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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 25, 2025  
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, Gary Drewes, Gene Jones, Jr., and Bruce Jennings participated in person. Jackie Lanning participated remotely.

BOARD MEMBERS ABSENT: Cameron Becker.

LEGISLATIVE OVERSIGHT COMMITTEE MEMBERS: None.

OTHERS: See attached attendance sheet.

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

APPROVE MINUTES FROM JUNE 26, 2025, MEETINGS: Motion by Bernhard, seconded by Jones, to approve the minutes from the June 26, 2025, Board of Water and Natural Resources meetings. Motion carried unanimously.

PUBLIC COMMENT PERIOD: None.

PUBLIC HEARING TO ADOPT THE FFY 2026 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 2026 Brownfields Revitalization and Economic Development Program Work Plan.

Macy Jo Peterson, DANR Inspection, Compliance and Remediation Program, presented and discussed the proposed FFY 2026 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 two grants in the amount of \$1,000,000 and \$20,000 in Technical Assistance 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 one hundred 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 Rapid City Journal, Pierre Capital Journal and Aberdeen American News. 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 2026 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 Jennings, seconded by Drewes, to adopt the FFY 2026 Brownfields Revitalization and Economic Development Program Work Plan. Motion carried unanimously.

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

**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 2025 as published on the Attorney General's website <https://atg.sd.gov/docs/July%202025OpenMeetingsLaw.pdf>. The board was also provided with copies of SB74 and HB1059.

HB1059 modified the definition of an official meeting to expand the definition to include electronic mail, instant messaging, social media, text messaging, or virtual meeting to the definition.

In SB74, a section was added to SDCL 1-11-1 to include that the Attorney General's Office would publish on its website an explanation of the open meeting laws each year before January 1. The bill also established that state agencies and public subdivisions, including boards and commissions, must annually review the published explanation and other information during an official meeting and include an acknowledgement that it completed this review in the official meeting minutes.

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

Chairman Sohlt acknowledged that the board completed the annual review of the open meeting law.

REVIEW INTEREST RATES FOR THE CLEAN WATER STATE REVOLVING FUND, DRINKING WATER STATE REVOLVING FUND, CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM, AND SOLID WASTE MANAGEMENT PROGRAM:

Pursuant to Administrative Rules of South Dakota, Sections 74:05:08:18, 74:05:11:17, 74:05:07:15.01, and 74:05:10:12.02, the Board of Water and Natural Resources shall set the interest rates for the Clean Water State Revolving Fund, Drinking Water State Revolving Fund, Consolidated Water Facilities Construction Program, and Solid Waste Management Program respectively. Interest rates shall be based on the following criteria: 1) current market rates, 2) rates secured on state issued matching funds, and 3) current demand for program funds.

Tina McFarling presented slides that show various market rates as of September 4, 2025. The July 2025 USDA Rural Development had a market rate of 5.250 percent interest, an intermediate rate of 4.250 percent interest, and a poverty rate of 3.125 percent interest. The slides also show the historic trend of the Rural Development rate and the SRF 30-year loan rate and the trends of the federal rate versus the 10- and 20-year bonds.

Ms. McFarling noted that the state has tried to stay between Rural Development's market rate and intermediate rate. In the past year, Rural Development has raised the interest rates by one and three-eighths percent. Looking at the markets rates, the rates secured on our state issued matching bonds, and the current demand for program funds. Staff proposed raising the interest rates by 0.25 percent, except for the Drinking Water SRF Lead Service Line Replacement, which will stay at 0.0 percent interest.

The Federal Reserve lowered federal interest rates by a quarter percent during the last week. However, with guidance from the board's financial advisor, staff believes that a 0.25 percent interest rate is still warranted. The federal rate focuses on short-term lending, whereas DANR looks at long-term bond markets.

Ms. McFarling discussed the current rates and the staff recommendations for new rates, which were included in the board packet.

Ms. McFarling requested that the board adopt separate resolutions approving the new interest rates for the Clean Water State Revolving Fund, Drinking Water State Revolving Fund, Consolidated Water Facilities Construction Program, and Solid Waste Management Program.

Motion by Jennings, seconded by Jones, to adopt **Resolution No. 2025-94** setting the **Consolidated Water Facilities Construction Program** interest rates at 3.50 percent for a term not to exceed the useful life of the project or ten years, whichever is less, 3.75 percent for a term greater than ten years, or the useful life of the project, up to a maximum of twenty years, and 4.00 percent for a term greater than twenty years, or the useful life of the project, up to a maximum of thirty years; and that the interest rates established above apply only to loans awarded after October 1, 2025. Motion carried unanimously.

Motion by Jones seconded by Bernhard, to adopt **Resolution No. 2025-95** setting the **Solid Waste Management Program** interest rates at 3.50 percent for a term not to exceed the useful life of the project or ten years, whichever is less, and 3.75 percent for a term greater than ten years, or the useful life of the project, up to a maximum of twenty years; and that the interest rates established above apply only to loans awarded after October 1, 2025. Motion carried unanimously.

Motion by Drewes, seconded by Jennings, to adopt **Resolution No. 2025-96** setting the **Clean Water State Revolving Fund** interest rates for **conventional loans** at 3.50 percent (consisting of 3.25 percent interest rate and 0.25 percent administrative surcharge) for loans with a term up to 10 years, 3.75 percent (consisting of 3.50 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 10 years up to a maximum of 20 years, and 4.00 percent (consisting of 3.75 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 20 years up to a maximum of 30 years; the interest rate for **interim financing** at 2.50 percent (with no administrative surcharge component) for a term up to five years; the interest rate for **NPS Watershed Incentive** loans at 2.75 percent (consisting of 2.50 percent interest rate and 0.25 percent administrative surcharge) for loans with a term up to 10 years, 3.00 percent (consisting of 2.75 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 10 years up to a maximum of 20 years, and 3.25 percent (consisting of 3.00 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 20 years up to a maximum of 30 years; and that the interest rates established above apply only to loans awarded after October 1, 2025. Motion carried unanimously.

Ms. McFarling reported that in 2021, the Infrastructure Investment and Jobs Act (IIJA) was signed into law and Build America, Buy America (BABA) requirements were enacted. BABA requires that construction materials be produced and manufactured in the United States. This requirement has increased the costs of projects and also caused some delays due to the availability of BABA-compliant products. Staff has been identifying BABA-friendly projects, such as water and sewer line replacements, water reservoirs, and lagoon projects, to certify as

BABA-compliant projects. To assist projects that will be subject to BABA, in November 2023, the board implemented a 0.25 percent reduction in the loan interest rates for projects selected for BABA. Eventually as BABA requirements become more mainstream, the extra incentive will likely be dissolved, but there are still a lot of unknowns and materials that do not meet the BABA requirements, and staff believes that the incentive is still warranted.

Motion by Jones, seconded by Jennings, to adopt **Resolution No. 2025-97** setting the **Clean Water State Revolving Fund** interest rates for **conventional loans subject to the Build America, Buy America, Public Law 117-58** provisions at 3.25 percent (consisting of 3.00 percent interest rate and 0.25 percent administrative surcharge) for loans with a term up to 10 years, 3.50 percent (consisting of 3.25 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 10 years up to a maximum of 20 years, and 3.75 percent (consisting of 3.50 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 20 years up to a maximum of 30 years; and the interest rates established above apply only to loans awarded after October 1, 2025. Motion carried unanimously.

Ms. McFarling noted that the BABA incentive will only be on conventional loans and will not be combined with the Nonpoint Source incentive, nor will there be an interim financing BABA incentive.

Motion by Jennings, seconded by Bernhard, to adopt **resolution No. 2025-98** setting the **Drinking Water State Revolving Fund** interest rates for **public entity borrowers of conventional loans** at 3.50 percent (consisting of 3.25 percent interest rate and 0.25 percent administrative surcharge) for loans with a term up to 10 years, 3.75 percent (consisting of 3.50 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 10 years up to a maximum of 20 years, and 4.00 percent (consisting of 3.75 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 20 years up to a maximum of 30 years; the interest rate for **disadvantaged communities** at 3.75 percent (consisting of a 3.50 percent interest rate and 0.25 percent administrative surcharge) for loans up to 30 years for communities with a median household income (MHI) between 80 percent to 100 percent of the statewide MHI, and 3.50 percent (consisting of a 3.25 percent interest rate and 0.25 percent administrative surcharge) for loans up to 30 years and 2.75 percent (consisting of a 2.50 percent interest rate and 0.25 percent administrative surcharge) for loans up to 10 years for communities with an MHI between 60 percent to 80 percent of the statewide MHI, and 3.25 percent (consisting of 3.25 percent interest rate and 0.0 percent administrative surcharge) for loans with a term up to 30 years and 2.50 percent (consisting of a 2.50 percent interest rate and 0.00 percent administrative surcharge) for loans with a term up to 10 years for communities with an MHI less than 60 percent of the statewide MHI; and the interest rate for **interim financing** at 2.50 percent (with no administrative surcharge component) for a term up to five years; and the interest rates established above apply only to loans awarded after October 1, 2025. Motion carried unanimously.

Ms. McFarling stated that as with the Clean Water SRF Program, the Drinking Water SRF Program also has BABA requirements, and as with the Clean Water SRF program, staff

recommended a quarter percent incentive for BABA incentive. She noted that interim financing will not have a BABA incentive rate.

Motion by Lanning, seconded by Jennings, to adopt **resolution No. 2025-99** setting the **Drinking Water State Revolving Fund** interest rates for public entity borrowers of **conventional loans to public entities subject to Build America, Buy America Public Law 117-58** provisions at 3.25 percent (consisting of 3.00 percent interest rate and 0.25 percent administrative surcharge) for loans with a term up to 10 years, 3.50 percent (consisting of 3.25 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 10 years up to a maximum of 20 years, and 3.75 percent (consisting of 3.50 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 20 years up to a maximum of 30 years; the interest rate for **disadvantaged communities subject to the Build America, Buy America, Public Law 117-58** provisions at 3.50 percent (consisting of a 3.25 percent interest rate and 0.25 percent administrative surcharge) for loans up to 30 years for communities with a median household income (MHI) between 80 percent to 100 percent of the statewide MHI, and 3.25 percent (consisting of a 3.00 percent interest rate and 0.25 percent administrative surcharge) for loans up to 30 years and 2.50 percent (consisting of a 2.25 percent interest rate and 0.25 percent administrative surcharge) for loans up to 10 years for communities with an MHI between 60 percent to 80 percent of the statewide MHI, and 3.00 percent (consisting of a 3.00 percent interest rate and 0.00 percent administrative surcharge) for loans up to 30 years and 2.25 percent (consisting of a 2.25 percent interest rate and 0.00 percent administrative surcharge) for loans up to 10 years for communities with an MHI less than 60 percent of the statewide MHI; and the interest rates established above apply only to loans awarded after October 1, 2025. Motion carried unanimously.

Ms. McFarling stated that in June 2024, the board approved a higher interest rate for private non-profit borrowers. As was explained when the higher interest rates were established, when funds are loaned to private non-profit borrowers, the use of taxable bonds or federal capitalization grants are required. When the conservancy district goes to the bond market for leverage bonds, taxable bonds are about 1.0 percent higher than the tax-exempt bonds. Due to this difference, the board approved the higher rates for private non-profit borrowers. The spread between the taxable and tax-exempt bonds is still around 1.0 percent and, therefore, staff suggested an equivalent adjustment for private non-profit borrowers. As with the public entity borrowers, staff recommended continuing the BABA incentive for the private non-profit borrowers.

Motion by Bernhard, seconded by Drewes, to adopt **Resolution No. 2025-100** setting the **Drinking Water SRF** interest rates for **non-profit corporation or cooperative borrowers** interest rates at 4.50 percent (consisting of 4.25 percent interest rate and 0.25 percent administrative surcharge) for loans with a term up to 10 years, 4.75 percent (consisting of 4.50 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 10 years up to a maximum of 20 years, and 5.00 percent (consisting of 4.75 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 20 years up to a maximum of 30 years; the interest rates for borrowers subject to the **Build America, Buy America, Public Law 117-58**, provisions at 4.25 percent (consisting of 4.00 percent interest rate and 0.25 percent administrative surcharge) for loans with a term up to 10 years, 4.50 percent

(consisting of 4.25 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 10 years up to a maximum of 20 years, and 4.75 percent (consisting of 4.50 percent interest rate and 0.25 percent administrative surcharge) for loans with a term greater than 20 years up to a maximum of 30 years; and the interest rates established above apply only to loans awarded after October 1, 2025. Motion carried unanimously.

AMENDMENT TO THE FY 2024 CLEAN WATER SRF AND FY 2024 DRINKING WATER SRF INTENDED USE PLANS: Andy Bruels reported that the FFY 2024 Clean Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2023, and amended in March, June, and September of 2024.

The FFY 2024 Drinking Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2023, and amended in January, March, June, and September of 2024.

At the time both Intended Use Plans were approved there were insufficient projects to fully utilize the SRF program funds specifically for Emerging Contaminants. When approved it was not anticipated to request to receive the \$1,043,000 of funds available through the Clean Water SRF program or to transfer those funds to the Drinking Water SRF program for eligible projects.

In March 2025 the Board awarded funding to Grant- Roberts Rural Water System to provide a bulk service connection to the town of Summit to address a project eligible for Drinking Water SRF Emerging Contaminant fund use. Changes to the Intended Use Plan narrative discussion regarding the use and transfer of funds from the 2024 Clean Water SRF Emerging Contaminants grant to the 2024 Drinking Water Emerging Contaminants grant are needed to allow these funds to be fully utilized.

Additionally, staff proposed to amend Attachment I - Project Priority List of the FY 2024 Drinking Water Intended Use Plan by adding the following entries:

| <b>Priority Points</b> | <b>Loan Recipient</b>            | <b>Estimated Loan Amount</b> | <b>Expected Loan Rate &amp; Term</b> |
|------------------------|----------------------------------|------------------------------|--------------------------------------|
| 239                    | Grant-Roberts Rural Water System | \$8,300,000                  | 0%, 0 years                          |

Motion by Bernhard, seconded by Drewes, to approve the amendments to the FFY 2024 Clean Water Intended Use Plan. Motion carried unanimously.

Motion by Jennings, seconded by Lanning, to approve the amendments to the FFY 2024 Drinking Water Intended Use Plan. Motion carried unanimously.

AMENDMENTS TO THE STATE WATER PLAN, 2025 CLEAN WATER STATE REVOLVING FUND AND 2025 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 2026.

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 three State Water Plan applications that were received by the August 1, 2025, 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.

| <b>Project Sponsor</b> | <b>Description</b>                                     | <b>Projected State Funding (\$)</b> | <b>Recommendation</b>    |
|------------------------|--|-------------------------------------|--------------------------|
| North Sioux City       | River Drive Lift Station Replacement Project           | \$4,803,700                         | Place on Facilities Plan |
| Sioux Falls            | Transmission System Improvements                       | \$7,648,000                         | Place on Facilities Plan |
| Sioux Falls            | Water Reclamation Facility Expansion-Primary Clarifier | \$51,900,000                        | Place on Facilities Plan |

Staff recommended amending the three projects onto the 2025 State Water Facilities Plan.

Motion by Bernhard, seconded by Drewes, to place the three projects on the 2025 State Water Facilities Plan. Motion carried unanimously.

#### Clean Water Intended Use Plan

Staff recommended the following projects be added to the Project Priority list of the 2025 Clean Water SRF Intended Use Plan, and that the interest rate table and anticipated interest rates for projects on the project priority list be adjusted to match the action approved by the board for new interest rates.

| <b>Priority Points</b> | <b>Loan Recipient</b> | <b>Estimated Loan Amount</b> | <b>Expected Loan Rate &amp; Term</b> |
|------------------------|-----------------------|------------------------------|--------------------------------------|
| 20                     | Sioux Falls           | \$51,900,000                 | 3.75%, 20 years                      |
| 10                     | North Sioux City      | \$4,803,700                  | 4.00%, 30 years                      |

Motion by Jones, seconded by Jennings, to approve the addition of both projects to the Project Priority List of the 2025 Clean Water SRF Intended Use Plan with the updated interest rates. Motion carried unanimously.



Drinking Water Intended Use Plan

Staff recommended that the addition of the Sioux Falls project to the Project Priority List of the 2025 Drinking Water SRF Intended Use Plan and that the interest rate table and anticipated interest rates for projects on the project priority list be adjusted to match the action approved by the board for new interest rates.

| <b>Priority Points</b> | <b>Loan Recipient</b> | <b>Estimated Loan Amount</b> | <b>Expected Loan Rate &amp; Term</b> |
|------------------------|-----------------------|------------------------------|--------------------------------------|
| 160                    | Sioux Falls           | \$7,648,000                  | 3.75%, 20 years                      |

Motion by Jennings, seconded by Lanning, to approve the addition of the Sioux Falls project to the Project Priority List of the 2025 Drinking Water SRF Intended Use Plan with the updated interest rates. Motion carried unanimously

AVAILABLE FUNDS: Tina McFarling provided an overview of available funds.

SANITARY/STORM SEWER FACILITIES FUNDING APPLICATIONS: Ms. McFarling presented the application and staff recommendation.

The **city of Sioux Falls** requested funding for Phase 2 of the water reclamation facility improvements project.

The city is upgrading the water reclamation facility to meet the needs of the city based on future growth. The capacity is increasing from a 21 MGD average daily flow to 30.1 MGD. The peak flow capacity is increasing from 35 MGD to 57 MGD. The Phase II projects covered by this funding application include the biosolids dewatering and storage facility, HVAC upgrades, gravity thickener, and chemical feed upgrades.

The estimated total project amount is \$32,761,000, and the amount requested is \$32,761,000.

Staff recommended awarding a \$32,761,000 Clean Water SRF loan at 3.50 percent interest for 20 years.

The city pledged system revenues for repayment of the loan. Rates are \$46.12 for 5,000 gallons usage. The city of Sioux Falls has approved annual rate increases through 2027 which will bring rates to \$48.44 for 5,000 gallons usage. Staff analysis indicates that with the already approved increases, the city's anticipated revenues will provide 113 percent debt coverage, which exceeds the 110 percent requirement.

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

Chad Comes, Sioux Falls city engineer, discussed the project and thanked the board for consideration of funding.

Motion by Drewes, seconded by Bernhard, to adopt **Resolution No. 2025-101** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$32,761,000 at 3.50 percent interest for 20 years to the **city of Sioux Falls** for Phase 2 of the water reclamation facility improvements project, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective. Motion carried unanimously.

Ms. McFarling provided a recap of available funds for future funding rounds.

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

**Roberts County** requested funding for landfill expansion to the west into a new unit (Unit 2). Construction will include a solid waste disposal cell, along with leachate and storm water detention cells for the new permitted area. The current Roberts County landfill site is approaching the end of its available airspace for permitted solid waste disposal.

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

Mr. Bruels noted that as a landfill cell construction project many aspects of the project are eligible for Clean Water SRF loan funding related to water quality protection. The county had this project placed on the State Water Plan anticipating Clean Water SRF loan funding being needed.

Staff recommended awarding a \$1,600,000 Clean Water SRF loan at 3.75 percent interest for 30 years and awarding a Solid Waste Management Program grant at 20.0 percent of the total project cost not to exceed \$400,000.

Roberts County pledged system revenue for repayment of the loan. Rates are \$55.00 per ton for municipal solid waste. Staff analysis indicates that, at current system revenues and expenses, debt coverage exceeds the required 110 percent for this loan.

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

Leif Redinger, Helms and Associates, discussed the project and thanked the board for consideration of funding.

Motion by Jones, seconded by Jennings, to adopt **Resolution No. 2025-102** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,600,000 at 3.75 percent interest for 30 years **Roberts County** for a landfill expansion project, and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective; and to adopt **Resolution No. 2025-103** approving a South Dakota Solid Waste Management Program grant agreement to **Roberts County** for up to 20.0 percent of approved project costs not to exceed \$400,000 for a landfill expansion project. The motion carried unanimously.

**South Dakota Solid Waste Management Association** requested funds to assist in hosting Statewide Restricted Use and Rubble Site Operations Training courses in conjunction with the DANR Waste Management Program. These courses will improve access to cost-effective training and strengthen regulatory compliance for existing facilities statewide. Regular course offerings will be provided over the three-year project period.

The estimated total project amount is \$12,000, and the amount requested is \$9,600. The South Dakota Solid Waste Management Association will contribute \$2,400 from in-kind match.

Staff recommended awarding a Solid Waste Management Program Grant at 80.0 percent of the total project cost not to exceed \$9,600.

Carolyn Trautman discussed the project and thanked the board for consideration of funding.

Motion by Bernhard, seconded by Jones, to adopt **Resolution No. 2025-104** approving a South Dakota Solid Waste Management Program grant agreement to **South Dakota Solid Waste Management Association** for up to 20.0 percent of approved project costs not to exceed \$9,600 for a three-year statewide restricted Use Site Training Courses project. The motion carried unanimously.

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

GETTYSBURG REQUEST TO DEOBLIGATE CLEAN WATER SRF LOAN C461196-02:

Ms. McFarling reported that in March 2025 the Board of Water and Natural Resources awarded a \$2,964,000 Clean Water SRF loan to the city Gettysburg for a wastewater improvements project.

On July 14, 2025, DANR received a letter from Gettysburg requesting to deobligate this loan. The letter did not specify a reason.

Staff recommended the board rescind the resolution which awarded Clean Waer SRF loan C461196-02 to the city of Gettysburg.

Motion by Jones, seconded by Drewes, to rescind Resolution No. 2025-35 which awarded the Clean Water SRF loan for the city of Gettysburg wastewater improvements project. Motion carried unanimously.

HARRISBURG REQUEST TO DEOBLIGATE CLEAN WATER SRF LOAN C461065-09:

Ms. McFarling stated that on March 30, 2023, the Board of Water and Natural Resources awarded a \$11,709,000 Clean Water SRF loan to the city of Harrisburg for its westside trunk sewer Phase 2 project.

On August 25, 2025, DANR received a letter from Harrisburg stating the city is going to reprioritize and pause this project for the time being. The letter requested to deobligate the \$11,709,000 Clean Water SRF loan.

Staff recommended the board rescind the resolution which awarded Clean Waer SRF loan C461065-09 to the city of Harrisburg.

Motion by Jennings, seconded by Bernhard, to rescind Resolution No. 2023-49 which awarded the Clean Waer SRF loan for the project. Motion carried unanimously.

STATE FISCAL YEAR 2024 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 2025 meeting.

A draft combined report for both the Drinking Water and Clean Water 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 2025 the Board of Water and Natural Resources awarded 21 Drinking Water SRF loans and four loan amendments totaling \$58,073,257. The board awarded 28 Clean Water SRF loans and one loan amendment totaling \$121,712,000. This leads to a total of 49 loans, one loan amendment and a total award of \$179,785,257.

As of June 30, 2025, there were 11 outstanding bond series with an overall principal balance of \$754,900,000.

The SFY 2025 report includes the August 20, 2024, Bond issuance (2024A Series) and the May 20, 2025, Bond issuance (2025A Series). For the 2024A Series, the Conservancy District received seven bidders with Truist Securities, Inc. being the winning bidder. The Par amount was \$160,450,000 and a true interest rate of 4.0577 percent. This will provide \$120,000,000 in tax-exempt leveraged funds for the Clean Water SRF and \$60,000,000 in tax-exempt leveraged funds for the Drinking Water SRF.

For the 2025A Series, the Conservancy District received six bidders with Bank of America Securities being the winning bidder. The Par amount was \$197,205,000 and the true interest rate was 4.4921 percent. The series provided \$120,000,000 of leveraged funds for the Drinking Water SRF program, \$60,000,000 of leveraged funds for the Clean Water SRF Program, and \$30,980,000 for refunding the 2014B Bond.

Staff recommended the board approve the SFY 2025 State Revolving Funds Report to the Interim Bonding Review Committee and authorize distribution of the report.

Motion by Bernhard, seconded by Jennings, to approve the State Fiscal Year 2025 State Revolving Funds Report to the Interim Bonding Review Committee and authorize distribution of the report. Motion carried unanimously.

**MADISON BOARD RESOLUTION CORRECTION FOR DRINKING WATER SRF LOAN**

**C462024-04:** Casey Kahler reported that on June 27, 2024, the Board of Water and Natural Resources awarded a \$2,645,916 Drinking Water SRF loan to the City of Madison for its Egan Avenue drinking water improvements project.

It has been identified that paragraph 3 of the resolution contained language incorrectly indicating the loan would be secured by system revenue. It should have indicated a surcharge as the collateral pledged, which is consistent with the board action and city's request.

Staff recommended the board rescind Resolution No. 2024-124 which awarded the original Drinking Water SRF loan with an error in paragraph 3 and pass a new resolution with the correct verbiage of surcharge as collateral pledged.

Motion by Drewes, seconded by Bernhard, to rescind Resolution No. 2024-124, and adopt a **Resolution No. 2025-105** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$2,645,916 loan at 3.50 percent interest for 30 years to the **city of Madison** for the Egan Avenue water main 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 establishing rates at a minimum of \$45.00 per user for 5,000 gallons to receive the disadvantaged rate, and including in paragraph No. 3 surcharge as collateral pledged. Motion carried unanimously.

**STATE FISCAL YEAR 2025 INVESTMENT REVIEW AND UPDATE:** Mr. Kahler provided a slide presentation discussing the SRF investments and investment returns for SFY 2025. The slide presentation is available on the SD Boards and Commissions Portal at <https://boardsandcommissions.sd.gov/bcuploads/2025-09-25%20Full%20Presentaion.pdf>

There are two Guaranteed Investment Contracts. The first one contracted in 2001 and again in 2004 is for 5.07 percent with a maximum investment amount of sixty million dollars in the Revenue Fund, this Guaranteed Investment Contract (GIC) had approximately \$51,000,000 invested as of June 30, 2025.

The second GIC contract was negotiated in 2005 for 4.41 percent with a maximum investment amount of \$80,000,000 in the Revenue Fund had approximately \$69,000,000 invested as of June 30, 2025.

That brings the total amount that was invested in Guaranteed Investment Contracts to approximately \$120,000,000.

Other Investment balances include \$0 in U.S. Treasury Bonds, \$0 in Agency Bonds, and \$289,700,000 in Money Market Funds for a total investment balance of \$409,700,000.

The amounts shown in the presentation are amounts deposited and not necessarily earned in State Fiscal Year 2025. The Guaranteed Investment Contracts interest deposits totaled approximately \$6,000,000, U.S. Treasury Bonds totaled \$121,600, Agency Bonds totaled \$225,000, and Federated totaled nearly \$6,400,000. This brought the total amount of interest deposits to \$15,000,000 which was an almost \$3,200,000 decrease from last year.

Mr. Kahler discussed a slide showing a summary of the investments and the investment returns. The middle column on the slide is the yield of the investments held as of June 30, 2025. The Guaranteed Investment Contracts yield at the contracted amounts of 5.07 percent and 4.41 percent, the dollar amounts invested in U.S. Treasuries before maturity were yielding at 4.563 percent, Agencies before maturity at 4.616 percent, and the Federated at 4.62 percent.

As of June 30, the District had approximately \$1,300,000,000 in obligations.

As of June 30, 2025, there were 527 loans in repayment with an outstanding principal loan balance of just over \$1,038,000,000. In SFY2025, the Conservancy District received nearly \$58,800,000 in loan repayments of which \$41,000,000 was principal, \$13,700,000 in interest, and a little over \$4,000,000 in administrative surcharge fees.

The Board of Water and Natural is required to do a periodic review of the investment policy. DANR staff and PFM have done the periodic review of the investment policy and determined that no changes are needed.

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 cast a unanimous vote for the slate of officers. Motion carried unanimously.

NOVEMBER 6, 2025, MEETING: Ms. McFarling discussed possible agenda items for the November 6, 2025, board meeting.

ADJOURN: Motion by Bernhard, seconded by Jennings, to adjourn the meeting. Motion carried unanimously.

Approved November 6, 2025.

(SEAL)

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Chairman, Board of Water and Natural Resources

ATTEST:

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Secretary, Board of Water and Natural Resources

BOARD OF WATER AND NATURAL RESOURCES  
ATTENDANCE SHEET

DATE 9-25-25

LOCATION Matthew Training Center- Pierre

| Name (PLEASE PRINT) | Address       | Representing |
|---------------------|---------------|--------------|
| Andy Bruels         | Pierre        | DANR         |
| Gene Jones Jr.      | SF            | DANR         |
| Jerry Scholt        | Six Falls     | DANR         |
| Gary Drewes         | Rapid City    | DANR         |
| Megan Briggs        | Pierre        | DANR         |
| Holly Briggs        | Pierre        | DANR         |
| Cary Kahler         | Pierre        | DANR         |
| Bailey McRigue      | Pierre        | DANR         |
| Sam Sapkota         | Pierre        | DANR         |
| Shawannek           | Pierre        | DANR         |
| Tina McFarling      | Pierre        | DANR         |
| Suzanne McKinley    | Rapid City    | DANR         |
| Todd Bernhardt      | Font Pierre   | BWNR         |
| Mary Jo Peterson    | Pierre        | DANR         |
| Darryl McVey        | Pierre        | AG           |
| Bruce Jennings      | Belle Fourche | BWNR         |
| Dan Gerhardt        | Pierre        | DANR         |
| Terry Floritz       | Pierre        | DANR         |
| Steen Kropp         | Pierre        | DANR         |
|                     |               |              |
|                     |               |              |