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Minutes of the
Board of Water and Natural Resources
Remote Meeting via Audio/Visual Conference

March 25, 2021
1:00 p.m. Central Time

CALL TO ORDER: Chairman Jerry Soholt called the meeting to order. 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 PARTICIPATING: Jerry Soholt, Todd Bernhard, Dr. Paul Gnirk, Dr. Kathryn Johnson, and Karl Adam.

BOARD MEMBERS ABSENT: Jackie Lanning and Gene Jones, Jr.

APPROVE AGENDA: Motion by Gnirk, seconded by Adam, to approve the agenda. A roll call vote was taken, and the motion carried unanimously.

APPROVE MINUTES OF JANUARY 7, 2021, MEETING: Motion by Gnirk, seconded by Bernhard, to approve the minutes of the January 7, 2021, Board of Water and Natural Resources meeting. A roll call vote was taken, and the motion carried unanimously.

PUBLIC COMMENT PERIOD: There were no public comments.

AMENDMENTS TO STATE WATER PLAN, 2021 CLEAN WATER STATE REVOLVING FUND INTENDED USE PLAN, AND 2021 DRINKING WATER STATE REVOLVING FUND INTENDED USE PLAN

Amendments to State Water Plan

Tyler Zettl 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 the 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 2022.

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 (IUP). The State Water Plan applications are used

to determine which projects should be amended onto the State Revolving Fund Project Priority Lists.

Ten State Water Plan applications were received by the February 1, 2021, deadline. As he presented the State Water Plan applications, Mr. Zettl identified the projects to be placed on the Clean Water SRF and Drinking Water SRF project priority lists.

Canova requested placement onto the facilities plan to replace existing asbestos cement pipe along Main Street and Broad Street with PVC pipe, replace the storage tower riser pipe and replace the railing system to meet OSHA requirements, and replacement of the filter media and piping modifications at the treatment facility to increase treatment efficiency. The estimated total project cost is \$411,000. The project will be placed on the Drinking Water SRF IUP with seven priority points and an estimated loan amount of \$411,000 at 2.125 percent interest for 30 years.

Crooks requested placement onto the facilities plan to construct a new lift station and install approximately 8,000 feet of gravity sewer trunk main and 5,400 feet of sanitary sewer force main to serve a currently undeveloped area. The estimated total project cost is \$2,855,000. The project will be placed on the Clean Water SRF IUP with seven priority points and an estimated loan amount of \$2,855,000 at 2.125 percent interest for 30 years.

Hermosa requested placement onto the facilities plan to alleviate contaminated water source and water supply issues. The project may include connecting to a nearby rural water system for bulk water supply or drilling a new well and installing line to provide service to the town. The estimated total project cost is \$6,436,028. The project will be placed on the Drinking Water SRF IUP with 143 priority points and an estimated loan amount of \$6,436,028 at 1.625 percent interest for 30 years.

Howard requested placement onto the facilities plan to replace approximately 7,500 feet of asbestos cement water main with PVC pipe and install gate valves and fire hydrants. The estimated total project cost is \$2,609,100. The estimated total project cost is \$2,609,100. The project will be placed on the Drinking Water SRF IUP with 19 priority points and an estimated loan amount of \$2,610,000 at 1.875 percent interest for 30 years.

Howard requested placement onto the facilities plan to reline approximately 30,000 feet of sanitary sewer main to reduce infiltration and inflow. The estimated total project cost is \$4,399,000. The project will be placed on the Clean Water SRF IUP with 10 priority points and an estimated loan amount of \$4,399,000 at 2.125 percent interest for 30 years.

Kadoka requested placement onto the facilities plan to relocate approximately 3,100 feet of sanitary sewer and clean and televise the entire system. The estimated total project cost is \$772,820. The project will be placed on the Clean Water SRF IUP with eight priority points and an estimated loan amount of \$772,820 at 2.125 percent interest for 30 years.

Lennox requested placement onto the facilities plan to replace approximately 2,000 feet of water main that is beyond its useful life. The estimated total project cost is \$812,000. The project will

be placed on the Drinking Water SRF IUP with 15 priority points and an estimated loan amount of \$812,000 at 1.875 percent interest for 30 years.

Lennox requested placement onto the facilities plan to replace approximately 2,300 feet storm sewer and 2,000 feet of sanitary sewer that is beyond its useful life. The estimated total project cost is \$2,734,000. The project will be placed on the Clean Water SRF IUP with nine priority points and an estimated loan amount of \$2,734,000 at 2.125 percent interest for 30 years.

Salem requested placement onto the facilities plan to replace 1,250 feet of failing rock archway and clay pipe storm sewer with reinforced concrete pipe and replace undersized pipe. The estimated total project cost is \$766,000. The project will be placed on the Clean Water SRF IUP with seven priority points and an estimated loan amount of \$766,000 at 2.125 percent interest for 30 years.

Springfield requested amendment onto the facilities plan to include replacement of approximately 1,400 feet of sanitary sewer pipe, 500 feet of sanitary sewer service, and 6 manholes. The estimated total project cost is \$225,000.

Staff recommended amending all ten of the projects onto the facilities plan.

Mr. Zettl and Mr. Bruels answered questions from Dr. Gnirk and Dr. Johnson regarding the Hermosa project.

Motion by Bernhard, seconded by Gnirk, to amend the ten projects onto the State Water Facilities Plan. A roll call vote was taken, and the motion carried unanimously.

Amendments to the 2021 Clean Water SRF IUP

Mr. Zettl stated the final allotment numbers were received for the 2021 Capitalization grant, and throughout the IUP the values, based on that amount, have been updated. The 2021 Clean Water SRF total capitalization grant is \$7,779,000, which is \$1,000 less than in 2020.

In addition to the clean water projects that were placed on the 2021 State Water Plan there was one additional project to be placed on the Clean Water SRF IUP.

Roscoe received a previous Clean Water SRF loan and a Consolidated grant for a sanitary sewer replacement project. Due to bids being higher than expected, Roscoe submitted a new funding application to make up the shortfall. Current funds necessary are estimated at \$1,170,834. The project will be placed on the Clean Water SRF IUP with nine priority points and an estimated loan amount of \$1,170,834 at 2.125 percent interest for 30 years.

Staff recommended approval of the changes to the narrative section and the addition of all six projects onto the Project Priority list of the Clean Water SRF IUP.

Motion by Johnson, seconded by Adam, to approve the changes to the narrative section and the addition of Howard, Lennox, Roscoe, Kadoka, Crooks, and Salem onto the Clean Water SRF IUP. A roll call vote was taken, and the motion carried unanimously.

Amendments to the 2021 Drinking Water SRF IUP

Mr. Zettl reported that the final allotment numbers were received for the 2021 Capitalization grant and throughout the IUP the values based on that amount have been updated. The 2021 Drinking Water SRF total capitalization grant is \$11,001,000 which is \$10,000 less than in 2020.

In addition to the drinking water projects that were placed on the 2021 State Water Plan, there were two additional projects to be placed onto the Drinking Water SRF Project Priority List.

Roscoe received a previous Drinking Water SRF loan, a Consolidated grant, and a Drinking Water Construction grant for a water main replacement project. Due to bids being higher than expected, Roscoe has submitted a new funding application to make up the shortfall. Current funds necessary are estimated at \$622,743. The project was added to the Drinking Water IUP with 28 priority points and an estimated loan amount of \$622,743 at 1.875 percent interest for 30 years.

Groton received a previous Drinking Water SRF loan to replace the existing water tower with a new 125,000-gallon tower and pump house, replace several blocks of asbestos cement water main with PVC and looping several dead-end lines. Due to increasing project costs, Groton has submitted a new funding application to complete the project. Current funds necessary are estimated at \$1,326,000. The project was added to the Drinking Water IUP with 10 priority points and an estimated loan amount of \$1,326,000 at 2.125 percent interest for 30 years.

Staff recommended approval of the changes to the narrative section and the addition of all six projects onto the Project Priority list of the Drinking Water SRF IUP.

Motion by Johnson, seconded by Adam, to approve the changes to the narrative section and the addition of Hermosa, Roscoe, Howard, Lennox, Groton, and Canova onto the Drinking Water SRF IUP. A roll call vote was taken, and the motion carried unanimously.

AMENDMENTS TO THE FFY 2020 CLEAN WATER SRF INTENDED USE PLAN: Mr. Zettl reported that the FFY 2020 Clean Water SRF IUP was approved by the Board of Water and Natural Resources in November 2019 and amended in January, March, April, June, and September 2020.

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 amending Attachment I - Project Priority List of the FFY 2020 Clean Water IUP by adding the following entries:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
14	Waubay	\$2,135,000	2.125%, 30 years
8	Cresbard	\$3,124,127	2.125%, 30 years

Motion by Gnirk, seconded by Adam, to approve the amendments to the FFY 2020 Clean Water SRF IUP. A roll call vote was taken, and the motion carried unanimously.

AMENDMENTS TO THE FY 2020 DRINKING WATER SRF INTENDED USE PLAN: Mr. Zettl reported that the FFY 2020 Drinking Water SRF IUP was approved by the Board of Water and Natural Resources in November 2019 and amended in March, April, June, and September 2020.

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 amending Attachment I - Project Priority List of the FY 2020 Drinking Water Intended Use Plan by adding the following entries:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
117	Cresbard	\$2,068,305	1.625%, 30 years
28	Roscoe	\$622,743	1.875%, 30 years
18	Chancellor	\$2,588,000	1.875%, 30 years
3	Faith	\$2,274,000	1.875%, 30 years

Motion by Gnirk, seconded by Adam, to approve the amendments to the FFY 2020 Drinking Water SRF IUP. A roll call vote was taken, and the motion carried unanimously.

AVAILABLE FUNDING: Mike Perkovich reviewed available funds for the Consolidated Water Facilities Construction Program, Drinking Water SRF Loans, Drinking Water SRF Principal Forgiveness, Clean Water SRF Water Quality Grants, Wastewater Facility Grants, Build America Bonds (BABs) Federal Subsidy Payments, Clean Water SRF Loans, and Clean Water SRF Principal Forgiveness.

COMBINED FUNDING APPLICATIONS: Mr. Perkovich reported that eight project sponsors submitted both Drinking Water and Sanitary/Storm Sewer funding applications. He and Andy Bruels presented the combined applications and the staff recommendations for funding.

Chancellor requested funding to replace 5,000 feet of sanitary sewer main and install 4,900 feet of storm sewer. This is Phase 1 of a two-phase project to replace deteriorating vitrified clay pipe.

Chancellor anticipates bidding the project in October 2021, with project completion in October 2022.

The estimated total project amount is \$3,789,000, and the amount requested is \$3,489,000. The remaining \$300,000 in funding is from a Department of Transportation Community Access grant.

Chancellor's current rate is a flat fee of \$31.00.

Staff recommended awarding a \$470,000 Clean Water SRF loan at 2.125 percent interest for 30 years, a Consolidated grant for 57.4 percent of eligible costs not to exceed \$2,000,000, and a Water Quality grant for 29.3 percent of eligible costs not to exceed \$1,019,000.

Chancellor pledged a project surcharge for repayment of the loan.

The town has been operating the wastewater utility at a loss for the past several years, and the application shows the town operating at a loss going forward. A flat rate of \$40.00 is needed to pay current debt and operate the system. The surcharge required for repayment of the loan is \$15, which would require overall rates of \$55.00.

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.

Staff also recommended a Special Condition to the Consolidated and Water Quality Grants requiring that grant funds be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project.

Chancellor requested funding for the first of a two-phase water distribution improvements project. Phase 1 includes replacement and installation of 7,000 feet of 6-inch PVC water main, water services within the right-of-way, curb stops, hydrants, valves, and fittings. The cast iron pipe that makes up most of Chancellor's water main is over 50 years old.

Chancellor anticipates bidding the project in October 2021 with project completion in October 2022.

The estimated total project amount is \$2,588,000, and the amount requested is \$2,288,000. The remaining \$300,000 in funding is from a Department of Transportation Community Access Grant.

Rates in Chancellor are \$51.00 per 5,000 gallons.

Staff recommended awarding a \$2,288,000 Drinking Water SRF loan at 1.875 percent interest for 30 years with 89.6 percent as principal forgiveness not to exceed \$2,050,000.

Chancellor pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the net loan of \$238,000 is \$7.35. Staff analysis indicates that by restructuring rates, monthly rates of \$55 or less would be sufficient to repay the loan and operate the system.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level

sufficient to provide the required debt coverage, and contingent upon receipt of the 2021 Drinking Water State Revolving Fund capitalization grant from EPA.

Heath McManaman, finance officer and public works director for the town of Chancellor, thanked the board for consideration of funding for the project.

Mr. Perkovich and Mr. Bruels answered a question from Dr. Johnson regarding how the recent increase in the cost of pipe affects the total project cost.

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2021-12** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$470,000 at 2.125 percent interest for 30 years to the **town of Chancellor** for Phase 1 of a sanitary and storm 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 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. 2021-13** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the **town of Chancellor** for up to 57.4 percent of eligible costs not to exceed \$2,000,000 for Phase 1 of a sanitary and storm sewer improvements project with the special condition that grant reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds; and to adopt **Resolution No. 2021-14** approving a Clean Water SRF Program Water Quality Grant Agreement to the **town of Chancellor** for up to 29.3 percent of eligible project costs not to exceed \$1,019,000 for Phase 1 of a sanitary and storm sewer improvements project with the special condition that grant reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds. A roll call vote was taken, and the motion carried unanimously.

Motion by Johnson, seconded by Bernhard, to adopt **Resolution No. 2021-15** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,288,000 at 1.875 percent interest for 30 years with up to 89.6 percent principal forgiveness not to exceed \$2,050,000 to the **town of Chancellor** for Phase 1 of a drinking water 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, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2021 Drinking Water State Revolving Fund capitalization grant from EPA. A roll call vote was taken, and the motion carried unanimously.

Cresbard requested funding to replace 11,000 feet of sanitary sewer main, 3,000 feet of service lines, 40 manholes, and other appurtenances in the collection system. The project will also install approximately 7,500 feet of storm sewer and 42 drop inlets.

Cresbard anticipates bidding the project in February 2022 with project completion in December 2023.

The estimated total project amount is \$3,124,127, and the amount requested is \$3,124,127.

Rates in Cresbard are a \$34.00 flat rate.

Staff recommended awarding a \$3,124,000 Clean Water SRF loan at 2.125 percent interest for 30 years with 75.7 percent as principal forgiveness not to exceed \$2,363,000.

The town pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the net loan of \$761,000 is \$38.00. Staff analysis indicates that by restructuring rates, monthly rates of \$55 would be sufficient to repay the loan and operate the system.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2021 Clean Water State Revolving Fund capitalization grant.

Cresbard requested funding to replace 15,400 feet of water main, including valves and hydrants. The project will also replace all existing water meters with a radio read meter system. The water distribution system consists of cast iron pipe that is beyond its useful life. The town has experienced water loss due to leaks in the system in recent years, with some years experiencing over 34 percent water loss.

The town anticipates bidding the project in January 2022 with project completion in December 2023.

The estimated total project amount is \$2,068,305, and the amount requested is \$2,068,305.

Rates in Cresbard are \$38.50 per 5,000 gallons.

Staff recommended awarding a \$2,000,000 Drinking Water SRF loan with 100 percent as principal forgiveness and a \$68,000 Consolidated loan at 2.125 percent interest for 30 years.

Cresbard pledged a project surcharge for repayment of the loan. Staff analysis showed that in 2018 and 2019, money was transferred into the water account to break even, and the application shows the town operating at a loss going forward. Staff believes \$55 per user per month is necessary for the water utility to break even. The surcharge required for repayment of the loan is \$3.15, which would require overall rates of \$58.15.

Staff recommended the SRF loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon receipt of the 2021 Drinking Water State Revolving Fund capitalization grant from EPA.

Staff recommended the Consolidated 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.

Representatives from the Cresbard town board and Clark Engineering discussed the project and requested approval of funding.

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2021-16** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$3,124,000 at 2.125 percent interest for 30 years with up to 75.7 percent principal forgiveness not to exceed \$2,363,000 to the **town of Cresbard** 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, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2021 Clean Water State Revolving Fund capitalization grant. A roll call vote was taken, and the motion carried unanimously.

Motion by Johnson, seconded by Adam, to adopt **Resolution No. 2021-17** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,000,000 at 2.125 percent interest for 30 years with 100 percent principal forgiveness to the **town of Cresbard** for a drinking water improvements project, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2021 Drinking Water State Revolving Fund capitalization grant from EPA, and to adopt **Resolution No. 2021-18** approving a South Dakota Consolidated Water Facilities Construction Program revenue obligation loan up to a maximum committed amount of \$68,000 at 2.125 percent interest for 30 years to the **town of Cresbard** for a drinking water improvements project, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. A roll call vote was taken, and the motion carried unanimously.

Elkton requested funding to replace approximately 6,000 feet of sanitary sewer lines, 3,400 feet of service lines, 18 manholes and other appurtenances in the collection system. This is the second phase of a three-phase project to replace the wastewater collection system.

Elkton anticipates bidding the project in July 2021 with project completion in October 2022.

The estimated total project amount is \$2,165,000, and the amount requested is \$2,165,000.

Rates in Elkton are \$50.30 for 5,000 gallons usage.

Staff recommended awarding a \$383,000 Clean Water SRF loan at 2.125 percent interest for 30 years, a Consolidated grant for 77.2 percent of eligible costs not to exceed \$1,671,000, and a Clean Water Build America Bond grant for 5.2 percent of eligible costs not to exceed \$111,000.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$4.80, bringing overall rates to \$55.10.

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 recommended a Special Condition to the Consolidated and Build America Bond Grant requiring that grant funds be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project.

Elkton requested funding to replace approximately 8,400 feet of water main, 2,800 feet of service line, eight hydrants, and 27 valves. This is phase two of a three-phase project to upgrade the water distribution system.

Elkton anticipates bidding the project in July 2021 with project completion in October 2022. The estimated total project amount is \$2,587,000, and the amount requested is \$2,587,000

Rates in Elkton are \$47.90 per 5,000 gallons.

Staff recommended awarding a \$2,587,000 Drinking Water SRF loan at 2.125 percent interest for 30 years with 70.4 percent as principal forgiveness not to exceed \$1,820,000.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the net loan of \$767,000 is \$9.55. Staff analysis indicates that by restructuring rates, monthly rates of \$55 would be sufficient to repay the loan and operate the system.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2021 Drinking Water State Revolving Fund capitalization grant from EPA.

Steve Jensen, Elkton public works director, discussed the project.

Nick Zolnowsky, SPN & Associates, answered question from Dr. Gnirk about how the increased cost of PVC pipe will impact the project cost.

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2021-19** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$383,000 at 2.125 percent interest for 30 years to the **city of Elkton** for sewer system Phase 2 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. 2021-20** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the **city of Elkton** for up to 77.2 percent of eligible costs not to exceed \$1,671,000 for sewer system Phase 2 improvements with the special condition that grant reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds; and to adopt **Resolution No. 2021-21** approving a Wastewater Facility grant to the **city of Elkton** for up to 5.2 percent of approved total project costs not to exceed \$111,000 for sewer system Phase 2 improvements with the special condition that grant reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds. A roll call vote was taken, and the motion carried unanimously.

Motion by Bernhard, seconded by Adam, to adopt **Resolution No. 2021-22** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,587,000 at 2.125 percent interest for 30 years with up to 70.4 percent principal forgiveness not to exceed \$1,820,000 to the **city of Elkton** for water system Phase 2 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, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2021 Drinking Water State Revolving Fund capitalization grant from EPA. A roll call vote was taken, and the motion carried unanimously.

Lake Norden requested funding to replace a lift station and make repairs to the wastewater treatment facility. Repairs at the treatment facility involve rebuilding and riprapping lagoon berms and replacing control structures.

Lake Norden anticipates bidding the project in January 2022 with project completion in November 2022.

The estimated total project amount is \$2,580,000, and the amount requested is \$2,580,000.

Rates in Lake Norden are \$54.40 for 5,000 gallons usage.

Staff recommended awarding a \$1,435,000 Clean Water SRF loan at 2.125 percent interest for 30 years with 36.6 percent as principal forgiveness not to exceed \$525,000, and a Consolidated grant for 44.4 percent of eligible costs not to exceed \$1,145,000.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the net loan of \$910,000 is \$13.15. Staff analysis indicates that by restructuring rates, the existing rates would be sufficient to repay the loan and operate the system.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2021 Clean Water State Revolving Fund capitalization grant.

Staff recommended a Special Condition to the Consolidated Grant requiring that grant funds be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project.

Lake Norden requested funding to construct a 500,000-gallon water tower. The current system storage is inadequate to meet daily demand.

Lake Norden anticipates bidding the project in June of 2021 with project completion in December 2022.

The estimated total project amount is \$2,519,300, and the amount requested is \$2,019,300. The city received a \$500,000 Local Infrastructure Improvement Program grant through the Governor's Office of Economic Development.

Rates in Lake Norden are \$35.51 per 5,000 gallons.

Staff recommended awarding a \$2,019,000 Drinking Water SRF loan at 1.625 percent interest for 30 years.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$27.25. Staff analysis indicates that by restructuring rates, monthly rates of \$55 would be sufficient to repay the loan and operate the system.

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.

Jason Aho, mayor of Lake Norden, discussed the project.

Motion by Adam, seconded by Johnson, to adopt **Resolution No. 2021-23** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,435,000 at 2.125 percent interest for 30 years with up to 36.6 percent principal forgiveness not to exceed \$525,000 to the **city of Lake Norden** for wastewater lift station 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, contingent upon the borrower establishing a surcharge at a level

sufficient to provide the required debt coverage, and contingent upon receipt of the 2021 Clean Water State Revolving Fund capitalization grant; and to adopt **Resolution No. 2021-24** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the **city of Lake Norden** for up to 44.4 percent of eligible costs not to exceed \$1,145,000 for wastewater lift station improvements with the special condition that grant reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds. A roll call vote was taken, and the motion carried unanimously.

Motion by Johnson, seconded by Bernhard, to adopt **Resolution No. 2021-25** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,019,000 at 1.625 percent interest for 30 years to the **city of Lake Norden** for construction of a water tower, 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. A roll call vote was taken, and the motion carried unanimously.

Miller requested funding to complete Phase II of a sanitary sewer line replacement project. The city received a \$1,875,000 Clean Water SRF loan and a \$2,000,000 Consolidated grant for Phase II of the line replacement project. The Consolidated grant will terminate on March 31, 2021.

The project was bid in April 2018 and will be completed in the summer of 2021.

The city has requested \$1,000,000.

As of March 3, 2021, there was \$134,750 in unspent Consolidated grant funds, and no further reimbursements are forthcoming.

Staff recommended awarding a Consolidated grant for 51.6 percent of eligible costs not to exceed \$134,750.

Miller requested additional funding for an ongoing water line replacement project. The city received a \$1,099,000 Drinking Water SRF loan and a \$1,300,000 Consolidated grant for Phase II of a water line replacement project. The grant will terminate on March 31, 2021.

As of March 3, 2021, there was \$112,700 in unspent Consolidated funds, and no further reimbursements will be processed on the current grant.

Staff recommended awarding a Consolidated grant for 54.2 percent of the project costs not to exceed \$112,700.

A representative for the city of Miller thanked the board for considering the funding request.

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2021-26** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the **city of Miller** for up to 51.6 percent of eligible costs not to exceed \$134,750 for completion of a Phase 2 of a sewer improvements project. A roll call vote was taken, and the motion carried unanimously.

Motion by Johnson, seconded by Bernhard, to adopt **Resolution No. 2021-27** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the **city of Miller** for up to 54.2 percent of eligible costs not to exceed \$112,700 for a water distribution Phase 2 project. A roll call vote was taken, and the motion carried unanimously.

Board member Bernhard left the meeting at 2:00 p.m. due to a prior commitment.

Roscoe requested additional funds for a project involving replacement of sanitary sewer lines. This project was initially awarded funding in March of 2019. The project was bid in the summer of 2020; however, the bids came in over budget. This funding will allow the town to complete the project.

Roscoe has bid the project with a project completion date of July 2022.

The total revised project amount is \$4,700,834, and the amount requested is \$1,170,834.

Roscoe has a \$50.00 flat fee.

Staff recommended awarding a \$220,000 Clean Water SRF loan at 2.125 percent interest for 30 years, a Consolidated grant for 9.6 percent of eligible costs not to exceed \$450,000, and a Clean Water SRF Build America Bond grant for 10.7 percent of eligible costs not to exceed \$500,000.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$5.10, bringing overall rates to \$55.10.

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 recommended a Special Condition to the Consolidated and Build America Bond grants requiring that grant funds be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project.

Roscoe requested funding for improvements to the water system including replacing existing asbestos cement pipe with PVC, installing remote read water meters, repairing the existing water tower and updates to the well house interior piping. Bids came in higher than estimated, and additional funding is needed to complete the project.

Roscoe has bid the project with a project completion date of July 2022.

The estimated total project amount is \$2,883,743, and the amount requested is \$622,743. The board previously awarded \$2,261,000 in grants and loans to Roscoe in March 2019.

Rates in Roscoe are \$52.75.

Staff recommended awarding a \$622,000 Drinking Water SRF loan at 1.875 percent interest for 30 years with 63.4 percent as principal forgiveness not to exceed \$394,000.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the net loan of \$228,000 is \$5.15. Staff analysis indicates that by restructuring rates, monthly rates of \$55 would be sufficient to repay the loan and operate the system. With the prior funding awarded and the current recommendation, the total subsidy for the drinking water portion of the project would be 69.8 percent.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2021 Drinking Water State Revolving Fund capitalization grant from EPA.

Leland Treichel, mayor of Roscoe, discussed the project.

Motion by Adam, seconded by Johnson, to adopt **Resolution No. 2021-28** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$220,000 at 2.125 percent interest for 30 years to the **city of Roscoe** for a wastewater 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, adopt **Resolution No. 2021-29** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the **city of Roscoe** for up to 9.6 percent of eligible costs not to exceed \$450,000 for a wastewater improvement project with the special condition that grant reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds, and adopt **Resolution No. 2021-30** approving a Wastewater Facility grant to the **city of Roscoe** for up to 10.7 percent of approved total project costs not to exceed \$500,000 for a wastewater improvement project with the special condition that grant reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds. A roll call vote was taken, and the motion carried unanimously.

Motion by Adam, seconded by Gnirk, to adopt **Resolution No. 2021-31** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$622,000 at 1.875 percent interest for 30 years with 63.4 percent principal forgiveness not to exceed \$394,000 to the **city of Roscoe** for a drinking water 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, and contingent upon receipt of the 2021 Drinking Water State Revolving Fund capitalization grant from EPA. A roll call vote was taken, and the motion carried unanimously.

Salem requested funding to replace approximately three blocks of sanitary sewer line main and install approximately four blocks of new storm sewer.

The city anticipates bidding the project in July 2021 with project completion in December 2022.

The estimated total project amount is \$1,128,000, and the amount requested is \$1,128,000.

Salem has a \$41.00 flat fee.

Staff recommended awarding a \$1,128,000 Clean Water SRF loan at 2.125 percent interest for 30 years.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$7.15, bringing overall rates to \$48.15 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.

Salem requested funding for water distribution improvements to include replacement of asbestos cement water main along Center Avenue, installation of new water main along Gilbert Street to provide necessary looping, and replacement of services and appurtenances along Hollister Street. Asbestos cement water mains along Douglas Street will be replaced with PVC mains.

Salem anticipates bidding the project in July 2021 with project completion in December 2022.

The estimated total project amount is \$439,000, and the amount requested is \$439,000.

Rates in Salem are \$61.76 per 5,000 gallons.

Staff recommended awarding a \$439,000 Drinking Water SRF loan at 1.875 percent interest for 30 years.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$2.65. Staff analysis indicates that by restructuring rates, the current rates would be sufficient to repay the loan and operate the system.

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.

Lori Huemiller, Salem finance officer, thanked the board for consideration of funding the project.

Motion by Adam, seconded by Johnson, to adopt **Resolution No. 2021-32** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,128,000 at 2.125 percent interest for 30 years to the **city of Salem** for industrial area 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. A roll call vote was taken, and the motion carried unanimously.

Motion by Johnson, seconded by Adam, to adopt **Resolution No. 2021-33** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$439,000 at 1.875 percent interest for 30 years to the **city of Salem** for industrial area 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. A roll call vote was taken, and the motion carried unanimously.

Tea requested funding to install approximately 4,700 feet of new sewer line to extend service along 272nd Street.

The project was bid in February 2021 and has an expected completion date of November 2021.

The estimated total project amount is \$1,402,000, and the amount requested is \$1,402,000.

Tea has a \$42.00 flat fee.

Staff recommended awarding a \$1,402,000 Clean Water SRF loan at 2.125 percent interest for 30 years.

The city pledged system revenues for repayment of the loan. Staff analysis indicates that current revenues will provide 160 percent coverage on this loan, which exceeds the 110 percent coverage requirement.

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

Tea requested funding to construct a lift station and force main to convey its wastewater to the Sioux Falls Water Reclamation facility.

The city anticipates bidding the project in the spring 2021 with project completion in November 2021.

The estimated total project amount is \$8,394,000, and the amount requested is \$8,394,000.

The has a \$42.00 flat rate

Staff recommended awarding a \$8,394,000 Clean Water SRF loan at 2.125 percent interest for 30 years.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of this loan is \$16.25. Considering pumping costs and the charge from Sioux Falls to accept Tea's wastewater, staff analysis indicated that monthly rates of approximately \$68.00 to \$79.00 per user will be needed. The difference in rates depends upon whether Tea assesses the surcharge as a volume-based surcharge or a flat rate to each user.

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.

Tea requested funding to extend the water main along 272nd Street. The new lines will provide service to existing homes adjacent to 272nd Street and provide the ability for future expansion in the area. Approximately 4,400 feet of 12-inch watermain will be constructed as part of this project. Hydrants and isolation valves will be installed as needed.

The city bid the project in February 2021, and the anticipated project completion date is November 2021.

The estimated total project amount is \$790,000, and the amount requested is \$790,000.

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

Staff recommended awarding a \$790,000 Drinking Water SRF loan at 2.125 percent interest for 30 years.

The city pledged system revenue for repayment of the loan. Staff analysis indicates that current revenues will provide 161 percent coverage, which exceeds the 110 percent coverage requirement.

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

Motion by Gnirk, seconded by Johnson, to adopt **Resolution No. 2021-34** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,402,000 at 2.125 percent interest for 30 years to the **city of Tea** for the 272nd Street utility extension 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. A roll call vote was taken, and the motion carried unanimously.

Motion by Adam, seconded by Gnirk, to adopt **Resolution No. 2021-35** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$8,394,000 at 2.125 percent interest for 30 years to the **city of Tea** for a Phase 2 sanitary sewer regionalization 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. A roll call vote was taken, and the motion carried unanimously.

Motion by Gnirk, seconded by Adam, to adopt **Resolution No. 2021-36** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$790,000 at 2.125 percent interest for 30 years to the **city of Tea** for the 272nd Street utility extension 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. A roll call vote was taken, and the motion carried unanimously.

SANITARY/STORM SEWER FACILITIES FUNDING APPLICATIONS: Mr. Perkovich presented the sanitary/storm sewer facilities applications and staff recommendations for funding.

Alcester requested funding for Phase 1 improvements to its wastewater treatment system. Improvements include replacing deteriorating and inoperative equipment, relocating the main power feed and operations area, and making improvements to handle storm water.

Alcester anticipates bidding the project in January 2022 with project completion in July 2023.

The estimated total project amount is \$3,710,000, and the amount requested is \$3,710,000.

Rates in Alcester are \$51.98 for 5,000 gallons usage.

Staff recommended awarding a \$3,710,000 Clean Water SRF loan at 2.125 percent interest for 30 years with 71.5 percent as principal forgiveness not to exceed \$2,650,000.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the net loan of \$1,060,000 is \$10.00. Staff analysis indicates that by restructuring

rates, monthly rates of approximately \$55.00 would be sufficient to repay the loan and operate the system.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2021 Clean Water State Revolving Fund capitalization grant.

Patricia Jurrens, Alcester finance officer, discussed the project.

Motion by Johnson, seconded by Gnirk, to adopt **Resolution No. 2021-37** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$3,710,000 at 2.125 percent interest for 30 years with 71.5 percent principal forgiveness not to exceed \$2,650,000 to the **city of Alcester** for the Phase 1 wastewater 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, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2021 Clean Water State Revolving Fund capitalization grant. A roll call vote was taken, and the motion carried unanimously.

Watertown requested funding to replace a clarifier at its wastewater treatment facility. The clarifier being replaced has structural defects that make rehabilitation impractical.

The city anticipates bidding the project in 2021 with project completion in June 2022.

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

Rates in Watertown are \$27.30 for 5,000 gallons usage.

Staff recommended awarding a \$2,500,000 Clean Water SRF loan at 2.0 percent interest for 20 years.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$1.30, bringing overall rates to \$28.60 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.

Mike Boerger, Watertown wastewater superintendent, discussed the project.

Motion by Gnirk, seconded by Adam, to adopt **Resolution No. 2021-38** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$2,500,000 at 2.0 percent

interest for 20 years to the **city of Watertown** for wastewater treatment primary clarifier #2 replacement, 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. A roll call vote was taken, and the motion carried unanimously.

Yankton requested funding for improvements to its wastewater treatment facility. Project elements include electrical upgrades, replacing process pumps and an influent screen, and constructing a new equalization basin, among others.

The project is expected to be bid in May 2021 with construction completion in January 2023.

The estimated total project amount is \$10,028,400, and the amount requested is \$3,500,000. The funding package also includes a \$6,458,400 grant from the US Economic Development Authority and \$70,000 in local cash.

Rates in Yankton are \$45.22 for 5,000 gallons usage.

Staff recommended awarding a \$3,500,000 Clean Water SRF loan at 2.0 percent interest for 20 years.

The city pledged system revenues for repayment of the loan. Staff analysis indicates that current revenues will provide 280 percent debt coverage on this loan, which exceeds the 110 percent debt coverage requirement.

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

Kyle Goodmanson, Yankton utility manager, discussed the project.

Motion by Adam, seconded by Gnirk, to adopt **Resolution No. 2021-39** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$3,500,000 at 2.0 percent interest for 20 years to the **city of Yankton** for wastewater treatment plant improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective. A roll call vote was taken, and the motion carried unanimously.

Custer requested funding to slip-line approximately 5,600 feet of force main, rehabilitate four existing pond structures, and make other miscellaneous repairs to the wastewater treatment facility. The city is also planning to modify the treatment process and relocate the effluent outfall

line starting in 2022. This loan will also be used to pay for the design engineering for those projects.

Custer anticipates bidding the project in the spring of 2021 with project completion in November 2021.

The estimated total project amount is \$2,500,610, and the amount requested is \$1,539,000. The funding package includes \$961,610 in local cash.

Rates in Custer are \$37.45 for 5,000 gallons usage.

Staff recommended awarding a \$1,539,000 Clean Water SRF loan at 2.125 percent interest for 30 years.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$5.40 per user, resulting in overall rates of \$42.85.

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.

Mayor Corbin Herman discussed the project. Dana Foreman, KLJ Engineers, answered questions regarding slip-lining.

Motion by Johnson, seconded by Gnirk, to adopt **Resolution No. 2021-40** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,539,000 at 2.125 percent interest for 30 years to the **city of Custer** for wastewater treatment facility 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. A roll call vote was taken, and the motion carried unanimously.

Waubay requested funding to address erosion that is occurring on outside of the primary cell at the wastewater treatment facility due to the increasing water level of Bitter Lake.

The project is expected to be bid in October 2021 with construction completion in October 2022.

The estimated total project amount is \$2,135,000, and the amount requested is \$1,365,000. The funding package includes a \$770,000 Community Development Block Grant.

Waubay has a \$40.00 flat rate.

Staff recommended awarding a \$1,365,000 Clean Water SRF loan at 2.125 percent interest for 30 years with 40 percent as principal forgiveness not to exceed \$545,000.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the \$820,000 net loan is \$11.85. During the application review, it was discovered that the surcharge being collected for a loan awarded in 2015 is insufficient and needs to be increased by approximately \$6.00. Rates would be \$57.85 if the new surcharges were applied to the existing \$40.00 flat rate; however, staff analysis indicates that by restructuring rates, monthly rates of \$55.00 would be sufficient to meet debt obligations and operate the system.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2021 Clean Water State Revolving Fund capitalization grant.

Mayor Kevin Jens discussed the project.

Motion by Gnirk, seconded by Adam, to adopt **Resolution No. 2021-41** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,365,000 at 2.125 percent interest for 30 years with 40.0 percent principal forgiveness not to exceed \$545,000 to the **city of Waubay** for bank stabilization at the wastewater treatment facility, 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, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2021 Clean Water State Revolving Fund capitalization grant. A roll call vote was taken, and the motion carried unanimously.

Vermillion requested funding to install approximately 7,800 feet of storm sewer and drop inlets along Highway 50.

The project was bid in February 2021 and project completion is expected in the fall of 2021.

The estimated total project amount is \$4,166,763, and the amount requested is \$500,000. The funding package includes a \$770,000 Community Development Block Grant, \$1,160,213 from the SD Department of Transportation, and \$1,736,550 in local cash.

Staff recommended awarding a \$500,000 Clean Water SRF loan at 2.0 percent interest for 20 years.

The city collects a stormwater fee, which will be used for repayment of the loan. In 2020, the average annual fee was \$83.00 per land parcel. Staff analysis indicates that revenues from the

stormwater fees will provide 625 percent debt coverage, which exceeds the 110 percent coverage requirement.

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

Motion by Adam, seconded by Johnson, to adopt **Resolution No. 2021-42** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$500,000 at 2.0 percent interest for 20 years to the **city of Vermillion** for Highway 50 stormwater improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective. A roll call vote was taken, and the motion carried unanimously.

Tabor requested funding to replace the sanitary sewer collection system.

The town of Tabor anticipates bidding the project in the spring of 2022 with project completion in November 2022.

The estimated total project amount is \$4,900,000, and the amount requested is \$4,150,000. Tabor also intends to apply for a \$770,000 Community Development Block Grant.

The town of Tabor has a \$29.00 flat rate.

Staff recommended awarding a \$2,248,000 Clean Water SRF loan at 2.125 percent interest for 30 years and a Consolidated grant for 38.9 percent of eligible costs not to exceed \$1,902,000.

Tabor pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$43.50. Staff analysis indicates that by restructuring rates, monthly rates of \$55 or less would be sufficient to repay the loan and operate the system.

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.

LaVerne Schieffer, town board president, discussed the project.

Motion by Gnirk, seconded by Johnson, to adopt **Resolution No. 2021-43** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$2,248,000 at 2.125 percent interest for 30 years to the **town of Tabor** for wastewater collection system 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, and to adopt **Resolution No. 2021-44** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the **town of Tabor** for up to 38.9 percent of eligible costs not to exceed \$1,902,000 for wastewater collection system improvements. A roll call vote was taken, and the motion carried unanimously.

Board member Bernhard returned to the meeting at 2:45 p.m.

Northdale Sanitary District requested funding to re-route a sanitary sewer line due to its proximity to old gypsum mines in Meade County and the recent sinkhole formations.

The sanitary district anticipates bidding the project in June 2021 with project completion in the late fall of 2021.

The estimated total project amount is \$440,000, and the amount requested is \$440,000.

The sanitary district has a \$34.00 flat fee.

Mr. Perkovich stated that both the State Revolving Fund and Consolidated loan agreements contain language stating that a loan cannot close until the borrower can certify that there is no litigation threatening or pending which may affect the loan or its obligations to comply with the loan documents. Staff is aware that a Notice of Intent to bring a citizen suit against the Northdale Sanitary District involving the district's closed sewage sludge surface impoundments has been filed.

Mr. Perkovich stated that this is an important project that is needed to assure the wastewater collection system remains functional. Staff consulted legal counsel who advised that this language could be removed from the Consolidated loan agreement, which would allow the project to move forward, but the state would be assuming some risk in doing so.

Staff recommended awarding a \$440,000 Consolidated loan at 2.0 percent interest for 20 years.

The sanitary district pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$7.40 per user, resulting in overall rates of \$41.40.

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.

Toni Davilla, Northdale Sanitary District board president, and Leah Berg, ACES Engineering, discussed the project and answered questions from the board.

Motion by Johnson, seconded by Adam, to adopt **Resolution No. 2021-45** approving a South Dakota Consolidated Water Facilities Construction Program revenue obligation loan up to a maximum committed amount of \$440,000 at 2.0 percent interest for 20 years to the **Northdale**

Sanitary District to re-route a sanitary sewer force main contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. A roll call vote was taken, and the motion carried with Adam, Bernhard, Johnson, and Soholt voting aye. Gnirk abstained.

Saint Lawrence requested funding to replace approximately 13,000 feet of sanitary sewer lines and rehabilitate a lift station.

The town anticipates bidding the project in January 2022 with project completion in December 2022.

The estimated total project amount is \$2,487,000, and the amount requested is \$2,487,000.

Saint Lawrence has a \$45.00 flat fee.

Staff recommended awarding a \$396,000 Clean Water SRF loan at 2.125 percent interest for 30 years, a Consolidated grant for 80 percent of eligible costs not to exceed \$1,989,000, and a Clean Water Build America Bond grant for 4.2 percent of eligible costs not to exceed \$102,000.

The town of Saint Lawrence pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$19.30. Staff analysis indicates that by restructuring rates, monthly rates of \$55 would be sufficient to meet debt obligations and operate the system.

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 and Build America Bond Grants requiring that grant funds will be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project.

A representative of Saint Lawrence discussed the project.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2021-46** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$396,000 at 2.125 percent interest for 30 years to the **town of Saint Lawrence** 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, adopt **Resolution No. 2021-47** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the **town of Saint Lawrence** for up to 80 percent of eligible costs not to exceed \$1,989,000 for a wastewater improvements project with the special condition that

grant reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds, and adopt **Resolution No. 2021-48** approving a Wastewater Facility grant to the **town of Saint Lawrence** for up to 4.2 percent of approved total project costs not to exceed \$102,000 for a wastewater improvements project with the special condition that grant reimbursement of project costs must be drawn concurrently with the Clean Water SRF loan funds. A roll call vote was taken, and the motion carried unanimously.

DRINKING WATER FACILITIES FUNDING APPLICATIONS: Mr. Bruels presented the applications and the staff recommendations for funding.

Bear Butte Valley Water, Inc. requested funding to expand the water system to the east to provide 24 new connections along Alkali Road for rural residential and livestock water demands. The proposed project will include approximately 55,000 feet of 6-inch water main, 43,000 feet of 3-inch water main, 10,000 feet of 2-inch service line, and 24 meter pits. The project will also include valves, fittings, and other necessary water main appurtenances.

The project is expected to be bid in May 2021 with construction completion in the winter of 2021.

The estimated total project amount is \$2,058,000, and the amount requested is \$2,058,000.

Bear Butte Valley Water's rates are \$112.15 per 7,000 gallons.

Staff recommended awarding a \$2,058,000 Drinking Water SRF loan at 1.875 percent interest for 30 years.

Bear Butte Valley Water, Inc. pledged system revenue for repayment of the loan. Staff analysis indicates that the expected revenue generated by the 24 new users combined with the revenue currently being generated by existing users at existing rates provides 130 percent debt coverage, which exceeds the 110 percent requirement.

Staff recommended the loan being contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, and contingent upon an Intercreditor Agreement being approved and executed by Rural Utilities Service, Bear Butte Valley Water, Inc. and the District.

Bruce Weyrick, president of Bear Butte Valley Water, Inc., and Dan Nebelsick, DGR Engineering, discussed the project and answered questions from the board.

Motion by Adam, seconded by Johnson, to adopt **Resolution No. 2021-49** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,058,000 at 1.875 percent interest for 30 years to **Bear Butte Valley Water, Inc.** for a water system expansion 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 resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, and contingent upon an Intercreditor Agreement being approved and executed by Rural Utilities Service, Bear Butte Valley Water, Inc. and the District. A roll call vote was taken, and the motion carried unanimously.

Kingbrook Rural Water System requested funding to rehabilitate the water tower that is leased from the town of Carthage. The project includes exterior blasting of the existing lead-based coating, re-coating, and replacement of the corrugated steel roof.

Kingbrook RWS anticipates bidding the project in July 2021 with project completion in October 2021.

The estimated total project amount is \$393,100, and the amount requested is \$360,000. The funding package includes \$33,100 in local cash.

Current rates for rural household users are \$67.15 per 7,000 gallons.

The water tower is only to serve the residents of Carthage. For that reason, any debt taken for the project will be specifically assessed back to the 131 users of the Carthage system. Kingbrook also charges Carthage residents a separate rate structure than the normal rural household rate which is \$43.25 per 5,000 gallons. When evaluating the impacts of the funding recommendation, staff focused on the impacts to the Carthage users.

Since all the costs for this project are related to serving Carthage, Kingbrook RWS is eligible for the disadvantaged rate and term that Carthage is eligible for, which is 1.625 percent interest for 30 years.

Staff recommended awarding a \$360,000 Drinking Water SRF loan at 1.625 percent interest for 30 years.

The rural water system pledged system revenue for repayment of the loan. Kingbrook's existing revenues will provide in excess of the required 110 percent debt coverage requirement. Staff analysis indicates that Kingbrook would need to charge Carthage residents an additional \$9.70 to repay the loan, resulting in rates of \$52.95.

Staff recommended the loan being contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, and contingent upon an Intercreditor Agreement being approved and executed by Rural Utilities Service, CoBank, Kingbrook Rural Water System, and the District.

Erin Hayes, general manager for Kingbrook RWS, and Matt Oedekoven, DGR Engineering, discussed the project and answered questions from the board. Mr. Bruels also answered questions from the board.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2021-50** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$360,000 at 1.625 percent interest for 30 years to **Kingbrook Rural Water System** for rehabilitation of the Carthage water tower, 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 resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, and contingent upon an Intercreditor Agreement being approved and executed by Rural Utilities Service, CoBank, Kingbrook Rural Water System, and the District. A roll call vote was taken, and the motion carried unanimously.

Joint Well Field, Inc. requested funding to construct a new pump building with high service pumps, process piping and HVAC system, demolish the existing backwash ponds and construct new ones; construct a new 1.2-million gallon ground storage reservoir, install new pump room controls and other necessary appurtenances to complete the project.

Joint Well Field, Inc. is a jointly owned and operated water source and treatment facility that serves both Brookings-Deuel Rural Water System and Kingbrook Rural Water System. Increasing demands from both rural water systems have necessitated improvements to the capacity and infrastructure of the Joint Well Field system.

The project is expected to be bid in May 2021 with construction completion in the summer of 2022.

The estimated total project amount is \$5,623,000, and the amount requested is \$5,523,000. The funding package includes \$100,000 local cash.

Joint Well Field's rates are \$1.10 per 1,000 gallons.

Staff recommended awarding a \$5,523,000 Drinking Water SRF loan at 2.125 percent interest for 30 years.

Joint Well Field, Inc. pledged system revenue for repayment of the loan. Staff analysis indicates rates will need to be \$1.17 per 1,000 gallons to meet the 110 percent debt coverage requirement. If assessed back to the users of both systems, this would result in a \$0.49 increase in rates for 7,000 gallons of usage.

Staff recommended the loan being contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower raising its rates to a level sufficient to provide the necessary coverage, contingent upon the borrower approving a security agreement and mortgage, and contingent upon an Intercreditor Agreement being approved and executed by CoBank, Citizens State Bank, Joint Well Field, Inc., and the District.

Gene Wilts, general manager of Brookings-Deuel RWS and manager of Joint Well Field, Inc., and Matt Oedekoven, DGR Engineering, discussed the project and answered questions from the board.

Motion by Adam, seconded by Johnson, to adopt **Resolution No. 2021-51** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$5,523,000 at 2.125 percent interest for 30 years to **Joint Well Field, Inc.** for water treatment plant 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 resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower raising its rates to a level sufficient to provide the necessary coverage, contingent upon the borrower approving a security agreement and mortgage, and contingent upon an Intercreditor Agreement being approved and executed by CoBank, Citizens State Bank, Joint Well Field, Inc., and the District. A roll call vote was taken, and the motion carried unanimously.

Castlewood requested funding for improvements to the water distribution system, including rehabilitation of the existing water tower and replacement of approximately 6,500 feet of water main. The water tower is still structurally sound, but the coatings and paint need to be refurbished to extend the useful life of the water tower.

Castlewood anticipates bidding the project in March 2022 with project completion in July 2023.

The estimated total project amount is \$1,222,000, and the amount requested is \$800,000. The funding package includes \$422,000 local cash

Rates in Castlewood are \$32.70 per 5,000 gallons.

Staff recommended awarding an \$800,000 Drinking Water SRF loan at 1.875 percent interest for 30 years.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$10.50 per user, resulting in overall rates of \$43.20.

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.

Brian Ries, mayor of Castlewood, and Joe Munson, Banner & Associates, discussed the project and answered questions from the board.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2021-52** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$800,000 at 1.875 percent interest for 30 years to the **city of Castlewood** for distribution line and water tower 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. A roll call vote was taken, and the motion carried unanimously.

Groton requested funding to replace 6-inch asbestos pipe with PVC, loop water lines in the southern and northeastern parts of town, and paint the ground water storage tank.

The city anticipates bidding the project in June 2021, with project completion in October 2022.

The estimated total project amount is \$1,326,000, and the amount requested is \$1,326,000.

Rates in Groton are \$56.95 per 5,000 gallons.

Staff recommended awarding a \$1,326,000 Drinking Water SRF loan at 2.125 percent interest for 30 years.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$7.85. Staff analysis indicates that by restructuring rates, the current rate would be sufficient to repay the loan and operate the system.

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 of Groton, discussed the project and answered questions from the board.

Motion by Adam, seconded by Johnson, to adopt **Resolution No. 2021-53** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,326,000 at 2.125 percent interest for 30 years to the **city of Groton** for water line 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. A roll call vote was taken, and the motion carried unanimously.

Faith requested funding to construct a 225,000-gallon water tower to replace a small ground level water storage tank and a small elevated water tower. The new tower will pressurize the city's water system instead of using high service pumps.

The city of Faith anticipates bidding the project in the fall of 2021 and completing the project by the end of 2022.

The estimated total project amount is \$1,609,000, and the amount requested is \$1,609,000.

Rates in Faith are \$47.71 per 5,000 gallons.

Staff recommended awarding a \$1,609,000 Drinking Water SRF loan at 1.875 percent interest for 30 years with 68.4 percent as principal forgiveness not to exceed \$1,099,000.

The city pledged system revenue for repayment of the loan. Staff analysis indicates that monthly rates of \$56.10 would be needed to provide the required 110 percent debt coverage, based on the current rate structure. However, staff believes rates of \$55.00 or less could be achieved by raising the base charge and lowering the usage charge to generate the necessary revenue for system operation, maintenance and debt service.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower raising its water rates to a level sufficient to provide the necessary coverage, and contingent upon receipt of the 2021 Drinking Water State Revolving Fund capitalization grant from EPA.

Dana Foreman, KLJ Engineering, discussed the project and answered questions from the board.

Motion by Gnirk, seconded by Adam, to adopt **Resolution No. 2021-54** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,609,000 at 1.875 percent interest for 30 years with up to 68.4 percent principal forgiveness not to exceed \$1,099,000 to the **city of Faith** for an elevated water storage tank, 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, contingent upon the borrower raising its water rates to a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2021 Drinking Water State Revolving Fund capitalization grant from EPA. A roll call vote was taken, and the motion carried unanimously.

Mr. Bruels provided a recap of available funds for the upcoming funding round.

SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATIONS: Tyler Zettl presented an overview of available funds.

Mr. Zettl presented the applications and staff recommendations for funding.

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 funds will be used to provide subgrants to local landfills, counties, and school districts for waste disposal and recycling.

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 is anticipated for the summer of 2021.

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

The funding application represents a continuation of past department efforts that began in 1999. The most recent iteration of this has helped eliminate 2,600 tons of waste tires since 2019 as well as assist with the safe handling and disposal of chemicals at seven school buildings in South Dakota, with \$150,000 specifically going to the cleanup of PFAS (per- and poly-fluoroalkyl) substances. The 2021 Legislature approved House Bill 1264, which provided the ability to use up to \$250,000 at 100 percent of project costs. These funds do not require local match. The remaining funding will require at least a 20 percent cost share from the sponsor of the cleanup.

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

Mr. Zettl and Mr. Huisken answered questions from the board regarding waste tire cleanups.

Motion by Adam, seconded by Johnson, to adopt **Resolution No. 2021-55** approving the South Dakota Solid Waste Management Program grant agreement to **Department of Environment and Natural Resources** for up to 100 percent of approved total project costs not to exceed \$250,000 for statewide waste tire and other solid waste cleanup projects, and to adopt **Resolution No. 2021-56** approving the South Dakota Solid Waste Management Program grant agreement to **Department of Environment and Natural Resources** for up to 80 percent of approved total project costs not to exceed \$350,000 for statewide waste tire and other solid waste cleanup projects. A roll call vote was taken, and the motion carried unanimously.

Kiner Metal Recycling requested funding for the purchase of a combined tire shredder, mulcher and coloring machine. Kiner Metal Recycling is a recycling company based out of Mitchell, SD that specializes in scrap metal recycling, is seeking funding to expand their business into tire recycling.

Kiner Metal Recycling is a private for-profit entity. In accordance with SDCL 46A-1-98 any documentary material or data made or received by the board or DENR for the purpose of furnishing financial assistance to a business to the extent that the material or data consists of trade secrets or commercial or financial information regarding the operation of such business is not public record and is exempt from disclosure. Any discussion or consideration of such trade secrets or commercial or financial information by the board may be done in executive session. Kiner Metal Recycling intends to obtain the combined tire shredder, mulcher and coloring machine in August 2021. According to the project narrative, the proposed equipment purchase would allow Kiner Metal Recycling to handle an estimated 25,000 passenger tires and 1,300 semi tires annually.

The estimated total project cost is \$88,675, and the amount requested is \$53,000.

Staff recommended no funding for this project.

Mr. Zetl stated that in the past, the department has not recommended a grant award nor has the board awarded grants to private-for-profit businesses that have other competitors in South Dakota as subsidizing one business would offer a competitive advantage.

Dennis Kiner, owner of Kiner Metal Recycling, discussed the project and answered questions from the board.

Motion by Gnirk, seconded by Adam, to deny Solid Waste Management Program funding for Kiner Metal Recycling. A roll call vote was taken, and the motion carried unanimously.

Vermillion requested funding for a landfill expansion and cell closing project. The project will entail closure of landfill cells 2 and 3 and construction of landfill cell 6 to include excavation, lining and installing a leachate collection system. The existing landfill cells are anticipated to reach capacity in 2022, and a new cell is needed to continue operations.

Vermillion anticipates bidding the project in the spring of 2021 with project completion in the fall of 2021.

The estimated total project cost is \$2,466,000, and the amount requested is \$2,466,000.

Staff recommended awarding a \$1,966,000 Clean Water SRF loan at 1.875 percent interest for 10 years and awarding a Solid Waste Management Program grant up to 20.3 percent of project costs not to exceed \$500,000.

Vermillion pledged system revenues for repayment of the loan. If all funding is provided as loan, the city would have 347 percent debt coverage based on the current rate of \$51.00 per ton of municipal solid waste.

For landfill projects and equipment purchases, grant awards have historically been between 15 and 25 percent of total project costs.

Staff recommended awarding the loan contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower executing a revised Joint Powers Agreement.

Luke Rodig, Burns & McDonnell, discussed the project and answered questions from the board.

Motion by Gnirk, seconded by Adam, to adopt **Resolution No. 2021-57** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,966,000 at 1.875 percent interest for 10 years to the **city of Vermillion** for a landfill expansion and cell closure 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 executing a revised Joint Powers Agreement, and to adopt **Resolution No. 2021-58** approving a South Dakota Solid Waste Management Program grant agreement for the **city of Vermillion** for up to 20.3 percent of eligible costs not to exceed \$500,000 for a landfill expansion and cell closure project for wastewater lift station improvements. A roll call vote was taken, and the motion carried unanimously.

Mr. Zettl provided an overview of remaining Solid Waste Management Program funds.

SPRINGFIELD CLEAN WATER SRF C461071-01 REQUEST FOR SCOPE CHANGE: Drew Huisken reported that on June 27, 2019, the city of Springfield was awarded a \$1,950,000 Clean Water SRF loan to replace wastewater and storm sewer infrastructure in the areas of 11th and 14th Streets and to improve two lift stations. This project is nearing completion, and a sizable amount of loan funds remains.

On March 4, 2021, the department received a letter from the city of Springfield requesting that the scope of the Clean Water SRF loan be amended to include replacement of additional sanitary sewer in the areas of 6th Street, Oak Street, and Southern Circle. The sanitary sewer in this area was televised, and several deficiencies were found. It is anticipated that the existing funding will be sufficient to address the additional proposed utilities replacement.

Staff recommended board approval of amending the scope of Clean Water SRF loan C461071-01 to include the proposed work.

Motion by Johnson, seconded by Adam, to adopt **Resolution No. 2021-59** approving the request by the **city of Springfield** to amend the scope of Clean Water SRF loan C461071-01. A roll call vote was taken, and the motion carried unanimously.

DISTRIBUTION OF REQUEST FOR PROPOSALS FOR FINANCIAL ADVISOR FOR THE STATE REVOLVING FUND PROGRAMS: Jon Peschong reported that the South Dakota Conservancy District has contracted with Public Financial Management as its financial advisor since 2003, and the current contract ends June 30, 2021.

Since the contract exceeds fifty thousand dollars, the district is required to go through the Request for Proposal (RFP) process to select a financial advisor. The purpose is to seek proposals from qualified firms to serve as the financial advisor for the district's State Revolving Fund programs for a four-year period, from July 1, 2021 through June 30, 2025.

The RFP also states that the District reserves the right to renew the awarded contract to the successful respondent for an additional four-year period if the board considers any contract adjustment to be reasonable and justified.

The following is the estimated timeline:

- Advertise the Request for Proposal on Monday, March 29
- All questions must be submitted by 3:00 pm on Friday, April 23
- Answers to those questions will be posted on Wednesday, April 28
- The proposals will be due Friday, May 7
- The selection is planned for the board's scheduled meeting on Thursday, June 24
- Contract execution will be on or before July 1

Staff recommended that the board authorize the distribution of the Request for Proposal to serve as the Financial Advisor for the District's State Revolving Fund program.

Motion by Bernhard, seconded by Johnson, to authorize the distribution of the Request for Proposal to serve as the Financial Advisor for the District's State Revolving Fund program. A roll call vote was taken, and the motion carried unanimously.

APPROVE AN INTERCREDITOR AGREEMENT AMONG RANDALL COMMUNITY WATER DISTRICT, US BANK AS TRUSTEE, AND THE SOUTH DAKOTA

CONSERVANCY DISTRICT: Stephanie Riggle reported that on June 19, 2019, the Board of Water and Natural Resources awarded Randall Community Water District a \$4,600,000 Drinking Water State Revolving Fund loan with 49.2 percent principal forgiveness not to exceed \$2,263,000 and required an Intercreditor Agreement among Cobank, a federally chartered instrumentality of the United States of America, The First National Bank in Sioux Falls as trustee and the South Dakota Conservancy District being approved and executed.

On April 17, 2020, the Intercreditor Agreement was amended to be among the United States of America Department of Agriculture acting through its Rural Utilities Service (RUS), US Bank as trustee, CoBank, and the Conservancy District. The loan was closed on February 12, 2021.

Randall Community Water District is preparing to issue Series 2021 Bonds to pay off the debt originally financed through Rural Utilities Service and Cobank. Randall Community Water District has requested that the Conservancy District agree to amend the current intercreditor agreement with the updated bond issuance.

After a reviewing the new debt service, staff determined that Randall Community Water District will have the required debt coverage for the loans with the District.

Staff recommended that the board authorize the chairman to execute the amended Intercreditor Agreement.

Motion by Bernhard, seconded by Gnirk, to authorize the chairman of the Board of Water and Natural Resources to execute the amended Intercreditor Agreement. A roll call vote was taken, and the motion carried unanimously.

LEGISLATIVE UPDATE: Andy Bruels reported that in January 2021 Governor Noem issued an Executive Order to merge the Department of Environment and Natural Resources and the Department of Agriculture into the Department of Agriculture and Natural Resources.

Senate Resolution of Disapproval 901 was filed, which would have blocked the merger. The resolution of disapproval did not get passed by the Legislature, so the merger will take effect on April 19, 2021.

Mr. Bruels noted that there will be no staff or board changes as a result of the merger. There are also no changes to the federal and state rules and regulations for either department other than the name change to the Department of Agriculture and Natural Resources.

Mr. Bruels discussed the following 2021 Legislative bills of interest to the department and the board:

H.B. 1264 - 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.

H.B. 1027 - An Act to identify Water Management Board officers, authorize appointment of a prehearing officer, and define the duties of the prehearing officer.

H.B. 1028 - An Act to revise petition requirements and the criteria for issuance of a water right permit.

H.B. 1029 - An Act to require a permit to conduct mining operations for certain ore milling facilities.

H.B. 1038 - An Act to make an appropriation from the coordinated natural resources conservation fund to the State Conservation Commission and declare an emergency.

H.B. 1042 - An Act to revise certain provisions regarding riparian buffer strips.

H.B. 1171 - An Act to make an appropriation to the State Conservation Commission and to declare an emergency.

H.B. 1256 - An Act to make an appropriation for the cleanup of the Big Sioux watershed and River and to declare an emergency.

S.B. 51 - An Act to transfer licensure of individuals who may alter, repair, construct, or install on-site wastewater systems to the Plumbing Commission.

S.B. 52 - An Act to revise the permit duration on certain concentrated animal feeding operations.

S.B. 53 - An Act to revise certification and renewal fees for water supply and treatment system operators.

S.B. 63 - An Act to correct technical errors and outdated provisions regarding the Department of Environment and Natural Resources.

S.B. 99 - An Act to authorize the Department of Agriculture to contract for the construction of a livestock and equestrian complex at the State Fair, to make an appropriation therefor, and to declare an emergency.

Mr. Bruels and Mr. Perkovich answered questions from the board.

BOARD OF WATER AND NATURAL RESOURCES SFY 2022 MEETING SCHEDULE: Mr. Perkovich presented the following tentative meeting schedule for SFY 2022:

September 29-30, 2021

November 4, 2021

January 6, 2022

March 24-25, 2022

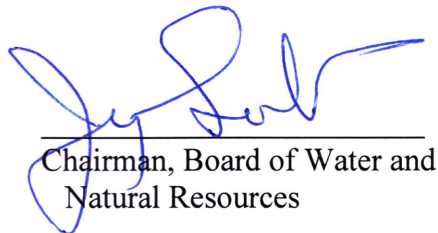
June 23-24, 2022

JUNE BOARD MEETING: The next meeting is scheduled for June 24-25, 2021. Mr. Perkovich discussed possible agenda items for that meeting.

ADJOURN: Chairman Soholt declared the meeting adjourned.

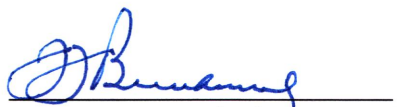
Approved this 24 day of June 2021.

(SEAL)



Chairman, Board of Water and
Natural Resources

ATTEST:



Secretary, Board of Water and
Natural Resources