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Minutes of the  
Board of Water and Natural Resources Meeting  
In-Person or On-Line  
Matthew Training Center  
523 East Capitol  
Pierre, South Dakota

January 9, 2025  
1:00 p.m. Central Time

CALL MEETING TO ORDER: Chairman Jerry Soholt called the meeting to order. The roll was called, and a quorum was present.

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

BOARD MEMBERS PRESENT: Jerry Soholt, Cameron Becker, Todd Bernhard, Gary Drewes, Bruce Jennings, Gene Jones, Jr., and Jackie Lanning.

BOARD MEMBERS ABSENT: None.

LEGISLATIVE OVERSIGHT COMMITTEE: Representative Mike Weisgram.

OTHERS: See attached attendance sheets.

APPROVE AGENDA: Motion by Jennings, seconded by Bernhard, to approve the agenda as posted. The motion carried unanimously.

APPROVE MINUTES FROM NOVEMBER 7, 2024, MEETING: Motion by Bernhard, seconded by Jones, to approve the minutes from the November 7, 2024, Board of Water and Natural Resources meeting. The motion carried unanimously.

PUBLIC COMMENT PERIOD: There were no public comments.

SECTION 319 APPLICATIONS: Kris Dozark, Section 319 Implementation Coordinator, DANR Watershed Protection Program, reported that 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 recommendations from the Nonpoint Source (NPS) Task Force as part of its selection process.

Four applications requesting \$4,624,250 in Section 319 funding were received by DANR, reviewed by the NPS Task Force, and will be presented to the board today.

The 2025 Clean Water State Revolving Fund (SRF) Intended Use Plan authorized the use of \$200,000 in administrative surcharge fees for Water Quality grants to supplement the Section 319

programs for Total Maximum Daily Load (TMDL) implementation projects. Staff anticipates receiving \$2,644,000 in Section 319 funds, which is at the same level of last year's allocation. The DANR and NPS Task Force recommendations summarized in the table included in the board packet reflect both the anticipated FFY 2025 Section 319 federal funding allocation and \$200,000 in Clean Water SRF Water Quality grant awards. The department proposes to use \$842,000 for administration of the NPS program, which leaves \$2,002,000 for pass-through grants.

With final FFY 2025 appropriation levels being delayed until the new budget is in place, DANR recommended 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 four applications and recommended funding levels as follows:

**Belle Fourche River Watershed Management and Project Implementation Plan – Segment 11**

Sponsor: Belle Fourche River Watershed Partnership

Total Cost: \$5,796,000

Section 319 Grant Request: \$2,297,000

The Belle Fourche River Watershed Partnership is the project sponsor for this project. This is the eleventh segment that addresses seven TMDLs. Activities planned for this segment would continue implementing best management practices (BMPs) that reduce E. coli and TSS pollutants. These BMPs include: (1) installing irrigation sprinkler systems, (2) implementing riparian and range grazing management systems, (3) installing riparian/bank stability improvements, (4) implementing improved cropping systems, (5) improving and/or relocating livestock feeding areas.

DANR staff and the NPS Task Force recommended \$825,000 in Section 319 funds.

The recommendation is based on previous expenditures and the sponsor's ability to successfully leverage funds from other partners. The sponsor is encouraged to keep leveraging funds from multiple sources including Regional Conservation Partnership Program (RCPP) and the Conservation Commission grants.

**Big Sioux River Watershed Project – Segment 5**

Sponsor: Minnehaha Conservation District

Total Cost: \$11,653,175

Section 319 Grant Request: \$1,031,750

The Big Sioux River Watershed Project is a multi-year TMDL implementation strategy that will be completed in multiple segments. The project will restore and/or maintain the water quality of the Big Sioux River and its tributaries to meet the designated beneficial uses. The Lower Big Sioux River, Central Big Sioux River and the North-Central Big Sioux River/Oakwood Lakes Watershed Assessment identified various segments of the Big Sioux River and certain tributaries between Estelline, South Dakota and Sioux City, Iowa as failing to meet designated uses due to impairments from total suspended solids (TSS), dissolved oxygen and/or bacteria. This project (Segment 5) is focused on further reducing loadings from soil erosion, animal feeding operations, damaged riparian areas, and expanding ongoing project activities. It also extends water quality monitoring through 2030.

DANR staff and the NPS Task Force recommended \$525,000 in Section 319 funds.

The recommendation is based on the project's ability to leverage funds from other sources, specifically Clean Water SRF loan funds from the city of Sioux Falls and Dell Rapids and the history of spending Section 319 funds. The leveraging of those funds allows for conservation practices to be implemented without funding from Section 319 dollars. The sponsor is also encouraged to possibly leverage funds from the Conservation Commission.

**Prairie Coteau Watershed Improvement and Protection Project – Segment 1 (Amendment)**

Sponsor: Day County Conservation District

Total Cost: \$3,759,521

Section 319 Grant Request: \$1,095,500

The goal of this project is to protect and improve the water quality of northeast South Dakota glacial lakes, streams, and rivers by implementing conservation practices that reduce the amount of fecal coliform bacteria, nutrients, and sediment loads entering project water bodies, maintaining their assigned beneficial uses, and to build on previous efforts and protect water quality improvements realized from previous implementation projects and segments. This project combines two multi-year locally led watershed projects: Northeast Glacial Lakes Watershed Improvement and Protection Project (Segment 5) and Upper Big Sioux Watershed Project (Segment 7) into one project now called the "Prairie Coteau Watershed Improvement and Protection Project."

DANR staff and the NPS Task Force recommended \$252,000 in Section 319 funds and \$200,000 in Clean Water SRF water quality funding.

The recommendation is based on previous expenditures, funding remaining in the current segment, and the sponsor's ability to successfully leverage funds from other partners. The sponsor is also encouraged to continue seeking funding from the Conservation Commission grants.

**Rapid Creek Watershed Project – Segment 1**

Sponsor: West Dakota Water Development District

Total Cost: \$333,333

Section 319 Grant Request: \$200,000

The goal of this three-year project is to protect and improve water quality through planning and implementation of erosion control, stream restoration, and soil and riparian health BMPs in the Rapid Creek watershed located in the Black Hills of South Dakota. The project will also implement BMPs to address protection of non-303(d) listed waters in the Rapid Creek watershed. Outreach will include planning and holding workshops and field demonstration tours to educate and inform the public and producers of ways to manage land to reduce runoff and erosion to ultimately improve and protect water quality.

DANR staff and the NPS Task Force recommended \$200,000 in Section 319 funds.

The recommendation is to fully fund this project. The watershed-based plans will allow for future recommendations for implementing conservation practices that will help protect the high-quality

waters in the Rapid Creek watershed. Cooperation with the South Dakota Game Fish and Parks and other partnering agencies throughout the planning process will be vital to the success of the plans that are developed. In the Cooperating Organizations section, change “will” provide technical and financial assistance to “may” provide technical and financial assistance.

Mr. Jay Gilbertson, former chair of the NPS Task Force, reported that on December 12, 2024, the task met to review the projects, and voted to concur with the DANR funding recommendations.

Mr. Dozark requested that the board authorize DANR to enter into a grant agreement with Day County Conservation District in the amount of \$200,000 from Clean Water SRF administrative surcharge fees pursuant to the 2025 Clean Water SRF Intended Use Plan contingent upon the 2025 Legislature authorizing the required budget authority for the awards. This will allow the department to prepare and execute one agreement with this entity for both the Section 319 and Clean Water administrative surcharge fee funds and not have to bring this back before you for approval of a separate Water Quality grant.

Motion by Jones, seconded by Lanning, to authorize the department to enter into a grant agreement with Day County Conservation District in the amount of \$200,000 from Clean Water SRF administrative surcharge fees pursuant to the 2025 Clean Water SRF Intended Use Plan contingent upon the 2025 Legislature authorizing the required budget authority for the awards. The motion carried unanimously.

Mr. Dozark also requested that the board concur with the funding recommendations of the department and the Nonpoint Source Task Force and authorize the department to forward the FFY 2025 Section 319 funding recommendations to EPA with adjustments to final federal funding level.

Motion by Jennings, seconded by Drewes, to concur with the funding recommendations of the department and the Nonpoint Source Task Force and authorize the department to forward the FFY 2025 Section 319 funding recommendations to EPA with adjustments to the final federal funding level. The motion carried unanimously.

RIPARIAN BUFFER INITIATIVE (RBI) PRESENTATION: Mr. Dozark provided a slide presentation discussing the Riparian Buffer Initiative.

In 2021, House Bill 1256 appropriated \$3,000,000 to DANR for restoration of the Big Sioux River watershed. DANR developed the Riparian Buffer Initiative (RBI) project with input from conservation partners.

RBI fact sheets were developed to define eligibility and payment rates. Tanner Clausen with the DANR Watershed Protection Program in the Sioux Falls office was assigned to coordinate the project. Mr. Dozark noted that the RBI was somewhat based off of the Big Sioux River project Seasonal Riparian Area Management project. The first RBI contract was signed in December 2023.

Currently there are 41 contracts in the Big Sioux River watershed buffering 672 acres at a cost of approximately \$1,300,000; and there are 28 potential projects buffering 480 acres in the Big Sioux River watershed, and for 21 of those potential projects the cost is approximately \$1,400,000.

In 2022, the Board of Water and Natural Resources awarded \$1,000,000 in ARPA funds to DANR for the RBI to take the program statewide. The first project was in the James River watershed in April 2024.

In 2024, the Board awarded an additional \$5,000,000 in ARPA funds, and Nathan Andersen was hired to work on the RBI in western South Dakota.

Statewide there are currently 14 stream contracts, mostly on the James River and Vermillion River, buffering 770 acres at a cost of approximately \$1,300,000. There are 11 potential projects buffering 930 acres, and for nine of those potential projects the cost is approximately \$1,700,000.

Mr. Dozark stated that staff has had good collaborations with DANR 319 nonpoint source project coordinators, Cory Zerbel with the Prairie Coteau project in the northeast part of the state, Barry Berg with the Big Sioux project, the South Central Watershed project, the Pheasants Forever, Game, Fish and Parks, Ducks Unlimited biologists, NRCS staff, and the county Conservation District staff. He noted that this has been a very successful program.

There were no questions from the board.

PROPOSED ADJUSTMENTS TO SRF LOAN INITIAL AMORTIZATION DATE PAYMENTS:

Tina McFarling reported that during the June 2024 meeting, staff started the discussions about cash flow and program capacity. Both SRF programs have capacity to support the funding requests that are being received; however, if the project requests and project costs continue at these historic levels, funding for future requests may be limited.

In discussions with the financial advisor and bond counsel, staff learned that there are several programmatic changes that make a significant impact to the fund stability. The first option was addressed during the June 2024 meeting when the board adjusted interest rates for nonprofit corporation borrowers. Other solutions suggested were adjusting loan amortization payment schedules, using the priority points system, and limiting the projects that receive funding.

Currently the initial amortization payment schedule is set when all loan funds have been drawn, or when the project has been completed, or when the loan enters repayment at the two-year mark of the loan if the loan has not been fully drawn or the project has not been completed. For the first two scenarios, the initial amortization payment schedule is based on the loan amount drawn and the accrued interest and administrative fees to date.

For loans that enter repayment, the initial amortization schedule is based on the amount of principal drawn and the accrued interest and fees. After this period, the amortization payment schedules are recalculated semi-annually until either the project is complete, or the loan funds are fully drawn. Then a final amortization schedule is calculated.

Ms. McFarling said the proposed change only applies to loans that enter repayment at the two-year mark. We are proposing that the principal repayment portion of the amortized loan payment schedule be based on the total loan amount and not the loan amount that has been drawn at the point of entering repayment. The process does not change for loans that have had the principal amount fully drawn or the project is complete prior to repayment.

There are several benefits for both the SRF programs and for the borrowers. For the SRF programs this provides a timeline and known amounts for future principal repayments and this in turn helps staff accurately predict principal repayment revenue for future debt service and loans. For the borrowers this first and foremost provides the benefit of a full 20-year or 30-year level debt service resulting in slightly lower payments over time and in total. The principal repayment will be set at the time of closing and will give the borrower and its users a better understanding and time to prepare for future payments. If the loan amount drawn is less than the amount of loan at loan closing, the amortization scheduled will be recalculated at the drawn loan amount and total repayments will be lower due to the higher amount of principal already paid.

Department staff will continue to work with the financial advisor, trustee, and legal counsel to update loan language to implement the proposed structure. The goal is to have this in place for all loans being closed on or after March 1, 2025.

Staff recommended that the board approve the staff to continue to work with financial advisors and legal counsel to update the loan agreements.

Motion by Bernhard, seconded by Drewes to approve the staff to continue to work with financial advisors and legal counsel to update the loan agreements.

Mr. Jennings stated that many of these projects involve added connections and the expectation of added revenue from those connections. He asked if staff took into consideration that cash flow on borrower's side if they're asked to pay the final principal before all that revenue is available.

Mr. Bruels said he believes Mr. Jennings is asking if the borrower has an issue with that cash flow on the front end with a slightly higher repayment. He said when a loan is closed, the borrower is required to have the rate structure in place, based on their current users, to provide 110 percent debt coverage of the full loan amount at that two-year period. So, the borrower is already generating the income revenue sufficient and necessary to cover the full loan amount. Currently, the borrowers haven't been necessarily utilizing it to make those repayments, so the income revenue is available to them and is part of that loan closing process.

The motion carried unanimously.

DRINKING WATER FACILITIES FUNDING APPLICATIONS: Mr. Bruels provided an overview of available funds. He then presented the funding applications and staff recommendations.

**Wagner** is proposing to install new water main to provide looping of dead ends along SD Highway 46 in conjunction with a proposed SD Department of Transportation project to improve SD Highway 46 through Wagner. The installation of the water main will connect several smaller lines that provide water in portions of the city, as well as connecting some six-inch lines.

The estimated project amount is \$1,400,000, and the amount requested is \$1,400,000.

Staff recommended awarding a \$1,400,000 Drinking Water SRF loan at 3.25 percent interest for 30 years with 36.8 percent as principal forgiveness not to exceed \$515,000.

Wagner pledged a project surcharge for repayment of the loan. Rates are \$59.25 for 5,000 gallons. Staff analysis indicates a surcharge of \$5.75 is needed for repayment of the loan, which would bring overall rates to \$65.00.

Staff recommended the loan 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.

Jeff McCormick, SPN, discussed the project.

Motion by Lanning, seconded by Becker, to adopt **Resolution No. 2025-01** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,400,000 at 3.25 percent interest for 30 years with 36.8 percent as principal forgiveness not to exceed \$515,000 to the **city of Wagner** to install new water main along SD Highway 46, 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 a surcharge at a level sufficient to provide the required debt coverage. The motion carried unanimously.

SANITARY/STORM SEWER FUNDING APPLICATIONS: Tina McFarling presented the applications and staff recommendations for funding.

**Mitchell** requested funding to address persistent water quality problems related to elevated phosphorus and resulting algae blooms at Lake Mitchell. The city proposes removal of lake sediment by drawing down the lake to expose the sediments and dredging the sediment. Traditional earthwork equipment, such as excavators, bulldozers, and draglines, will be used to remove the sediment, which will be transported to a disposal site in Firesteel Park or elsewhere in the vicinity of the lake. It is estimated that up to 2,000,000 cubic yards of sediment will be removed. The project will also include management of inflow from external sources to reduce the amount of sediment entering the lake.

The estimated project amount is \$25,000,000, and the amount requested is \$16,815,900. Other Funding for the project includes \$8,184,100 in local cash.

Staff recommended awarding a \$16,815,900 Clean Water SRF loan at 3.50 percent interest for 20 years. The city pledged sales tax revenue for repayment of the loan. Staff analysis indicates that sales tax will provide over 500 percent debt coverage.

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

Joe Schroeder, city of Mitchell, discussed the project and answered questions from the board.

Motion by Bernhard, seconded by Jones, to adopt **Resolution No. 2025-02** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$16,815,900 at 3.50 percent interest for 20 years to the **city of Mitchell** for dredging at Lake Mitchell, 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 resolutions and the resolution becoming effective. The motion carried unanimously.

**Wagner** requested funding for a project to replace sewer infrastructure along SD Highway 46. The project is planned to be undertaken in conjunction with the reconstruction of Highway 46 through the city. The project will consist of the replacement of the existing sewer lines along the Highway 46 corridor from Washington Avenue to Haar Avenue, a total distance of approximately 4,300 feet. The majority of sewer work will involve replacement of the sewer mains that cross the highway.

The estimated project amount is \$425,000, and the amount requested is \$425,000.

Staff recommended awarding a \$425,000 Clean Water SRF loan at 3.75 percent interest for 30 years.

Wagner pledged a project surcharge for repayment of the loan. The city has a flat rate of \$34.00 per month. Staff analysis indicates a surcharge of \$2.90 is needed for repayment of the loan, bringing rates to \$36.90 per month.

Staff recommended the loan 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.

Jeff McCormick, SPN, discussed the project.

Motion by Becker, seconded by Lanning, to adopt **Resolution No. 2025-03** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$425,000 at 3.75 percent interest for 30 years to the **city of Wagner** to replace sewer infrastructure along SD Highway 46, 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 a surcharge at a level sufficient to provide the required debt coverage. The motion carried unanimously.

**Wolsey** requested additional funding to replace the sanitary sewer line that leads to the lagoon. This project was originally provided funding in March 2023. The additional funds are being requested due to bids coming in over budget.



Wolsey proposes to replace approximately 1,480 linear feet of 15-inch sanitary sewer line with manhole inlets that lead to the lagoon. The current line has outlived its useful life and does not have any manholes to assist in flushing out the line.

The estimated project amount is \$500,000, and the amount requested is \$244,000. Other funding for the project includes \$72,000 in local cash, a \$50,000 grant from the James River Water Development District, and a \$134,000 Clean Water SRF loan.

Staff recommended awarding a \$244,000 Clean Water SRF loan at 3.75 percent interest for 30 years.

The city pledged a project surcharge for repayment of the loan. Wolsey has a flat rate of \$33.95 per month. Staff analysis indicates a surcharge of \$6.60 is needed for repayment of the loan, bringing rates to \$40.55 per month.

Staff recommended the loan 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.

Ted Dickey, NECOG, discussed the project.

Motion by Drewes, seconded by Bernhard, to adopt **Resolution No. 2025-04** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$244,000 at 3.75 percent interest for 30 years to the **city of Wolsey** to replace the sanitary sewer line that leads to the lagoon, 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 a surcharge at a level sufficient to provide the required debt coverage. The motion carried unanimously.

Ms. McFarling provided a recap of available funds.

FFY 2024 CLEAN WATER SRF ANNUAL REPORT: Holly Briggs presented the FFY 2024 Clean Water SRF annual report.

The South Dakota Conservancy District is required to submit an annual report to the Environmental Protection Agency for the Clean Water State Revolving Fund (SRF). The Federal Fiscal Year 2024 report follows the same format as previous years and discusses activity from October 1, 2023, to September 30, 2024.

In FFY 2024 the board awarded 35 Clean Water SRF loans totaling \$221,286,847. Eight of the loans received principal forgiveness in the aggregate amount of \$1,603,200. Loan repayments for the year totaled \$41,400,000, with \$32,600,000 in principle, \$6,400,000 in interest, and \$2,300,000 in administrative surcharge.

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

Motion by Lanning, seconded by Bernhard, to approve the FFY 2024 Clean Water SRF program annual report and authorize staff to finalize and distribute the report. The motion carried unanimously.

FFY 2024 DRINKING WATER SRF ANNUAL REPORT: Megan Briggs presented the FFY 2024 Drinking Water SRF annual report.

The South Dakota Conservancy District is required to submit an annual report to the Environmental Protection Agency for the Drinking Water State Revolving Fund (SRF). The Federal Fiscal Year 2024 report follows the same format as previous years and discusses activity from October 1, 2023, to September 30, 2024.

In FFY 2024 the board awarded 33 Drinking Water SRF loans and approved two loan amendments for total amount of \$112,573,039. Eight of those loans received principal forgiveness in the aggregate total of \$\$20,511,000. Loan repayments totaled just over \$18,500,000, with \$12,600,000 in principle, \$4,700,000 in interest, and \$1,200,000 in administrative surcharge.

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

Motion by Jones, seconded by Lanning, to approve the FFY 2024 Drinking Water SRF program annual report and authorize staff to finalize and distribute the report. Motion carried unanimously.

CENTRAL CITY REQUEST TO DEOBLIGATE CONSOLIDATED LOAN 225L-201: Ms. McFarling reported that on June 27, 2024, the Board of Water and Natural Resources awarded a \$182,000 Consolidated Water Facilities Construction Program Loan to Central City.

On November 25, 2024, DANR staff received a letter from Central City requesting to deobligate the loan.

Staff recommended the board rescind the loan.

Motion by Becker, seconded by Jennings, to rescind Resolution No. 2024-119, which awarded Consolidated Water Facilities Construction Program loan 2025L-201 in the amount of \$182,000 to the city of Central City. The motion carried unanimously.

EDGEMONT REQUEST TO DEOBLIGATE DRINKING WATER SRF LOAN C462216-03: Ms. McFarling reported that on January 7, 2021, the Board of Water and Natural Resources awarded a \$637,000 SRF loan to the city of Edgemont for an Iron Removal System installation project.

On November 5, 2024, DANR staff received email communications from the Mayor of Edgemont stating that the city will not be moving forward with the project and is requesting to deobligate the drinking water SRF loan.

Staff recommended the board rescind Resolution No. 2021-01, which awarded the loan.

Motion by Jennings, seconded by Lanning, to rescind Resolution No. 2021-01, which awarded Drinking Water SRF Loan C462216-03 in the amount of \$637,000 to the city of Edgemont. The motion carried unanimously.

GRANT-ROBERTS RURAL WATER SYSTEM DRINKING WATER SRF LOAN C462475-03:  
Ms. McFarling reported that on June 27, 2024, the Board of Water and Natural Resources awarded a \$2,549,000 Drinking Water SRF loan with principal forgiveness of 24.3 percent not to exceed \$619,000 to Grant Roberts Rural Water System for the 2024 System Improvement Project.

On December 2, 2024, DANR received a letter from Grant-Roberts Rural Water System requesting a decrease of the initial \$2,549,000 loan awarded. This decrease brings the total loan to \$1,687,000. The rural water system also wished to retain the \$619,000 in principal forgiveness, which will assist in connecting the town of Marvin to the system and allow those users to join with no additional debt charge. With the decrease in the total loan to \$1,687,000, the principal forgiveness percentage amount will increase to 36.7 percent.

Staff recommended the board rescind Resolution No. 2024-119, which awarded the SRF loan, and adopt a resolution awarding a \$1,687,000 Drinking Water SRF loan at 3.75 percent for 30 years with 36.7 percent principal forgiveness, not to exceed \$619,000.

Ms. McFarling answered questions from the board.

Motion by Jones, seconded by Lanning to rescind Resolution No. 2024-119, which awarded the SRF loan, and to adopt **Resolution No. 2025-05** awarding a \$1,687,000 Drinking Water SRF loan at 3.75 percent for 30 years with 36.7 percent principal forgiveness, not to exceed \$619,000 to **Grant-Roberts Rural Water System**. The motion carried unanimously.

AMENDMENT TO MID-DAKOTA RURAL WATER SYSTEM DRINKING WATER SRF LOAN C462430-07: Holly Briggs reported that on June 27, 2024, the Board of Water and Natural Resources awarded a \$14,730,000 Drinking Water SRF loan to Mid-Dakota Rural Water System for the Wessington Springs Bulk Water Supply project.

When corresponding with the borrower's attorney, it was brought to staff's attention that the resolution format only listed the principal forgiveness in the contingency portion of the resolution and was not in the correct format that allowed the loan for 100 percent principal forgiveness

Staff recommended the board rescind Resolution No. 2024-113, which awarded the original Drinking Water SRF with only a contingency of principal forgiveness and adopt a new resolution with the correct format for 100 percent principal forgiveness.

Motion by Drewes, seconded by Becker, to rescind Resolution No. 2024-113, and to adopt **Resolution No. 2025-06** awarding a Drinking Water SRF loan to **Mid-Dakota Rural Water System** with the correct format to allow for 100 percent principal forgiveness. The motion carried unanimously.

NEXT MEETING: The next meeting is March 27, 2025, at the Matthew Training Center in Pierre.

Ms. McFarling discussed possible agenda items for the March board meeting.

ADJOURN: Motion by Jones, seconded by Drewes, to adjourn. The motion carried unanimously.

Approved this 27<sup>th</sup> day of March 2025.

(SEAL)

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Chairman, Board of Water and Natural Resources

ATTEST:

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Secretary, Board of Water and Natural Resources

