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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

September 24, 2026
1:00 p.m. Central Time

CALL MEETING TO ORDER: Chairman 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 Gary Drewes participated in person. Cameron Becker, Gene Jones, Jr., Bruce Jennings, and Jackie Lanning participated remotely.

LEGISLATIVE OVERSIGHT COMMITTEE MEMBERS: Representative Nicole Uhre-Balk.

OTHERS: See attached attendance sheet.

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

APPROVE MINUTES FROM JUNE 25, 2026, MEETINGS: Motion by Jennings, seconded by Jones, to approve the minutes from the June 25, 2026, Board of Water and Natural Resources meeting. The motion carried unanimously.

PUBLIC COMMENT PERIOD: None.

PUBLIC HEARING TO ADOPT THE FFY 2027 BROWNFIELDS REVITALIZATION AND ECONOMIC DEVELOPMENT PROGRAM WORK PLAN: Chairman Soholt opened the hearing at 1:05 p.m. Central Time.

The purpose of the hearing was to receive public input and adopt the FFY 2027 Brownfields Revitalization and Economic Development Program Work Plan.

Macy Jo Peterson, DANR Inspection, Compliance and Remediation Program, presented and discussed the proposed FFY 2027 Brownfields Revitalization and Economic Development Work Plan.

The Brownfields Program receives annual funding from the EPA to help communities across South Dakota with assessment and cleanup of properties. These properties may desire expansion or redevelopment but are bound by the presence or potential presence of a hazardous substance, pollutant, or contaminant.

This year, in addition to the regular funding in the amount of \$506,800, the department received grants in the amount of \$500,000 and an additional \$40,000 in Technical Assistance grant funds. DANR will utilize these funds to assess and clean up the Brownfields sites into properties that will provide increased tax resources, an economic boost and/or affordable housing to communities. This is 100 percent federal money and does not require match either from the State or local communities.

The primary purpose of the work plan is to identify Brownfields projects and their allocated funding.

By law, DANR is required to include the public notice in three newspapers 30 days prior to this board hearing. Notice of the public hearing was published in the Black Hills Pioneer (Spearfish), Brookings Register, and Yankton Daily Press & Dakotan. Affidavits of Publication were received for these public notices. The notice was also available on the Department of Agriculture and Natural Resources' website. No comments or concerns were received after publication of the notice.

The board members received a copy of the 2027 Brownfields work plan in the board packet. Ms. Peterson noted that Table 1 on page 4 of the workplan contains a list of the projects and the amounts allocated or spent on those projects.

Chairman Soholt requested public testimony regarding the proposed work plan. There was no public testimony.

There were no questions from the board regarding the work plan.

Ms. Peterson requested approval of the work plan.

Motion by Bernhard, seconded by Drewes, to adopt the FFY 2027 Brownfields Revitalization and Economic Development Program Work Plan. The motion carried unanimously.

Chairman Soholt closed the hearing at 1:15 p.m.

SERIES RESOLUTION AUTHORIZING STATE REVOLVING FUND PROGRAM BONDS, SERIES 2026 CD: Tina McFarling reported that is anticipated that the South Dakota Conservancy District will issue approximately \$180,000,000 in State Revolving Fund Program bonds during the week of November 2, 2026. The issue will consist of a taxable Series 2026C, being issued to provide leverage funds for the Drinking Water Program and a taxable Series

2026D, being issued to provide tax-exempt leverage funds for both the Clean Water and Drinking Water SRF Programs.

Staff recommended that the board approve the Series Resolution authorizing State Revolving Fund Program Bonds, Series 2026CD and the execution and delivery of certain documents.

Bruce Bonjour, Ashurst Perkins Coie, discussed the specifics of the Series Resolution, which provides board approval of the Preliminary Official Statement, the Continuing Disclosure Agreement, Notices of Sale for Series 2026CD, and supporting schedules prepared by the Conservancy District's financial advisor. The Series Resolution authorizes the chair, vice chair and/or secretary of the Conservancy District to file a Coverage Certificate for each program with the Trustee and to do all acts and to execute or accept all documents as may be necessary to carry out and comply with the provisions of the resolution and the documents approved by the resolution. The Series Resolution also allows for such signatures to be accomplished electronically.

Jessica Cameron Mitchell, PFM, discussed the structure of the bond issue and current market conditions.

Motion by Bernhard, seconded by Jennings, to adopt Resolution No. 2026-94 authorizing the State Revolving Fund Program Bonds, Series 2026CD, and authorizing execution and delivery of all necessary documents. The motion carried unanimously.

ANNUAL BOARD REVIEW OF OPEN MEETING LAW REQUIREMENTS: Prior to the meeting the board members were provided with a copy of the brochure "Conducting the Public's Business in Public" revised in 2026 as published on the Attorney General's website <https://atg.sd.gov/docs/July%202025OpenMeetingsLaw.pdf>.

David McVey, Assistant Attorney General, explained the open meeting laws.

Chairman Soholt acknowledged that the board members completed the required annual review of the open meeting law.

AMENDMENTS TO THE STATE WATER PLAN, 2026 CLEAN WATER STATE REVOLVING FUND AND 2026 DRINKING WATER STATE REVOLVING FUND 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 2027.

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 two State Water Plan applications that were received by the August 1, 2026, deadline from the City of Lennox. 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
Lennox	Central Basin Phase 5 and Other Areas Sanitary and Storm Sewer Improvements	\$13,732,060	Place on Facilities Plan
Lennox	Central Basin Phase 5 and Other Areas Drinking Water Improvements	\$2,579,826	Place on Facilities Plan

Staff recommended amending the two projects onto the 2026 State Water Facilities Plan.

Motion by Drewes, seconded by Becker, to place the two Lennox projects on the 2026 State Water Facilities Plan. The motion carried unanimously.

Clean Water Intended Use Plan

Staff recommended that the following project be added to the Project Priority list of the 2026 Clean Water SRF Intended Use Plan.

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
11	Lennox	\$13,732,060	4.00%, 30 years

Motion by Jennings, seconded by Lanning, to approve the addition of the Lennox sanitary and storm sewer project to the Project Priority List of the 2026 Clean Water SRF Intended Use Plan with the updated interest rates. The motion carried unanimously.

Drinking Water Intended Use Plan

Mr. Bruels stated that the City of Aberdeen previously received a Drinking Water SRF loan to construct a water storage tank and transmissions main. Due to increased project costs, the city submitted a funding application to fully fund this project.

Staff recommended that the following projects be added to the Project Priority List of the 2026 Drinking Water SRF Intended Use Plan.

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
80	Lennox	\$2,579,826	3.75%, 30 years
23	Aberdeen	\$2,500,000	3.75%, 20 years

Motion by Lanning, seconded by Bernhard, to approve the addition of the Lennox and Aberdeen drinking water projects to the Project Priority List of the 2026 Drinking Water SRF Intended Use Plan with the updated interest rates. The motion carried unanimously.

ARPA GRANT AMENDMENTS: Mr. Bruels stated that Senate Bill 53 was passed during the 2024 Legislative Session. Section 1 of the bill appropriated an additional \$89,384,221 in American Rescue Plan Act (ARPA) funds for water and wastewater infrastructure. These funds were awarded to eligible projects by the Board of Water and Natural Resources in June 2024.

Section 2 of the bill included up to \$28,000,000 in additional ARPA fund authority to the board. This was included in case other state agency-funded ARPA efforts were not able to utilize all funding.

In September 2026, DANR was informed by the Bureau of Finance and Management that an additional \$1,914,137 in ARPA funds would be transferred to the board to allocate to existing ARPA projects.

Some projects that were originally funded through the \$600,000,000 in ARPA funds provided by 2022 Senate Bill 62 have deobligated portions of the funding. In the 2023 Legislative Session Senate Bill 20 was passed to provide the board discretion on the reallocation of those funds. The amount deobligated is currently \$746,204.77, bringing the total currently available to re-award to \$2,660,341.77.

The group of projects on the agenda were selected by DANR staff. The projects are regional or statewide in impact, will improve systems for current users and future growth and most have higher than average user rates. These projects also all have remaining eligible project costs to incur and utilize the funding to be recommended.

The following priorly funded projects were contacted and submitted requests for additional ARPA grant fund consideration:

Kingbrook Rural Water System: On April 13, 2022, the Kingbrook Rural Water System was awarded a \$22,850,000 Drinking Water SRF loan and a \$9,900,000 ARPA grant. In June 2024 the ARPA grant was amended to award an additional \$4,972,298 in ARPA grant funds, bringing the total ARPA grant to \$14,872,298. All prior ARPA grant funds have been fully expended and there remains sufficient eligible costs to draw additional ARPA funds in advance of the December 1, 2026, submission deadline.

This project was to upgrade the Badger pump station, DeSmet water treatment plant, Chester water treatment plant, Oakwood pump station, and the Orland pump station. The project also

involves construction of an elevated tank near Arlington and booster pump station near Bryant, and relocation and resizing of pipeline segments along Highway 25 north of DeSmet.

Staff recommended awarding an additional \$250,000.00 in ARPA grant funds, bringing the total ARPA grant to \$15,122,298.00.

Motion by Jennings, seconded by Drewes to adopt **Resolution No. 2026-95** approving the Second Amendment to American Rescue Plan Act Grant Agreement 2022G-ARP-155 to increase the total grant amount to \$15,122,298.00 for **Kingbrook Rural Water System**. The motion carried unanimously.

Mid-Dakota Rural Water System: On April 13, 2022, the Mid-Dakota Rural Water System was awarded a \$29,467,750 Drinking Water SRF loan, a \$2,000,000 Consolidated grant, and a \$13,867,250 ARPA grant. In June 2024 and January 2026, the ARPA grant was amended to award an additional \$7,748,239.85 in ARPA grant funds, bringing the total ARPA grant to \$21,615,489.85. All prior ARPA grant funds have been fully expended and there remains sufficient eligible costs to draw additional ARPA funds in advance of the December 1, 2026, submission deadline.

This project was to update the existing water system by installing an advanced metering infrastructure system for water meters, paralleling of pipe, addition of a new backwash recovery system and additional membrane capacity.

Staff recommended awarding an additional \$600,000.00 in ARPA grant funds, bringing the total ARPA grant to \$22,215,489.85.

Scott Gross, Mid-Dakota RWS, discussed the project and thanked the board for consideration of funding.

Motion by Bernhard, seconded by Jones, to adopt **Resolution No. 2026-96** approving the Third Amendment to American Rescue Plan Act Grant Agreement 2022G-ARP-165 to increase the total grant amount to \$22,215,489.85 for **Mid-Dakota Rural Water System**. The motion carried unanimously.

Randall Community Water District: On June 23, 2022, the Randall Community Water District was awarded a \$38,734,175 Drinking Water SRF loan and an \$11,256,825 ARPA grant. The project has received two additional Drinking Water SRF loans totaling \$50,000,000 which were needed for the full project costs. An additional \$5,000,000 request has been submitted for board action later in this meeting.

In June 2024, May 2025, and March 2026 the ARPA grant was amended to award an additional \$11,810,890.60, bringing the total ARPA grant to \$23,067,715.60. All prior ARPA grant funds have been fully expended and there remains sufficient eligible costs to draw additional ARPA funds in advance of the December 1, 2026, submission deadline.

This project is to address increasing demand among existing customers as well as supply water to the City of Mitchell. The ARPA funded project will consist of 38 miles of HDPE pipe from a storage facility near Platte to the existing tank near Stickney. The proposed improvements will provide enough capacity to the system to allow Mitchell to connect its redundant water line. Booster stations, storage facilities, and an upgrade to the Platte Water Treatment Plant will be necessary to complete the proposed improvements.

Staff recommended awarding an additional \$905,000.00 in ARPA grant funds, bringing the total ARPA grant to \$23,972,715.60.

Greg Powell, PinPoint Corporation, on behalf of Randall CWD, discussed the project and thanked the board for consideration of funding.

Motion by Drewes, seconded by Bernhard, to adopt **Resolution No. 2026-97** approving the Fourth Amendment to American Rescue Plan Act Grant Agreement 2022G-ARP-439 to increase the total grant amount to \$23,972,715.60 for **Randall Community Water District**. The motion carried unanimously.

Shared Resources, Inc.: On April 13, 2022, Shared Resources was awarded a \$69,983,400 Drinking Water SRF loan and a \$38,276,600 ARPA grant. In June 2024, May 2025, January 2026 and, June 2026 the ARPA grant was amended to award an additional \$12,872,297.07 in ARPA grant funds, bringing the total ARPA grant to \$51,148,897.07. All prior ARPA grant funds have been fully expended and there remains sufficient eligible costs to draw additional ARPA funds in advance of the December 1, 2026, submission deadline.

Shared Resources is a joint effort between Minnehaha Community Water Corporation and the Big Sioux Community Water System. The project includes an 8-MGD treatment plant, well field, distribution pipeline, and two storage tanks. Shared Resources will treat and deliver water to both systems. Shared Resources will then distribute water to its existing customer base.

Mr. Bruels noted that this recommendation includes \$100,000 more than is known to be available for ARPA funds to award. Staff has worked with legal counsel and the Bureau of Finance and Management to develop this recommendation.

The purpose of awarding more than available is if a project is not able to incur eligible costs by the December 1, 2026, submission deadline in all ARPA grants, then those funds can be moved to Shared Resources to assure maximum use of the state ARPA funds.

DANR is working diligently with the remaining ARPA projects to assure expenditure, and all projects anticipate meeting the deadlines, however staff wanted to be sure a mechanism was in place to address unforeseen circumstances.

Staff recommended awarding an additional \$1,005,341.77 in ARPA grant funds, bringing the total ARPA grant to an amount not to exceed \$52,154,238.84.

Motion by Drewes, seconded by Lanning, to adopt **Resolution No. 2026-98** approving the Fifth Amendment to American Rescue Plan Act Grant Agreement 2022G-ARP-192 to increase the total grant amount to \$52,154,238.84 for **Shared Resources, Inc.** The motion carried Becker, Bernhard, Drewes, Jennings, Lanning, and Soholt voting aye. Jones abstained.

DRINKING WATER FACILITIES FUNDING APPLICATIONS: Prior to presenting the applications and staff recommendations for funding, Mr. Bruels provided an overview of available funds.

Clay Rural Water System requested funding for improvements to its distribution system which will allow the rural water system to connect to the City of Elk Point's existing water system and supply the city with bulk water. The city's water exceeds recommended levels for manganese. The city's existing water treatment plants and wells are beyond their useful life and in need of replacement.

It has been determined that the most cost-effective and best long-term solution for the city's water needs is a bulk connection to Clay Rural Water System (RWS). This will also remove a long-term costs for operation and maintenance of wells and treatment system by the city and remove the need for future capital improvements to be a cost taken on solely by the residents of Elk Point. The project includes installation of approximately 23 miles of pipeline, a 500,000-gallon storage tank, a booster station, and a master water meter.

The estimated total project amount is \$16,505,000, and the amount requested is \$16,505,000.

The manganese levels in Elk Point's current water source are above recommended levels. While not a primary drinking water standard it is considered an Emerging Contaminant by EPA. The designation allows the use of the Emerging Contaminants for Small or Disadvantaged Communities grant program. This is a federal grant that is separate from the SRF program but was also passed as part of the overall IIA funding programs.

South Dakota has previously awarded one other grant from this source, and authority for the use of funds was included in the 2025 Omnibus bill to allow eligible projects to be awarded these dollars. The funds are to be provided as 100 percent grant and must be provided to small or disadvantaged communities. The City of Elk Point qualifies for these funds based on its population size and Median Household Income. While funding is being provided to Clay RWS, the project is eligible for these funds as it is primarily to serve Elk Point. DNR staff has discussed this with EPA to assure allowability as well.

Staff recommended awarding a \$16,505,000 Drinking Water grant from the Emerging Contaminants for Small or Disadvantaged Communities federal grant program.

Rates are \$87.10 for 7,000 gallons for Clay RWS rural users. Rates are \$39.89 for 5,000 gallons for Elk Point users.

Since the funding is to be provided as 100 percent grant there is no financial impact to Clay RWS. Elk Point users will see some additional costs associated with connection to Clay RWS for the purchase of water. Based on the rates Clay RWS will charge Elk Point, a 5,000-gallon user would see a \$23.25 per month increase. There will be savings to the City of Elk Point for reduced operation and maintenance. In total, Elk Point user rates are anticipated to be \$57.84 prior to any debt awarded in an application for necessary city-owned improvements. That application was presented to the Board later in the meeting. This is significantly less than if Elk Point were to replace its existing systems.

Staff recommended the grant being contingent upon DANR receipt of the Emerging Contaminants for Small or Disadvantaged Communities grants from EPA.

Steve Mullenburg, Manager, Clay RWS, discussed the project and thanked the board for consideration of funding.

Motion by Lanning, seconded by Bernhard, to adopt **Resolution No. 2026-99** approving the Emerging Contaminants in Small of Disadvantaged Communities Sub-Recipient Agreement (2027G-EC-300) to **Clay Rural Water System, Inc.** for all approved project costs not to exceed \$16,505,000 for connection to the City of Elk Point. The motion carried with Becker, Bernhard, Drewes, Jennings, Lanning, and Soholt voting aye. Jones abstained.

Milbank requested funding for improvements to its drinking water treatment system, which currently exceeds EPA secondary treatment standards. The city plans to install package filters and an aeration unit to reduce iron and manganese levels, with future plans to address water hardness.

The estimated total project amount is \$10,000,000, and the amount requested is \$10,000,000.

Staff recommended awarding a \$10,000,000 Drinking Water SRF loan at 3.75 percent interest for 20 years.

The city pledged a project surcharge for repayment of the loan.

Rates in Milbank are \$42.58 for 5,000 gallons. Milbank has an existing SRF loan that will be fully repaid prior to this loan beginning repayments. Additionally, a second SRF loan currently being used for some improvements will not be fully utilized. With the reductions in debt service from these two loans, some additional funds in the existing rate structure will become available for repayment toward this loan. Milbank also has a large user with Valley Queen Cheese accounting for a significant amount of water use and revenue. To properly account for this Milbank has informed staff they intend to structure the surcharge to have both flat rate and usage-rate components that will more equitably distribute the system costs across all users.

Staff analysis indicates that to provide the required 110 percent debt coverage the annual surcharge must generate \$784,257.00. Based on total water usage and necessary revenues, total residential rates will need to be \$45.50. Staff anticipates the surcharge for this loan would be

\$5.90 for a 5,000-gallon per month residential user. Milbank plans to complete a detailed rate study in the coming months, and staff estimates may be different than the final rates to be implemented by the city.

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. 2026-100** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$10,000,000 at 3.75 percent interest for 20 years to the **City of Milbank** for the construction of a 2.0 MGD water treatment plant, 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.

Elk Point requested funding for improvements to its water system to enable it to receive water from Clay Rural Water System. Elk Point's current water source has manganese above recommended levels. The current treatment plant and wells are in need of a complete replacement or a new water source.

It has been determined that the most cost effective and best long-term solution for the city's water needs is a bulk connection to Clay RWS. This project includes the installation of 1,400 of 12-inch watermain between the new Clay RWS storage tank and the city's existing distribution system.

The estimated total project amount is \$730,000, and the amount requested is \$730,000.

Staff recommended awarding a \$730,000 Drinking Water SRF loan at 3.75 percent interest for 30 years.

Elk Point pledged a project surcharge for repayment of the loan.

Rates in Elk Point are \$39.89 for 5,000 gallons. Staff analysis indicates a surcharge of \$3.95 is needed for repayment of the loan. Staff has reviewed the city's existing rates and structure and the city's anticipated costs from transitioning to bulk water. Staff analysis indicates that the rate anticipated in total would be \$61.80 per 5,000 gallons. This will also serve to remove the city's need to operate, maintain, and perform capital improvements for a water treatment plant and wells.

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 Jennings, to adopt **Resolution No. 2026-101** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$730,000 at 3.75 percent interest for 30 years to the **City of Elk Point** for connection to Clay Rural Water 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. The motion carried unanimously.

Randall Community Water District: In June 2022, the Randall Community Water District (CWD) was awarded a \$38,734,175 Drinking Water SRF loan and an \$11,256,825 ARPA grant.

In September 2022 and June 2025, two Drinking Water SRF loans were awarded totaling \$50,000,000 to provide additional funds for the project.

In June 2024, May 2025, March 2026, and earlier during today's board meeting the ARPA grant was amended to award additional ARPA grant funds, bringing the total ARPA grant to \$23,972,715.60. Total project funding to date is \$111,801,890.60.

This project is to address increasing demand among existing customers as well as supply water to the City of Mitchell. The project will consist of 38 miles of HDPE pipe from a storage facility near Platte to the existing tank near Stickney. The proposed improvements will provide enough capacity to the system to allow Mitchell to connect its redundant water line. Booster stations, storage facilities, and an upgrade to the Platte Water Treatment Plant will be necessary to complete the proposed improvements.

The project has been fully bid, and costs have exceeded the currently awarded funding. To allow upsizing of pipe to better serve future capacity, Randall is requesting additional funds.

The estimated total project amount is \$116,156,550, and the amount requested is \$5,000,000

Randall CWD would not qualify as a disadvantaged community system for a reduced interest rate due to its user rates being less than the minimum. The board's Drinking Water SRF loans though allow for the disadvantaged rate to be provided if a primary beneficiary to be served by the overall project qualifies as a disadvantaged community. The City of Mitchell is the main beneficiary of the overall project and meets the criteria for disadvantaged community status by rule. Therefore, the recommendation from staff includes providing the qualifying disadvantaged interest rate for the loan to Randall CWD.

Staff recommended awarding a \$5,000,000 Drinking Water SRF loan at 3.75 percent interest for 30 years.

Randall CWD pledged system revenues for repayment of the loan. Rates are \$65.10 for 7,000 gallons for rural household users. City of Mitchell users' rates are anticipated to be \$85.33 in 2027, which exceeds the \$45 minimum rate qualification.

Staff analysis indicates that system revenues for Randall CWD, based on projected 2028 rates and revenues from their customers and bulk water sales to Mitchell and other entities, will be 128 percent, which is above the required 110% debt coverage requirement. Randall CWD rural household customers, based on proposed rate increases, will have rates of \$74.00 per 7,000 gallons.

Staff recommended the loan being contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing rates at a level sufficient to provide the required debt coverage, and contingent upon an Intercreditor Agreement being approved and executed by Cobank, Randall Community Water District and the District.

Greg Powell with Pinpoint Corporation and representing Randall Community Water District discussed the project and thanked the board for consideration of funding.

Motion by Bernhard, seconded by Becker, to adopt **Resolution No. 2026-102** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$5,000,000 at 3.75 percent interest for 30 years to **Randall Community Water District** for a regional waterline upgrade to connect to the City of Mitchell, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective, 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 Cobank, Randall Community Water District and the Conservancy District. A roll call vote was taken, and the motion carried unanimously.

Webster requested funding for a water meter replacement project. The existing water meter system is beyond its useful life and in need of replacement of the meters and updated software. Webster is planning to install a tower based remote read system to make reading the new water meters more efficient and is replacing all 1,075 meters in the city along with upgrading the software system.

The estimated total project amount is \$908,000, and the amount requested is \$908,000.

Staff recommended awarding a \$908,000 Drinking Water SRF loan at 2.50 percent interest for 10 years, with 80.0% as principal forgiveness, not to exceed \$726,000.

The city pledged a project surcharge for repayment of the loan.

Rates in Webster are \$77.30 for 5,000 gallons. Staff analysis indicates that a surcharge of \$1.70 is needed for repayment of the \$182,000 net loan. Current drinking water revenues do not provide sufficient debt coverage for Drinking Water Loans DW-03 & DW-04. An increase of \$6.70 to the current rates would be needed to meet the required debt coverage, which would bring overall rates to \$85.70.

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 the borrower raising its rates sufficiently to provide the required debt coverage for Drinking Water Loans C462054-03 & C462054-04.

The finance officer for the City of Webster discussed the project and thanked the board for consideration of funding.

Motion by Drewes, seconded by Jones, to adopt **Resolution No. 2026-103** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$908,000 at 2.50 percent interest for 10 years, with 80.0 percent as principal forgiveness not to exceed \$726,000 to the **City of Webster** for a water meter 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, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon the borrower raising its rates sufficiently to provide the required debt coverage for Drinking Water Loans C462054-03 & C462054-04. The motion carried unanimously.

Aberdeen requested funding to construct a 1,500,000-gallon elevated water storage tower and 16-inch transmission lines. The tower is being installed in the northeast part of Aberdeen to supply additional water to existing users.

In March 2024 a \$10,000,000 Drinking Water SRF loan was awarded to Aberdeen. The city has also received a \$2,000,000 federal Economic Development Authority grant. Bids have been opened for the full project and there is a \$2,500,000 shortfall in available funds.

The estimated total project amount is \$14,500,000, and the amount requested is \$2,500,000.

Staff recommended awarding a \$2,500,000 Drinking Water SRF loan at 3.75 percent interest for 20 years.

Aberdeen pledged a project surcharge for repayment of the loan.

Rates are \$48.25 for 5,000 gallons. Staff analysis indicates a surcharge of \$1.75 is needed for the loan, bringing total rates to \$50.00.

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 city engineer for Aberdeen discussed the project and thanked the board for consideration of funding.

Motion by Bernhard, seconded by Drewes, to adopt **Resolution No. 2026-104** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,500,000 at 3.75 percent interest for 20 years to the **City of Aberdeen** for a water tower and transmission line 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.

SOLID WASTE MANAGEMENT FUNDING APPLICATIONS: Mr. Bruels provided an overview of available funding. He then presented the Solid Waste Management funding application and staff recommendation.

Northwest South Dakota Regional Landfill requested funding to replace machinery and equipment that has reached the end of its useful life. The landfill intends to purchase a bulldozer, a roll-off trailer, and ten garbage roll-off dumpsters.

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

Staff recommended awarding a \$502,000 Solid Waste Management Program loan at 3.50 percent interest for 10 years and a Solid Waste Management Program grant at 20.5 percent of approved total project costs not to exceed \$129,000.

Northwest SD Regional Landfill is pledging landfill revenues for repayment of the loan.

Rates are \$42.00 per ton for regional service customers. Based on an existing loan being fully paid prior to the recommended loan entering repayment, staff anticipates coverage will be above the required 100 percent debt coverage requirement for Solid Waste Management Program loan.

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 and contingent upon the borrower approving a security agreement and mortgage.

Motion by Jones, seconded by Jennings, to adopt **Resolution No. 2026-105** approving a Solid Waste Management Program loan up to a maximum committed amount of \$502,000 at 3.50 percent interest for 10 years to **Northwest South Dakota Regional Landfill** for the purchase of a bulldozer, a roll-off trailer, and ten garbage roll-off dumpsters 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 and contingent upon the borrower approving a security agreement and mortgage; and to adopt **Resolution No. 2026-106** approving a South Dakota Solid Waste Management Program grant agreement to **Northwest South Dakota Regional Landfill** for up to 20.5 percent of approved project costs not to exceed \$129,000 for a for the purchase of a bulldozer, a roll-off trailer, and ten garbage roll-off dumpsters. The motion carried unanimously.

HERMOSA REQUEST TO DEOBLIGATE DRINKING WATER SRF LOAN C462278-03:

Ms. McFarling stated that on June 23, 2022, the Board of Water and Natural Resources awarded a \$2,861,956 Drinking Water SRF loan to Hermosa for its drinking water source project.

On September 10, 2026, DANR received a letter from the Town of Hermosa requesting to deobligate the Drinking Water SRF loan. The town stated that the residents of Hermosa referred the bond resolution for this loan to a public vote, and the measure failed to pass during the June 2, 2026, election.

Staff recommended that the Board rescind Resolution No. 2022-310, which awarded the Drinking Water SRF Loan to Hermosa.

Motion by Drewes, seconded by Lanning, to rescind Resolution No. 2022-310, which awarded Drinking Water SRF Loan C462278-03 to Hermosa. The motion carried unanimously.

NORTHVILLE REQUEST TO DEOBLIGATE DRINKING WATER SRF LOAN C462371-03:

Ms. McFarling reported that on June 27, 2024, the Board awarded a \$125,000 SRF loan to Northville for its Phase II Water Project

On August 11, 2026, DANR received a letter from Northville requesting to deobligate the Drinking Water SRF loan. The letter stated that Northville has enough funds available to complete the project without the loan.

Staff recommended that the board rescind Resolution No. 2024-123, which awarded the Drinking Water SRF loan to Northville.

Motion by Bernhard, seconded by Jennings, to rescind Resolution No. 2024-123, which awarded the Drinking Water SRF loan C462371-03 to Northville. The motion carried unanimously.

ROBERTS COUNTY REQUEST TO DEOBLIGATE SOLID WASTE MANAGEMENT

PROGRAM GRANT 2026G-SW-106: Ms. McFarling stated that on March 27, 2025, the Board awarded a \$68,000 Solid Waste Management Program Grant to Roberts County for its landfill loader purchase.

On August 18, 2026, DANR received a letter from Roberts County requesting to deobligate the Solid Waste Management Program grant.

Staff recommended that the board rescind Resolution No. 2025-61, which awarded the grant for this project.

Motion by Jones, seconded by Drewes, to rescind Resolution No. 2025-61, which awarded Solid Waste Management Program Grant 2026G-SW-106 to Roberts County. The motion carried unanimously.

STATE FISCAL YEAR 2026 STATE REVOLVING FUNDS REPORT TO THE INTERIM BONDING REVIEW COMMITTEE: Ms. McFarling stated that the South Dakota Conservancy District is required to present an annual report to the Legislature's Interim Bonding Review Committee at its November 2026 meeting.

A draft combined report for both SRF programs for the legislative committee's review was developed for this purpose. Information in this report presents program activity and financial statements on a state fiscal year basis and contains additional information on the Conservancy District's bond issues.

In SFY 2026 the Board of Water and Natural Resources awarded 19 Drinking Water SRF totaling \$57,840,000. The Board awarded 32 Clean Water SRF loans totaling \$201,770,400. This leads to a total of 51 loans and total awards of \$259,610,400.

As of June 30, 2026, there were 13 outstanding bond series with an overall principal balance of \$923,395,000.

The SFY 2026 report includes the March 17, 2026, bond issuance for the 2026AB Bond Issue. For the 2026A Series, the Conservancy District received eight bidders with Hilltop Securities being the winning bidder. The par amount was \$8,720,000 and an all in true interest cost of 3.9809%. This provided \$1,500,000 in state match funds for the Clean Water SRF and \$7,500,000 in state match funds for the Drinking Water SRF.

For the 2026B Series, the Conservancy District received six bidders with Truist Securities being the winning bidder. The par amount was \$186,585,000 and a true interest rate of 4.4641%. The series provided \$125,000,000 of leveraged funds for the Drinking Water SRF program and \$75,000,000 of leverage funds for the Clean Water SRF Program.

Staff recommended the board approve the SFY 2026 State Revolving Funds Report to the Interim Bonding Review Committee and authorize distribution of the report.

Motion by Drewes, seconded by Bernhard, to approve the State Fiscal Year 2026 State Revolving Funds Report to the Interim Bonding Review Committee and authorize distribution of the report. The motion carried unanimously.

ELECTION OF OFFICERS: Motion by Lanning, seconded by Drewes, to nominate Jerry Soholt as chairman, Gene Jones, Jr. as vice chairman, and Todd Bernhard as secretary, to cease nominations, and to cast a unanimous vote for the slate of officers. The motion carried unanimously.

NOVEMBER 5, 2026, MEETING: Ms. McFarling discussed possible agenda items for the November 5, 2026, board meeting.

ADJOURN: Motion by Drewes, seconded by Lanning, to adjourn the meeting. The motion carried unanimously.

Approved November 5, 2026.

(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 _____

9-24-26

LOCATION

LOCATION Matthew Training Center, Presve

Name (PLEASE PRINT)

Address

Representing

Scott Gross

608 W 14th m, 11-12 SD

Mid Dakota Rural Water

Suzanne McKinley

Rapid City

DANR

Andy Bruels

Pierre

DANR

Greg Powell

Chamberlain

Randall Water

Jerry Scholtz

Silver Falls

Board of Wyebe

Tina McFarling

Pierre

DAN R

Leander Austin

Pierre

DANR

Macy So Peterson

Preuve

DAWR

TOOD BERNHARD

Font Penne

BWNR

Gary Drewes

Rapid City

BWMR

Jon Peschong

Pierre

DAWR

Adarsh Nair

~~A~~ Pierre

DANR

Sam Sepleta

Pierre

DANR