Observed	
July 5	Weekly conference call 2:00PM CT	All
Week of July 3	Comments due on documents.	All
	Preliminary sizing circulated.	FA
	Preliminary cashflows and loan portfolios circulated.	FA
July 10	Weekly conference call 2:00PM CT	All
Week of July 10	Near final versions of financing documents circulated for inclusion in Board packets.	BC, AG, UC
	Updated sizing circulated for use in POS.	FA
	Documents, cashflows and default tolerance analyses circulated to rating agencies.	FA
	BWNR Meeting. Approve financing.	CD
July 17	Weekly conference call 2:00PM CT	All
Week of July 17	Conference calls with rating agencies.	CD, FA
	Final draft of POS circulated.	BC
	Marketing plan due.	UW
	POS disseminated.	BC
	Ratings received.	RA
July 24	Weekly conference call 2:00PM CT	All
Week of July 24	Bond pricing.	All
	Bond Purchase Agreement signed.	CD, UW
	Draft of Final OS circulated.	BC
July 31	Weekly conference call 2:00PM CT	All
Week of July 31	Comments on Final OS due.	All
	Final OS printed.	BC

RESPONSIBILITY KEY

CD – Conservancy District
AG – Attorney General
FA – Financial Advisor
BC – Bond Counsel

T - Trustee
UC – Underwriter Counsel
UW – Senior Managing Underwriter
RA – Rating Agency



**South Dakota Conservancy District
State Revolving Fund Program Bonds, Series 2017
PRELIMINARY TIMELINE
Prepared June 14, 2017**

JUNE						
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JULY						
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AUGUST						
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STANDING CONFERENCE CALL: 1-877-577-9567 ACCESS CODE: 8198980930

Date	Event	Responsibility
Week of July 31	Distribute draft closing documents and closing memorandum.	BC, FA
	Comments on closing documents due.	All
	Bonds sent to DTC.	T
AUGUST		
Week of August 7	Final closing documents and closing memorandum distributed.	BC, FA
	Closing and Delivery of Bonds.	

RESPONSIBILITY KEY

CD – Conservancy District
AG – Attorney General
FA – Financial Advisor
BC – Bond Counsel

T - Trustee
UC – Underwriter Counsel
UW – Senior Managing Underwriter
RA – Rating Agency