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Minutes of the
Board of Water and Natural Resources
Via Microsoft Teams
April 27, 2020
1:00 p.m. Central Time

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

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

BOARD MEMBERS PARTICIPATING: Jerry Soholt, Gene Jones, Jr., Todd Bernhard, Dr. Paul Gnirk, Jackie Lanning, Dr. Kathryn Johnson, and Karl Adam.

BOARD MEMBERS ABSENT: None.

APPROVE AGENDA: Motion by Jones, seconded by Bernhard, to approve the agenda. A roll call vote was taken, and the motion carried with Bernhard, Gnirk, Johnson, Jones, Lanning and Soholt voting aye. Adam was not present for the vote.

Mr. Adam joined the meeting.

APPROVE MINUTES OF MARCH 31, 2020, MEETING: Motion by Gnirk, seconded by Lanning, to approve the minutes of the March 31, 2020, Board of Water and Natural Resources meeting, as amended. A roll call vote was taken, and the motion carried unanimously.

PUBLIC COMMENT PERIOD: There were no public comments.

AVAILABLE FUNDING: Mike Perkovich reviewed available funds for the Consolidated Water Facilities Construction Program, Drinking Water Facility Grants Build America Bonds (BABs) Federal Subsidy Payments, 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 seven project sponsors submitted two funding applications. He and Andy Bruels presented the combined applications and the staff recommendations for funding.

Dell Rapids requested funding for a project to replace sewer lines and address storm water runoff as part of an infrastructure improvements project on 5th Street, 6th Street, and Iowa Avenue.

The request includes a \$394,400 nonpoint source component to install best management practices in the Big Sioux River Watershed.

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

The estimated total project amount is \$3,292,285, which included approximately \$184,000 in local cash for ineligible roadwork. The amount requested is \$3,108,400, with \$2,714,000 of that amount for the sanitary and storm sewer and \$394,400 for the nonpoint source component.

Rates in Dell Rapids are \$61.60 based on 5,000 gallons usage.

Staff recommended awarding a \$2,177,500 Clean Water SRF loan at the Nonpoint Source Incentive Rate of 1.375 percent interest for 30 years and a Consolidated grant for 27.7 percent of eligible costs not to exceed \$750,000. The loan amount consists of \$1,964,000 for the wastewater and storm water improvements and \$213,500 for the nonpoint source activities. The decreased nonpoint source amount is due to the interest rate change and the grant award decreasing the loan amount.

Dell Rapids pledged a project surcharge for repayment of the loan. Staff analysis indicates that current residential wastewater rates in Dell Rapids are \$61.60 based on 5,000 gallons usage. The surcharge required for repayment of the loan is \$5.85 bringing overall rates to \$67.45.

Staff recommended the loan being contingent upon the borrower adopting two bond resolutions and the resolutions becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Staff recommended the special condition that grant funds will be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project. Staff also recommended a special condition for the loan: The borrower may not draw funds from the proceeds of the Series NPS Borrower Bond until EPA approves the revised budget for the Project Implementation Plan.

Dell Rapids requested funding to replace approximately 1,600 feet of 6-inch water main, fire hydrants, valves and other appurtenances on 6th Street and Iowa Avenue in conjunction with sanitary and storm sewer project.

Dell Rapids anticipates bidding the project in March 2021 with project completion in October 2021.

The estimated total project amount is \$1,008,615, and the amount requested is \$926,000. The remaining \$82,615 will come from local funds for ineligible street work.

Rates in Dell Rapids are \$42.20 for 5,000 gallons.

Staff recommended awarding a \$926,000 Drinking Water SRF loan at 2.125 percent interest for 30 years.

Dell Rapids pledged a project surcharge for repayment of the loan. Staff analysis showed that the required surcharge for repayment of the loan is \$2.70, bringing the overall rates to \$44.90.

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.

Justin Weiland, city administrator, discussed the both projects.

Motion by Adam, seconded by Jones, to adopt **Resolution No. 2020-28** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$2,177,500 at 1.375 percent interest for 30 years to the city of **Dell Rapids** for storm and sanitary sewer improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting two bond resolutions and the resolutions becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and the special condition that the borrower may not draw funds from the proceeds of the Series NPS Borrower Bond until EPA approves the revised budget for the Project Implementation Plan, and to adopt **Resolution No. 2020-29** approving the South Dakota Consolidated Water Facilities Construction Program grant agreement for the city of **Dell Rapids** for up to 27.7 percent of eligible costs not to exceed \$750,000 for storm and sanitary sewer improvements with the special condition that grant funds must be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project. A roll call vote was taken, and the motion carried unanimously.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2020-30** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$926,000 at 2.125 percent interest for 30 years to the city of **Dell Rapids** for water 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. A roll call vote was taken, and the motion carried unanimously.

Garretson requested funding for a wastewater collection system project. In June 2017, the city received a \$1,160,000 Clean Water SRF loan to replace clay tile pipe in its wastewater collection system. This loan did not cover the total project cost, but the application indicated local cash would be used to cover the remaining project costs. As the project progressed Garretson realized it did not have sufficient local cash to finance the remainder of the project. The city is requesting additional funds to complete the project.

The final portion of this project was bid in February 2020 with construction anticipated to be completed in December 2020.

The estimated total project cost is now \$2,302,000, and the amount requested is \$1,142,000.

Rates in Garretson are \$45.00 for 5,000 gallons usage.

Staff recommended awarding a \$917,000 Clean Water SRF loan, at 2.125 percent interest for 30 years and awarding a Build America Bonds grant for 19.8 percent of eligible costs not to exceed \$225,000.

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 Garretson could restructure its rates and cover the required surcharge and operating expenses with rates of \$48.00 for 5,000 gallons usage.

Staff recommended the award being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Staff also recommended the special condition to the Build America Bonds grant that grant funds will be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project.

Garretson requested funding to replace water main on 3rd Street, Main Avenue, and the truck route. Approximately 2,100 feet of 4-inch asbestos cement pipe will be replaced with 6-inch PVC pipe and will include hydrants, valves, and other necessary appurtenances associated with water main construction. This proposal is a continuation of a project previously funded in 2017 and will be done in conjunction with sanitary, storm sewer, and street replacement.

The final portion of the project was bid in February 2020 with construction anticipated to be completed in December 2020.

The estimated total project amount is \$2,196,000, and the amount requested is \$917,000.

Rates in Garretson are \$46.05 per 5,000 gallons.

The city received a \$639,500 Drinking Water SRF loan and a \$639,500 Consolidated grant in June 2017 to fund a portion of the project. The funding package did not cover the total project cost, but the application indicated local cash would be used to cover the remaining project costs. As the project progressed, Garretson realized it did not have sufficient local cash to finance the remainder of the project, and the city has requested funding to finish the project.

Staff recommended awarding a \$458,500 Drinking Water SRF loan at 2.125 percent interest for 30 years and a \$458,500 Consolidated grant at 50 percent of total project costs.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$3.95, bringing the total rates to \$50.00 for 5,000 gallons.

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 that grant funds for reimbursement of project costs must be drawn concurrently with the Drinking Water SRF loan funds.

Motion by Jones seconded by Lanning, to adopt **Resolution No. 2020-31** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$917,000 at 2.125 percent interest for 30 years to the city of **Garretson** for Phase II sewer improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and to adopt **Resolution No. 2020-32** approving a Wastewater Facility Grant Agreement to the city of **Garretson** for up to 19.8 percent of eligible costs not to exceed \$225,000 for Phase II sewer improvements. A roll call vote was taken, and the motion carried unanimously.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2020-33** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$458,500 at 2.125 percent interest for 30 years to the city of **Garretson** for water distribution 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. 2020-34** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the city of **Garretson** for up to 50 percent of eligible costs not to exceed \$458,500 for drinking water improvements with the special condition that grant funds must be drawn concurrently with Drinking Water State Revolving Fund loan C462063-03 awarded for this project. A roll call vote was taken, and the motion carried unanimously.

Lake Preston requested funding to replace approximately 10,000 feet of clay sewer line and reline another 3,800 feet of clay pipe and replace manholes and service line connections. This is the first of two phases, and the second phase is estimated to cost approximately \$3,440,000.

Lake Preston anticipates bidding the project in February of 2021 with project completion in June 2023.

The estimated total project amount is \$2,992,000, and the amount requested is \$2,992,000.

Rates in Lake Preston are \$52.50 based on 5,000 gallons usage.

Staff recommended awarding a \$758,000 Clean Water SRF loan at 2.125 percent interest for 30 years, a Consolidated grant for 66.9 percent of eligible costs not to exceed \$2,000,000, and a Water Quality grant for 7.9 percent of eligible costs not to exceed \$234,000.

The city has pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$10.65. Staff analysis indicated the current rates are sufficient to cover the surcharge on this loan and provide additional debt capacity on a future loan for phase II.

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 of both the Consolidated and Water Quality Grants that grant funds must be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project.

Lake Preston requested funding to replace the existing water tower, replace approximately 21,700 feet of watermain, 24 hydrants, and install 48 gate valves. This is phase 1 of a two-phase project and will be completed in conjunction with the wastewater replacement project Mike just presented.

The city anticipates bidding the project in February of 2021 with a project completion date of June 2023.

The estimated total project amount is \$5,610,000, and the amount requested is \$5,610,000.

Rates in Lake Preston are \$68.75 for 5,000 gallons.

Staff recommended awarding a \$2,610,000 Drinking Water SRF loan at 1.875 percent interest for 30 years with 38.4 percent principal forgiveness not to exceed \$1,000,000, award a \$2,000,000 Consolidated grant at 35.7 percent of total project costs, and to award a \$1,000,000 Drinking Water BABs grant at 17.9 percent.

The city pledged a project surcharge for repayment of the loan. In anticipation of this project, Lake Preston raised its rates in January of this year from \$43.75 to \$68.75 for 5,000 gallons usage. The surcharge required for repayment of the \$1,610,000 net loan is \$21.80. Staff analysis indicates that the current rate of \$68.75 can be restructured to cover operating expenses and the required surcharge. The total subsidy for the drinking water portion of the project is \$4,000,000, which is 71.3 percent.

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

Staff also recommended a special condition for the two grants that funds for reimbursement of project costs must be drawn concurrently with the Drinking Water SRF loan funds.

A representative of Lake Preston discussed the project.

Mr. Perkovich answered questions from the board.

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2020-35** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$758,000 at 2.125 percent interest for 30 years to the city of **Lake Preston** 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, adopt **Resolution No. 2020-36** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the city of **Lake Preston** for up to 66.9 percent of eligible costs not to exceed \$2,000,000 for wastewater collection system improvements with the special condition that grant funds must be drawn concurrently with Clean Water State Revolving Fund loan C461011-01, and adopt **Resolution 2020-37** approving a State Revolving Fund Program Water Quality Grant Agreement to the city of **Lake Preston** for up to 7.9 percent of approved total project costs not to exceed \$234,000 for wastewater collection system improvements with the special condition that grant funds must be drawn concurrently with Clean Water State Revolving Fund loan C461011-01. A roll call vote was taken, and the motion carried unanimously.

Motion by Gnirk, seconded by Lanning, to adopt **Resolution No. 2020-38** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,610,000 at 1.875 percent interest for 30 years with up to 38.4 percent principal forgiveness not to exceed \$1,000,000 to the city of **Lake Preston** for water distribution 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, adopt **Resolution No. 2020-39** approving a Drinking Water Facility Grant Agreement to the city of **Lake Preston** for up to 17.9 percent of all approved total project costs not to exceed \$1,000,000 for water distribution system improvements with the special condition that grant funds for reimbursement of project costs must be drawn concurrently with the C462011-01

Drinking Water SRF loan funds, and adopt **Resolution No. 2020-40** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the city of **Lake Preston** for up to 35.7 percent of eligible costs not to exceed \$2,000,000 for water distribution system improvements with the special condition that grant funds must be drawn concurrently with Drinking Water State Revolving Fund loan C462011-01. A roll call vote was taken, and the motion carried with Adam, Bernhard, Gnirk, Johnson, Lanning and Sohlt voting aye. Jones abstained from voting.

Marion requested funding for a project to replace approximately 300 feet of sanitary sewer and 2,400 feet of storm sewer along Broadway Avenue, which is being done in conjunction with water line replacement.

Marion anticipates bidding the project in January 2021 with project completion in October 2021.

The estimated total project amount is \$1,968,500, and the amount requested is \$1,285,000. The city will also use \$383,500 in Community Development Block Grant funds and \$300,000 in Community Access Grant funds for this portion of the project. This is one of several phases of identified sanitary and storm sewer needs.

Rates in Marion are \$41.50 based on 5,000 gallons usage.

Staff recommended awarding a \$420,000 Clean Water SRF loan at 2.125 percent interest for 30 years, and a Consolidated grant for up to 67.4 percent of eligible costs not to exceed \$865,000.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$4.50. Staff analysis indicates that Marion could restructure its rates and cover the required surcharge and operating expenses with rates of \$43.00 per month based on 5,000 gallons usage.

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

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

Marion requested funding to replace approximately 1,750 feet of 12-inch, 250 feet of 8-inch and 400 feet of 6-inch water main, fire hydrants, valves and other appurtenances on Broadway Avenue in conjunction with a sanitary and storm sewer project.

Marion anticipates bidding the project in January 2021 with project completion in October 2021.

The estimated total project amount is \$1,918,500, and the amount requested is \$1,235,000. CDBG and Community Access grants will be used primarily for ineligible street work.

Rates in Marion are \$52.60 per 5,000 gallons.

Staff recommended awarding a \$1,235,000 Drinking Water SRF loan at 1.875 percent interest for 30 years with 26.4 percent principal forgiveness not to exceed \$325,000.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the \$910,000 net loan is \$9.45. Staff analysis indicates that by restructuring the current rate, no increase is required.

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.

Representatives for Marion discussed the projects.

Motion by Bernhard, seconded by Jones, to adopt **Resolution No. 2020-41** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$420,000 at 2.125 percent interest for 30 years to the city of **Marion** for Broadway Avenue utility improvements – Phase I, 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 adopt **Resolution No. 2020-42** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the city **Marion** for up to 67.4 percent of eligible costs not to exceed \$865,000 for Broadway Avenue utility improvements – Phase I with the special condition that grant funds must be drawn concurrently with Clean Water State Revolving Fund loan C461020-03. A roll call vote was taken, and the motion carried unanimously.

Motion by Gnirk, seconded by Jones, to adopt **Resolution No. 2020-43** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,235,000 at 1.875 percent interest for 30 years with up to 26.4 percent principal forgiveness not to exceed \$325,000 the city of **Marion** for Broadway Avenue utility improvements – Phase I, 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.

Saint Lawrence requested funding to clean and televise the sanitary sewer system. Approximately 64 percent of the system is composed of vitrified clay pipe, and the age is

unknown. The current system is believed to have excessive inflow and infiltration. This will allow the town to prioritize pipe repairs for future projects.

Saint Lawrence anticipates bidding the project in May 2020 with project completion in November 2020.

The estimated total project amount is \$71,000, and the amount requested is \$71,000.

Rates in Saint Lawrence are \$41.00 per 5,000 gallons.

Staff recommended awarding a \$71,000 Clean Water SRF Water Quality grant.

Mr. Bruels stated that while Consolidated grants are limited to 80 percent of project costs, this limitation does not apply to Water Quality grants. With limited users, the 100 percent grant recommendation keeps debt capacity available that will be needed on the future line rehabilitation project.

Saint Lawrence requested funding to replace water meters and install an automatic water meter reading system, rehabilitate the water tower, and replace approximately 4,000 feet of cast iron water main with PVC.

Saint Lawrence anticipates bidding the project in February 2021 with project completion in November 2021.

The estimated total project amount is \$1,148,000, and the amount requested is \$1,148,000.

Rates in Saint Lawrence are \$50.00 for 5,000 gallons.

Staff recommended awarding a \$1,148,000 Drinking Water SRF loan at 2.125 percent interest for 30 years with 89.8 percent principal forgiveness not to exceed \$1,030,000.

Saint Lawrence pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the \$118,000 net loan is \$4.75. Staff analysis indicates that a \$5.00 increase is also needed to cover operation and maintenance bringing overall rates to \$59.75 per user based on 5,000 gallons usage.

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

Representatives for Saint Lawrence discussed the projects.

Motion by Jones, seconded by Lanning, to adopt **Resolution No. 2020-44** approving a State Revolving Fund Program Water Quality Grant Agreement to the city of **Saint Lawrence** for 100

percent of eligible costs not to exceed \$71,000 for cleaning and televising the sanitary sewer system. A roll call vote was taken, and the motion carried unanimously.

Motion by Bernhard, seconded Adam, to adopt **Resolution No. 2020-45** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,148,000 at 2.125 percent interest for 30 years with up to 89.8 percent principal forgiveness not to exceed \$1,030,000 the city of **Saint Lawrence** to install an automatic water meter system, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. A roll call vote was taken, and the motion carried, and the motion carried with Adam, Bernhard, Gnirk, Johnson, Lanning, and Sohlt voting aye. Jones abstained from voting.

Webster requested funding to replace aging sewer line that will be encountered during the water line replacement project that will be discussed later.

The city of Webster anticipates bidding the project in the spring of 2021 with project completion in the fall of 2022.

The estimated total project amount is \$1,184,000, and the amount requested is \$1,184,000.

Rates in Webster are \$37.20 based on 5,000 gallons usage.

Staff recommended awarding a \$1,184,000 Clean Water SRF loan, at 2.125 percent for 30 years.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$4.35 bringing rates to \$41.55.

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.

Webster requested funding to replace approximately 45,000 feet of cast iron and asbestos cement pipe with 6-inch PVC water main and appurtenances associated with water line construction. The line replacement will be completed in conjunction with the sanitary sewer project.

The city anticipates bidding the project in the spring of 2021 with project completion in the fall of 2022.

The estimated total project amount is \$6,631,000, and the amount requested is \$6,631,000.

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

Staff recommended awarding a \$5,031,000 Drinking Water SRF loan at 1.625 percent interest for 30 years with 27.9 percent principal forgiveness not to exceed \$1,400,000 and awarding a \$1,600,000 Consolidated grant at 24.2 percent of total project costs.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the net loan of \$3,631,000 is \$12.45. Webster has a loan that will be paid in full by July 2022 and another that will be paid in full in July 2023. Staff analysis indicates that upon repayment of the loans, if the city restructures its existing rates, the surcharge could be implemented with total rates of \$55.40. Webster may need to enact all or a portion of the surcharge prior to repayment of the loans, depending on the timing of the project completion.

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 grant that funds must be drawn concurrently with the Drinking Water State Revolving Fund loan awarded for this project.

Representatives for Webster discussed the projects.

Motion by Johnson, seconded by Adam, to adopt **Resolution No. 2020-46** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,184,000 at 2.125 percent interest for 30 years to the city of **Webster** for sanitary sewer line 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.

Motion by Lanning, seconded by Jones, to adopt **Resolution No. 2020-47** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$5,031,000 at 1.625 percent interest for 30 years with up to 27.9 percent principal forgiveness not to exceed \$1,400,000 the city of **Webster** for drinking water line 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, and to adopt **Resolution No. 2020-48** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the city **Webster** for up to 24.2 percent of eligible costs not to exceed \$1,600,000 for

drinking water line replacement with the special condition that grant funds must be drawn concurrently with Drinking Water State Revolving Fund loan C462054-03. A roll call vote was taken, and the motion carried unanimously. A roll call vote was taken, and the motion carried, and the motion carried

Valley Springs requested funding to replace approximately 8,100 feet of sanitary and storm sewer and 23 manholes.

Valley Springs anticipates bidding the project in February 2021 with project completion in October 2021

The estimated total project amount is \$1,779,000, and the amount requested is \$1,779,000.

Rates in Valley Springs are \$30.00 based on 5,000 gallons usage.

Staff recommended awarding a \$1,779,000 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 \$20.60. Staff analysis indicates Valley Springs can restructure its rates and cover the required surcharge and operating expenses with no rate increase.

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.

Valley Springs requested funding to replace approximately 4,700 feet of cement asbestos water main with PVC and re-coat the water tower. The line replacement will be completed in conjunction with the sanitary sewer project.

Valley Springs anticipates bidding the project in February 2021 with project completion in October 2021.

The estimated total project amount is \$1,603,000, and the amount requested is \$1,603,000.

Rates in Valley Springs are \$22.92 per 5,000 gallons.

Staff recommended awarding a \$1,603,000 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 \$18.45. Staff analysis indicates Valley Springs can restructure its rates and cover the required surcharge and operating expenses with rates less than \$30.00 based on 5,000 gallons usage.

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

The finance officer for Valley Springs discussed the projects.

Motion by Johnson, seconded by Adam, to adopt **Resolution No. 2020-49** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,779,000 at 2.125 percent interest for 30 years to the city of **Valley Springs** for utility and street 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 Lanning, seconded by Adam, to adopt **Resolution No. 2020-50** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,603,000 at 2.125 percent interest for 30 years to the city of **Valley Springs** for drinking water line 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 with Adam, Bernhard, Gnirk, Johnson, Lanning, and Soholt voting aye. Jones abstained from voting.

Volga requested funding to reline approximately 10,800 feet of sanitary sewer and 460 feet of manhole depth.

Volga anticipates bidding the project in January 2021 with project completion in October 2021.

The estimated total project amount is \$2,405,000, and the amount requested is \$2,405,000.

Rates in Volga are \$22.56 based on 5,000 gallons usage.

Staff recommended awarding a \$2,405,000 Clean Water SRF loan at 2.00 percent in for 20 years.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$15.10 per user bringing overall rates to \$37.66.

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.

The administrator for the city of Volga discussed the project.

Volga requested funding to construct a new 750,000-gallon water tower. The current system storage does not meet the daily demand.

Volga anticipates bidding the project in July 2020 with project completion in December 2021.

The estimated total project amount is \$2,790,000, and the amount requested is \$2,790,000.

Rates in Volga are \$19.47 per 5,000 gallons.

Staff recommended awarding a \$2,790,000 Drinking Water SRF loan at 2.00 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 \$15.60 per user, bringing overall rates to \$35.07, assuming the surcharge is applied evenly to all users. If the soybean processing facility is charged proportionate to its water usage, residential rates would be less than \$30.00.

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.

The administrator for the city of Volga discussed the projects.

Motion by Johnson, seconded by Jones, to adopt **Resolution No. 2020-51** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$2,405,000 at 2 percent interest for 20 years to the city of **Volga** for wastewater improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. A roll call vote was taken, and the motion carried unanimously.

Motion by Lanning, seconded by Adam, to adopt **Resolution No. 2020-52** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,790,000 at 2 percent interest for 20 years to the city of **Volga** for a water tower construction 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 with Adam, Bernhard, Gnirk, Johnson, Lanning, and Soholt voting aye. Jones abstained from voting.

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

Eureka requested funding to rehabilitate approximately 32,000 feet of clay tile pipe and brick and concrete block manholes in the wastewater collection system. This is the last phase of a multi-phase collection system project.

The estimated total project amount is \$4,959,448, and the amount requested is \$4,959,448.

Eureka also has submitted applications for Rural Development funding and a Community Development Block Grant, and decisions on these requests have not yet been made. As per administrative rule, funding decisions can be deferred for up to 120 days.

Staff recommended the board defer the application until the June meeting.

Motion by Gnirk, seconded by Bernhard, to defer the **Eureka** funding application until the June 2020 Board of Water and Natural Resources meeting. A roll call vote was taken, and the motion carried unanimously.

Green Valley Sanitary District is an unsewered community located east of Rapid City near the city's wastewater treatment facility. Failing septic systems have been an issue in the community for quite a while. Green Valley is seeking funding to replace the on-site septic systems with a conventional wastewater collection system and install a lift station and force main to connect to Rapid City's collection system.

Green Valley Sanitary District anticipates bidding the project in April 2021 with completion in October 2022.

The estimated total project amount is \$9,722,000, and the amount requested is \$9,722,000.

Staff recommended awarding a Consolidated grant for 20.6 percent of eligible costs not to exceed \$2,000,000 and a Water Quality grant for 3.9 percent of eligible costs not to exceed \$370,000.

Mr. Perkovich noted that staff is working with USDA Rural Development to co-fund this project. The intermediate rate for a Rural Development loan is currently 1.875 percent. Rural Development also offers 40-year loans. Without the lower rate and a long-term Rural Development loan and additional grant funds from Rural Development, residential rates would

exceed \$100 per month. Staff is optimistic that by partnering with Rural Development, the wastewater rates for Green Valley residents will be less than \$100 per month.

Green Valley is the second highest ranked project on the Clean Water Intended Use Plan.

Representatives of the Green Valley Sanitary District discussed the project and answered questions.

Motion by Johnson, seconded by Gnirk, to adopt **Resolution No. 2020-53** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the **Green Valley Sanitary District** for up to 20.6 percent of eligible costs not to exceed \$2,000,000 for the construction of a sewer collection system, and to adopt **Resolution No. 2020-54** approving a State Revolving Fund Program Water Quality Grant Agreement to **Green Valley Sanitary District** for up to 3.9 percent of approved project costs not to exceed \$370,000 for a sewer collection system. A roll call vote was taken, and the motion carried unanimously.

Hudson requested funding to replace a lift station and install new force main from the lift station to the wastewater treatment facility. The project also includes replacing control structures at the wastewater treatment facility, undertaking a survey of the sludge in the lagoons, and cleaning and televising the sanitary sewer.

The town of Hudson anticipates bidding the project in early 2020 with project completion in the fall of 2020.

The estimated total project amount is \$898,000, and the amount requested is \$898,000.

Rates in Hudson are \$45.00 based on 5,000 gallons usage.

Staff recommended awarding a \$898,000 Clean Water SRF loan at 2.125 percent interest for 30 years.

The city has pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$21.75. Staff analysis indicated current rates are sufficient to cover the surcharge on this loan and provide additional debt capacity on a future loan for line replacement and sludge removal.

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.

The engineer for the Hudson project discussed the project.

Motion by Jones, seconded by Adam, so adopt **Resolution No. 2020-55** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$898,000 at 2.125 percent interest for 30 years to the city of **Hudson** for a sewer improvements project – Phase I,

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.

Hurley requested funding to replace approximately 1,200 feet of sanitary sewer and five manholes along Center Avenue, which serves downtown. The sewer is being replaced in conjunction with a road reconstruction project

The city plans to bid the project in January 2021 with a completion date in October 2021.

The estimated total project amount is \$2,089,000, and the amount requested is \$900,000. The city will also be using \$589,000 in local cash and a \$600,000 Community Access Grant for the project.

Rates in Hurley are \$56.75 based on 5,000 gallons usage,

Staff recommended awarding a \$188,000 Clean Water SRF loan, at 2.125 percent interest for 30 years and a Build America Bonds grant for 79.2 percent of eligible costs not to exceed \$712,000.

The city pledged a project surcharge for repayment of the project. The surcharge required on the loan is \$3.90. Staff analysis indicates Hurley could restructure its rates, and a rate increase would not be needed.

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 the special condition to the Build America Bonds Grant that funds will be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project.

A representative for the city of Hurley discussed the project.

Motion by Bernhard, seconded by Lanning, to adopt **Resolution No. 2020-56** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$188,000 at 2.125 percent interest for 30 years to the city of **Hurley** for a 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, and

to adopt **Resolution No. 2020-57** approving a Wastewater Facility Grant Agreement to the city of **Hurley** for up to 79.2 percent of approved total project costs not to exceed \$712,000 for a sewer improvement project with the special condition that funds for reimbursement must be drawn concurrently with the Clean Water SRF loan funds. A roll call vote was taken, and the motion carried unanimously.

Madison requested funding to replace approximately 5,000 feet of storm water lines. The existing storm sewer is deteriorating, and inlet structures are causing sediment loss and street failure in their proximity. The curb and gutter are also in poor condition, and the sidewalks at the selected intersections are not ADA-compliant.

The city of Madison plans to bid this project in February 2021 with substantial completion in August 2022.

The estimated total project amount is \$3,287,000, and the amount requested is \$3,287,000.

Staff recommended awarding a \$3,287,000 Clean Water SRF loan at 2.125 percent interest for 30 years.

The city pledged sales tax for repayment of the loan. Staff analysis indicates the sales tax pledge will provide coverage of more than 2,400 percent, which exceeds the 120 percent coverage required for sales tax pledges.

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

A representative for the city of Madison discussed the project.

Motion by Jones, seconded by Bernhard, to adopt **Resolution No. 2020-58** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$3,287,000 at 2.125 percent interest for 30 years to the city of **Madison** for storm water 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. A roll call vote was taken, and the motion carried unanimously.

Madison requested funding to replace approximately 8,500 feet of clay pipe and reline another 13,500 feet. This project will also replace manholes, service lines, road surface, and other necessary appurtenances associated with sanitary sewer construction.

The city of Madison plans to bid this project in February 2021 with substantial completion in August 2022.

The estimated total project amount is \$3,073,000, and the amount requested is \$3,073,000.

Rates in Madison are \$49.32 based on 5,000 gallons usage.

Staff recommended awarding a \$3,073,000 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 on the loan is \$4.95. Staff analysis indicates Madison could restructure its rates, and a rate increase would not be needed.

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.

Motion by Johnson, seconded by Lanning, to adopt **Resolution No 2020-59** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$3,073,000 at 2.125 percent interest for 30 years to the city of **Madison** 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. A roll call vote was taken, and the motion carried unanimously.

Mellette requested funding to upgrade its existing lift station and controls and install a new force main from the lift station to the wastewater treatment facility.

Mellette anticipates bidding the project in August 2020 with project completion in June 2021.

The estimated total project amount is \$286,000, and the amount requested is \$286,000.

Mellette has a flat rate of \$30.00.

Staff recommended awarding a \$286,000 Clean Water SRF loan at 2.125 percent interest for 30 years.

Mellette pledged a project surcharge for repayment of the loan. The surcharge required on the loan is \$10.50. Staff analysis indicates the city could restructure its rates and cover the required surcharge and operating expenses with rates less than \$40.00 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.

Representatives for the city of Mellette discussed the project.

Motion by Adam, seconded by Jones, to adopt **Resolution No. 2020-60** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$286,000 at 2.125 percent interest for 30 years to the city of **Mellette** for 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 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.

Mitchell requested funding for phase II of a project to upgrade storm water and sanitary sewer infrastructure along various street segments located within the city's east central drainage basin. The application also includes a nonpoint source component to install nonpoint source best management practices in the Firesteel Creek Watershed.

Mitchell anticipates bidding the project in 2020 with completion in late 2020.

The estimated total project amount is \$4,618,000, and the amount requested is \$4,618,000, which consists of \$4,200,000 for the sanitary and storm sewer and \$418,000 for the nonpoint source component.

Rates in Mitchell are \$31.52 based on 5,000 gallons usage.

Staff recommended awarding a \$4,511,700 Clean Water SRF loan at the Nonpoint Source Incentive Rate of 1.25 percent interest for 20 years. The loan consists of \$4,200,000 for the wastewater and storm water improvements and \$311,700 for the nonpoint source activities. The nonpoint source amount decreased due to the interest rate change.

Mitchell pledged a project surcharge for repayment of the loan. Staff analysis indicates the city will need to establish a surcharge of \$4.20 to repay this loan, resulting in monthly rates of \$35.72 per residential user for 5,000 gallons usage.

Staff recommended the loan being contingent upon the borrower adopting two bond resolutions and the resolutions 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 loan that the borrower may not draw funds from the proceeds of the Series NPS Borrower Bond until EPA approves the revised budget for the Project Implementation Plan.

Representatives for the city of Mitchell discussed the project.

Motion by Bernhard, seconded by Johnson, to adopt **Resolution No. 2020-61** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$4,511,700 at 1.25 percent interest for 20 years to the city of **Mitchell** for a Phase II east central drainage basin stormwater and sanitary sewer project, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting two bond resolutions and the resolutions becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and with the special condition that the borrower may not draw funds from the proceeds of the Series NPS Borrower Bond until EPA approves the revised budget for the Project Implementation Plan. A roll call vote was taken, and the motion carried unanimously.

Montrose requested funding to rehabilitate a lift station by raising the structure to prevent flooding, installing a standby generator and replacing the pumps. Riprap will be installed along the Vermillion River directly adjacent to the treatment ponds to prevent erosion of the treatment system. The access road to the treatment facility will also be reconstructed to allow access during flooding events, and 1,600 feet of clay pipe will be replaced or relined to reduce the amount infiltration into the collection system.

Montrose anticipates bidding the project in April 2021 with project completion in November 2021.

The estimated total project amount is \$1,008,000, and the amount requested is \$1,008,000.

Montrose has a flat rate of \$29.50.

Staff recommended awarding a \$1,008,000 Clean Water SRF loan at 2.125 percent interest for 30 years with 19.9 percent principal forgiveness not to exceed \$200,000.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the net loan of \$808,000 is \$14.70, which will bring overall rates to \$44.20.

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.

Representatives for the city of Montrose discussed the project.

Motion by Jones, seconded by Lanning, to adopt **Resolution No. 2020-62** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,008,000 at 2.125 percent interest for 30 years with 19.9 percent principal forgiveness not to exceed \$200,000 to the city of **Montrose** for sanitary sewer collection and treatment 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. A roll call vote was taken, and the motion carried unanimously.

Tea requested funding for payment of system development charges to buy into the Sioux Falls Water Reclamation Facility and engineering costs associated with the design of a pumping station and force main for the connection to Sioux Falls.

The city anticipates payment of the system development charge by July 1, 2020. Project design will begin in May of 2020 and be complete by January 2021.

The estimated total project amount is \$5,539,000, and the amount requested is \$5,539,000.

Rates in Tea are \$42.00 for 5,000 gallons usage.

Staff recommended awarding a \$4,431,00 Clean Water SRF loan at 2.125 percent interest for 30 years and a Consolidated grant for 20.1 percent of eligible costs not to exceed \$1,108,000.

The city pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the loan is \$8.60. Staff analysis indicates the current rates can be restructured to cover the surcharge with no rate increase. The total project cost for the pumping station and force main to Sioux Fall is approximately \$6.9 million. Assuming no subsidy on the pumping station/force main project, it is estimated that monthly residential rates in Tea will be approximately \$75.00 to \$80.00 based on 5,000 gallons usage.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Staff also recommended a special condition to the Consolidated grant that grant funds will be drawn concurrently with the Clean Water State Revolving Fund loan awarded for this project.

A representative for the city of Tea discussed the project and answered questions.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2020-63** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$4,431,000 at 2.125 percent interest for 30 years with to the city of **Tea** for sanitary sewer regionalization – Phase 1, 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

adopt **Resolution No. 2020-64** approving a South Dakota Consolidated Water Facilities Construction Program grant agreement for the city **Tea** for up to 20.1 percent of eligible costs not to exceed \$1,108,00 for sanitary sewer regionalization – Phase 1 with the special condition that grant funds for reimbursement must be drawn concurrently with Clean Water State Revolving Fund loan C461028-08 funds. A roll call vote was taken, and the motion carried unanimously.

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

Clay Rural Water System (RWS) requested funding for the construction of approximately nine miles of pipeline, a new booster station, and miscellaneous appurtenances. The project also includes improvements to the controls and telemetry system.

The Clay RWS anticipates bidding the project in May of 2020 with project completion in May of 2021.

The estimated total project amount is \$2,185,000, and the amount requested is \$2,185,000.

In January 2020 the rural water system raised rates from \$70.10 to \$75.10 per 7,000 gallons.

Staff recommended awarding a \$2,185,000 Drinking Water SRF loan at 2.125 percent interest for 30 years.

Clay RWS pledged system revenue for repayment of the loan. Staff analysis indicates that current rates will provide 355 percent debt coverage.

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, Clay Rural Water System and the District.

A representative for the rural water system discussed the project.

Motion by Gnirk, seconded by Lanning, to adopt **Resolution No. 2020-65** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,185,000 at 2.125 percent interest for 30 years to **Clay Rural Water System** for 2020 water 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 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, Clay Rural Water System and the District. A roll call vote was taken, and the motion carried unanimously.

DeSmet requested funding to install approximately 2,040 feet of 6-inch water mains, fire hydrants, valves and other appurtenances that will complete line looping in the system to improve water quality and line pressure.

DeSmet anticipates bidding the project in November 2020 with project completion in September 2021.

The estimated total project amount is \$565,000, and the amount requested is \$565,000.

Rates in DeSmet are 34.15 per 5,000 gallons.

Staff recommended awarding a \$565,000 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 \$4.35 bringing overall rates to \$38.50.

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.

The Mayor of DeSmet and the project engineer discussed the project.

Motion by Adam, seconded by Jones, to adopt **Resolution No. 2020-66** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$565,000 at 1.875 percent interest for 30 years to the city of **DeSmet** for water system looping 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.

Lake Norden is currently working on a project to develop a new well field, install transmission lines to the water treatment plant, and replace filters and controls at the treatment plant. Due to high groundwater, the raw water line between the well field and the treatment plant cannot be installed using conventional open trench methods. It has been proposed to directional bore the transmission lines from the new well field to the water treatment plant.

The project is currently under construction with anticipated completion in July 2020.

The estimated total project amount is \$3,791,000, and the amount requested is \$1,345,000.

The city recently established a new rate of \$30.00 per 5,000 gallons.

Lake Norden received a \$1,477,000 Drinking Water SRF loan in March 2018 and has a \$969,000 EDA grant for this project. The additional funds are necessary for the increased costs related to having to directionally bore the transmission line instead of conventional open trench construction methods.

Staff recommended awarding a \$1,345,000 Drinking Water SRF loan at 1.625 percent interest for 20 years.

Lake Norden pledged a project surcharge. The surcharge needed for repayment of the loan would be \$29.00 per user if applied evenly to all users. The Agropur cheese factory accounts for 95 percent of the water system revenue. On the previous loan the surcharge was structured such that Agropur paid a large part of the surcharge. Lake Norden will need to establish a surcharge that generates \$86,815 annually at the recommended loan amount. If applied proportional to the usage residential users would be assessed a \$1.95 surcharge, bringing monthly residential rates to \$31.95 for 5,000 gallons usage.

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

Representatives for Lake Norden discussed the project.

Motion by Johnson, seconded by Lanning, to adopt **Resolution No. 2020-67** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,345,000 at 1.625 percent interest for 20 years to the city of **Lake Norden** for water 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. A roll call vote was taken, and the motion carried Adam, Bernhard, Johnson, Jones, Lanning, and Soholt voting aye. Gnirk did not vote.

North Sioux City requested funding to construct a 750,000-gallon elevated water storage tank with piping and appurtenances necessary to connect the new tower to the distribution system.

North Sioux City anticipates bidding the project in May of 2020 with project completion in September of 2021.

The estimated total project amount is \$2,700,000, and the amount requested is \$2,700,000.

Rates in North Sioux City are \$24.00 per 5,000 gallons.

Staff recommended awarding a \$2,700,000 Drinking Water SRF loan at 2.125 percent interest for 30 years.

The city pledged system revenue for repayment of the loan. Based on estimated 2022 revenues and operating expenses, staff analysis indicates a coverage of 423 percent, which exceeds the 110 percent requirement; thus, no rate increase is necessary.

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

Motion by Lanning, seconded by Bernhard, to adopt **Resolution No. 2020-68** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,700,000 at 2.125 percent interest for 30 years to the city of **North Sioux City** for a water tower 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 with Adam, Bernhard, Gnirk, Johnson, Lanning, and Sohlt voting aye. Jones abstained from voting.

Wolsey requested funding to replace a pumphouse, pumps, and controls. A standby generator will also be purchased.

Wolsey anticipates bidding the project in June 2020 with project completion in December 2020.

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

Rates in Wolsey are \$42.00 per 5,000 gallons.

Staff recommended awarding a \$326,000 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 \$6.25; however, staff analysis indicates Wolsey can restructure its rates and cover the required surcharge and operating expenses with current rates.

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.

A representative for the city of Wolsey discussed the project.

Motion by Adam, seconded by Jones, to adopt **Resolution No. 2020-69** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$326,000 at 1.625 percent interest for 30 years to the city of **Wolsey** for a pumphouse replacement project, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. 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: Drew Huisken presented an overview of available funds, the funding applications, and staff recommendations.

Day County Conservation District requested funding to purchase a 25-cubic-yard recycling trailer for #1 and #2 (Polyethylene Terephthalate and HDPE) plastic materials in its service area. Currently, there are no collection sites for plastic recyclables in Day County. Day County is responsible for upkeep of the trailer and will be hauling collected plastics to a recycling center when the trailer is full. The trailer will be located at Day County Conservation District property located approximately one mile south of Webster.

The estimated total project amount is \$13,500, and the amount requested is \$7,000.

Day County Conservation District plans to acquire the trailer as soon as funding is available.

Staff recommended awarding a Solid Waste Management Program grant for up to 50 percent of eligible project costs not to exceed \$6,750.

For recycling projects, grant awards have historically been between 35 percent and 50 percent of total project costs. Day County Conservation District is not interested in a Solid Waste Management loan and has committed to funding the remaining project costs with local cash.

A representative of Day County Conservation District discussed the project.

Motion by Gnirk, seconded by Adam, to adopt **Resolution No. 2020-70** approving the South Dakota Solid Waste Management Program grant agreement to **Day County Conservation District** for up to 50 percent of approved total project costs not to exceed \$6,750 for the purchase of a recycling trailer. A roll call vote was taken, and the motion carried unanimously.

Huron requested funding to purchase a new recycling collection truck. The current truck is over seven years old and beyond its useful life. The new truck will have a compactor body and automated collection arm as well as software to log collection data.

The estimated total project amount is \$300,000, and the amount requested is \$150,000.

The city has a \$2.25 per month recycling fee for a single-family domestic dwelling.

Huron anticipates purchase and acquisition of the truck in May 2020.

Staff recommended awarding a Solid Waste Management Program grant for up to 50 percent of the total project cost not to exceed \$150,000.

For recycling projects, grant awards have historically been 35 percent to 50 percent of total project costs. The city of Huron indicated they are not interested in a Solid Waste Management Program loan and will fund the remainder of the project with local cash.

A representative of Huron discussed the project.

Motion by Gnirk, seconded by Johnson, to adopt **Resolution No. 2020-71** approving the South Dakota Solid Waste Management Program grant agreement to the city of **Huron** for up to 50 percent of approved total project costs not to exceed \$150,000 for the purchase of a recycling collection truck. A roll call vote was taken, and the motion carried unanimously.

Vermillion requested funding to renovate the Missouri Valley Recycling Center, which was built as a private warehouse in 1972 and began operating as a recycling center in 1994. Significant renovations are being proposed to improve operations and public health and safety at the facility. Proposed renovations include constructing a fire rated wall between the processing area and cold storage, installing fire detection and a smoke/heat removal system, adding ADA compliant bathrooms, and separating the public drop off area and operating areas.

The estimated total project amount is \$686,650, and the amount requested is \$343,325.

Vermillion anticipates beginning renovations in the summer of 2020 if funding is awarded.

Staff recommended awarding a Solid Waste Management Program grant for up to 50.0 percent of the total project costs not to exceed \$343,000.

For recycling projects, grant awards have historically been 35 percent to 50 percent of total project costs. The City of Vermillion indicated they will fund the remainder of the project with local cash.

A representative from the city of Vermillion discussed the project.

Motion by Jones, seconded by Gnirk, to adopt **Resolution No. 2020-72** approving the South Dakota Solid Waste Management Program grant agreement to the city of **Vermillion** for up to 50 percent of approved total project costs not to exceed \$343,000 for the purchase of a recycling collection truck. A roll call vote was taken, and the motion carried unanimously.

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

BOND ISSUE DISCUSSION: Mr. Perkovich reported that the Clean Water SRF Program balance is \$15,400,000. For the June funding round, sanitary/storm sewer requests total more than \$55,800,000; therefore, staff proposes going out for a leverage bond issue.

This bond issue will be for Sioux Falls projects only. One of the requirements is that staff has to identify the Sioux Falls projects on which the money will be used for. Currently, Sioux Falls has the following SRF loans with substantial outstanding balances:

- Loan 40 – Main Pump Station Replacement; \$24,400,000 with approximately \$17.6 million remaining
- Loan 41 - Water Rec. Facility Expansion; \$41,625,000 with approximately \$40.3 million remaining
- Loan 42 – Stormwater Improvements; \$9,000,000 with none spent to date

Mr. Perkovich stated that if these projects are shifted over to a Sioux Falls only bond series, that will free up \$67 million (less with future draws), money to cover the June 2020 sanitary/storm sewer requests, with some money left over.

Anticipated Sioux Falls projects include:

- \$18,500,000 for Water Reclamation Facility Expansion (2020)
- \$8,790,000 for Storm Water Management (2020)
- \$42,850,000 for Pump Station 240 Parallel Forcemain (2021)
- \$87,500,000 for Water Reclamation Facility Expansion (2021)
- \$10,119,000 for Basin 15 Sanitary Sewer Line Extension (2021)
- \$11,375,000 for Water Reclamation Facility Expansion (2022)
- TOTAL = \$179,134,000

Staff anticipates doing two bond issues for the city of Sioux Falls, with one now and the second one at a future date.

Bank of America, Citigroup, and JP Morgan are under contract until September 30, 2021. The plan is to have Bank of America act as Senior Manager with the others serving as Co-managers. The first meeting on the bond issue is scheduled for Wednesday, April 29, 2020, and staff hopes to have bonds issued in late June or early July 2020.

Mr. Perkovich noted that schedule will require at least one, or possibly two, special board teleconferences. Staff will contact the board members at a later date regarding a date for the teleconference.

JUNE BOARD MEETING: The next meeting is scheduled for June 25-26, 2020. Mr. Perkovich discussed possible agenda items for that meeting.

Board of Water and Natural Resources
April 27, 2020, Board Meeting Minutes

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

Approved this 25 day of June 2020.

(SEAL)



Chairman, Board of Water and
Natural Resources

ATTEST:



Secretary, Board of Water and
Natural Resources