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Minutes of the
Board of Water and Natural Resources Meeting
Matthew Training Center
523 East Capitol
Pierre, South Dakota

March 28-29, 2019
10:30 a.m. CDT

CALL MEETING TO ORDER: The meeting was called to order by Chairman Brad Johnson. 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, Gene Jones, Todd Bernhard, Paul Gnirk, and Kathryn Johnson.

BOARD MEMBERS ABSENT: Jerry Soholt and Jackie Lanning.

LEGISLATIVE OVERSIGHT COMMITTEE MEMBERS PRESENT: Senator John Wiik and Representative Mary Duvall.

OTHERS PRESENT: See attached attendance sheets.

APPROVE AGENDA: Mr. Perkovich announced that item 17.1, Dell Rapids Request to Amend Clean Water SRF Loan C461064-09 was removed from the agenda. Legal counsel advised staff before the meeting that this matter did not require board action.

Chairman Johnson approved the amended agenda.

APPROVE MINUTES OF JANUARY AND FEBRUARY 4, 2019, MEETINGS: Motion by Gnirk, seconded by Bernhard, to approve the minutes of the January 3 and February 4, 2019, Board of Water and Natural Resources meetings. Motion carried unanimously.

PUBLIC COMMENT PERIOD: There were no public comments.

Mr. Perkovich introduced new board member Kathryn Johnson from Hill City. Governor Dugaard appointed Ms. Johnson to fill the vacancy left by Paul Goldhammer's resignation.

Mr. Perkovich introduced Water and Waste Funding Program staff.

Chairman Johnson welcomed Senator Wiik and Representative Duvall, members of the Legislative Oversight Committee.

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES STATE WATER RESOURCES MANAGEMENT SYSTEM GRANT AGREEMENT: Andy Bruels reported that pursuant to the Board of Water and Natural Resources' recommendation, the 2017 Legislature appropriated funds to the State Water Resources Management System component of the State Water Plan for Statewide Hydrology and Water Management Studies to manage and protect state water resources. In Section 1 of Senate Bill 70, the 2017 Legislature appropriated \$450,000 to the board for grants to state and local project sponsors of hydrology and water management studies. Approximately \$93,080 is available.

The Department of Environment and Natural Resources (DENR) Geological Survey Program submitted a request for a \$90,149.50 grant to help fund replacement of the well pumps for the Statewide Ground Water Quality Monitoring Network. Of the grant total, \$54,870.75 will be utilized by DENR directly to replace pumps that are located outside the boundaries of the water development districts in the state and to purchase two pump controllers. The remaining \$35,278.75 will be prorated to each district based on the number of pumps within that particular district. In addition to the DENR contributions, the districts will be responsible for the following costs:

Central Plains WDD	\$5,334.00
East Dakota WDD	\$5,341.50
James River WDD	\$8,626.50
South Central WDD	\$2,571.75
Vermillion Basin WDD	\$5,058.00
TOTAL	\$26,931.75

The total project cost with DENR and water development district contributions is \$117,081.25.

The current well pumps in the monitoring network are beyond their useful life and experiencing mechanical issues that are beyond normal repair. Most pumps are in the range of 25 to 30 years old, and the lack of reliable operation makes it difficult to ensure samples are obtained as scheduled. The monitoring network provides a valuable resource for state and local entities when making decisions on current water quality conditions and trends in 25 of the state's vulnerable shallow aquifers.

The packet that the board members received prior to the meeting included a fact sheet explaining the project.

Tim Cowman, program administrator for the DENR Geological Survey Program, discussed pump replacement in the Statewide Ground Water Quality Monitoring Network. He provided maps showing the location of the pumps within the Statewide Ground Water Quality Monitoring Network and the status of the pumps within the network. The network monitors 25 shallow aquifers across the state. These aquifers are the most vulnerable to activities that occur on the surface.

Generally, there is one shallow monitoring well and one deep monitoring well at each of the sites because there are differences in water quality in the shallow versus the deeper part of the aquifer. Some sites only have one well because the aquifer is not thick enough to install a deeper well.

Each well in the network is sampled every other year, and each of the wells has a dedicated stainless steel pump capable of low-flow purging and sampling from water within the well screen interval ensures a representative sample. Common inorganics, nutrients, and 18 different pesticides are analyzed.

There are a total of 144 wells in the monitoring network. Each of the wells contains a pump. The network was started in the late 1980s and fully implemented in the early 1990s. Many of the pumps have failed or are failing due to their age and wear. There are 41 monitoring wells in 13 aquifers that need pump replacement. Twenty-three of the pumps are located within the boundaries of a water development district. The average cost for all 41 pumps that need to be replaced is \$2,740.32 per pump. In addition, two pump controllers will need to be purchased at a total cost of \$4,728.00. The total cost for replacement of the pumps and pump controllers is \$117,081.25.

Mr. Cowman requested that the board approve a State Water Resources Management System grant in the amount of \$90,149.50. The department has requested that the water development districts provide the remaining \$26,931.75 for the project.

Mr. Cowman answered questions from the board.

Mr. Bruels stated that the department recommended the board approve a resolution authorizing the Chairman to execute the State Water Resources Management System Grant Agreement with the Department of Environment and Natural Resources in the amount of \$90,149.50.

Motion by Gnirk, seconded by Jones, to adopt **Resolution No. 2019-20** approving the State Water Resources Management System Grant Agreement to the **Department of Environment and Natural Resources** not to exceed \$90,149.50 for hydrology and water management studies, and to authorize the Chairman to execute the grant agreement. Motion carried unanimously.

BIG SIOUX FLOOD CONTROL IMPLEMENTATION MODELING DEMONSTRATION:
Tim Cowman, SD Geological Survey, provided a demonstration on the Big Sioux Flood Implementation modeling.

AMENDMENTS TO STATE WATER PLAN, 2019 CLEAN WATER STATE REVOLVING FUND INTENDED USE PLAN, AND 2019 DRINKING WATER STATE REVOLVING FUND INTENDED USE PLAN

Amendments to State Water Plan

Andy Bruels reported that water projects which 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 onto State Water Facilities Plan and provides for amendments of projects onto the plan on a quarterly basis. Placement of a project on the State Water Plan by the board provides no guarantee of funding. The projects placed onto the plan at this meeting will remain on the facilities plan through December 2020.

Projects seeking a Clean Water or Drinking Water State Revolving Fund loan must be included on the project priority list of the Intended Use Plan. The State Water Plan applications are used to determine which projects should be amended onto the State Revolving Fund Project Priority Lists.

Five State Water Plan applications were received by the February 1, 2019, deadline. Mr. Bruels identified the projects to be placed on the Clean Water SRF and Drinking Water SRF project priority lists as he presented the State Water Plan applications.

Black Hawk Water User District requested placement onto the facilities plan to install two water main crossings under Interstate 90, replace water main along Elm Street, install new main along Sturgis Road, construct a new storage tank, and drill a new well. The estimated total project cost is \$8,494,000. The project will be placed on the Drinking Water SRF IUP with 36 priority points and an estimated loan amount of \$8,494,000 at 2.75 percent interest for 30 years.

Elk Point requested placement onto the facilities plan to replace sanitary sewer collection and water main distribution pipes on Washington Street that are beyond their useful life. The estimated total project cost is \$128,000. The project will be placed on the Drinking Water SRF IUP with 10 priority points and an estimated loan of \$66,600 at 2.75 percent interest for 30 years and the Clean Water SRF IUP with 9 priority points and an estimated loan amount of \$60,660 at 2.75 percent interest for 30 years.

Springfield requested amendment onto the facilities plan to install storm sewer on 11th and 14th streets. The estimated total project cost is \$1,456,000. The project will be placed on the Clean Water SRF IUP with 7 priority points and an estimated loan amount of \$1,456,000 at 2.75 percent interest for 30 years.

Tabor requested amendment onto the facilities plan to replace a large amount of the sanitary sewer collection pipes throughout the community and rehabilitate a lift station. The estimated total project cost is \$4,069,371. The project will be placed on the Clean Water SRF IUP with 9 priority points and an estimated loan amount of \$4,069,371 at 2.75 percent interest for 30 years.

Willow Lake requested amendment onto the facilities plan to replace existing water meters with new meters and to replace non-operable valves and hydrants throughout the distribution system. The estimated total project cost is \$150,000. The project will be placed on the Drinking Water SRF IUP with 88 priority points and an estimated loan amount of \$150,000 at 1.25 percent interest for 10 years.

Staff recommended amending all five projects onto the State Water Facilities Plan.

Motion by Jones, seconded by Bernhard, to amend the five projects onto the State Water Facilities Plan. Motion carried unanimously.

Amendments to 2019 Clean Water SRF IUP

Staff recommended adding the Elk Point, Tabor, and Springfield projects to the Clean Water SRF IUP.

Motion by Bernhard, seconded by Jones, to accept the staff recommendation regarding amendments to the Clean Water SRF IUP. Motion carried unanimously.

Amendments to 2019 Drinking Water SRF IUP

Mr. Bruels stated that in addition to the drinking water projects that were placed on the 2019 State Water Plan there was one additional project to be placed onto the Drinking Water SRF IUP.

Onida received two previous Drinking Water SRF loans and a Consolidated grant for the first two phases of its water system improvement projects. Onida is currently on the State Water Plan due to ongoing open projects, however; the city was not included on the Drinking SRF IUP.

The city submitted a new funding application for the next phase of the water system improvements, which will be presented to the board later in the meeting. The estimated total project cost is \$2,000,000. The project will be placed on the Drinking Water SRF IUP with 24 priority points and an estimated loan amount of \$2,000,000 at 2.75 percent interest for 30 years.

Staff recommended adding the Willow Lake, Black Hawk Water User District, Onida, and Elk Point projects to the Drinking Water SRF IUP.

Motion by K. Johnson, seconded by Gnirk, to accept the staff recommendation regarding amendments to the 2019 Drinking Water SRF IUP. Motion carried unanimously.

AMENDMENTS TO THE 2018 CLEAN WATER SRF IUP: Mr. Bruels reported that the 2018 Clean Water SRF IUP was approved by the Board of Water and Natural Resources in November 2017 and amended in March, June, and September 2018.

For a project to utilize principal forgiveness allowed by a specific capitalization grant, it must be on the IUP 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' IUPs.

Staff recommended the board amend Attachment I - Project Priority List of the 2018 Clean Water IUP by adding the following entries:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
12	Claremont	\$1,832,000	2.75%, 30 years
9	Irene	\$3,437,000	2.75%, 30 years

Motion by Jones, seconded by K. Johnson, to accept the staff recommendation regarding amendments to the 2018 Clean Water SRF IUP. Motion carried unanimously.

AMENDMENTS TO THE 2018 DRINKING WATER SRF IUP: Mr. Bruels reported that the 2018 Drinking Water SRF IUP was approved by the Board of Water and Natural Resources in November 2017 and amended in March, June, and September 2018.

For a project to utilize principal forgiveness allowed by a specific capitalization grant it must be on the IUP 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' IUP.

Staff recommended the board amend Attachment I - Project Priority List of the 2018 Drinking Water IUP by adding the following entries:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
83	Irene	\$1,566,000	2.25%, 30 years
24	Elkton	\$2,000,000	2.75%, 30 years

Motion by Gnirk, seconded by Bernhard, to accept the staff recommendation regarding amendments to the 2018 Drinking Water SRF IUP. Motion carried unanimously.

FUNDING APPLICATIONS DEFERRED FROM JANUARY 3, 2019: At the January meeting, two funding applications from the city of Miller were presented to the board. The board deferred the applications until the March board meeting.

Miller requested funding for the third phase of project to replace sanitary and storm sewer lines. This phase will consist of replacing approximately 13,000 feet of 8-inch sewer main and 4,700 feet of storm sewer of varying sizes. The project will be undertaken in conjunction with a drinking water project.

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

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

Upon completion of the second phase of the project, rates are expected to be about \$51.00 per month based on 5,000 gallons usage.

Mr. Perkovich stated that one of the reasons the two funding applications were deferred was that Miller was seeking grant funding from USDA Rural Development, and at that time, it was unknown whether or not any funding would be awarded to the city. The department was notified that Rural Development would provide an \$800,000 grant provided that Miller contribute \$200,000 of local cash towards the project. The city has agreed to that arrangement.

Staff recommended awarding a \$1,900,000 Clean Water SRF loan at 2.50 percent interest for 30 years, award a Consolidated grant for 38.2 percent of eligible costs not to exceed \$2,000,000, and award a Water Quality grant for 6.5 percent of eligible costs not to exceed \$339,000. Mr. Perkovich noted that because the application was received prior to October 1, 2018, the older, lower interest rates apply.

The city has pledged a project surcharge for repayment of the loan. Staff analysis showed that a surcharge of \$10.85 is required to provide the required 110 percent coverage on the loan. This

would bring rates to \$61.85. Staff analysis indicates rates could be restructured and overall rates reduced by approximately \$2.10.

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.

Staff also recommended awarding the Consolidated grant with the special condition that funds will be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project.

Terry Aaker, SPN, and discussed the project and answered questions from the board.

Motion by Gnirk, seconded by Jones, to adopt **Resolution No. 2019-21** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,900,000 at 2.5 percent interest for 30 years to the **city of Miller** for the Sanitary and Storm Sewer Phase III 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 a surcharge at a level sufficient to provide the required debt coverage; and to adopt **Resolution No. 2019-22** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the **city of Miller** for up to 38.2 percent of approved total project costs not to exceed \$2,000,000 for the Sanitary and Storm Sewer Phase III project with the special condition that grant funds will be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project, and to adopt **Resolution No. 2019-23** approving the State Revolving Fund Program Water Quality grant agreement to the **city of Miller** for the Sanitary and Storm Sewer Phase III project for up to 6.5 percent of approved total project costs not to exceed \$339,000. Motion carried unanimously.

Miller requested funding to replace existing water infrastructure in the city. This is third phase of a multi-year project. 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. The project will be completed in conjunction with the sanitary sewer project.

The city 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 water rates are \$55.00 per 5,000 gallons.

The funding application was deferred in January at the request of the city due to the uncertainty of USDA Rural Development funding levels and their potential involvement in the project.

Staff recommended awarding a \$2,000,000 Consolidated grant, a \$100,000 Drinking Water Construction grant, and a \$400,000 Drinking Water SRF loan at 2.25 percent interest for 30 years.

Miller has pledged a project surcharge for repayment of the loan. Staff analysis shows the surcharge required on the loan is \$2.00, which will bring the overall rates in Miller to \$57.00. The total subsidy for the water project is \$2,100,000, which is equal to 84 percent of the project.

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.

Staff also recommended awarding the Consolidated grant with the special condition that funds will be drawn concurrently with the Drinking Water State Revolving Fund loan awarded for this project.

Mr. Aaker answered questions from the board.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2019-24** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$400,000 at 2.25 percent interest for 30 years to the **city of Miller** for the Water Distribution Phase III 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 a surcharge at a level sufficient to provide the required debt coverage; to adopt **Resolution No. 2019-25** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the **city of Miller** for up to 80 percent of approved total project costs not to exceed \$2,000,000 for the Water Distribution Phase III project with the special condition that grant funds will be drawn concurrently with the Drinking Water State Revolving Fund loan awarded for this project, and to adopt **Resolution No. 2019-26** approving the State Revolving Fund Drinking Water grant agreement to the **city of Miller** for the Water Distribution Phase III project for up to 4 percent of approved total project costs not to exceed \$100,000. Motion carried unanimously.

AVAILABLE FUNDING: Mr. 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 applications and the staff recommendations for funding. A map showing the location of the applications was included in the board packet.

Irene requested funding to construct Phase II of its water and wastewater utility project north of Main Street. The utilities in this area are in poor condition, largely made of cast iron pipe, and will be replaced with PVC. Phase II will replace 7,200 feet of water main, hydrants, valves, and other necessary appurtenances. The project will be completed in conjunction with a sanitary sewer project.

Irene anticipates bidding the project in the summer of 2019 with project completion in September 2020.

The estimated total project amount is \$1,566,000, and the amount requested is \$1,566,000.

Rates in Irene are \$52.64 per 5,000 gallons.

Irene intends to apply for Community Development Block Grant (CDBG) funding in April 2019. The funding for that application will not be known until June. In the past, if a project has been fully funded by the Board of Water and Natural Resources, even if the applicant has higher rates, CDBG may decide to decline to award funding. Any CDBG funds awarded will help to keep rates in Irene lower and potentially allow some of the board's funds to remain available for other projects.

Staff recommended deferring the application until the June 2019 Board of Water and Natural Resources meeting. By rule, the board is allowed to defer action on funding applications up to 120 days from the original presentation to the board, so a decision for funding in June will be necessary.

Gabe Laber, DGR Engineering, answered questions from the board.

Roscoe requested funding to replace asbestos cement pipe and looping dead end lines in the distribution system with 14,200 feet of PVC pipe and to install remote read meters at all customer locations. Other project components include updates to the interior piping of the well house and repairs to the existing water towers. The project will be completed in conjunction with a sanitary sewer project.

Roscoe anticipates bidding the project in January 2020 with project completion in September 2020.

The estimated total project amount is \$2,261,790, and the amount requested is \$2,261,790.

Rates in Roscoe are \$32.00 per 5,000 gallons.

Staff Recommended awarding a \$1,317,000 Consolidated grant, a \$300,000 Drinking Water grant, and a \$644,000 Drinking Water SRF loan at 2.50 percent interest for 30 years.

Roscoe has pledged a project surcharge for repayment of the loan. Staff analysis indicates that the surcharge required on the loan is \$15.75, which will require overall rates in Roscoe of \$48.00 to cover operating expenses and debt service. The total subsidy for the water project is \$1,617,000, which is equal to 71.5 percent.

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.

Staff also recommended awarding the Consolidated grant with the special condition that grant funds will be drawn concurrently with the Drinking Water State Revolving Fund loan awarded for this project.

Leland Treichel, mayor, and Leif Redinger, Helms & Associates, discussed the project and answered questions from the board.

Elkton requested funding to replace approximately 7,800 feet of water mains, 10 hydrants, and other appurtenances. The project also includes resurfacing the interior and exterior of the water tower. This is phase I of a possible three-phase project. The project will be completed in conjunction with a sanitary sewer project.

Elkton anticipates bidding the project in the summer of 2019 with project completion in the fall of 2020.

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

Rates in Elkton are \$34.95 per 5,000 gallons.

Staff recommended awarding a \$2,000,000 Drinking Water SRF loan at 2.75 percent interest for 30 years with 58.2 percent as principal forgiveness not to exceed \$1,164,000.

The city has pledged a project surcharge for repayment of the loan. Staff analysis indicates that the surcharge required on the net loan of \$836,000 is \$11.30; however, staff believes the city could restructure its rates to establish the surcharge with rates of \$45.00 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 a surcharge at a level sufficient to provide the required debt coverage.

Susan Shuurman, finance officer, Steve Jenson, public works director, and Jeff McCormick, SPN, discussed the project and answered questions from the board.

Onida requested funding to replace asbestos cement water lines with 9,100 feet of PVC water lines, hydrants, valves, and other appurtenances. The project will be completed in conjunction with a sanitary sewer project.

Onida anticipates bidding the project in January 2020 with project completion in July 2021.

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

Rates in Onida are \$45.70 per 5,000 gallons.

The city has applied for USDA Rural Development funding, and staff has had discussions with USDA to discuss funding options to minimize the rate increase needed to fund the project. USDA, based on decision timeframes and uncertainty of any official award, has not made an announcement on whether Onida will receive funds or the amount and type of funds that may be awarded.

Staff recommended deferring the application until the June 2019 Board of Water and Natural Resources meeting. Staff made this recommendation in the hopes that USDA funding will be announced prior to the June meeting and a final funding recommendation can be presented to the board at that time.

By rule, the board is allowed to defer action on funding applications up to 120 days from the original presentation to the board, so a decision for funding in June will be necessary.

Groton requested funding to replace the water tower with a new 125,000-gallon tower and pump house. The project also includes replacing several blocks of asbestos cement water main with PVC and looping several dead-end lines.

Groton anticipates bidding the project in March 2020 with project completion in November 2020.

The estimated total project amount is \$2,078,000, and the amount requested is \$1,798,000 remaining \$280,000 in local cash

Rates in Groton are \$41.93 per 5,000 gallons.

Staff recommended awarding a \$1,798,000 Drinking Water SRF loan at 2.75 percent interest for 30 years.

The city has pledged a project surcharge for repayment of the loan. Staff analysis indicates the surcharge required on the loan is \$11.50; however, staff believes the city can restructure its rates to establish the surcharge with rates of \$45.20 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 a surcharge at a level sufficient to provide the required debt coverage.

Scott Hanlon, mayor, and Ken Hier, Clark Engineering, answered questions from the board.

Avon requested funding to reconstruct Main Street from Railway Street to 2nd Avenue. The road surface is in poor condition and showing signs of severe distress. Water main and other utilities will be replaced in conjunction with the road reconstruction. The project will replace 2,700 feet water main and will also include hydrants, valves, and other necessary appurtenances. The project will be completed in conjunction with a sanitary sewer project.

Avon anticipates bidding the project in the summer of 2019 with project completion in November 2019.

The estimated total project amount is \$1,425,226, and the amount requested is \$174,000. Other funds include a \$600,000 DOT Community Access grant, \$513,226 from the USDA Rural Development Community Facilities Program, and a \$138,000 Clean Water SRF loan.

Rates in Avon are \$41.72 per 5,000 gallons.

Staff recommended awarding a \$174,000 Drinking Water SRF loan at 2.50 percent interest for 20 years.

The city has pledge a project surcharge for repayment of the loan. Staff analysis indicates that a surcharge of \$3.30 is required to repay the loan, bringing overall rates to \$45.02.

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.

Keith Gill, mayor, and Chancey Shrake, Brosz Engineering, discussed the project and answered questions from the board.

Montrose requested funding to construct a 75,000-gallon ground storage standpipe. The city's existing water storage standpipe is experiencing severe corrosion and has a collapsed roof.

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

The estimated total project amount is \$338,500, and the amount requested is \$187,000. The remaining \$151,500 will be funded by a CDBG award.

Rates in Montrose are \$46.00 per 5,000 gallons.

Staff recommended awarding a \$187,000 Drinking Water SRF loan at 2.25 percent interest for 30 years.

Montrose has pledged a project surcharge for repayment of the loan. Staff analysis indicated that the surcharge required on the loan is \$3.45; however, staff believes the city can restructure its rates to keep rates at \$46.00.

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.

Gabe Laber, DGR Engineering, answered questions from the board.

This concluded presentation of the Drinking Water Facilities funding applications. The board made funding decisions the following day.

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

Sioux Falls requested funding to replace the Brandon Road pump station with a new lift station that is being referred to as the Main Pump Station. The project also involves extending two 42-inch force mains leaving the new lift station and three gravity sewers entering the new lift station. Relocation and extensions of existing utilities such as, water, electrical, gas, fiber communications, and storm drainage will be part of the project.

The request also includes a nonpoint source component to make improvements within the Big Sioux River Basin. The nonpoint improvements include stream bank stabilization, grazing management, agricultural waste management, and vegetative buffers.

Sioux Falls anticipates bidding the project in the spring of 2019 with project completion in May 2021.

The estimated total project cost is \$26,808,877, and the amount requested is \$26,808,877; \$2,408,877 for nonpoint source activities and \$24,400,000 for the Main Pump Station project.

Rates in Sioux Falls are \$34.47 per 5,000 gallons usage.

Staff recommended awarding a \$26,808,800 Clean Water SRF loan at the non-point source incentive rate of 1.50 percent interest for 20 years, which will consist of two bond series – one in the amount of \$24,400,000 for the pump station replacement and one in the amount of \$2,408,800 for the non-point source component.

The city has pledged system revenues for repayment of the loan. Sioux Falls has adopted rates for several years in advance. Rates for 2021 will be \$38.35 per 5,000 gallons. Based on projected wastewater revenue and expenses, this rate is expected to provide 190 percent debt coverage when the loan goes into repayment in 2021.

Staff recommended the loan being contingent upon the borrower adopting two bond ordinances and the ordinances becoming effective.

Staff also recommended a 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 Big Sioux Watershed Implementation Project.

Claremont requested funding to replace most of the wastewater collection system throughout the town with 8,500 feet of PVC pipe, rehabilitate existing lift stations by installing new pumps and making wet well repairs, and replacing the clay liners in the treatment ponds with synthetic liners.

Claremont anticipates bidding the project in the summer of 2019 with project completion by the end of the 2019 construction season.

The estimated total project cost is \$1,832,000, and the amount requested is \$1,832,000.

Claremont has a \$23.00 flat rate.

Staff recommended awarding a \$1,832,000 Clean Water SRF loan at 2.75 percent interest for 30 years with 75.8 percent as principal forgiveness not to exceed \$1,387,000.

Claremont has pledged a project surcharge for repayment of the loan. A surcharge of \$32.85 is needed to provide the required 110 percent coverage on the loan. Staff analysis indicates that by restructuring the current rates, overall rates will need to be \$47 per user per month to provide the required debt coverage and cover operating expenses.

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.

Jason Spencer, trustee, and Leif Redinger, Helms & Associates, answered questions from the board.

Belle Fourche requested funding to demolish the existing Day Street lift station and construct a new submersible style lift station in the same location. The lift station is beyond its useful life, and the new lift station will increase pumping capacity and reduce the occurrence of sanitary sewer overflows.

Belle Fourche anticipates beginning construction in April 2019 with completion in November 2019.

The estimated total project cost is \$1,836,000; and the amount requested is \$1,836,000.

Rates in Belle Fourche are \$29.25 based on 5,000 gallons usage.

Staff recommended awarding a \$1,836,000 Clean Water SRF loan at 2.50 percent interest for 20 years.

The city has pledged system revenues for repayment of the loan. Staff analysis indicates that revenues will need to be increased by 10.8 percent to provide the required 110 percent coverage. If applied to the base rate, a rate increase of \$3.15 would provide the required coverage.

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 at a level sufficient to provide the required debt coverage.

Elkton requested funding to replace 10,400 feet of sewer main, 4,200 feet of sewer service pipe, 7,600 feet of storm sewer, and 29 manholes. This project also includes street repairs and

televising much of the collection system to assess pipe conditions and priority of replacement. This is the first of three phases to rehabilitate the city's sanitary and storm sewer systems and will address approximately 50 percent of needed work.

Elkton anticipates bidding the project in January 2020 with project completion in November 2020.

The estimated total project cost is \$4,000,000, and the amount requested is \$4,000,000.

Rates in Elkton are \$29.25 based on 5,000 gallons usage.

Staff recommended awarding a \$1,206,000 Clean Water SRF loan at 2.75 percent interest for 30 years, award a Consolidated grant for 50 percent of eligible costs not to exceed \$2,000,000, and award a Water Quality grant for 19.9 percent of eligible costs not to exceed \$794,000.

The city has pledged a project surcharge for repayment of the loan. A surcharge of \$16.30 is needed to provide the required 110 percent coverage on the loan. Staff analysis indicates that by restructuring the current rates, overall rates will need to be \$44.00 per user per month to provide the required debt coverage and cover operating expenses.

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.

Staff also recommended a special condition to the Consolidated Grant and the Water Quality Grant that grant funds will be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project.

Steve Jensen, public works director, answered questions from the board.

Onida requested funding to replace approximately 17,400 feet of 8- and 12-inch sewer lines and 47 manholes and appurtenances. This is the second of two phases to replace the city's wastewater collection system.

Onida anticipates bidding the project in January 2020 with project completion in July 2021.

The estimated total project cost is \$5,700,000, and the amount requested is \$5,700,000.

Onida has a \$44.90 flat rate.

Onida is also seeking grant funding from USDA Rural Development. An announcement regarding Onida receiving funding from this source has not yet been made.

Staff recommended deferring the application until the June meeting.

Jeff McCormick, SPN, answered questions from the board.

Irene requested funding for Phase II of a project to replace the wastewater collection system and install storm sewer. The project will address deficiencies in the sanitary and storm sewer systems north of Main Street (Highway 46). The collection system in this area is in poor condition and experiences excessive inflow and infiltration.

Irene anticipates bidding the project in the summer of 2019 with project completion in September 2020.

The estimated total project cost is \$3,776,534, and the amount requested is \$3,437,000. The city has secured a \$339,500 DOT Community Access Grant for the remainder of the funding.

Irene's rates are \$45.06 based on 5,000 gallons usage.

Irene is also seeking a \$750,000 Community Development Block Grant; however, a decision will not be made until June.

Staff recommended deferring the application until the June meeting.

Roscoe requested funding to address deficiencies with its wastewater utility. The city is proposing to rehabilitate the entire collection system by a combination of lining existing lines using cured in place pipe or replacing lines by open trench method. This will involve 23,000 feet of sanitary sewer lines. Improvements will also be made at the wastewater treatment facility by upgrading the access road, removing sludge, and resetting the depth gauges.

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

The estimated total project cost is \$3,530,019, and the amount requested is \$3,530,019.

Roscoe has a \$21.00 flat rate. The application shows the wastewater utility is expected to have a cash balance of approximately \$500,000 at the end of this year.

Staff recommended awarding a \$1,600,000 Clean Water SRF loan at 2.75 percent interest for 30 years and awarding a Consolidated grant for 44 percent of eligible costs, based on a total project cost of \$3,530,000, not to exceed \$1,550,000. The staff recommendation will require the city of Roscoe to use approximately \$380,000 of its cash reserves. The city was notified that this would be part of the staff recommendation, and the city is agreeable to using its reserves.

The city has pledged a project surcharge for repayment of the loan. A surcharge of \$45.50 is needed to provide the required 110 percent coverage on the loan. Staff analysis indicates that by restructuring the current rates, a flat rate of \$50 per user per month will provide the required debt coverage and cover operating expenses.

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.

Staff also recommended a special condition to the Consolidated Grant that grant funds will be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project.

Leland Treichel, mayor, and Leif Redinger, Helms & Associates, discussed the project and answered questions from the board.

Avon requested funding to reconstruct Main Street from Railway Street to 2nd Avenue. The road surface is in poor condition, and the underground utilities will be replaced in conjunction with the road reconstruction.

The city anticipates bidding the project in the summer of 2019 with project completion in November 2019.

The estimated total project cost is \$1,425,226, and the amount requested is \$138,000. Other funding for the project includes a \$600,000 DOT Community Access grant, \$531,226 from the USDA Rural Development Communities Facilities Program, and a \$174,000 Drinking Water SRF loan.

Rates in Avon are \$13.39 per 5,000 gallons usage.

Staff recommended awarding a \$138,000 Clean Water SRF loan at 2.5 percent interest for 20 years.

The city is pledging a project surcharge for repayment of the loan. A surcharge of \$2.70 is required to meet the 110 percent coverage requirement, which would bring the overall rate to \$16.09.

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.

Keith Gill, mayor, and Chancy Shrake, Brosz Engineering, discussed the project and answered questions from the board.

Bridgewater requested funding to correct deficiencies to its storm water system. Deficiencies include undersized piping and inlets, storm sewers located under homes, undersized trunk lines, and areas of ponding and street deterioration.

Bridgewater anticipates bidding the project in March 2020 with project completion in October 2020.

The estimated total project cost is \$2,783,000, and the amount requested is \$1,760,000. The city has secured a \$258,000 DOT Community Access Grant and a \$765,000 Community Development Block Grant for this project.

Rates in Bridgewater are \$32.75 based on 5,000 gallons usage.

Staff recommended awarding a \$1,760,000 Clean Water SRF loan at 2.75 percent interest for 30 years with 14.8 percent as principal forgiveness not to exceed \$260,000.

The city has pledged a project surcharge on its wastewater utility for repayment of the loan. A surcharge of \$24.45 is needed to provide the required 110 percent coverage on the loan. Staff analysis indicates that by restructuring the current rates, overall rates of approximately \$50.00 per user per month will provide the required debt coverage and cover operating expenses.

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.

Staff suggested that Bridgewater look at implementing a storm water fee to pay for future storm water projects. DENR offered to engage the Midwest Assistance Program to assist the city with this undertaking.

Michael Damm, mayor, and Gabe Laber, DGR, answered questions from the board.

This concluded presentation of the Sanitary/Storm Sewer Facilities funding applications. The board made funding decisions the following day.

SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATION: Drew Huisken discussed available funds for this funding round.

Mr. Huisken presented the Solid Waste Management Program funding application and the staff recommendation for funding. A map showing the location of the project was included in the board packet.

Brown County requested funding to purchase a new compactor at its landfill facility. The proposed equipment will replace a 2012 compactor that has over 10,000 hours of use. Brown County intends to purchase a Bomag 772 landfill compactor or equivalent.

The estimated total project cost is \$695,000, and the amount requested is \$347,500.

Brown County anticipates purchasing the compactor in April 2019.

Staff recommended awarding a Solid Waste Management Program grant at 20 percent of the total project cost not to exceed \$139,000.

Mr. Huisken noted that grant awards have historically been 15 to 25 percent of total project costs for equipment purchase projects. Brown County confirmed in a phone call that they are not interested in Solid Waste Management Program loan and will use local cash to fund the remainder of the project.

Mike Scott, landfill manager, and Leif Redinger Helms & Associates, discussed the project and answered questions from the board.

South Dakota Department of Environment and Natural Resources requested funding to continue its efforts to assist with the statewide cleanup of waste tires and other solid waste. The proposed funding will be used to provide sub-grants to local landfills, counties, and school districts for waste disposal and recycling.

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

This application represents a continuation of past department efforts that began in 1999. The most recent iteration of this helped eliminate 4,250 tons of waste tires since 2016 as well assist with the safe handling and disposal of chemicals at a dozen school buildings in South Dakota. In 2017, Senate Bill 70 appropriated \$250,000 of funding, which does not require local match. The remaining funding will require a 20 percent cost share from the sponsor of the cleanup.

Cleanups will be scheduled on a rotation around the state or as the demand presents itself until funding is fully spent. The first round of tire cleanups will take place in the spring and summer of 2019. This grant is anticipated to last three years.

Staff recommended awarding a Solid Waste Management Program grant at 100 percent of the total project cost not to exceed \$250,000, and awarding a separate Solid Waste Management Program grant at 80 percent of the total project cost not to exceed \$350,000.

Mr. Huisken answered questions from the board.

The board made funding decisions the following day.

EDGEMONT REQUEST TO AMEND DRINKING WATER SRF LOAN C462216-02: Mr. Huisken reported that on June 22, 2017, the city of Edgemont received a \$447,000 Drinking Water SRF loan at 0 percent interest for 30 years with 35.2 percent principal forgiveness not to exceed \$157,000 to construct an additional well and to cap a well that could not be rehabilitated for the drinking water supply.

In September 2017, the low bid received for this project exceeded both the engineer's estimate and the available funding.

On February 8, 2019, the department received a request from the city of Edgemont to increase the loan by \$253,000 for a total loan amount of \$700,000.

Staff recommended rescinding Resolution 2017-79, which awarded the \$447,000 Drinking Water SRF loan and award a new Drinking Water SRF loan for \$700,000 at 0 percent interest for 30 years with 35.2 percent principal forgiveness not to exceed \$246,000.

A surcharge of \$3.50 is needed to provide the required 110 percent coverage on the net loan of \$454,000. Current rates for Edgemont residents are \$59.30 per month for 5,000 gallons usage. Included in this rate is a \$10.00 repair and replacement fee. If Edgemont uses \$3.50 of this fee to cover the surcharge, \$6.50 will still be available to put in the repair and replacement fund, which will generate nearly \$31,300 per year.

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.

Jerry Dibble, mayor, discussed the project and answered questions from the board.

Motion by K. Johnson, seconded by Jones, to adopt **Resolution No. 2019-27** rescinding Resolution No. 2017-79 and approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$700,000 with 35.2 percent principal forgiveness not to exceed \$246,000 to the **city of Edgemont** to develop a new water well and abandon an existing well; 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. Motion carried unanimously.

MILLER REQUEST TO AMEND CLEAN WATER SRF WATER QUALITY GRANT 2017G-WQ-100: Mr. Huisken stated that on March 31, 2016, the City of Miller received a \$1,000,000 Clean Water SRF Water Quality Grant for 22.1 percent of total eligible costs to make improvements to the sanitary sewer system associated with the Phase I Utilities Improvements project.

The project is nearing completion, and it is anticipated there will not be enough costs associated with improvements to the sanitary sewer utilities to fully draw down the Water Quality Grant.

On December 10, 2018, the department received a request from the city of Miller to increase the grant percentage from 22.1 percent to 28.5 percent of total eligible costs in order to utilize all of the remaining grant funding.

Staff recommended approval of the First Amendment to Clean Water SRF Water Quality Grant 2017G-WQ-100, increasing the grant percentage to 28.5 percent of total eligible costs.

Motion by Jones, seconded by Bernhard, to adopt **Resolution No. 2019-28** approving the First Amendment to the SRF Program Water Quality Grant agreement 2017G-WQ-100 with the **city of Miller** increasing the grant percentage to 28.5 percent of total eligible project costs. Motion carried unanimously.

PIERRE REQUEST TO AMEND DRINKING WATER SRF LOAN C461288-03: Dave Ruhnke reported that in January 2019, the board awarded the city of Pierre a \$36,850,000 Drinking Water SRF loan for the construction of a raw water intake in the Missouri River, a raw water pump station with a transmission line to the treatment plant, an 8.8-million gallon-per-day ultrafiltration water treatment facility, and a transmission line to connect the new treatment facility to the city distribution system. The city pledged water system revenues for repayment of the loan.

On February 25, 2019, the department received a letter from Pierre requesting that the revenue pledge be amended to a pledge of a project surcharge as its bond counsel had informed them that the debt would exceed the city's constitutional debt limit. The city's bond counsel recommended that the city pledge a project surcharge for repayment of the loan.

Staff recommended the board rescind the resolution that approved the loan with a pledge of water system revenues, and that the board adopt a new resolution approving the loan in the amount of \$36,850,000 at 2.5 percent interest for 30 years 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.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2019-29** rescinding Resolution No. 2019-01 and approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$36,850,000 at 2.5 percent interest for 30 years to the **city of Pierre** for the construction of a raw water intake in the Missouri River, a raw water pump station with a transmission line to the treatment plant, an 8.8-million gallon-per-day ultrafiltration water treatment facility, and a transmission line to connect the new treatment facility to the city distribution system; 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. Motion carried unanimously.

MITCHELL REQUEST TO AMEND CLEAN WATER SRF LOAN C461129-05 AND DRINKING WATER SRF LOAN C462129-03: Mr. Huisken reported that on September 27, 2018, the city of Mitchell received a \$6,842,000 Clean Water SRF loan at 1.25 percent interest for 20 years and an \$821,000 Drinking Water SRF loan at 2.25 percent interest for 20 years for improvements to the utilities along North Sanborn Boulevard. The city also received a \$682,000 Clean Water SRF loan at 1.25 percent interest for 20 years for a nonpoint source project along and adjacent to Firesteel Creek.

In January 2019, bids were opened for the Sanborn Boulevard Utilities project, and the low bid received for this project exceeded both the engineer's estimate and the available funding.

On February 20, 2019, the department received a request from the city of Mitchell to increase the amount of the Clean Water SRF loan to \$7,832,000, increase the amount of the Clean Water SRF nonpoint source loan to \$780,750, and increase the amount of Drinking Water SRF loan to \$1,028,000.

Staff recommended rescinding Resolution No. 2018-62, which awarded the \$6,842,000 Clean Water SRF loan and \$682,000 Clean Water SRF NPS loan, and award a \$7,832,000 Clean Water SRF loan at 1.25 interest for 20 years for the base project and a \$780,750 Clean Water SRF loan at 1.25 percent for 20 years for the nonpoint project 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, with the special condition that the borrower may not draw funds from the proceeds of the Series NPS Borrower Bond until EPA approves the budget for the Project Implementation Plan.

The Clean Water SRF loan will require a surcharge of \$8.05 per month. The city had already established a surcharge of \$7.05 for the original loan awarded in September. This loan will require a \$1.00 increase in the established surcharge. The current sewer rate is \$35.52 per 5,000 gallons per month, which includes the original \$7.05 surcharge. The proposed surcharge will raise rates to \$36.52 per 5,000 gallons per month.

Motion by Jones, seconded by K. Johnson to adopt **Resolution No. 2019-30** rescinding Resolution No. 2018-62 and approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$8,612,750 at 1.25 percent interest for 20 years with a Series A Borrower Bond in the amount of \$7,832,000 and a Series NPS Borrower Bond in the amount of \$780,750 to the **city of Mitchell** for the North Sanborn Boulevard 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 at a level sufficient to provide the required debt coverage, and the special condition that the borrower may not draw funds from the proceeds of the Series NPS Borrower Bond until EPA approves the budget for the Fire Steel Creek Project Implementation Plan. Motion carried unanimously.

Staff also recommended rescinding Resolution No. 2018-63, which awarded the \$821,000 Drinking Water SRF loan, and awarding a \$1,028,000 Drinking Water SRF loan at 2.25 percent interest for 20 years contingent upon the borrower adopting a bond resolution and the resolution becoming effective.

Staff analysis indicates the city will have over 400 percent debt coverage based on the current rate of \$31.13 per 5,000 gallons per month.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2019-31** rescinding Resolution No. 2018-63 and approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,028,000 at 2.25 percent interest for 20 years to the **city of Mitchell** for the North Sanborn Boulevard water 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. Motion carried unanimously.

Chairman Johnson called a recess until the following day.

MARCH 29, 2019 – 8:15 A.M. CENTRAL TIME

Chairman Johnson called the meeting to order. A quorum was present.

LEGISLATIVE UPDATE: Mr. Perkovich reported on the following 2019 legislative bills that were of interest to the board and the department:

HB 1075 – An Act to revise certain provisions regarding the authority of conservation district governing boards.

HB 1161 – An Act to revise certain provisions regarding the issuance of temporary permits for the use of public water.

HB 1239 – An Act to revise certain provisions regarding temporary permits for the use of public water.

HB 1240 – An Act to revise certain provisions regarding water permits.

HB 1254 – An Act to make appropriations from the water and environment fund and its revolving fund subfunds for various water and environmental purposes and to declare an emergency.

HB 1258 – An Act to create the clean air act settlement fund, to make an appropriation from the fund, and to declare an emergency.

SB 46 – An Act to repeal provisions regarding river basin natural resource districts.

SB 102 – An Act to make an appropriation for gas well cleanup in Harding County.

SB 183 – An Act to revise certain provisions regarding buffer strips.

Representative Mary Duvall discussed HB 1048 – An Act to authorize a public body to conduct certain deliberations in an executive or closed meeting.

FUNDING DECISIONS

Drinking Water Facilities

Mr. Bruels reviewed the applications and staff recommendations for funding.

Motion by Jones, seconded by Bernhard, to defer the funding application for Irene until the June 2019 board meeting. Motion carried unanimously.

Motion by Bernhard, seconded by K. Johnson, to adopt **Resolution No. 2019-32** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement to the **city of Roscoe** for up to 58.3 percent of approved total project costs not to exceed \$1,317,000 for a drinking water improvements project with the special condition that grant funds will be drawn

concurrently with the Drinking Water State Revolving Fund loan awarded for this project, to adopt **Resolution No. 2019-33** approving the State Revolving Fund Program Drinking Water grant agreement to the **city of Roscoe** for the drinking water improvements project for up to 13.3 percent of approved total project costs not to exceed \$300,000, and to adopt **Resolution No. 2019-34** approving the Drinking Water State Revolving Fund loan up to a maximum committed amount of \$644,000 to the **city of Roscoe** at 2.5 percent interest for 30 years for the 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 contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried with Bernhard, Gnirk, K. Johnson, and B. Johnson voting aye. Jones abstained.

Motion by K. Johnson, seconded by Bernhard, to adopt **Resolution No. 2019-35** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,000,000 at 2.75 percent interest for 30 years with 58.2 percent principal forgiveness not to exceed \$1,164,000 to the **city of Elkton** for a water system Phase I 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 a surcharge at a level sufficient to provide the required debt coverage. Motion carried with Bernhard, Gnirk, K. Johnson, and B. Johnson voting aye. Jones abstained.

Motion by Jones, seconded by K. Johnson, to defer the funding application for Onida until the June 2019 board meeting. Motion carried unanimously.

Motion by Bernhard, seconded by K. Johnson, to adopt **Resolution No. 2019-36** approving the Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,798,000 to the **city of Groton** at 2.75 percent interest for 30 years for the 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 contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried with Bernhard, Gnirk, K. Johnson, and B. Johnson voting aye. Jones abstained.

Motion by Gnirk, seconded by Jones, to adopt **Resolution No. 2019-37** approving the Drinking Water State Revolving Fund loan up to a maximum committed amount of \$174,000 to the **city of Avon** at 2.5 percent interest for 20 years for a Main Street 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 a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Motion by K. Johnson, seconded by Bernhard, to adopt **Resolution No. 2019-38** approving the Drinking Water State Revolving Fund loan up to a maximum committed amount of \$187,000 to the **city of Montrose** at 2.25 percent interest for 30 years for a water storage improvement 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 a surcharge at a level sufficient to provide the required debt coverage. Motion carried with Bernhard, Gnirk, K. Johnson, and B. Johnson voting aye. Jones abstained.

Sanitary/Storm Sewer Facilities

Mr. Perkovich reviewed the applications and staff recommendations for funding.

Motion by Bernhard, seconded by K. Johnson, to adopt **Resolution No. 2019-39** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$26,808,800 at 1.5 percent interest for 20 years with a Series A Borrower Bond in the amount of \$24,400,000 and a Series NPS Borrower Bond in the amount of \$2,408,800 to the **city of Sioux Falls** for the Main Pump Station; 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 ordinances and the ordinances becoming effective, and the special condition that the borrower may not draw funds from the proceeds of the Series NPS Borrower Bond until EPA approves the revised budget for the Big Sioux Watershed Implementation Project. Motion carried unanimously.

Motion by Jones, seconded by K. Johnson, to adopt **Resolution No. 2019-40** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,832,000 at 2.75 percent interest for 30 years with up to 75.8 percent principal forgiveness not to exceed \$1,387,000 to the **town of Claremont** for wastewater 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 a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Motion by K. Johnson, seconded by Bernhard, to adopt **Resolution No. 2019-41** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,206,000 at 2.75 percent interest for 30 years to the **city of Elkton** for sewer system Phase I 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 a surcharge at a level sufficient to provide the required debt coverage; to adopt **Resolution No. 2019-42** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement to the **city of Elkton** for up to 50 percent of approved total project costs not to exceed \$2,000,000 for sewer system Phase I improvements with the special condition that grant funds for reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds; and to adopt **Resolution No. 2019-43** approving the State Revolving Fund Program Water Quality grant agreement to the **city of Elkton** for up to 19.9 percent of approved total project costs not to exceed \$794,000 for the sewer system Phase I improvements project with the special condition that grant funds for reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds. Motion carried unanimously.

Motion by Gnirk, seconded by Jones, to adopt **Resolution No. 2019-44** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,836,000 at 2.5 percent interest for 20 years to the **city of Belle Fourche** for the Day Street lift station replacement 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. Motion carried unanimously.

Motion by K. Johnson, seconded by Bernhard, to defer the funding application for Onida until the June 2019 board meeting. Motion carried unanimously.

Motion by Jones, seconded by K. Johnson, to defer the funding application for Irene until the June 2019 board meeting. Motion carried unanimously.

Motion by Bernhard, seconded by Jones, to adopt **Resolution No. 2019-45** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,600,000 at 2.75 percent interest for 30 years to the **city of Roscoe** for a wastewater 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 a surcharge at a level sufficient to provide the required debt coverage; and to adopt **Resolution No. 2019-46** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement to the **city of Roscoe** for up to 44 percent of approved total project costs not to exceed \$1,550,000 for a wastewater improvements project with the special condition that grant funds for reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds. Motion carried unanimously.

Motion by Gnirk seconded by K. Johnson, to adopt **Resolution No. 2019-47** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$138,000 at 2.5 percent interest for 20 years to the **city of Avon** for Main Street infrastructure 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 a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Motion by Jones, seconded by Bernhard, to adopt **Resolution No. 2019-48** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,760,000 at 2.75 percent interest for 30 years with up to 14.8 percent principal forgiveness not to exceed \$260,000 to the **city of Bridgewater** 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 a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Solid Waste Management Program

Mr. Huisken reviewed the applications and staff recommendations for funding.

Motion by Gnirk, seconded by K. Johnson, to adopt **Resolution No. 2019-49** approving the South Dakota Solid Waste Management Program grant agreement to **Brown County** for up to 20 percent of all approved total project costs not to exceed \$139,000 for the a landfill compactor purchase. Motion carried unanimously.

Motion by Gnirk, seconded by Jones, to adopt **Resolution No. 2019-50** approving the South Dakota Solid Waste Management Program grant agreement to the **Department of Environment and Natural Resources** for up to 100 percent of all approved total project costs not to exceed \$250,000 for statewide waste tire and other solid waste cleanup projects, and to adopt **Resolution No. 2019-51** approving the South Dakota Solid Waste Management Program grant agreement to the **Department of Environment and Natural Resources** for up to 80 percent of all approved total project costs not to exceed \$350,000 for statewide waste tire and other solid waste cleanup projects. Motion carried unanimously.

Following the board's funding decisions, Mr. Perkovich provided a recap of 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, Clean Water SRF loans, and Solid Waste Management Program grants/loans.

FUTURE DIRECTION AND GOALS OF THE 319 NONPOINT SOURCE PROGRAM: Kris Dozark, DENR Watershed Protection Program, provided a PowerPoint presentation discussing the goal of the South Dakota Nonpoint Source Program and how DENR's vision, rotating basin assessments, and implementation projects will work together to address water quality issues.

Mr. Dozark answered questions from the board.

AMENDMENT TO SRF PROGRAM INVESTMENT ADVISOR AGREEMENT: Jon Peschong reported that in March 2013, the board approved a three-year investment advisor agreement with PFM Asset Management for \$175,000. In March 2016, the board approved extending the investment advisor agreement for three additional years and increased the contract amount to \$225,000. With the contract ending on March 31, 2019, staff evaluated the remaining amount available in the contract and determined the total contract amount is insufficient.

With the assistance from the Office of Attorney General, the Second Amendment to the contract was prepared and reviewed by PFM Asset Management and DENR. The Second Amendment increases the total contract amount by \$15,000 to \$240,000.

Staff recommended authorizing the chairman to execute the Second Amendment to the Investment Advisor Agreement.

Motion by Jones, seconded by Bernhard, to authorize the Board of Water and Natural Resources chairman to execute the Second Amendment to the Investment Advisor Agreement. Motion carried unanimously.

SRF PROGRAM INVESTMENT MANAGER UPDATE: Mr. Perkovich reported that the contract with PFM Asset Management expires on March 31, 2019. At the January 2019 meeting, the board authorized staff to issue a Request for Proposals (RFP) for an investment manager. The RFP was issued on February 9, 2019, and five proposals were submitted to the department by the deadline. As staff was reviewing the proposals and having discussions amongst staff and the board subcommittee that was chosen to review the proposals, it was decided not to retain an investment manager at this time. The five firms were notified that the Conservancy District had opted to forego the use of an investment manager.

BOARD OF WATER AND NATURAL RESOURCES SFY 2020 MEETING SCHEDULE:
Mr. Perkovich presented the proposed SFY 2020 board meeting schedule.

Motion by Gnirk, seconded by Bernhard, to adopt the following meeting schedule for SFY 2020:

September 26-27, 2019
November 7, 2019
January 3, 2020
March 26-27, 2020
June 25-26, 2020

Motion carried unanimously.

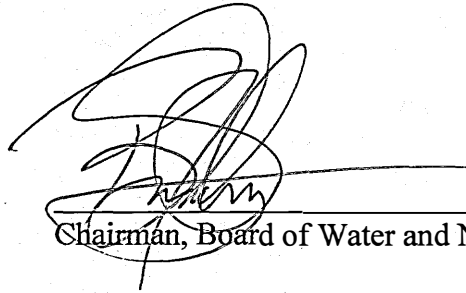
Board of Water and Natural Resources
March 28-29, 2019, Meeting Minutes

JUNE MEETING: The next meeting is scheduled for June 27-28, 2019, at the Matthew Training Center, Foss Building, in Pierre. Mr. Perkovich highlighted some possible agenda items for that meeting.

ADJOURN: Motion by Bernhard, seconded by Jones, that the meeting be adjourned. Motion carried unanimously.

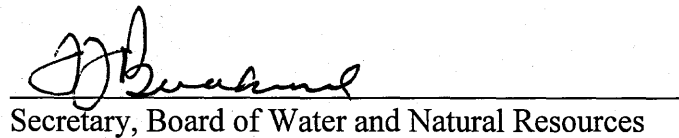
Approved this 27th day of June, 2019.

(SEAL)



Chairman, Board of Water and Natural Resources

ATTEST:



Secretary, Board of Water and Natural Resources

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 3/28/19 - 3/29/19 LOCATION Matthew Training Center - Pierre

Name (PLEASE PRINT)	Address	Representing
Susan Schuurman	Elkton	City
Fred Dickey	Aberdeen	NECOG
Jonathan White	Aberdeen	NECOG
LEIF REDINGER	ABERDEEN	Helm & Assoc / Roscoe
Mike Scott	Brown County	Landfill
Gabe Laber	Sioux Falls	DGR
Jesse Morris	Sioux Falls	DGR
Leland Treichel	Roscoe	City of Roscoe
JEFF McCormick	Mitchell	SPN
Chancy Shraake	Frost Pierre	Frost Eng / Avon
Ron Blechford	Miller	Miller City
Kathryn Johnson	Hill City	Board of Water & NR
Michael Damm	Bridgewater	Bridgewater SD
Terry Aaker	Middell	SPN / Miller
Sheila Coss	Miller	City of Miller
Jerry Dibble	Edgemont	City of Edgemont
Kristopher Pozork	Pierre	SD DENR
Barry McLaurry	Pierre	SD DENR

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 3-28-19

LOCATION Matthew Training Center, Pierre, S.

Name (PLEASE PRINT)	Address	Representing
Greg Jones Jr.	Sixx Falls	BWNR
Brad Johnson	Waterbourn	BWNR
Andy Brvels	Pierre	DENR
J. S. "Jim" Putman	ARMOUR	SCWDO
PAUL GNIRK	New Underwood	BWNR
TODD BERNHARD	FORT PIERRE	BWNR
Mike Perkovich	Pierre	DENR
Drew Huisten	Pierre	DENR
Jon Peshong	Pierre	DENR
Stephanie Riggle	Pierre	DENR
Jim Anderson	Pierre	DENR
David Rubnke	Pierre	DENR
Mary Duvall	Pierre	legislative Oversight
Tim Cowman	Vermillion	DENR
John Wilk	BIG STONE CITY	LEGISLATIVE OVERSIGHT
Ken Hrer	Clark Eng. Aberdeen	
Hope Black	Groton City	
Scott Hankun	Groton City	
Keith E GILL	Avon	City
Jason Spencer	Claremont, city	city
Steve Jensen	Elkton	city of Elkton