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Minutes of the
Board of Water and Natural Resources Meeting

January 3, 2019
1:00 p.m. CST

Conducted via the Digital Dakota Network

Northern State University
Aberdeen, SD

Department of Transportation
Brookings, SD

Mitchell Technical Institute
Mitchell, SD

Capitol Building
Pierre, SD

Rapid City Emergency Operations Center
Rapid City, SD

University Center
Sioux Falls, SD

University of South Dakota
Vermillion, SD

Department of Environment and Natural Resources
Watertown, SD

CALL MEETING TO ORDER: The meeting was called to order by Chairman Brad Johnson. The roll was called, and a quorum was present.

Chairman Johnson announced that the meeting was streaming live on SD.net, a service of South Dakota Public Broadcasting.

BOARD MEMBERS PRESENT: Brad Johnson, Todd Bernhard, Jackie Lanning, Jerry Soholt, and Dr. Paul Gnirk.

BOARD MEMBERS ABSENT: Paul Goldhammer and Gene Jones, Jr.

OTHERS: See attached attendance sheets.

APPROVE AGENDA: Mike Perkovich pointed out that Item 15, Request to Amend Viewfield Rural Water System Loan 2017L-202 and Consolidated Grant 2017G-202, would be presented after Item 17, Rescind Bison Clean Water SRF loan C461139-02.

Chairman Johnson approved the agenda.

APPROVE MINUTES OF THE NOVEMBER 8, 2018, MEETING: Motion by Bernhard, seconded by Gnirk, to approve the minutes of the November 8, 2018, Board of Water and Natural Resources meeting. A roll call vote was taken, and the motion carried unanimously.

PUBLIC COMMENT PERIOD: No public comments were offered.

EAST DAKOTA AND VERMILLION BASIN WATER DEVELOPMENT DISTRICT BOUNDARY CHANGES (INFORMATIONAL): Mr. Perkovich noted that this item was for the board's information. No board action was required. He introduced Jay Gilbertson, manager of the East Dakota Water Development District, and Brad Preheim, manager of the Vermillion Basin Water Development District, who discussed the proposed new boundaries of the two water development districts. A map showing the proposed new boundaries was included in the board packet.

SECTION 319 APPLICATIONS: Kris Dozark, DENR Watershed Protection Program, provided background information on the Section 319 Program and the amount anticipated for FFY 2019 funding.

The Board of Water and Natural Resources is the designated entity that provides the state's Section 319 nonpoint source project funding recommendations to EPA. The board considers the funding recommendations of the Nonpoint Source (NPS) Task Force and DENR staff. Eight applications requesting \$3,293,710 in 319 funding were received by DENR and reviewed by the NPS Task Force.

The 2019 Clean Water SRF Intended Use Plan authorized the use of \$900,000 in administrative surcharge fees for Water Quality grants to supplement the Consolidated and Section 319 programs for wastewater treatment and TMDL implementation projects. DENR anticipates receiving \$2,600,000 in 319 funds, which is at the same level as last year's allocation. The DENR and NPS Task Force recommendations summarized in the table in the board packet reflect both the anticipated FFY 2019 Section 319 federal funding allocation and \$200,000 in Clean Water SRF Water Quality grant awards. The department proposes to use \$770,000 for administration of the NPS program, which leaves \$2,030,000 for pass-through grants.

With final FFY 2019 appropriation levels being delayed until the new budget is in place, DENR recommends that up to \$200,000 in Water Quality grant funding be allocated for these projects. If a decrease in Section 319 funding occurs, all pass-through grants will be reduced proportionately.

Mr. Dozark presented the eight applications and recommended funding levels.

Belle Fourche River Watershed Implementation Project - Segment 9

Sponsor: Belle Fourche River Watershed Partnership

Total Cost: \$3,180,000

319 Grant Request: \$1,363,000

The Belle Fourche River Watershed Partnership is the project sponsor for this two-year project. This is the ninth Segment that addresses seven TMDLs. Completed activities planned for this Segment will continue implementing BMPs that reduce E. coli and advance the BMP implementation for TSS pollutants. These BMPs include installing irrigation sprinkler systems, implementing grazing management systems, installing riparian vegetation improvements, implementing improved cropping systems, and relocating livestock feeding grounds.

Recommendation: \$816,000 in Section 319 funds.

Reduce flood irrigation conversion from \$690,000 to \$317,500 and reduce administration, public outreach, and project management from \$349,000 to \$174,500 to help make up the shortfall in funding. Best Management Practices that target reducing E. coli impairments are preferred, such as off-stream alternative livestock watering, improved grazing management, livestock exclusion, etc. Section 319 funds provided for installation of irrigation systems should be prioritized in the Horse Creek watershed only, as stated in the proposal. The funding reduction is based on limited available funding. The sponsor should submit future applications for 319 funds and continue to work with other potential funding partners to help make up the reduced Section 319 funding level.

Northeast Glacial Lakes Watershed Project - Segment 4 (Amendment)

Sponsor: Day County Conservation District

Total Cost: \$1,013,980

319 Grant Request: \$331,770

This is the fourth segment of a multi-year locally led effort to implement best management practices recommended by completed watershed assessments, and to build on previous efforts and protect water quality improvements realized from previous implementation projects. This two-year project will continue to protect and improve the water quality of northeast South Dakota glacial lakes, streams and rivers by implementing best management practices that reduce the amount of fecal coliform bacteria, nutrients, and sediment loads entering project water bodies, maintaining their assigned beneficial uses.

Recommendation: \$250,000 in Section 319 funds.

Funds provided should be used for installation of Best Management Practices focusing on non-supporting segments of the Upper Little Minnesota Basin listed as impaired by E. coli as well as protection measures focused on the closed basins of Northeast South Dakota, as stated in the proposal. The sponsor should submit future applications for 319 funds and continue to work with other potential funding partners to help make up the reduced Section 319 funding level.

SD Nonpoint Source I&E Project - Segment 5 (Amendment)

Sponsor: South Dakota Discovery Center

Total Cost: \$668,375

319 Grant Request: \$115,950

The 2017 South Dakota Nonpoint Source Information and Education Project is designed to continue providing South Dakota's citizens information and education opportunities about nonpoint source pollution to in order to gain their support for and participation in nonpoint source pollution prevention and reduction practices. This three-year project will focus on outreach to South Dakota's adults using a combination of traditional and innovative methods, support local and regional activities through a competitive Mini-grants Program, and increase teacher, student and adult awareness of and proficiency in watersheds and watershed protection.

Recommendation: \$104,000 (\$29,000 in Section 319 funds and a \$75,000 WQ Grant)

Reduce funding under Objective 2, Product 9: Envirothon - from \$30,000 to \$7,500, and increase funding under Objective 1, Task 2, Product 4: Competitive Mini-grants from \$15,000 to \$25,550. Staff recommends that Envirothon approach other project partners such as GF&P, NRCS, and Department of Agriculture to help supplement the shortfall in funding.

South Central Watershed Implementation Project - Segment 1 (Amendment)

Sponsor: James River Water Development District

Total Cost: \$16,925,792

319 Grant Request: \$216,000

This three-year project is the first segment of a locally planned multi-year (10-15 year) effort to implement Best Management Practices (BMPs) in the Lewis and Clark Lake watershed, Lake Andes, Geddes, Academy and Platte Lake watersheds, impaired stretches of the Lower James River tributaries, and impaired reaches in the Vermillion River watershed. This effort is aimed at restoring water quality to meet designated beneficial uses and address TMDLs established, and to be established, for water bodies in these watersheds.

Recommendation: \$216,000 (\$141,000 in Section 319 funds and a \$75,000 WQ Grant)

Soil Health Improvement and Planning Project (Amendment)

Sponsor: South Dakota Soil Health Coalition

Total Cost: \$660,300

319 Grant Request: \$153,000

This two-year project will improve soil health through planning and implementation of agricultural Best Management Practices (BMPs) and outreach to producers in select 303(d) listed water bodies in South Dakota. Outreach will include planning and holding workshops and field demonstration tours to educate and inform producers of ways to manage land to reduce runoff and improve nutrient cycling, which will ultimately improve water quality. There will be demonstration plots developed for cover crops and/or no-till planting methods at four locations.

These demonstration plots are in addition to planned workshops covering grazing management, livestock integration onto cropland, and diverse crop rotations. The project will also provide information and education to local landowners and the general public to provide a better understanding of soil health and its relationship to water quality benefits.

Recommendation: \$75,000 (\$25,000 in Section 319 funds and a \$50,000 WQ Grant)

Fund the project coordinator's salary for one year. The reduction is based on limited available funding. Future considerations for Information and Education materials for the project should be made through the SD I&E Mini-grants Program. Planning, design, and installation of BMPs through this project should be a priority in targeted 319 implementation project watersheds.

Grassland Management & Planning Project – Segment 5 (Amendment)

Sponsor: South Dakota Grassland Coalition

Total Cost: \$1,169,538

319 Grant Request: \$243,650

This is a two-year continuation of the current statewide Grassland Management and Planning project that will provide grassland managers with accelerated technical assistance to plan 100,000 acres of intensive grassland management systems implement, implement 100,000 acres of intensive grassland management systems, and transfer grassland management information gained from on-ranch demonstration projects and systems implemented to ranchers, researchers, agency specialists and the public.

Recommendation: \$69,000 in Section 319 funds.

Fund the project coordinator's salary through July 31, 2020. Reduction is based on limited available 319 funding and the Grassland Coalitions ability to leverage other partner funds such as National Fish and Wildlife Foundation, GF&P, NRCS, USFWS, SD Resource Conservation & Forestry. Future I&E funding needs for this project should be acquired through the SD I&E Mini-grants program.

Big Sioux River Watershed Implementation Project - Segment 3 (Amendment)

Sponsor: Moody County Conservation District

Total Cost: \$14,658,956

319 Grant Request: \$450,000

The Big Sioux River Watershed Project is a multiyear TMDL implementation strategy that will be completed in multiple segments and parts. The project will restore and/or maintain the water quality of the Big Sioux River and its tributaries to meet the designated beneficial uses by implementing best management practices such as seasonal riparian area management, animal waste management systems, grazing management systems, bank stabilization, and perpetual easements. The current project (Segment 3) is focused on further reducing loadings from animal feeding operations, overland sediment transport and expand ongoing project activities. It also extends water quality monitoring, begun under Segment 1, through 2020.

Recommendation: \$450,000 in Section 319 funds.

Upper Big Sioux River Watershed Implementation Project - Segment 7 (Amendment)

Sponsor: City of Watertown

Total Cost: \$1,297,726

319 Grant Request: \$420,000

The city of Watertown is the project sponsor of this 3-year project. The Upper Big Sioux River Watershed Project is designed to continue to improve water quality of the Big Sioux River, Lakes Kampeska and Pelican by reducing nutrient and sediment loads originating from grazing and animal feeding operations, from crop ground and pasture lands caused by inappropriate application of manure or holding pond water, and from stream/river banks and lake shoreline erosion.

Recommendation: \$50,000 in Section 319 funds.

Funds provided should be used for installation of best management practices focusing on non-supporting segments of the Big Sioux River that are listed as impaired by E. coli bacteria. BMPs should include grassed waterways and riparian area management. CRP Incentives will not be funded using 319 funds. The reduction is based on limited available funding, current project funds, and local funding sources for staff salary.

Jay Gilbertson, chairman of the NPS Task Force, reported that on December 10, 2018, the NPS Task Force met. The task force received presentations from all eight of the project sponsors, discussed proposed funding recommendations for each of the projects, and voted to concur with the DENR funding recommendations.

Mr. Gilbertson noted that the task force believes that, with the recommended funding amounts, the projects can move forward to achieve the goals that are intended. Some of the reductions are going to be targeting areas where continuing to provide ongoing continuous funding is not affordable. The pressure is coming from several sources to try to get some things done and show improvements in water quality. In some areas and some activities, while they are supported ideas and no watershed improvement is a bad thing, not everything that is done results in clear, demonstrable improvements.

Responding to questions from Dr. Gnirk, Mr. Gilbertson stated that there is a public notice process. The deadline for submitting funding applications to the DENR Watershed Protection Program is October 1. Staff performs completeness reviews of each application and develops internal recommendations. The NPS Task Force is provided with copies of the applications to review prior to their meeting in December. The applications are also available on DENR's website after they are submitted. At the NPS Task Force meeting, the project sponsors present their projects. Mr. Gilbertson said each of the applicants puts forward a work plan, and in some cases, some of the issues that are being addressed are not necessarily the issues that rise to the level of being the cause of impairments. For example, if a project area does not have a sediment problem that is bad enough to cause an impairment, investing money in bank stabilization, while not a bad idea, is not necessarily the best idea.

Mr. Dozark requested separate board actions to provide for the awards from the Water Quality grant funding and to provide the state 319 funding recommendations to EPA.

Chairman Johnson requested board action.

Motion by Gnirk, seconded by Bernhard, to concur with the funding recommendations of the department and the NPS Task Force and authorize the department to forward the FFY 2019 Section 319 funding recommendations to EPA with adjustments to final federal funding level. A roll call vote was taken, and the motion carried unanimously.

Motion by Gnirk, seconded by Lanning, to authorize the department to enter into a grant agreement with the James River Water Development District, South Dakota Discovery Center, and South Dakota Soil Health Coalition in the total amount of \$200,000 from Clean Water SRF administrative surcharge fees pursuant to the 2019 Clean Water SRF Intended Use Plan, contingent upon the 2019 Legislature authorizing the required budget authority for the awards. A roll call vote was taken, and the motion carried unanimously.

Chairman Johnson stated that at the last NPS Task Force meeting, there was discussion about the future direction of the NPS Task Force and the program in general. He said in past years, there was enough Section 319 funding to have multiple funding rounds, and now there is only one funding round per year. Chairman Johnson said his feeling, after watching this program for over 20 years, is that it seems like the state is sticking its fingers in the dikes because the problem we have in this state is far beyond the resources that are available to address the problem. Chairman Johnson said he is encouraged that the staff is taking a look at the future of the task force because he feels the task force is not being utilized as well as it could be. Chairman Johnson said he also believes there needs to be a better-focused plan. He asked Mr. Dozark to provide a synopsis of the discussion that took place during the NPS Task Force meeting in December.

Mr. Dozark stated that staff is looking at watershed protection as a whole and looking at the Integrated Report as being the focused area of where the program needs to go with implementation projects. Staff is also looking at getting into a rotating basin approach. Certain basins will be selected to be focused on, and those basins will be monitored for a two-year cycle to narrow in more so on potential problems and issues. Mr. Dozark said at this time there is a lack of monitoring to see if any of these implementation projects are doing what they say they are doing. The rotating basin approach will get more monitoring data in the different basins, which will help focus implementation projects on the problems that are actually occurring. He noted that staff gave a presentation on the future direction and goals of the Section 319 program at the December NPS Task Force meeting.

Chairman Johnson asked Mr. Dozark to provide the Board of Water and Natural Resources with a more detailed progress report on the future direction of the NPS Task Force at the March or June board meeting.

2017 DRINKING WATER INTENDED USE PLAN AMENDMENT: Andy Bruels 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, June, July, and September 2017, and March and June 2018.

For a project to utilize principal forgiveness allowed by a specific capitalization grant it must be on the Intended Use Plan associated with that capitalization grant. In order to maximize the use of each year's capitalization grant, it is necessary to amend projects to prior years' Intended Use Plans.

Staff proposed amending Attachment I - Project Priority List of the FY 2017 Drinking Water Intended Use Plan by adding the following entries:

<u>Priority Points</u>	<u>Loan Recipient</u>	<u>Estimated Loan Amount</u>	<u>Expected Loan Rate & Term</u>
3	Tulare	\$1,374,800	2.25%, 30 years

Staff recommended board approval the proposed amendments to the 2017 Drinking Water SRF IUP.

Motion by Soholt, seconded by Gnirk, to approve amendment of the 2017 Drinking Water SRF Intended Use Plan. A roll call vote was taken, and the motion carried unanimously.

AMENDMENT TO STATE WATER PLAN: Mr. Bruels stated that water projects that will require state funding or need state support for categorical grant or loan funding need to be on the State Water Plan. The Board of Water and Natural Resources annually approves projects for placement on State Water Facilities Plan and provides for amendment of projects onto the plan during the year. Placement of a project on the State Water Plan by the board provides no guarantee of funding. The projects placed on the plan at this meeting will remain on the facilities plan through December 2020.

Mr. Bruels presented the State Water Plan application and staff recommendation.

Sioux Falls requested amendment onto the facilities plan to replace the city's main wastewater pump station to ensure adequate capacity in the system to handle all sanitary sewer flows. The estimated total project cost of \$26,808,877.

This project dropped off the State Water Plan at the end of 2018, and in order for the project to be eligible to apply for funding, it needs to be included on the facilities plan.

Staff recommended amending the Sioux Falls project onto the 2019 facilities plan.

Motion by Bernhard, seconded by Lanning, to amend the Sioux Falls main pump station project onto the State Water Facilities Plan. A roll call vote was taken, and the motion carried unanimously.

AVAILABLE FUNDING: Andy Bruels reviewed available funds for the Consolidated Water Facilities Construction Program, Drinking Water SRF Water Construction Grants, Drinking

Water SRF Principal Forgiveness, Drinking Water SRF Loans, Clean Water SRF Water Quality Grants, Clean Water SRF Principal Forgiveness, and Clean Water SRF loans.

DRINKING WATER FACILITIES FUNDING APPLICATIONS: Mr. Bruels presented the five applications for funding and staff recommendations. A map showing the location of the projects was included in the board packet.

Pierre requested funding to construct a raw water intake in the Missouri River, a raw water pump station, a raw water transmission line, an 8.8 million gallon-per-day ultrafiltration water treatment facility, and transmission piping to connect into the city distribution system.

The city anticipates bidding the project in January 2020 with project completion in October 2021.

The estimated total project amount is \$36,850,000, and the amount requested is \$36,850,000.

Rates in Pierre are \$33.57 per 5,000 gallons usage.

The staff recommended awarding a \$36,850,000 Drinking Water SRF loan at 2.50 percent interest for 30 years.

The city pledged water revenues for repayment of the loan. Staff analysis indicates that rates need to be increased to approximately \$36.50 to provide the required 110 percent debt coverage.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower raising its water rates to a level sufficient to provide the necessary coverage.

Kristi Honeywell, city administrator, discussed the project and thanked the board for consideration of funding for the project.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2019-01** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$36,850,000 at 2.50 percent interest for 30 years to the **city of Pierre** for a water supply system improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing rates at a level sufficient to provide the required debt coverage. A roll call vote was taken, and the motion carried unanimously.

Mitchell requested funding to upgrade water mains along various street segments located within the city's east central drainage basin. The project will replace approximately 1,500 feet of 6-inch water main and replace hydrants, valves, and other necessary appurtenances.

The city of Mitchell anticipates bidding the project in March 2019 with project completion in the fall of 2019.

The estimated total project amount is \$692,879, and the amount requested is \$690,000 . Mitchell will use \$2,879 in local cash for the project.

Rates in Mitchell are \$29.15 per 5,000 gallons usage.

Staff recommended awarding a \$690,000 Drinking Water SRF loan at 2.25 percent interest for 20 years.

The city is pledging water revenue for repayment of the loan. Staff analysis indicates that at current rates, Mitchell will have approximately 408 percent debt coverage for the loan.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective.

Joe Schroeder, SPN & Associates, discussed the project and thanked the board for consideration of the funding for the project.

Motion by Lanning, seconded by Soholt, to adopt **Resolution No. 2019-02** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$690,000 at 2.25 percent interest for 20 years to the **city of Mitchell** for east central drainage basin water improvements; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective. A roll call vote was taken, and the motion carried unanimously.

Chamberlain requested funding to upgrade its water meters to automatic read meters. The meter reading will be sent to a tower then relayed to a computer and inputted to billing software.

Chamberlain anticipates beginning the project in January 2019 with project completion in May 2019.

The estimated total project amount is \$325,000, and the amount requested is \$300,000.

Rates in Chamberlain are \$33.50 per 5,000 gallons usage.

Staff recommended awarding a \$300,000 Clean Water SRF loan at 2.0 percent interest for 10 years.

Water conservation projects, to include water meters, are eligible for Clean Water SRF funding. This project can also be used to meet the Green Project Reserve requirements included in the Clean Water Capitalization Grants. Providing funding for this project with Clean Water SRF

helps meet the state's reporting requirements for Green Project Reserve. This will not adversely affect the Drinking Water program as there were no Green Project Reserve requirements associated with the Drinking Water capitalization grants.

The city pledged sales tax revenue for repayment of the loan. Staff analysis indicates Chamberlain will have a 403 percent debt coverage based on current sales tax rates.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective.

Dr. Gnirk stated that he highly endorses the installation of automatic meter reading systems.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2019-03** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$300,000 at 2.0 percent interest for 10 years to the **city of Chamberlain** for automatic read meters; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective. A roll call vote was taken, and the motion carried unanimously.

Miller requested funding to replace water infrastructure in the city. This is the third phase of a multi-year project. Phase I and Phase II addressed the most critical need infrastructure and Phase III will target the remaining pipes identified for replacement. Phase III will replace approximately 11,000 feet of 6-inch water main, 900 feet of 8-inch water main, and 4,400 feet of 1-inch water service line as well as valves, hydrants and other necessary appurtenances.

Miller anticipates bidding the project in the summer of 2019 with project completion in late 2020.

The estimated total project amount is \$2,500,000, and the amount requested is \$2,500,000.

Miller's rates are \$55.00 per 5,000 gallons usage.

Staff recently met with the city and USDA Rural Development to discuss funding options to minimize the rate increase needed to fund Phase III of the project. At that meeting, Rural Development was unsure of the amount of funding it would have for the upcoming year. Miller city officials requested the application be deferred until the March 2019 Board of Water and Natural Resources meeting to see if there will be more certainty with Rural Development funding by the board's next funding round.

Staff recommended the board defer the application until the March 2019 Board of Water and Natural Resources meeting.

Since the application was submitted by the October 1, 2018, deadline, the city is eligible to access the interest rate that was in effect at that time. The interest rate at the time of application was 0.25 percent lower than the interest rate for applications submitted in January.

By rule, the board is allowed to defer action on funding applications up to 120 days from the original presentation to the board, so the board will need to make a decision on funding for this project in March.

Motion by Gnirk, seconded by Bernhard, to defer the funding application for Miller. A roll call vote was taken, and the motion carried unanimously.

Tulare requested funding to replace the existing transfer pump station with a new structure to house new pumps, controls, and piping. The ground storage reservoir and water tower will be replaced with a larger water tower with adequate storage capacity for the town. The town will also cap an unused well then demolish the well house building.

The town of Tulare anticipates bidding the project in the summer of 2019 with project completion in the fall of 2020.

The estimated total project amount is \$2,145,000, and the amount requested is \$1,395,000. Tulare received a CDBG grant to cover the remaining costs of the project.

Rates in Tulare are \$37.00 per 5,000 gallons usage.

Staff recommended awarding a \$1,145,000 Drinking Water SRF loan with 100 percent principal forgiveness and awarding a \$250,000 Consolidated loan at 2.5 percent interest for 30 years.

A consolidated loan was recommended to help keep rates lower by alleviating the requirement for bond counsel and reducing the rate coverage requirement to meet the required 100 percent debt coverage, instead of the 110 percent required for an SRF loan.

Tulare pledged project surcharge for repayment of the loan. Staff analysis indicates a \$7.25 surcharge is required for repayment of the consolidated loan. This will result in overall monthly rates of \$44.25 based on 5,000 gallons usage.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage.

Gene Stellmacher, mayor of Tulare, answered questions from the board.

Motion by Gnirk, seconded by Lanning, to adopt **Resolution No. 2019-04** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,145,000 with 100 percent principal forgiveness to the **town of Tulare** for a drinking water improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other

documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective; and to adopt **Resolution No. 2019-05** approving the South Dakota Consolidated Water Facilities Construction Program loan agreement between the Board of Water and Natural Resources and the **town of Tulare** not to exceed \$250,000 at 2.50 percent interest for 30 years for a drinking water improvements project contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. A roll call vote was taken, and the motion carried unanimously.

SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION: Mike Perkovich presented the Sanitary/Storm Sewer Facilities applications and staff recommendations for funding. A map showing the location of the applicants requesting funding was included in the board packet.

Miller requested funding to replace sanitary and storm sewer lines. This is the third phase of a multi-year project. Phase I and II addressed the most critical infrastructure needs and Phase III will target remaining pipes identified for replacement. The project consists of replacing 13,000 feet of eight-inch sewer main and 4,700 feet of storm water pipe of varying sizes. The project will be undertaken in conjunction with the drinking water project presented earlier in the meeting.

The estimated total project amount is \$5,239,000, and the amount requested is \$5,239,000.

The city is seeking additional funding from USDA Rural Development. The city has requested that this application be deferred until the March 2019 board meeting.

Staff recommended the board defer the application until the March 2019, Board of Water and Natural Resources meeting.

Mr. Perkovich answered questions from the board.

Motion by Gnirk, seconded by Bernhard, to defer the funding application for Miller until the March 2019, Board of Water and Natural Resources meeting. A roll call vote was taken, and the motion carried unanimously.

Mitchell requested funding to upgrade storm water and sanitary sewer infrastructure along various streets within the city's east central drainage basin. The city will replace 1,000 feet of eight- and ten-inch sanitary sewer and 6,000 feet of storm sewer or varying sizes. The project will be undertaken in conjunction with the city's drinking water presented to the board earlier in the meeting.

The project also includes a nonpoint source component to install nonpoint source best management practices within the Firesteel Creek watershed. The nonpoint source improvements will include stream bank stabilization, grazing management, agricultural waste management systems, and vegetative buffers.

The city anticipates bidding the project in March 2019 with project completion in late 2019.

The estimated total project cost is \$3,944,956, and the amount requested is \$3,931,000, with the remaining \$13,956 being local cash.

The request includes \$356,000 for the nonpoint source activities and \$3,575,000 for the storm water and sanitary sewer project.

Current wastewater rates in Mitchell are \$24.77 for 5,000 gallons usage. The rate will increase to \$31.82 due to a surcharge needed for a loan that was awarded by the Board of Water and Natural Resources in September 2018.

Staff recommended awarding a \$3,931,000 Clean Water SRF loan at the nonpoint source incentive rate of 1.25 percent interest for 20 years, which will consist of two bond series— one in the amount of \$3,575,000 for the sanitary sewer and storm water improvements and the second in the amount of \$356,000 for the nonpoint source component of the project.

The city has pledged a project surcharge for repayment of the loan. Staff analysis indicates the city will need to establish a surcharge of \$3.70 to repay this loan. When coupled with the surcharge needed for the September 2018 loan, monthly residential rates will be \$35.53 for 5,000 gallons usage.

Staff recommended the loan award being contingent upon the borrower adopting two bond resolutions and the resolutions becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage. Staff also recommended that a special condition be placed on the loan that the borrower may not draw funds from the proceeds of the Series NPS A Borrower Bond until EPA approves the revised budget for the Firesteel Creek watershed implantation project.

Joe Schroeder, SPN & Associates, answered questions from the board.

Motion by Gnirk, seconded by Soholt, to adopt **Resolution No. 2019-06** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$3,931,000 at 1.25 percent interest for 20 years to the **city of Mitchell** for the east central drainage basin storm water and sanitary sewer improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting two bond resolutions and the resolutions becoming effective, contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage, and with the special condition that the borrower may not draw funds from the proceeds of the Series NPS A Borrower Bond until EPA approves the revised budget for the Firesteel Creek watershed implantation project. A roll call vote was taken, and the motion carried unanimously.

Mr. Perkovich provided an overview of available funds for the March funding round.

SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATIONS: Drew Huisken discussed available funds for the Solid Waste Management Program.

Mr. Huisken presented the Solid Waste Management Program applications and the staff recommendations for funding. A map showing the location of the projects was included in the board packet.

Hot Springs requested funding for a project to process a wood waste pile at the city's green waste disposal site. For the past five years, burning this wood waste has not been an option, and a large pile has accumulated. Hot Springs is proposing to process the woodpiles into chips for a secondary use. The city intends to hire a contractor to process the piles and plans to eliminate the pile within a three- to four- month period.

The estimated total project cost is \$70,000, and the amount requested is \$56,000.

Hot Springs does not charge fees for wood waste disposal at the site. In years past, woodpiles were burned, but due to the presence of new buildings in the area, including a hospital, burning has been prohibited for the past five years. The wood waste piles have become too large for a city maintenance crew to handle effectively and a larger wood chipping operation will be necessary. Once chipped, the wood will be hauled off-site or bequeathed to a third party for secondary use. After disposal, a more routine maintenance program for the wood waste will be implemented by city maintenance staff.

Hot Springs intends to process the woodpiles in the summer of 2019.

Staff recommended awarding a Solid Waste Management Program grant for up to 25 percent of eligible project costs not to exceed \$17,500.

For wood waste projects, grant awards have historically been 15 to 25 percent of the total project costs. The city of Hot Springs confirmed in a phone call that they are not interested in a Solid Waste Management Program loan and will use local cash to fund the remainder of the project.

Kim Barbier, city administrator, discussed the project and answered questions from the board.

Motion by Gnirk, seconded by Lanning, to adopt **Resolution No. 2019-07** approving the South Dakota Solid Waste Management Program grant agreement to the **city of Hot Springs** for up to 25 percent of approved total project costs not to exceed \$17,500 for a green waste pile processing project. A roll call vote was taken, and the motion carried unanimously.

Irene requested funding to purchase an 18-cubic yard recycling trailer. The trailer will provide residents a location to drop off recyclable materials. Currently there are no options for recycling in Irene, and residents are forced to drive to Vermillion to recycle materials. City staff will transport the trailer to Vermillion on a monthly basis for further processing.

The estimated total project cost is \$12,000, and the amount requested is \$12,000.

Irene intends to purchase the trailer shortly after funding is awarded.

Staff recommended awarding a Solid Waste Management Program grant up to 50 percent of the eligible project costs not to exceed \$6,000.

The city has indicated that they are committed to funding the remaining 50 percent in project costs.

Motion by Bernhard, seconded by Lanning, to adopt **Resolution No. 2019-08** approving the South Dakota Solid Waste Management Program grant agreement to the **city of Irene** for up to 50 percent of approved total project costs not to exceed \$6,000 for the purchase of an 18-cubic yard recycling trailer. A roll call vote was taken, and the motion carried unanimously.

Sioux Falls requested funding to purchase a wood grinder and transport trailers and to construct an asphalt pad to process wood waste generated from the city's Emerald Ash Borer Disposal Plan. The Emerald Ash Borer was discovered in Sioux Falls in May of 2018. The city intends to cut down 85,000 ash trees in parks and right-of-ways throughout the city to impede or stop the spread of the Emerald Ash Borer. This will be part of a multi-year tree removal plan.

The estimated total project cost is \$1,132,000, and the amount requested is \$1,132,000.

The wood waste generated from the Ash trees will not enter the solid waste stream. It is anticipated that the felled trees will be chipped outside of the city to mitigate spread of the Emerald Ash Borer and those wood waste chips are tentatively planned to be hauled and sold to the POET bio refining plant, where they will be burned to assist in the production of ethanol.

The city intends to begin disposal efforts in February of 2019.

Staff recommended awarding a Solid Waste Management Program grant at 25 percent of eligible total project costs not to exceed \$283,000.

For wood waste projects, grant awards have historically been 15 to 25 percent of total project costs. The city of Sioux Falls has indicated that they are not interested in a Solid Waste Management Program loan to fund the remainder of this project.

Dustin Hanson, city of Sioux Falls, discussed the project and answered questions from the board.

Motion by Soholt, seconded by Lanning, to adopt **Resolution No. 2019-09** approving the South Dakota Solid Waste Management Program grant agreement to the **city of Sioux Falls** for up to 25 percent of approved total project costs not to exceed \$283,000 for the purchase of a grinder, transport trailers, and an asphalt pad to process the wood waste generated from the city's Emerald Ash Borer disposal plan. A roll call vote was taken, and the motion carried unanimously.

South Dakota Solid Waste Management Association requested funding to assist with costs of the Manager of Landfill Operations (MOLO) training.

Every three years, South Dakota Solid Waste Management Association (SDSWMA) hosts a MOLO training course to certify new landfill managers and operators, maintain existing certifications, and train other staff and contractors in the solid waste industry statewide. Funding for this project helps to offset the registration costs for South Dakota solid waste operators and ensure qualified personnel are available to operate the state's solid waste facilities. The current MOLO course is scheduled for April of 2019.

The estimated total project cost is \$64,400, and the amount requested is \$41,900.

The Board of Water and Natural has been awarding grants for MOLO Training to SDSWMA on a three-year cycle since the year 2000.

Staff recommended awarding a Solid Waste Management Program grant up to 65.1 percent of eligible project costs not to exceed \$41,900.

The grant award would be consistent with previous iterations of the MOLO training course. The remainder of the project costs will be financed by registration fees and in-kind donations from other sources.

Melissa Fahy, deputy director of the SDSWMA, discussed the MOLO training course.

Motion by Bernhard, seconded by Sohlt, to adopt **Resolution No. 2019-10** approving the South Dakota Solid Waste Management Program grant agreement to the **South Dakota Solid Waste Management Association** for up to 65.1 percent of approved total project costs not to exceed \$41,900 for Manager of Landfill Operations training. A roll call vote was taken, and the motion carried unanimously.

Tri-County Landfill Association requested funding to acquire a Bomag BC 772 landfill compactor or an equivalent of that machine. The association's current compactor is over 20 years old and is nearing the end of its useful life. Use of this compactor will be critical to daily operations at the landfill.

The estimated total project cost is \$600,000, and the amount requested is \$600,000.

Purchase of the compactor will occur as soon as funding is available.

Staff recommended awarding a Solid Waste Management Program grant up to 50.0 percent of eligible project costs not to exceed \$300,000 and awarding a \$300,000 Solid Waste Management Program loan at 2.0 percent interest for 10 years.

Staff recommended the Solid Waste Management Program loan be contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the

pledge of revenues for repayment of the loan and contingent upon the borrower approving a security agreement.

The association pledged landfill fees for repayment of the loan. Tri-County Landfill Association recently raised its landfill fees to \$44.00 per ton for municipal solid waste. Staff analysis indicates that revenues generated will provide approximately 120 percent debt coverage on the loan.

Larry McManus, Tri-County Landfill Association, discussed the project.

Dr. Gnirk noted that he supports funding for this project.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2019-11** approving a Consolidated Water Facilities Construction Program loan to the **Tri-County Landfill Association** not to exceed \$300,000 at 2.0 percent interest for 10 years to purchase a landfill compactor, contingent upon the borrower adopting a approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan and contingent upon the borrower approving a security agreement; and to adopt **Resolution No. 2018-12** approving the South Dakota Solid Waste Management Program grant agreement to the **Tri-County Landfill Association** for up to 50 percent of approved total project costs not to exceed \$300,000 to purchase a landfill compactor. A roll call vote was taken, and the motion carried unanimously.

Mr. Huisken provided an overview of remaining funds in the Solid Waste Management Program for the next funding round.

FFY 2018 CLEAN WATER SRF ANNUAL REPORT: Stephanie Riggle presented the FFY 2018 Clean Water SRF annual report. The South Dakota Conservancy District is required to submit an annual report to EPA for the Clean Water SRF. The FFY 2018 report follows the same format as previous years and discusses activity from October 1, 2017, to September 30, 2018.

Highlights of FFY 2018 Clean Water SRF funding include the following:

- Fifteen Clean Water SRF loans were awarded for total funding of \$58,442,925.
- Three loans received principal forgiveness in the aggregate total of \$2,450,225.
- Loan repayments totaled more than \$27.6 million dollars, with \$20.9 million in principal, \$5.3 million in interest, and \$1.3 million in administrative surcharge.

Staff recommended the board approve the draft annual report for the Clean Water SRF program and authorize staff to finalize and distribute the report.

Motion by Gnirk, seconded by Lanning, to approve the FFY 2018 Clean Water SRF program annual report and to authorize staff to finalize and distribute the report. A roll call vote was taken, and the motion carried unanimously.

FFY 2018 DRINKING WATER SRF ANNUAL REPORT: Ms. Riggle presented the FFY 2018 Drinking Water SRF annual report. The South Dakota Conservancy District is required to submit an annual report to the EPA for the Drinking Water SRF. The FFY 2018 report follows the same format as previous years and discusses activity from October 1, 2017, to September 30, 2018.

Highlights of FFY 2018 Drinking Water SRF funding include the following:

- Thirteen Drinking Water SRF loans and one loan amendment were awarded for total funding of \$23,545,000.
- Six loans received principal forgiveness in the aggregate total of \$4,329,600.
- Loan repayments totaled more than \$16.1 million dollars, with \$11.5 million in principal, \$3.6 million in interest, and 1.0 million in administrative surcharge.

Staff recommended the board approve the draft annual report for the Drinking Water SRF program and authorize staff to finalize and distribute the report.

Motion by Bernhard, seconded by Lanning, to approve the FFY 2018 Drinking Water SRF program annual report and to authorize staff to finalize and distribute the report. A roll call vote was taken, and the motion carried unanimously.

Dr. Gnirk thanked the staff for all of the work they put into preparing these reports.

EAGLE BUTTE REQUEST TO REVISE PROJECT DESCRIPTION FOR DRINKING WATER SRF LOANS C462148-03 AND C462148-04: Jim Anderson reported that Eagle Butte currently has two Drinking Water State Revolving Fund loans.

Drinking Water SRF loan 03 is in the amount of \$520,000 with 38.5 percent principal forgiveness not to exceed \$200,000. The loan has not been closed, and no funds have been drawn.

Drinking Water SRF loan 04 is in the amount of \$725,000 with 50 percent principal forgiveness not to exceed \$362,500. This loan has a balance of \$34,381.

Both loans are at zero percent interest for 30 years.

In December 2018, the department received a letter from Eagle Butte requesting that the project description of both loans be amended to include work on the city's water tower. The water tower has significant deficiencies that must be addressed. The estimated cost for the repairs is \$382,000.

Staff recommended the board amend the project description of Eagle Butte's Drinking Water SRF loans C462148-03 and C462148-04.

Motion by Soholt, seconded by Lanning, to amend the project description for the Eagle Butte SRF loan C462148-03. A roll call vote was taken, and the motion carried unanimously.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2019-13** amending the project description for the **Eagle Butte** Drinking Water SRF loan C462148-04. A roll call vote was taken, and the motion carried unanimously.

REQUEST TO AMEND CROOKS CLEAN WATER SRF LOAN C461227-03: Mr. Bruels reported that in March 2018, the board awarded a \$2,052,000 Clean Water SRF loan and a \$1,214,000 Drinking Water SRF loan to the city of Crooks. The funds were for a water main and sanitary and storm sewer replacement project in the Palmira neighborhood. The project included replacing 5,000 feet of water main, 4,000 feet of sanitary sewer, 2,100 feet of storm sewer and related appurtenances.

On December 6, 2018, the department received a letter from Crooks requesting additional funding assistance from the Board of Water and Natural Resources for costs associated with the storm sewer work. During a comprehensive drainage study, the city became aware of an oversight related to the storm sewer cost estimate. The existing storm sewers are too limited in the areas where water is currently collected and does not convey storm water far enough out of the community to prevent back-ups during larger storm events. Unless additional funds are provided, the city will not be able to complete the proposed project.

The amended estimated total project amount is \$2,400,000, and the city has requested an additional \$348,000.

Staff recommended the board rescind Resolution No. 2018-18, which awarded the original Clean Water SRF loan, and that the board adopt a resolution awarding a \$2,400,000 Clean Water SRF loan at 2.5 percent interest for 30 years.

Crooks pledged wastewater revenue for repayment of the loan. Staff analysis for the original loan amount indicated total rates for 5,000 gallons would be \$42.00. With the additional \$348,000, staff analysis indicated that rates in Crooks would be approximately \$46.00 for 5,000 gallons usage.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing rates sufficient to provide the required debt coverage.

Jamison Rounds, mayor of Crooks, thanked the board for considering additional funding for the project.

Motion by Lanning, seconded by Bernhard, to rescind Resolution No. 2018-18 and to adopt **Resolution No. 2019-14** approving the Clean Water State Revolving Fund loan up to a maximum committed amount of \$2,400,000 at 2.5 percent interest for 30 years to the **city of Crooks** for storm sewer improvements; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust,

contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing rates sufficient to provide the required debt coverage. A roll call vote was taken, and the motion carried unanimously.

RESCIND BISON CLEAN WATER SRF LOAN C461139-02: Mr. Huisken reported that on June 26, 2014, the board awarded a \$419,000 Clean Water SRF loan to the town of Bison for the relining of 2,365 feet of sanitary sewer pipe, cleaning and televising another 4,700 feet of collection pipe, and improvements to the liner and the dikes of the town's wastewater treatment system. The loan was closed on August 21, 2014, but no reimbursements have been made and no progress has been made on this project since that time.

Staff believes any proposed improvements to the sanitary sewer system and wastewater treatment system would differ from the original scope and not be eligible for the current funding. It is also believed that existing funding would be insufficient to cover the costs of the project.

On October 19, 2018, the Department received confirmation from the town of Bison that they would not be using the existing funding for any proposed improvements. On October 22, 2018, staff sent a letter to the town of Bison informing them that Clean Water SRF Loan C461139-02 would be rescinded at the January 3, 2019, board meeting. No objections were received in response to that letter.

Staff recommended rescinding Resolution No. 2014-69, which approved the \$419,000 Clean Water State Revolving Fund Loan (C461139-02) to the town of Bison.

Motion by Gnirk, seconded by Soholt, to rescind Resolution No. 2014-69, which approved the \$419,000 Clean Water State Revolving Fund Loan (C461139-02) to the town of Bison. A roll call vote was taken, and the motion carried unanimously.

REQUEST TO AMEND VIEWFIELD RURAL WATER SYSTEM LOAN: Mr. Huisken stated that on June 23, 2016, Viewfield Rural Water Association, Inc. received a \$50,000 Consolidated Water Facilities Construction Program loan at 3.25 percent interest for 30 years and a \$200,000 Consolidated Water Facilities Construction Program grant for improvements to the association's water treatment system. The construction of those improvements is nearing completion, and it is estimated that there is a \$37,000 surplus in funds.

On October 6, 2018, the department received a request from Viewfield Rural Water Association to use the remaining funds to construct a storage building as an addition to the recently completed well house. Space is limited in the well house, and the proposed addition will provide adequate storage for the salt needed for the water treatment system.

Staff recommended the board approve the First Amendment to Consolidated Water Facilities Construction Program Grant 2017G-202, amending the scope of the project to include construction of an additional storage building.

Motion by Lanning, seconded by Bernhard, to adopt **Resolution No. 2019-15** approving the project scope amendment to **Viewfield Rural Water Association, Inc.** Consolidated Water

Facilities Construction Program grant agreement (2017G-202) for up to 80 percent of all approved total project costs not to exceed \$200,000. A roll call vote was taken, and the motion carried with Bernhard, Lanning, Soholt, and Johnson voting aye. Gnirk abstained from voting.

Mr. Huisken noted that Jon Peschong would be presenting an amendment for Viewfield Rural Water System's loan, and the scope amendment for the loan would be included with that board action.

REQUEST TO AMEND LOAN AGREEMENT FOR NEW AUDIT POLICY: Jon Peschong reported that at the September 27, 2018, meeting the board adopted revised audit requirements for loans to private non-profit and for-profit entities. Staff sent a letter notifying all current private non-profit and for-profit entities about the revised audit requirements, and informed them that if they wished to take advantage of the new audit requirements they would need to request that their loan be amended.

Requests for loan amendments to reflect the new audit requirements were received from Viewfield Rural Water Association, Sheridan Lake Highlands Home Owners Association, AGRAT2, and Hisega Meadows.

Staff worked with legal counsel to draft the loan amendments for each borrower.

Staff recommended the board approve each loan amendment separately to incorporate the revised audit requirement language.

Staff recommended the board adopt a resolution approving the First Amendment to Consolidated Water Facilities Construction Fund Revenue Obligation Loan Agreement 2017L-202 to Viewfield Rural Water Association amending the audit requirement and amending the project description discussed previously by Drew Huisken.

Motion by Bernhard, seconded by Lanning, to adopt **Resolution No. 2019-16** approving the First Amendment to Consolidated Water Facilities Construction Fund Revenue Obligation Loan Agreement 2017L-202 to **Viewfield Rural Water Association, Inc.** amending the audit requirement. A roll call vote was taken, and the motion carried with Bernhard, Lanning, Soholt, and Johnson voting aye. Gnirk abstained.

Staff recommended the board adopt a resolution approving the First Amendment to Consolidated Water Facilities Construction Fund Revenue Obligation Loan Agreement 2019L-200 to Sheridan Lake Highlands Home Owners Association, Inc. amending the audit requirement.

Motion by Lanning, seconded by Bernhard, to adopt **Resolution No. 2019-17** approving the First Amendment to Consolidated Water Facilities Construction Fund Revenue Obligation Loan Agreement 2019L-200 to **Sheridan Lake Highlands Home Owners Association, Inc.** amending the audit requirement. A roll call vote was taken, and the motion carried unanimously.

Staff recommended the board adopt a resolution approving the First Amendment to Drinking Water State Revolving Fund Revenue Obligation Loan Agreement C462468-02 to Hisega Meadows Water Inc. amending the audit requirement.

Motion by Lanning, seconded by Gnirk, to adopt **Resolution No. 2019-18** approving the First Amendment to Consolidated Water Facilities Construction Fund Revenue Obligation Loan Agreement 2019L-200 to **Hisega Meadows Water, Inc.** amending the audit requirement. A roll call vote was taken, and the motion carried unanimously.

Staff recommended the board adopt a resolution approving the First Amendment to Solid Waste Management Program Loan Agreement 2017L-REC-202 to AGRAT2, LLC amending the audit requirement.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2019-19** approving the First Amendment to Consolidated Water Facilities Construction Fund Revenue Obligation Loan Agreement 2019L-200 to **AGRAT2, LLC** amending the audit requirement. A roll call vote was taken, and the motion carried unanimously.

AUTHORIZATION TO DISTRIBUTE REQUEST FOR PROPOSALS FOR SRF PROGRAM INVESTMENT MANAGER: Mr. Perkovich reported that PFM Asset Management has served as the South Dakota Conservancy District's Investment Manager since April 2013. The contract expires on March 31, 2019, with no opportunity to extend. Staff is requested authorization to distribute a Request for Proposals (RFP) for an investment manager for the SRF programs.

In accordance with the Conservancy District's Investment Policy, an Investment Manager would direct the investment of all or a portion of certain SRF program funds. The District currently expects approximately \$50-125 million be invested at any one time over the period of the contract.

A draft RFP was included in the board packet. The draft RFP was reviewed by PFM Financial Advisors, legal counsel, and bond counsel. The draft RFP provides for firm interviews at the board's discretion.

The following are the anticipated timeframes for this process:

BWNR authorize distribution of RFP:	January 3 rd
Release of RFP:	Week of January 6 th
Proposal Deadline:	January 31 st
Rank Proposals/Schedule Interviews:	By February 16 th
Interviews:	Late February or early March
BWNR selects Investment Manager:	March 28-29 meeting

Staff recommended the board authorize the distribution of a Request for Proposals for the SRF Program Investment Manager.

Motion by Bernhard, seconded by Gnirk, to authorize the distribution of a Request for Proposals for the SRF Program Investment Manager. A roll call vote was taken, and the motion carried unanimously.

SERIES 2018 BOND ISSUE: Mr. Perkovich reported that originally the sale of the bonds was scheduled for December 4 and 5, 2018, with retail sales on December 4 and the institutional sales on December 5. Due to December 5 being declared the day of mourning for former President George Bush and the federal offices being closed, both of those sales took place on December 4, 2018. Mr. Perkovich noted that it was a successful sale. The bond was closed on December 19, 2018. The Series 2018 bonds have a par amount \$96,355,000 and include a net premium of \$15,271,000. These proceeds will provide \$66,000,000 for the Clean Water SRF Program, \$45,000,000 for the Drinking Water SRF Program, and \$626,000 for the cost of issuance and underwriter's discount. The tax-exempt bonds are rated AAA by both Moody's and Standard & Poor's, and that the all-in-true interest cost is 3.37 percent. The underwriting team consisted of Citigroup Global Markets as the senior manager and JP Morgan and Bank of America Merrill Lynch acting as co-managers.

NEXT MEETING: The next regularly scheduled board meeting is March 28-29, 2018 in Pierre. Mr. Perkovich discussed possible agenda items for that meeting.

ADJOURN: Motion by Lanning, seconded by Bernhard, that the meeting be adjourned. A roll call vote was taken, and the motion carried unanimously.

Approved this 28th day of March, 2019.

(SEAL)

Chairman, Board of Water and
Natural Resources

ATTEST:

Secretary, Board of Water and
Natural Resources

ATTENDANCE SHEET
BOARD OF WATER AND NATURAL RESOURCES MEETING

CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

BROOKINGS
DEPARTMENT OF TRANSPORTATION

JANUARY 3, 2019

NAME (PLEASE PRINT)

ADDRESS

REPRESENTING

Jay Gilbertson

Brookings

East Dakota WDD

JACKIE LANNING

Brookings

BWNR

DRAFT

ATTENDANCE SHEET
BOARD OF WATER AND NATURAL RESOURCES MEETING

CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

PIERRE
CAPITOL BUILDING

JANUARY 3, 2019

<u>NAME (PLEASE PRINT)</u>	<u>ADDRESS</u>	<u>REPRESENTING</u>
Mary Duvall	Pierre	Legis Oversight
Jim Anderson	Pierre	DENR
Josh Strobel	Pierre	DENR
Alex Roeber	Pierre	DENR
David Ruhnke	Pierre	DENR
Bob Mercer	Pierre	KEOCAND
Larry McManus	24978 349 th Ave Pitkin	Tri Co Landfill
Eric Meintsma	Pierre	DENR
Jon Peschony	Pierre	DENR
Stephanie Riggle	Pierre	DENR
Brad Palmer	Pierre	City of Pierre
Kris Dozark	Pierre	DENR
Barry McLaury	Pierre	DENR
Andy Bruels	Pierre	DENR
Mike Perkovich	Pierre	DENR
PAUL GNIRK	NEW UNDERWOOD	BWNR
Todd BERNHARD	FORT PIERRE	BWNR

ATTENDANCE SHEET
BOARD OF WATER AND NATURAL RESOURCES MEETING

CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

PIERRE
CAPITOL BUILDING

JANUARY 3, 2019

NAME (PLEASE PRINT)

ADDRESS

REPRESENTING

Dewl Huisken

Pierre

DENR

Twila Hight

Pierre

City of Pierre

Kristi Honeywell

Pierre

City of Pierre,

DRAFT

ATTENDANCE SHEET
BOARD OF WATER AND NATURAL RESOURCES MEETING

CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

RAPID CITY EMERGENCY OPERATIONS CENTER
RAPID CITY, SD

JANUARY 3, 2019

NAME (PLEASE PRINT)

ADDRESS

REPRESENTING

Bill Lass

Rapid City

BACOLG's

Kmi Barbieri

Rapid City

City of Hot Springs

DRAFT

ATTENDANCE SHEET
BOARD OF WATER AND NATURAL RESOURCES MEETING

CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

SIOUX FALLS
UNIVERSITY CENTER

JANUARY 3, 2019

NAME (PLEASE PRINT)

ADDRESS

REPRESENTING

NAME (PLEASE PRINT)	ADDRESS	REPRESENTING
BRAD PREHEIM	Centerville	NBWDSD
Jyde	Sioux Falls	SDSWNR
Melissa Fahy	Sioux Falls	SDSWMA
Cube Laber	Sioux Falls	DGR
Jamison Rounds	Crooks	City of Crooks
LUKE HANSEN	Sioux Falls	CITY OF SIOUX FALLS

ATTENDANCE SHEET

BOARD OF WATER AND NATURAL RESOURCES MEETING

CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

WATERTOWN
DEPARTMENT OF ENVIRONMENT & NATURAL RESOURCES

JANUARY 3, 2019

NAME (PLEASE PRINT)

ADDRESS

REPRESENTING

BRAD Johnson

Watertown

BANK

DRAFT