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Minutes of the
Board of Water and Natural Resources
In-Person or Remote
Matthew Training Center
523 East Capitol
Pierre, SD

June 29, 2023
10:00 a.m. Central Time

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

The meeting was streaming live on SD.net, a service of South Dakota Public Broadcasting.

BOARD MEMBERS PRESENT: Jerry Soholt, Todd Bernhard and Paul Gnirk participated in person. Gene Jones, Jr. and Jackie Lanning participated remotely.

BOARD MEMBERS ABSENT: Karl Adam and Vance Newman.

OTHERS: See attached attendance sheet.

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

APPROVE MINUTES OF MARCH 30, 2023, MEETING: Motion by Bernhard, seconded by Gnirk, to approve the minutes of the March 30, 2023, Board of Water and Natural Resources meeting. The motion carried unanimously.

PUBLIC COMMENT PERIOD: There were no public comments.

Andy Bruels noted that Mike Perkovich retired on June 8. He introduced Tina McFarling, the new Environmental Funding Program administrator, and Karin Zhao, staff engineer.

AMENDMENTS TO STATE WATER PLAN, 2023 CLEAN WATER SRF AND 2023 DRINKING WATER SRF INTENDED USE PLANS: Water projects which will require state funding or need state support for categorical grant or loan funding need to be on the State Water Plan. The Board of Water and Natural Resources annually approves projects for placement onto State Water Facilities Plan and provides for amendment of projects onto the plan. Placement of a project on the State Water Plan by the board provides no guarantee of funding. The projects placed on the plan at this meeting will remain on the facilities plan through December 2024.

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

Mr. Bruels presented the eight State Water Plan applications that were received by the May 1, 2023, deadline. A list of projects was included in the board packet. As he presented the State Water Plan applications, Mr. Bruels also identified those projects to be placed on the Clean Water SRF and Drinking Water SRF project priority lists.

Project Sponsor	Description	Projected State Funding (\$)	Recommendation
Aurora	Drinking Water System Improvements	\$6,300,000	Place on Facilities Plan
Clark Rural Water System	Raymond Water System Improvements	\$575,750	Place on Facilities Plan
Kingbrook Rural Water System	2024 Pipeline Improvements	\$27,000,000	Place on Facilities Plan
Lead	Deadwood Water Supply Line	\$807,430	Place on Facilities Plan
Lead	Highway 85 Water Line Extension	\$605,236	Place on Facilities Plan
Medicine Mountain Scout Ranch	Water Supply Upgrades	\$51,572	Place on Facilities Plan
Philip	Kroetch Addition Infrastructure	\$1,516,375	Place on Facilities Plan
Spearfish	Exit 17 Water Tank & Well (Revised Project Scope)	\$8,268,327	Place on Facilities Plan

Staff recommended amending the eight applications on to the State Water Facilities Plan.

Motion by Gnirk, seconded by Bernhard, to place the projects on the State Water Facilities Plan. The motion carried unanimously.

Staff recommended amending the following projects on the 2023 Clean Water SRF Project Priority List:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
14	Lake Norden	\$500,000	3.25%, 30 years
6	Philip	\$956,938	3.25%, 30 years

As a result of the rule amendments approved by the board in March 2023 and approved by the legislative interim rule committee in May 2023, adjustments to some priority points and affordability criteria language and system eligibility were made throughout the narrative and for each project scoring. Additionally, the final Clean Water SRF 2023 Capitalization Grant allotments have been provided from EPA, and the amounts for grants have been updated throughout the IUP.

Staff recommended board approval of the changes to the Clean Water SRF IUP narrative section and amending the Lake Norden and Philip projects onto the Project Priority list.

Motion by Jones, seconded by Gnirk, to approve the changes to the 2023 Clean Water SRF Intended Use Plan narrative section and the addition of the Lake Norden and Philip projects onto the Project Priority list. The motion carried unanimously.

Staff recommended amending the following eight projects onto the 2023 Drinking Water SRF Intended Use Plan:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
192	Clark Rural Water System	\$575,750	2.75%, 30 years
86	Lead	\$807,430	2.75%, 30 years
81	Lead	\$605,236	2.75%, 30 years
77	Cresbard	\$1,912,410	2.75%, 30 years
38	Spearfish	\$8,268,327	1.625%, 30 years
20	Aurora	\$6,300,000	3.25%, 30 years
15	Medicine Mountain Scout Ranch	\$51,572	3.25%, 30 years
8	Kingbrook Rural Water System	\$27,000,000	3.25%, 30 years

As a result of the rule amendments approved by the board in March 2023 and approved by the legislative interim rule committee in May 2023, adjustments to some priority points and disadvantaged criteria system eligibility were made throughout the narrative and for each project scoring. Additionally, the final Drinking Water SRF 2023 Capitalization Grant allotments have been updated throughout the IUP.

Staff recommended board approval of the changes to the Drinking Water SRF IUP narrative section and amending the eight projects onto the Project Priority list.

Motion by Gnirk, seconded by Bernhard, to approve the changes to the Drinking Water State Revolving Fund Intended Use Plan narrative section and to amend the eight projects on the 2023 Drinking Water SRF Project Priority List. The motion carried unanimously.

AVAILABLE FUNDS: Mr. Bruels provided an overview of available funds.

FUNDING APPLICATIONS DEFERRED FROM MARCH 29, 2023: Mr. Bruels presented the applications and staff recommendations for funding.

Project representatives discussed their projects and answered questions from the board.

Chancellor requested funding for Phase 3 of an Infrastructure Improvements project. Sanitary sewer improvements include approximately 1,400 feet of new 8-inch PVC sanitary sewer main, sewer services replaced within the right-of-way, and 5 sanitary sewer manholes.

Storm water improvements include the installation of approximately 1,300 feet of storm sewer and culverts, which includes extending the storm sewer trunk line along the south end of town from 4th Street to 5th Street. This project is anticipated to further improve the inflow and infiltration issues within the community.

The estimated total project amount is \$1,450,000, and the amount requested is \$1,450,000.

Staff recommended awarding a \$1,450,000 Clean Water SRF loan at 3.25 percent interest for 30 years with 85.1 percent as principal forgiveness not to exceed \$1,233,000.

Chancellor pledged a project surcharge for repayment of the loan. Rates in Chancellor are \$62.00 for 5,000 gallons. Staff analysis indicates a surcharge of \$7.05 is needed for the \$217,000 loan bringing overall rates to \$69.05 based on 5,000 gallons usage.

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 2023 Clean Water State Revolving Fund capitalization grants from EPA.

Motion by Jones, seconded by Lanning, to adopt **Resolution No. 2023-70** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,450,000 at 3.25 percent interest for 30 years with 85.1 percent as principal forgiveness not to exceed \$1,233,000 to the **town of Chancellor** for Phase III sanitary sewer and storm water improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2023 Clean Water State Revolving Fund capitalization grants from EPA. The motion carried unanimously.

Chancellor requested funding for Phase III of its drinking water distribution system improvements which includes approximately 1,700 feet of new 6-inch PVC water main, water services replaced within the right-of-way, curb stops, fire hydrants, valves, and fittings. The proposed water main along 5th Street from Dewey Avenue to South Dakota Highway 44 is expected to improve service and provide additional looping.

The estimated total project amount is \$906,000, and the amount requested is \$906,000.

Staff recommended awarding a \$906,000 Drinking Water SRF loan at 3.00 percent interest for 30 years with 85.0 percent as principal forgiveness not to exceed \$770,100.

Chancellor pledged a project surcharge for repayment of the loan. Rates are \$65.05 for 5,000 gallons. Staff analysis indicates a surcharge of \$4.85 is needed for repayment of the \$135,900 loan bringing overall rates to \$69.90 based on 5,000 gallons usage.

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 2023 Drinking Water State Revolving Fund capitalization grants from EPA.

Motion by Bernhard, seconded by Jones, to adopt **Resolution No. 2023-71** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$906,000 at 3.00 percent interest for 30 years with 85.0 percent as principal forgiveness not to exceed \$770,100 to the **town of Chancellor** for Phase III of its drinking 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, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2023 Drinking Water State Revolving Fund capitalization grants from EPA. The motion carried unanimously.

Henry requested funding for partial replacement or rehabilitation of the existing collection and treatment system to include the replacement of 4,000 feet of sanitary sewer and replacement of the lift station.

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

Staff did not believe it is feasible to provide funding on the full project scope identified in the original applications of over \$14,000,000, so the town of Henry was asked to review the projects and submit revised applications to reduce the project scopes for both the water and wastewater improvements. These new applications and reduced amounts reflect those changes.

Staff recommended awarding a \$2,000,000 Clean Water SRF loan at 3.25 percent interest for 30 years with 43.3 percent as principal forgiveness not to exceed \$865,000.

Henry pledged a project surcharge for repayment of the loan. The town has a flat rate of \$20.00 per month. Staff analysis indicates a surcharge of \$45.00 is needed for repayment of the \$1,135,000 loan. Staff believes Henry needs approximately \$10.00 per user per month for operation and maintenance costs bringing overall rates to \$55.00. This is slightly lower than

some other recommended rates; however, Henry has several phases of work yet to complete and will require additional debt in the future.

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 2023 Clean Water State Revolving Fund capitalization grants from EPA.

Motion by Gnirk, seconded by Lanning, to adopt **Resolution No. 2023-72** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$2,000,000 at 3.25 percent interest for 30 years with 43.3 percent as principal forgiveness not to exceed \$865,000 to the **town of Henry** for wastewater 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, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2023 Clean Water State Revolving Fund capitalization grants from EPA. The motion carried unanimously.

Henry requested funding for the partial replacement of the existing water distribution system to include the replacement of 5,600 feet of water main various appurtenances.

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

Staff recommended awarding a \$2,000,000 Drinking Water SRF loan at 0.0 percent interest for 30 years with 70.3 percent as principal forgiveness not to exceed \$1,405,000.

Henry pledged a project surcharge for repayment of the loan. Rates are \$21.67 per 5,000 gallons. Staff analysis indicates a surcharge of \$15.00 is needed for repayment of the \$595,000 loan. Staff believes Henry needs approximately \$40.00 per user per month for operation and maintenance costs bringing overall rates to \$55.00. This is slightly lower than some other recommended rates; however, Henry has several phases of work yet to complete and will require additional debt in the future.

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 2023 Drinking Water State Revolving Fund capitalization grants from EPA.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2023-73** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,000,000 at 0.0 percent interest for 30 years with 70.3 percent as principal forgiveness not to exceed \$1,405,000 to the **town of Henry** for drinking 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, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2023 Drinking Water State Revolving Fund capitalization grants from EPA. The motion carried unanimously.

Saint Lawrence requested funding to replace the sanitary sewer mains and deficient manholes and to install asphalt pavement and point repair in Highway 14. The town also proposes to add riprap at the wastewater lagoon.

The estimated total project amount is \$1,138,000, and the amount requested is \$1,138,000.

Staff recommended awarding a \$1,138,000 Clean Water SRF loan at 3.25 percent interest for 30 years with 85.0 percent as principal forgiveness not to exceed \$967,300.

Saint Lawrence pledged a project surcharge for repayment of the loan. The town has a \$55.00 flat rate. Staff analysis indicates a surcharge of \$9.65 is needed for repayment of the \$170,700 net loan bringing total rates to \$64.65.

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 2023 Clean Water State Revolving Fund capitalization grants from EPA.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2023-74** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,138,000 at 3.25 percent interest for 30 years with 85.0 percent as principal forgiveness not to exceed \$967,300 to the **town of Saint Lawrence** for wastewater 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, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2023 Clean Water State Revolving Fund capitalization grants from EPA. The motion carried unanimously.

Saint Lawrence requested funding to complete Phase 2 drinking water improvements, which includes the repair of an existing ground storage tank, replacement of water lines, and looping of water lines. The project is part of a larger planned water improvement project for the town and completes work originally funding in 2020. This project will be completed concurrent with the wastewater system improvement project.

The estimated total project amount is \$940,000. and the amount requested is \$940,000

Staff recommended awarding a \$940,000 Drinking Water SRF loan at 3.00 percent interest for 30 years with 85.0 percent as principal forgiveness not to exceed \$799,000.

Saint Lawrence pledged a project surcharge for repayment of the loan. Rates are \$59.00 per 5,000 gallons. Staff analysis indicates a surcharge of \$6.65 is needed for repayment of the \$141,000 net loan bringing total rates to \$65.65.

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 2023 Drinking Water State Revolving Fund capitalization grants from EPA.

Motion by Gnirk, seconded by Lanning, to adopt **Resolution No. 2023-75** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$940,000 at 3.00 percent interest for 30 years with 85.0 percent as principal forgiveness not to exceed \$799,000 to the **town of Saint Lawrence** for drinking water improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2023 Drinking Water State Revolving Fund capitalization grants from EPA. The motion carried with Bernhard, Gnirk, Lanning, and Soholt voting aye. Jones abstained.

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

Project representatives discussed their projects and answered questions from the board.

Cresbard requested funding for improvements to the water distribution system, including replacing 15,400 feet of water main, replacing water meters and existing valves and hydrants, and adding hydrants for fire coverage.

This project was originally funded in March 2021 with a \$2,000,000 Drinking Water SRF loan at 100 percent principal forgiveness and a \$68,000 Consolidated loan. Costs have risen significantly, and this additional funding is needed to complete the full project.

The estimated total amount is \$1,912,410, and the amount requested is \$1,912,410.

Staff recommended awarding a \$1,912,410 Drinking Water SRF loan at 2.75 percent interest for 30 years with 85.0 percent as principal forgiveness not to exceed \$1,625,000.

Cresbard pledged a project surcharge for repayment of the loan. Rates are \$58.15 per 5,000 gallons. Staff analysis indicates a surcharge of \$15.20 is needed for repayment of the \$287,410 net loan. Staff anticipates total rates in Cresbard will be \$73.35 at project completion.

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 2023 Drinking Water State Revolving Fund capitalization grants from EPA.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2023-76** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,912,410 at 2.75 percent interest for 30 years with 85.0 percent as principal forgiveness not to exceed \$1,625,000 to the **town of Cresbard** for the Phase 2 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 2023 Drinking Water State Revolving Fund capitalization grants from EPA. The motion carried unanimously.

Bear Butte Valley Water, Inc. requested funding for the installation of approximately 20 miles of water main along Alkali Road, construction of a 3,500 foot deep well into the Madison aquifer along with a higher capacity pump, a 150,000-gallon ground storage reservoir, booster station, and miscellaneous site piping and appurtenances.

The estimated total amount is \$7,893,140, and the amount requested is \$1,500,000.

In April 2022 the Board of Water and Natural Resources provided a total of \$6,317,500 for this project. The funding package included \$5,202,000 in state ARPA funds, a \$1,115,500 Drinking Water SRF loan, and \$75,640 in local cash.

Staff recommended awarding a \$1,500,000 Drinking Water SRF loan at 3.25 percent interest for 30 years with 20.0 percent as principal forgiveness not to exceed \$300,000.

Bear Butte Valley Water, Inc. pledged system revenue for repayment of the loan. Rates are \$112.85 per 7,000 gallons. Staff analysis indicates that current rates would not provide sufficient debt coverage. Staff believes Bear Butte Valley Water, Inc. needs to increase total revenue approximately \$30,000 yearly, which would equate to approximately \$4.90 per user per month and bring total rates to \$117.75 for 7,000 gallons.

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, contingent

upon the borrower establishing rates at a level sufficient to provide the required debt coverage, contingent upon an Intercreditor Agreement being approved and executed by Rural Utilities Service, Bear Butte Valley Water, Inc. and the Conservancy District and, and contingent upon receipt of the 2023 Drinking Water State Revolving Fund capitalization grants from EPA.

Motion by Gnirk, seconded by Lanning, to adopt **Resolution No. 2023-77** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,500,000 at 3.25 percent interest for 30 years with 20.0 percent as principal forgiveness not to exceed \$300,000 to **Bear Butte Valley Water, Inc** for the Alkali Road expansion, backup well and Greslin GSR/booster 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, contingent upon the borrower establishing rates at a level sufficient to provide the required debt coverage, contingent upon an Intercreditor Agreement being approved and executed by Rural Utilities Service, Bear Butte Valley Water, Inc. and the Conservancy District and, and contingent upon receipt of the 2023 Drinking Water State Revolving Fund capitalization grants from EPA. The motion carried with Bernhard, Gnirk, Lanning, and Soholt voting aye. Jones abstained.

Centerville requested funding to construct a 100,000-gallon water tower to replace the existing storage standpipe as it needs significant maintenance and repairs to be able to meet standards.

The estimated total amount is \$1,412,000, and the amount requested is \$1,412,000.

Staff recommended awarding a \$1,412,000 Drinking Water SRF loan at 2.75 percent interest for 30 years.

Centerville pledged a project surcharge for repayment of the loan. Rates are \$42.58 for 5,000 gallons. Staff analysis indicates a surcharge of \$14.55 is needed for repayment of the loan. Staff believes that Centerville can restructure its current rates and include the surcharge as well as operational and maintenance costs with total rates of \$55.00 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.

Motion by Lanning, seconded by Bernhard, to adopt **Resolution No. 2023-78** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,412,000 at 2.75 percent interest for 30 years to the **city of Centerville** to construct a 100,000-gallon 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. The motion carried with Bernhard, Gnirk, Lanning, and Sohlt voting aye. Jones abstained.

Milbank requested funding for water supply and treatment system improvements, including upgrading existing wells, adding new wells, upgrading pumps, and improving treatment capability.

The estimated total amount is \$12,500,000, and the amount requested is \$12,500,000.

Staff recommended awarding a \$12,500,000 Drinking Water SRF loan at 3.25 percent interest for 30 years.

Milbank pledged a project surcharge for repayment of the loan. Rates are \$20.18 for 5,000 gallons. Milbank's rates are based on meter size with multiplying factors for larger meters and water usage. The city has the Valley Queen cheese factory which uses over 50 percent of the systems water. Milbank has provided information for proposed rate increases in the next three years that demonstrate the ability to charge a base and volume based combined surcharge to generate the required annual surcharge revenue. These rate increases would result in total residential user rates of \$36.15 for 5,000 gallons at the recommended loan amount.

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 Jones, seconded by Bernhard, to adopt **Resolution No. 2023-79** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$12,500,000 at 3.25 percent interest for 30 years to the **city of Milbank** for water supply and treatment 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. The motion carried unanimously.

North Sioux City requested funding for a water interconnect system project. The communities of North Sioux City and Dakota Dunes Community Improvement District wish to provide an interconnection between their water distribution systems to increase redundancy and storage capacity. Interconnection will also allow for more extensive maintenance to both systems' elevated storage towers with less risk of pressure issues. The project consists of a meter vault with a control valve, SCADA improvements, and approximately 1,000 feet of water main. The communities are currently working on an agreement to share water.

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

Staff recommended awarding a \$580,000 Drinking Water SRF loan at 3.00 percent interest for 20 years.

North Sioux City pledged a project surcharge for repayment of the loan. Rates are \$30.00 for 5,000 gallons. Staff analysis indicates a surcharge of \$3.05 is needed for repayment of the loan, bringing total rates to \$33.05.

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 Bernhard, seconded by Jones, to adopt **Resolution No. 2023-80** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$580,000 at 3.00 percent interest for 20 years to **North Sioux City** for a water interconnect system 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. The motion carried unanimously.

Big Sioux Community Water System requested funding for a project to increase capacity and improve customer pressures with improvements in the Lake Madison area. The project includes 5.2 miles of new 8-inch and 6-inch water main and three segments of looping the system.

The estimated total amount is \$2,200,000, and the amount requested is \$2,200,000.

Staff recommended awarding a \$2,200,000 Drinking Water SRF loan at 3.25 percent interest for 30 years.

Big Sioux Community Water pledged system revenue to repayment of the loan. Rates are \$81.05 for 7,000 gallons. Staff analysis indicates that to provide the necessary 110 percent debt coverage a cost per user of \$4.50 would be necessary to generate the needed revenue for repayment of the loan.

Big Sioux Community Water is part of a joint project known as Shared Resources, Inc. which was funded by the board in 2022. There was secondary loan specifically for Big Sioux Community Water for system upgrades related to that joint effort.

Based on the current number of users and volume of water purchased, rural household rates will need to be approximately \$130.00 per 7,000 gallons to meet the required debt coverage, which includes the operational and debt expense related to the Shared Resources, Inc. project. These

rates will be able to be reduced based on additional water sales and new users to be added related to the Shared Resources project.

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, contingent upon the borrower establishing rates at a level sufficient to provide the required debt coverage, and contingent upon an Intercreditor Agreement being approved and executed by Rural Utilities Service, CoBank, Big Sioux Community Water System, and the Conservancy District.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2023-81** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,200,000 at 3.25 percent interest for 30 years to **Big Sioux Community Water System** for a project to increase capacity and improve customer pressures with improvements in the Lake Madison area, 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, contingent upon the borrower establishing rates at a level sufficient to provide the required debt coverage, and contingent upon an Intercreditor Agreement being approved and executed by Rural Utilities Service, CoBank, Big Sioux Community Water System, and the Conservancy District. The motion carried unanimously.

Hartford requested funding to connect two areas of the city to create a loop to improve resiliency and increase water quality and quantity. The proposed improvements run from the intersection of Vandemark Avenue and Railroad Street to the east along Railroad Street to Highway 38.

The estimated total amount is \$990,800, and the amount requested is \$490,800. The city will use \$500,000 in local cash for the project.

Staff recommended awarding \$490,800 Drinking Water SRF loan at 3.25 percent interest for 30 years.

Hartford pledged system revenues for repayment of the loan. Rates are \$46.82 for 5,000 gallons. Staff analysis indicates current user rates provide 329 percent debt coverage for the loan.

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

Motion by Jones, seconded by Gnirk, to adopt **Resolution No. 2023-82** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$490,800 at 3.25 percent interest for 30 years to the **city of Hartford** for the Highway 38 water main 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. The motion carried unanimously.

Minnehaha Community Water Corporation (MCWC) requested funding for the installation of a 12-inch pipeline to the newly erected MCWC water tower near Humboldt, SD. This will allow better flow to the tower and improve water pressure in the area.

The board provided funding for this project, originally, in January 2021. There have been cost increases since that time. This project will also include upgrades to the existing control panels at both water treatment plants. The work will include removing old programmable logic controllers (PLCs) and new equipment that will be installed and re-wired to existing instrumentation.

The estimated total amount is \$4,670,000, and the amount requested is \$4,670,000.

Staff recommended awarding a \$4,670,000 Drinking Water SRF loan at 3.25 percent interest for 30 years.

MCWC pledged system revenues for repayment of the loan. Rates are \$81.50 for 7,000 gallons. Staff analysis indicated that to provide the necessary 110 percent debt coverage a cost per user of \$4.20 would be necessary to generate the needed revenue.

MCWC is part of a joint project known as Shared Resources, Inc. which was funded by the board in 2022. There was secondary loan specifically for MCWC for system upgrades related to the joint effort. DANR reviewed the associated debt for these projects along with projected operational and maintenance costs of all projects. Based on the current number of users and the volume of water purchased, rural household rates will need to be approximately \$124.00 per 7,000 gallons to support all projects. These rates will be able to be reduced based on additional water sales and new users to be added related to the projects.

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, contingent upon the borrower establishing rates at a level sufficient to provide the required debt coverage, and contingent upon an Intercreditor Agreement being approved and executed by Rural Utilities Service, Minnehaha Community Water Corporation, and the Conservancy District.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2023-83** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$4,670,000 at 3.25 percent interest for 30 years to **Minnehaha Community Water Corporation** for water treatment plant control panel upgrades and 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 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, contingent upon the borrower establishing rates at a level sufficient to provide the required debt coverage, and contingent upon an Intercreditor Agreement being approved and executed by Rural Utilities Service, Minnehaha Community Water Corporation, and the Conservancy District. The motion carried unanimously.

SANITARY/STORM SEWER FACILITIES FUNDING APPLICATIONS: Tina McFarling presented the sanitary/storm sewer facilities applications and the staff recommendations for funding. Following the presentation of each application, representatives discussed their projects and answered questions from the board.

Lake Norden requested funding for the north lift station and wastewater treatment lagoon improvements. The project was previously funded in March 2021 but require additional funding due to bids being higher than expected.

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

Staff recommended awarding a \$500,000 Clean Water SRF loan at 3.25 percent interest for 30 years.

Lake Norden pledged a project surcharge for repayment of the loan. Rates are \$67.55 for 5,000 gallons. Staff analysis indicates that a surcharge of \$7.65 is needed for repayment of the loan; however, rates could be restructured and stay at the current \$67.55.

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.

Motion by Jones, seconded by Lanning, to adopt **Resolution No. 2023-84** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$500,000 at 3.25 percent interest for 30 years to the **city of Lake Norden** for the north lift station and wastewater treatment lagoon 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. The motion carried unanimously.

Brandon requested funding for the east side sewer main extension project. The project will reconstruct sanitary sewer on the east side of Brandon and construct a new trunk sewer to allow for future residential development. The board awarded ARPA funding in September 2022.

The estimated total amount is \$3,905,000, and the amount requested is \$893,233. Other funding for the project includes \$23,398 in local ARPA funds, \$958,754 in state ARPA, and a \$2,029,615 local sewer revenue bond.

Staff recommended no funding. The City of Brandon has already received ARPA funds for this project. At this time no recommendations for additional ARPA funds are being provided to projects within 2022 Senate Bill 62 Sections 1 through 3, which were for the percentage and population-based grants. Staff is currently working on a plan to move forward with reallocation of returned ARPA monies provided through Senate Bill 62, and with the removal of the original criteria passed in 2023 Senate Bill 20. Follow-up with the city indicated that the City of Brandon is not requesting any SRF loan funds.

Motion by Lanning, seconded by Bernhard, to accept the staff recommendation of no funding for the **Brandon** east side sewer main extension project. The motion carried unanimously.

Philip requested funding for sanitary sewer improvements for the northeast wastewater project. The city was previously awarded funding in April 2022 for this project. Due to construction and material cost increases, bids came in higher than anticipated. This application requests additional funds for the northeast wastewater project and to add additional work in the Stewart Avenue area.

The northeast project area will include cleaning, televising, and lining approximately 1,780 linear feet of 8-inch sewer main.

The Stewart Avenue project consists of replacement of approximately 531 linear feet of 8-inch sewer main, 378 linear feet of 12-inch sewer main, the installation of three sewer manholes, and related appurtenances.

The estimated total amount is \$1,395,875, and the amount requested is \$1,040,830. The funding package includes \$138,347 in local ARPA funds, \$160,771 in state ARPA match, and a \$55,927 Consolidated loan.

Staff recommended awarding a \$1,040,830 Clean Water SRF loan at 3.25 percent interest for 30 years.

The city pledged a project surcharge for repayment of the loan. Rates are \$34.00 for 5,000 gallons. Staff analysis indicates a surcharge of \$12.75 is needed for repayment of the loan bringing overall rates to \$46.75.

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 Jones, seconded by Lanning, to adopt **Resolution No. 2023-85** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,040,830 at 3.25 percent interest for 30 years to the **city of Philip** for the northeast wastewater and Stewart Avenue area 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. The motion carried unanimously.

Philip requested funding for the construction of new storm sewer as part of a planned water and wastewater improvements project.

The project proposes the installation of 356 linear feet of reinforced concrete storm pipe ranging in size from 15-inch to 27-inch, two new storm sewer manholes, six storm water inlets, curb and gutter, a 950-square foot retaining wall to alleviate sediment runoff, and related surfacing and appurtenances.

The estimated total amount is \$800,342, and the amount requested is \$800,342.

Staff recommended awarding a \$800,342 Clean Water SRF loan at 3.25 percent interest for 30 years.

The city pledged sales tax revenue for repayment of the loan. Staff analysis indicates sales tax revenue will provide 298 percent debt coverage, which exceed the required 120 percent for sales tax debt.

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

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2023-86** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$800,342 at 3.25 percent interest for 30 years to the **city of Philip** for Stewart Avenue area storm sewer improvements, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective. The motion carried unanimously.

SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATIONS: Mr. Bruels provided an overview of available funds.

Mr. Bruels presented the Solid Waste Management Program applications and the staff recommendations for funding.

Project representatives discussed their projects and answered questions from the board.

Belle Fourche requested funding to purchase a pre-shredding machine to increase on-site volume reduction of municipal solid waste at their landfill. The shredder will also be used to grind tree branches and stumps for composting or resale, as well as tires.

In January 2023 the board awarded a \$72,000 Solid Waste Management Program grant for the project. At that time Belle Fourche indicated they were not interested in a loan. This application was submitted requesting a loan for the 40 percent of the project not originally funded by the board.

The estimated total amount is \$718,385, and the amount requested is \$287,192. Belle Fourche will provide \$359,193 in local cash for the project.

Staff recommended awarding \$287,192 a Solid Waste Management Program loan at 3.00 percent interest for 20 years.

The city pledged solid waste system revenue for repayment of the loan. Staff analysis indicates that current solid waste revenues for Belle Fourche provide more than the required 100 percent coverage.

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

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2022-87** approving the South Dakota Solid Waste Management Program loan agreement up to a maximum committed amount of \$287,192 at 3.00 percent interest for 20 years to the **city of Belle Fourche** to purchase a pre-shredding machine, contingent upon the borrower adopting a bond resolution and the resolution becoming effective. The motion carried unanimously.

Brookings requested funding for an annual household hazardous waste collection and disposal event.

The estimated total amount is \$40,000, and the amount requested is \$30,000. The city will provide \$10,000 in local cash for the project.

Staff recommended no funding for this project. The proposed project does meet the eligibility requirements of the Solid Waste Management Program hierarchy, but DANR staff does not believe funding from the Solid Waste Management Program should be dedicated or that

sufficient funds are available to fund yearly reoccurring activities a community chooses to pursue. Funding projects like this would set a precedent that would limit available funds for capital improvements needed, which is the true purpose of the Solid Waste Management Program funds.

Brookings submitted a similar application for presentation to the board in 2022. Staff recommended and the board approved no funding for the costs at that time.

Motion by Bernhard, seconded by Gnirk, to accept the staff recommendation of no funding for the **Brookings** annual household hazardous waste collection and disposal event. The motion carried unanimously.

Brown County requested funding to purchase a loader for the landfill facility which will replace an existing loader that is 25 years old.

The estimated total amount is \$462,162, and the amount requested is \$231,081. The county will provide \$231,081 in local cash.

Staff recommended awarding a Solid Waste Management Program grant at 20.1 percent of approved project costs not to exceed \$92,500.

This grant level is consistent with past awards for this type of solid waste project.

Brown County indicated they were not interested in a loan and will use local funds for the portion of the project not funded by the grant.

Motion by Jones, seconded by Bernhard, to adopt **Resolution No. 2023-88** approving a South Dakota Solid Waste Management Program grant agreement for **Brown County** for up to 20.1 percent of eligible costs not to exceed \$92,500 to purchase a loader for the landfill facility. The motion carried unanimously.

Huron requested funding to purchase a hook truck along with six roll-off containers. Both the truck and containers will be used for collection of recyclable materials such as cardboard, baled cardboard, and single-stream recyclables , as well has used for solid waste activities.

The estimated total amount is \$277,252, and the amount requested is \$138,626. Huron will provide \$138,626 in local cash.

Staff recommended awarding a Solid Waste Management Program grant at 30.2 percent of approved project costs not to exceed \$83,500.

The recommended amount is based on this equipment serving both solid waste and recycling purposes and is not solely necessary for recycling activities. This is consistent with past awards for this type of project.

The city indicated they were not interested in a loan and will use local funds for the portion of the project not funded by the grant.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2023-89** approving a South Dakota Solid Waste Management Program grant agreement for the **city of Huron** for up to 30.1 percent of eligible costs not to exceed \$83,500 to purchase a hook truck and six roll-off containers. The motion carried unanimously.

Madison requested funding to purchase land for a Restricted Use Site facility. The existing site is nearing capacity, and the city has identified a site that would fulfill this need, which is comprised of 73 acres.

The estimated total amount is \$547,800, and the amount requested is \$109,560. The city will provide \$438,240 in local cash.

Staff recommended awarding Solid Waste Management Program grant at 20.0 percent of approved project costs not to exceed \$109,560.

This grant level is consistent with past awards for this type of solid waste project. This funding along with the proposed local funds will fully fund the land purchase.

Motion by Gnirk, seconded by Jones, to adopt **Resolution No. 2023-90** approving a South Dakota Solid Waste Management Program grant agreement for the **city of Madison** for up to 20.0 percent of eligible costs not to exceed \$109,560 purchase land for a Restricted Use Site facility. The motion carried unanimously.

Winner requested funding to purchase an existing recycling structure from Tripp County. Once purchased, the city will incorporate elements to enable the transfer of solid waste from local collection to then haul to the Tri County Landfill. The city also wishes to implement standardized solid waste containers for individual and commercial uses to be collected by a city contracted hauler. The project also includes the purchase of a walking floor trailer, used semi-tractor, compact articulated loader, and repairs to the existing baler.

The estimated total amount is \$1,500,343, and the amount requested is \$900,000. The city will provide \$600,343 in local cash.

Staff recommended no funding at this time. Based on the total amount of available Solid Waste Management Program funds at the beginning of the board meeting, there would not have been a sufficient amount to fund this project. Staff recommended that Winner resubmit an application for the January 1, 2024, funding deadline if the city desires to pursue this project. The project could be presented to the board in March 2024 when it is anticipated the new Solid Waste Management Program allotment of funds through the Omnibus Bill will be available to assist in funding the project.

Motion by Gnirk, seconded by Bernhard, to accept the staff recommendation of no funding for the **city of Winner** purchase an existing recycling structure from Tripp County. The motion carried unanimously.

Mr. Bruels provided an overview of available funds for the Solid Waste Management Program.

MITCHELL ADDITIONAL FUNDING REQUEST FOR DRINKING WATER SRF LOAN

C462129-06: Abbey Larson reported that on January 6, 2022, the city of Mitchell was awarded a \$11,000,000 Drinking Water SRF loan for the drinking water system improvements project.

On March 20, 2023, the Department of Agriculture and Natural Resources received a letter from the city of Mitchell requesting that the loan be amended to include an additional \$5,000,000. The additional funding is to cover increased construction material and labor costs.

This increase will bring the project total to \$16,000,000.

Staff recommended that the board rescind Resolution No.2022-92, which awarded the original Drinking Water SRF loan, and award a \$16,000,000 Drinking Water SRF loan at 1.875 percent interest for 30 years with 6.3 percent as principal forgiveness not to exceed \$1,000,000.

Current rates in Mitchell are \$36.88 for 5,000 gallons. Staff analysis indicates that the original award surcharge and rate increases required for the additional funds and the Randall Community Water District will result in rates of approximately \$68.75 for 5,000 gallons.

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 2023 Drinking Water State Revolving Fund capitalization grants from EPA.

Motion by Bernhard, seconded by Lanning, to rescind Resolution No.2022-92 and adopt **Resolution No. 2023-91** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$16,000,000 at 1.8.75 percent interest for 30 years with 6.3 percent as principal forgiveness not to exceed \$1,000,000 to the **city of Mitchell** for drinking 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, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon receipt of the 2023 Drinking Water State Revolving Fund capitalization grants from EPA. The motion carried unanimously.

SPEARFISH ADDITIONAL FUNDING REQUEST FOR DRINKING WATER SRF LOAN

C462030-02: Ms. Larson reported that On June 23, 2022, the city of Spearfish was awarded a

\$3,234,000 Drinking Water SRF loan and a \$1,386,000 American Rescue Plan Act grant for the Exit 17 Water Tank and Well project.

On May 1, 2023, the Department of Agriculture and Natural Resources received a letter from the city of Spearfish requesting that the loan be amended to include an additional \$3,648,327. The additional funding is based on an updated engineer's opinion of the probable estimated project costs.

Spearfish will be contributing \$1,410,435 in local funds towards the project. This increase will bring the project total to \$9,678,762.

Staff recommended that the board rescind resolution 2022-386 which awarded the original Drinking Water SRF loan and award a \$6,882,327 Drinking Water SRF loan at 1.625% for 30 years.

Staff analysis indicates that current rates of \$32.93 for 5,000 gallons will provide 171 percent debt coverage.

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

Motion by Gnirk, seconded by Bernhard, to rescind Resolution No.2022-386 and adopt **Resolution No. 2023-92** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$6,882,327 at 1.625 percent interest for 30 years to the **city of Spearfish** for the Exit 17 water tank and well 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. The motion carried unanimously.

COPPER OAKS NO. 1 WATER ASSOCIATION REQUEST TO DE-OBLIGATE CONSOLIDATED LOAN 2024L-102: Mr. Bruels reported that on March 30, 2023, the Board of Water and Natural Resources awarded Copper Oaks No. 1 Water Association a \$93,000 Consolidated Water Facilities Construction Program loan for water system improvements project.

On May 8, 2023, DANR staff received a letter from Copper Oaks No. 1 Water Association requesting that the loan be de-obligated and stating that Copper Oaks No. 1 Water Association will attempt to find other financing to move forward with the project.

Staff recommended that the board rescind Resolution No. 2023-59 which awarded the Consolidated Water Facilities Construction Program loan for this project.

Motion by Gnirk, seconded by Jones, to rescind Resolution No. 2023-59 which awarded the Consolidated Water Facilities Construction Program loan to Copper Oaks No. 1 Water Association for this project. The motion carried unanimously.

WEB REQUEST TO AMEND DRINKING WATER SRF LOAN C462426-04 FUNDING PACKAGE: Mr. Bruels reported that on September 29, 2022, the WEB Water Development Association (WEB) was awarded a \$39,650,000 Drinking Water SRF loan. These funds were awarded to WEB as part of the Water Investment in Northern South Dakota (WINS) project. The WINS project is a regional undertaking to provide increased water capacity to WEB, the city of Aberdeen, and BDM Rural Water System.

On June 8, 2023, DANR received a letter from WEB requesting an amendment to the Drinking Water funding package awarded by the board. WEB received advantageous bids as part of other projects were provided ARPA grants in 2022. Based on the language in the ARPA grant agreement, the grant amounts were reduced proportionally by a combined total of \$14,623,380. WEB has requested the board allow those de-obligated ARPA funds to be reallocated to this next phase of the WINS project.

The WINS project is a significant regionalization project not subject to the percentage-based allocation criteria of 2022 Senate Bill 62 which provided the \$600,000,000 in ARPA funds. This request will allow the WINS project partners to continue toward completion on what is anticipated to be a project totaling more than \$755,000,000.

The letter WEB Water submitted requested that the existing loan be reduced proportionately, which staff was able to do administratively, so there is no need for board action.

The letter also requested that the board remove the grant reduction language for this grant in case of advantageous bids. Staff recommended not removing the grant reduction language to keep the grant agreement consistent with all other ARPA grants that have been awarded.

Staff recommended awarding an ARPA grant in the amount of \$14,623,380 to WEB Water Development Association.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2023-93** approving ARPA grant agreement 2023G-ARP-200 to the **WEB Water Development Association** for all approved project costs not to exceed \$14,623,380 for the WEB waterline improvement project for WINS. The motion carried unanimously.

Mr. Bruels provided an overview of funds available for the next funding round.

LAKE THOMPSON WATER PROJECT DISTRICT FORMATION APPROVAL: Tina McFarling reported that the Board of Water and Natural Resources has been designated by SDCL Chapter 46A-18 to approve the formation of a water project district if at least sixty percent of the votes cast in the formation election are favorable.

The proposed Lake Thompson Area Water Project District held an election in Kingsbury County on May 23, 2023, to decide whether to organize a water project district. The election has been certified by the Kingsbury County Commissioners and establishes that the voters in Kingsbury County approved by a vote of twenty-four in favor of the formation and nine against the formation of the Lake Thompson Area Water Project District, which is a favorable vote of at least sixty percent of the votes cast.

Staff recommended the board adopt a resolution creating and establishing the Lake Thompson Area Water Project District and direct that a true copy of this resolution be filed with the Secretary of State.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2023-94** creating and establishing the Lake Thompson Area Water Project District. The motion carried unanimously.

A copy of the resolution will be filed with the Secretary of State.

BROOKINGS REQUEST TO AMEND LOAN SECURITY PLEDGE FOR DRINKING WATER SRF LOAN C462019-03: Mr. Bruels reported that on January 5, 2023, the Board of Water and Natural Resources awarded Brookings a \$1,000,000 Drinking Water SRF loan with 49 percent principal forgiveness. The pledge on the original application was a project surcharge.

Staff has had conversations with the city of Brookings about a change of pledge from a project surcharge to a system revenue pledge. The city found that the lead line replacement project will not benefit the entire city, therefore, it more fitting to designate system revenues for repayment of debt.

On June 5, 2023, staff received a letter from Brookings outlining the request that the security of the loan be repaid by the city's revenues.

Staff recommended the board rescind Resolution #2023-04 and adopt resolution approving a \$1,000,000 Drinking Water SRF loan at 1.875 percent interest for 30 years with up to 49 percent principal forgiveness not to exceed \$490,000.

The city pledged system revenue for repayment of the loan. Staff analysis indicates that the existing revenue will provide the required 110 percent debt coverage.

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

Motion by Jones, seconded by Bernhard, to rescind Resolution No. 2023-04 and to adopt **Resolution No. 2023-95** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$1,000,000 at 1.875 percent interest for 30 years with up to 49 percent principal forgiveness not to exceed \$490,000 to the **city of Brookings** for a lead water service line 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

Board of Water and Natural Resources
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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. The motion carried unanimously.

Mr. Bruels stated the terms of Karl Adam and Vance Newman expire on June 30, 2023. Both have requested not to be reappointed to the board. Mr. Bruels thanked both members for serving on the board.

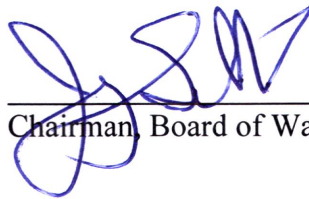
SEPTEMBER MEETING: The next meeting is scheduled for September 28, 2023.

Mr. Bruels discussed potential agenda items for the meeting.

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

Approved September 28, 2023.

(SEAL)



Chairman, Board of Water and Natural Resources

ATTEST:



Secretary, Board of Water and Natural Resources

BOARD OF WATER AND NATURAL RESOURCES ATTENDANCE SHEET

DATE 6-29-23

LOCATION Matthew Training Center - Pierre

Name (***PLEASE PRINT***)

Address

Representing

Andy Bruehl

Pierre

DANR

Todd Bernhard

FORT PIERCE

BWNR

Tray Kruger

Winger

Winter City

Shapenine Ritzman

Pierre

DANIR

Karin Zhao

Pierre

DANR.

Tina McFarling

Pierre

DANR

DAN GERHARDT

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