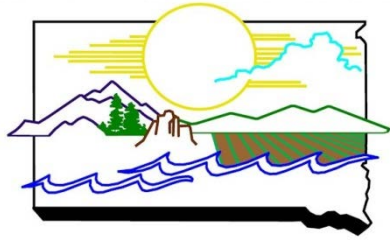


**South Dakota Department of
Environment and Natural Resources**



Protecting South Dakota's Tomorrow ... Today

**BOARD OF WATER
AND NATURAL RESOURCES**

April 17, 2020

10:00 a.m. CT

Via Teleconference/Microsoft Teams on April 17, 2020 at 10:00 a.m. CT

If you wish to participate by telephone only, dial 1-605-679-7263. After dialing you will be prompted to enter a code. The code for the meeting is 729638130#.

If you wish to participate by live audio and streaming through your computer or other mobile device; It is being held through Microsoft Teams, which requires no account or application download. Live streaming and the full board packet can be found on the South Dakota Boards and Commissions Portal at <http://boardsandcommissions.sd.gov/Meetings.aspx?BoardID=108>

AGENDA

April 17, 2020

10:00 a.m. CT

1. Call meeting to order
2. Approve agenda
3. Approve Minutes of January 3, 2020 Meeting
4. Public Comment Period
5. Review Interest Rates for the Clean Water State Revolving Fund, Drinking Water State Revolving Fund, Consolidated Water Facilities Construction Fund, and Solid Waste Management Programs – Mike Perkovich
6. Amendments to the 2020 Clean Water State Revolving Fund Intended Use Plan and 2020 Drinking Water State Revolving Fund Intended Use Plan – Andy Bruels
7. Amendments to the FFY 2019 Clean Water SRF Intended Use Plan – Andy Bruels
 - a. Montrose
8. Amendments to the FFY 2019 Drinking Water SRF Intended Use Plan – Andy Bruels
 - a. Saint Lawrence
 - b. Webster
9. Revise Randall Community Water District's Contingency Requirements for loan C462128-03 – Stephanie Riggle

10. Rescission of Lake Byron Sanitary District Consolidated Water Facilities Construction Program Grant 2019G-100 and Clean Water State Revolving Fund Loan C461482-01 – Mike Perkovich
11. Miller’s Request to Amend the Scope of the CWFCP Grants 2018G-108 and 2020G-104, DW Construction Grant 2020G-DW-101, and DWSRF Loans C462128-03 and C462128-04 – Drew Huisken
12. Revise Interest Rates for Viborg CWSRF Loan C461240-03 – Mike Perkovich
13. Updated Wells Fargo Investment Broker Agreement – Jon Peschong
14. Board of Water and Natural Resources State Fiscal Year 2021 Meeting Schedule – Mike Perkovich
15. April 27, 2020 Meeting
16. Adjourn

The audio recording for this meeting is available on the South Dakota Boards and Commissions Portal at <http://boardsandcommissions.sd.gov/Meetings.aspx?BoardID=108>.

Minutes of the
Board of Water and Natural Resources Meeting

January 3, 2020
1:00 p.m. CST

Conducted via the Digital Dakota Network

Northern State University
Aberdeen, SD

Department of Transportation
Brookings, SD

Mitchell Technical Institute
Mitchell, SD

Capitol Building
Pierre, SD

Rapid City Emergency Operations Center
Rapid City, SD

University Center
Sioux Falls, SD

Department of Environment and Natural Resources
Watertown, SD

CALL MEETING TO ORDER: The meeting was called to order by Vice Chairman Gene Jones, Jr. The roll was called, and a quorum was present.

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

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

BOARD MEMBERS ABSENT: Jerry Soholt.

OTHERS: See attached attendance sheets.

APPROVE AGENDA: There were no changes to the posted agenda. Vice Chairman Jones approved the agenda.

APPROVE MINUTES OF THE NOVEMBER 7, 2019, MEETING: Motion by Gnirk, seconded by Bernhard, to approve the minutes of the November 7, 2019, Board of Water and Natural Resources meeting. A roll call vote was taken, and the motion carried unanimously.

PUBLIC COMMENT PERIOD: No public comments were offered.

SECTION 319 APPLICATIONS: Kris Dozark, DENR Watershed Protection Program, provided background information on the Section 319 Program and the amount anticipated for FFY 2020 funding.

The Board of Water and Natural Resources is the designated entity that provides the state's Section 319 nonpoint source project funding recommendations to EPA. The board considers the funding recommendations of the Nonpoint Source (NPS) Task Force and DENR staff. Six applications requesting \$3,463,242 in Section 319 funding were received by DENR and reviewed by the NPS Task Force.

The 2020 Clean Water SRF Intended Use Plan authorized the use of \$1,150,000 in administrative surcharge fees for Water Quality grants to supplement the Consolidated and Section 319 programs for wastewater treatment and TMDL implementation projects. DENR anticipates receiving \$2,574,000 in Section 319 funds, which is at the same level as last year's allocation. The DENR and NPS Task Force recommendations summarized in the table in the board packet reflect both the anticipated FFY 2020 Section 319 federal funding allocation and \$200,000 in Clean Water SRF Water Quality grant awards. The department proposes to use \$744,000 for administration of the NPS program, which leaves \$2,030,000 for pass-through grants.

With final FFY 2020 appropriation levels being delayed until the new budget is in place, DENR recommended that up to \$200,000 in Water Quality grant funding be allocated for these projects. If a decrease in Section 319 funding occurs, all pass-through grants will be reduced proportionately.

Mr. Dozark presented the six applications and the DENR and NPS Task Force recommended funding levels.

Belle Fourche River Watershed Implementation Project - Segment 9 (Amendment)
Sponsor: Belle Fourche River Watershed Partnership

Total Cost: \$3,466,500

319 Grant Request: \$829,000

The Belle Fourche River Watershed Partnership is the project sponsor for this two-year project. This is the ninth Segment that addresses seven TMDLs. Activities planned for this segment will continue implementing BMPs that reduce E. coli and TSS pollutants. These BMPs include installing irrigation sprinkler systems, implementing grazing management systems, installing

riparian /bank stability improvements, implementing improved cropping systems, and improving and/or relocating livestock feeding areas. The Segment 9 amendment proposes additional funds to increase BMP installment in the watershed.

DENR and NPS Task Force Recommendation: \$200,000 in Section 319 funds.

The recommendation is based on limited Section 319 funds available and leftover funds in the project budget from previous Section 319 grant awards. It is also recommended future project segments be three-years in length. The sponsor should submit future applications for 319 funds and continue to work with other potential funding partners to help make up the shortfall in Section 319 funds awarded.

Big Sioux River Watershed Implementation Project - Segment 4

Sponsor: Minnehaha County Conservation District

Total Cost: \$14,258,375

319 Grant Request: \$950,000

The Big Sioux River Watershed Project is a multi-year TMDL implementation strategy that will be completed in multiple segments. The project will restore and/or maintain the water quality of the Big Sioux River and its tributaries to meet the designated beneficial uses. The Lower Big Sioux River, Central Big Sioux River and the North-Central Big Sioux River/Oakwood Lakes Watershed Assessments identified various segments of the Big Sioux River and certain tributaries between Estelline, South Dakota and Sioux City, Iowa as failing to meet designated uses due to impairments from TSS, dissolved oxygen and/or bacteria. The current project (Segment 4) is focused on further reducing loadings from soil erosion, animal feeding operations, damaged riparian areas, and expanding ongoing project activities. It also extends water quality monitoring through 2025.

DENR and NPS Task Force Recommendation: \$605,000 in Section 319 funds.

The recommendation is based on limited Section 319 funds available. Since this segment is the beginning of a new proposed five-year project, DENR and the NPS Task Force recommend funding this project substantially. The sponsor should submit future applications for 319 funds and continue to work with other potential funding partners to help make up the shortfall in Section 319 funds awarded.

E. coli in Stream Sediments as a Potential Source to the Water Column – Segment 2

Sponsor: South Dakota State University

Total Cost: \$498,352

319 Grant Request: \$298,942

This project will use detailed spatial sampling during the beginning, middle, and end of the recreation season to quantify sediment sources of E. coli from streams with varying levels of anthropogenic influences. Sediment and site characteristics will be evaluated to compare with E. coli concentrations. The potential load from sediment sources will be estimated from streams with varying levels of anthropogenic influences. This will provide foundational understanding

of sediments as a source of E. coli that can be utilized in TMDL development. The detailed spatial monitoring that will be completed by this study will inform sampling design given different site characteristics.

DENR and NPS Task Force Recommendation: \$295,000 in Section 319 funds.

The recommendation is based on limited Section 319 funds available. With E. coli being the primary cause of impairment for immersion and limited contact recreation, this project will help answer some questions about E. coli storage in stream sediments as a pollutant source. The information gained from this project will help with TMDL development and implementation strategies for E. coli related impairments.

Soil Health Improvement and Planning Project – Segment 2

Sponsor: South Dakota Soil Health Coalition

Total Cost: \$512,500

319 Grant Request: \$285,300

The goal of this two-year project is to improve water quality through planning and implementation of soil health agricultural best management practices (BMPs) and outreach to producers in selected 303(d) listed waterbodies in South Dakota. Implementing and promoting best management practices in the watershed that reduce sediment loading and prevent bacterial contamination working to attain total maximum daily loads (TMDLs) developed for the rivers, tributaries, and lakes and meet the designated beneficial uses. Outreach will include planning and holding workshops and field demonstration tours to educate and inform producers of ways to manage land to reduce runoff and improve nutrient cycling which will ultimately improve water quality. The project will also provide information and education to local landowners and the general public to provide a better understanding of water quality and its relationship to soil health benefits.

DENR and NPS Task Force Recommendation: \$230,000 (\$130,000 in Section 319 funds and \$100,000 WQ Grant).

The project sponsor followed the recommendations from last year and removed Section 319 funding from the proposed I&E objectives and focused on planning and installation of BMPs. The recommendations for this project are geared toward improving water quality when using Section 319 funds for BMPs. Therefore, removing Section 319 funds from Objective 1, Product 1: Crop Rotation, Product 4: Cropland Grazing, Product 5: Soil Health Bundle, and Product 7: Pollinator Planting are recommended. DENR and the NPS Task Force also recommend not using 319 funds to pay for the SDSU Extension Outreach Coordinator (\$12,000) and in turn, use Section 319 funds to pay for the SDSHC portion of coordinator's travel, salary and audit (\$10,200). Communication between and with other 319 projects is an important aspect of the success of this project, as stated in the Proposal under Objective 4, Task 1 on page 10. DENR and the NPS Task Force want to stress the importance of this task to help implement on-the-ground soil health practices.

South Central Watershed Implementation Project - Segment 1 (Amendment)

Sponsor: James River Water Development District

Total Cost: \$21,505,542

319 Grant Request: \$800,000

This proposal is the first segment of a locally planned multi-year (10-15 year) effort to implement best management practices (BMPs) in the Lewis and Clark Lake watershed, Lake Andes, Geddes, Academy and Platte Lake watersheds, impaired stretches of the Lower James River tributaries, and impaired reaches in the Vermillion watershed. This effort is aimed at restoring water quality to meet designated beneficial uses and address TMDLs established, and to be established, for waterbodies in these watersheds.

DENR and NPS Task Force Recommendation: \$400,000 in Section 319 funds.

The recommendation is based on limited Section 319 funds available and leftover funds in the project budget from previous Section 319 grant awards. The sponsor should submit future applications for 319 funds and continue to work with other potential funding partners to help make up the shortfall in Section 319 funds awarded.

SD Nonpoint Source I&E Project - Segment 6

Sponsor: South Dakota Discovery Center

Total Cost: \$513,125

319 Grant Request: \$300,000

The 2020 South Dakota Nonpoint Source Information and Education Project is designed to continue providing South Dakota's citizens information and education opportunities about nonpoint source pollution to in order to gain their support for and participation in nonpoint source pollution prevention and reduction practices. This three-year project will focus on outreach to South Dakota's adults using a combination of traditional and innovative methods, support local and regional activities through a competitive Mini-grants Program, and increase teacher, student and adult awareness of and proficiency in watersheds and watershed protection.

DENR and NPS Task Force Recommendation: \$300,000 (\$200,000 in Section 319 funds and \$100,000 WQ Grant).

The recommendation is to provide full funding.

Dr. Gnirk asked whether Section 319 projects are coordinated with other states that border South Dakota.

Mr. Dozark answered that some work in the Belle Fourche watershed is being done in Wyoming, but he does not believe that most activities in South Dakota overlap with those in Wyoming. In the Big Sioux Project, Skunk Creek is the main area of focus for the project at this time. As far as coordinating between states, Mr. Dozark does not believe there is a lot of coordination.

Dr. Gnirk said he believes there should be some coordination between states on these projects.

Mr. Dozark stated that he will determine which projects are coordinating efforts with bordering states, and he will report back to the board at a future meeting.

Mr. Dozark requested separate board actions to provide for the awards from the Water Quality grant funding and to provide the state Section 319 funding recommendations to EPA.

Motion by Adam, seconded by Gnirk, to authorize the department to enter into a grant agreement with the South Dakota Discovery Center and South Dakota Soil Health Coalition in the total amount of \$200,000 from Clean Water SRF administrative surcharge fees pursuant to the 2020 Clean Water SRF Intended Use Plan, contingent upon the 2020 Legislature authorizing the required budget authority for the awards. A roll call vote was taken, and the motion carried unanimously.

Motion by Gnirk, seconded by Bernhard, to concur with the funding recommendations of the department and the NPS Task Force and authorize the department to forward the FFY 2020 Section 319 funding recommendations to EPA with adjustments to final federal funding level. A roll call vote was taken, and the motion carried unanimously.

AVAILABLE FUNDING: Andy Bruels reviewed available funds for the Consolidated Water Facilities Construction Program, Drinking Water SRF Water Construction Grants, Drinking Water SRF Principal Forgiveness, Drinking Water SRF Loans, Clean Water SRF Water Quality Grants, Clean Water SRF Principal Forgiveness, and Clean Water SRF loans.

DRINKING WATER FACILITIES FUNDING APPLICATIONS: Mr. Bruels presented the Drinking Water Facilities applications and staff recommendations. A map showing the location of the projects was included in the board packet.

Langford requested funding to construct a new 75,000-gallon elevated storage tank and a pump house building to house a 4,000-gallon ground storage tank, along with pumps and controls to supply the elevated tank. The project also involves replacing approximately 4,200 feet of 4-inch asbestos cement water main with 6-inch PVC main. The water main portion of the project is currently under construction. All of the town's water meters were also replaced.

The tower project was bid in the spring of 2019 and costs exceeded the engineers estimate. The town decided not to award the project and will rebid at a later date. The engineer now projects a shortfall of \$570,000 between current funding and actual costs to complete the project due to tower costs being higher than anticipated and additional project costs associated with constructing the tower at a later date.

Langford anticipates bidding the project in the spring of 2020 with project completion by the end of the 2020 construction season.

The estimated total project amount is \$2,654,000, and the amount requested is \$570,000.

Rates in Langford are \$56.50 per 5,000 gallons.

Langford received a \$386,000 Drinking Water SRF loan and a \$985,000 Consolidated grant in June 2017. The town has also received a \$550,000 Community Development Block Grant and a \$163,000 grant from the James River Water Development District.

Staff recommended awarding a \$570,000 Drinking Water SRF loan at 0 percent interest for 30 years with 82.5 percent as principal forgiveness not to exceed \$470,000.

Langford has pledged a project surcharge for repayment of the loan. Financial analysis shows that the surcharge required on the net loan of \$100,000 is \$1.65 bringing total rates to \$58.15 for 5,000 gallons.

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

Melody Swearington and Joe Keough, town of Langford, discussed the project and answered questions from the board.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2020-01** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$570,000 at 0 percent interest for 30 years with 82.5 percent as principal forgiveness not to exceed \$470,000 to the **town of Langford** for a drinking water improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. A roll call vote was taken, and the motion carried unanimously.

Elk Point requested funding to replace the utilities under Washington and Douglas Streets, which includes replacing 1,700 feet of water main and appurtenances. The project will be completed in conjunction with a sanitary sewer project.

Elk Point anticipates bidding the project in the spring of 2020 with project completion in November 2020.

The estimated total project amount is \$513,575, and the amount requested is \$495,000. Elk Point is providing \$18,575 in local cash for the project.

Rates in Elk Point are \$34.80 per 5,000 gallons.

Staff recommended awarding a \$495,000 Drinking Water SRF loan at 2.50 percent interest for 30 years.

The city has pledged water revenue for repayment of the loan. Staff analysis indicates that the projected revenue at current rates provides 137 percent coverage, meeting the required 110 percent coverage requirement.

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

Motion by Lanning, seconded by Adam, to adopt **Resolution No. 2020-02** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$495,000 at 2.50 percent interest for 30 years to the **city of Elk Point** for Washington and Douglas Street utility improvements; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective. A roll call vote was taken, and the motion carried unanimously.

Blunt requested funding to replace 144 water meters, including installing new meter pits and an automatic meter reading system. The city will also replace water valves and curb stops, install 6-inch pipe to 4 hydrants currently served by 4-inch pipe, and install an additional fire hydrant at a dead end for flushing.

Blunt anticipates bidding the project in the spring of 2020 with a project completion date of December 2020.

The estimated total project amount is \$657,080, and the amount requested is \$657,080.

Blunt has a \$30.00 flat rate.

Staff recommended awarding a \$657,000 Drinking Water SRF loan at 2.25 percent interest for 20 years with 31.6 percent as principal forgiveness not to exceed \$207,000.

Blunt has pledged a project surcharge for repayment of the loan. Financial analysis shows that a surcharge of \$14.05 is required for repayment of the net loan of \$450,000. Staff believes a slight increase to the base water rates may be necessary to cover operating expenses resulting in overall rates of approximately \$45.00 for 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 the borrower demonstrating financial capacity.

Dawn Tassler and Trudie Feldman, city of Blunt, David Reiss, Central South Dakota Enhancement District, and Camden Hofer, SPN, were present to explain the project and answer questions.

Dr. Gnirk stated that he highly endorses the installation of automatic meter reading systems.

Motion by Adam, seconded by Gnirk, to adopt **Resolution No. 2020-03** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$657,000 at 2.25 percent interest for 20 years with 31.6 percent as principal forgiveness not to exceed \$207,000 to the **city of Blunt** for water system improvements; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage, and contingent upon the borrower demonstrating financial capacity. A roll call vote was taken, and the motion carried unanimously.

SANITARY/STORM SEWER FACILITIES FUNDING APPLICATION: Mike Perkovich presented the Sanitary/Storm Sewer Facilities applications and staff recommendations for funding. A map showing the location of the applicants requesting funding was included in the board packet.

Sioux Falls requested funding for improvements to better manage storm water in three different drainage basins in the southwest portion of the city. The proposed improvements will reduce overland flows, replace and upsize storm water infrastructure to meet current design standards and improve conveyance through each basin.

The application also includes a nonpoint source component to make improvements within the Big Sioux River Basin. The nonpoint improvements include stream bank stabilization, grazing management, agricultural waste management, and vegetative buffers.

Project design and property acquisition will begin in 2020 with construction planned for 2021.

The estimated total project amount is \$9,457,400, and the amount requested is \$9,457,400, which includes \$457,400 for nonpoint source activities and \$9,000,000 for storm water improvements.

The loan will be secured by storm sewer fees. For an average residential lot, the annual fee will be approximately \$51.00.

Staff recommended awarding a \$9,457,400 Clean Water SRF loan at the non-point source incentive rate of 1.00 percent interest for 10 years, which will consist of two bond series – one in the amount of \$9,000,000 for the storm water improvements and one in the amount of \$457,400 for the non-point source component.

The city pledged storm sewer fees for repayment of the loan. Staff analysis indicates that the revenue generated by the storm sewer fees will provide 421 percent coverage, which exceeds the required 110 percent coverage.

Staff recommended the award being contingent upon the borrower adopting two bond resolutions and the resolutions becoming effective. Staff also recommended the following special condition: The Borrower may not draw funds from the proceeds of the Series NPS-A Borrower Bond until EPA approves the revised budget for the Big Sioux Watershed Implementation Project.

Gabe Laber and TJ Yerson, HDR Engineering, discussed the project and answered questions from the board.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No. 2020-04** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$9,457,000 at 1.00 percent interest for 10 years to the **city of Sioux Falls** for the east central drainage basin storm water and sanitary sewer improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting two bond ordinances and the ordinances becoming effective, and the special condition that the borrower may not draw funds from the proceeds of the Series NPS Borrower Bond until EPA approves the revised budget for the Big Sioux Watershed Implementation Project. A roll call vote was taken, and the motion carried unanimously.

Brookings requested funding to make improvements to the storm water infrastructure in the Morningside Addition. This will involve installing storm sewer pipe, curb and gutter, and a new channel for excess flow.

Brookings anticipates bidding the project in the spring of 2020 with project completion in October 2020.

The estimated total project amount is \$850,000, and the amount requested is \$850,000.

The loan will be secured by storm sewer fees. For a 10,000 square foot residential lot, the annual fee amounts to approximately \$49.00.

Staff recommended awarding an \$850,000 Clean Water SRF loan, at 2.25 percent interest for 20 years.

Brookings has pledged storm sewer fees for repayment of the loan. Staff analysis indicates that the revenue generated by the storm sewer fees will provide 289 percent coverage, which exceeds the required 110 percent coverage.

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

Jackie Lanning stated that should would be abstaining from voting on this application. She explained the project and answered questions from the board.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2020-05** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$850,000 at 2.25 percent interest for 20 years to the **city of Brookings** for the State Avenue stormwater 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. A roll call vote was taken, and the motion carried with Adam, Bernhard, Gnirk, Johnson, and Jones voting aye. Lanning abstained from voting.

Viborg requested funding to replace sanitary and storm sewer along Park Avenue and make improvements to the storm water system in other areas of the city.

The city of Viborg anticipates bidding the project in the spring of 2020 with project completion in November 2020.

The estimated total project amount is \$3,141,000, and the amount requested is \$1,771,000.

Rates in Viborg are \$26.10 for 5,000 gallons usage.

This application was deferred at the September 2019 meeting due to pending applications for a DOT Community Access Grant and Community Development Block Grant needed to complete the funding package. Viborg received a \$770,000 Community Development Block Grant and \$600,000 Community Access Grant. A revised application with revised project costs was submitted. Viborg is now requesting \$1,771,000 on a \$3,141,000 project.

Staff recommended awarding a \$1,771,000 Clean Water SRF loan at 2.25 percent interest for 30 years.

The city has pledged a project surcharge for repayment of the loan. Financial analysis indicates that the surcharge required on the loan is \$19.50, bringing overall rates to \$45.60.

Staff recommended the awarding 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.

Craig Rothschadl, city of Viborg, and Rich Uckert, Banner Associates, discussed the project and answered questions from the board.

Mr. Uckert noted that the project will be bid and constructed in 2021.

Mr. Perkovich noted that the staff recommendation should be to award a \$1,771,000 loan at 2.50 percent interest for 30 years, rather than 2.25 percent interest, because the application was received prior to the interest rate changes the board approved in November 2019.

Motion by Adam, seconded by Lanning, to adopt **Resolution No. 2020-06** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,771,000 at 2.50 percent interest for 30 years to the **city of Viborg** for the Park Avenue storm and sanitary sewer improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. A roll call vote was taken, and the motion carried unanimously.

Mr. Perkovich stated that staff informed him that the recommendation should be to award a loan of \$1,771,000 at 2.75 percent interest for 30 years; not 2.50 percent interest.

Motion by Adam, seconded by Lanning, to amend the previous motion to state that the board adopts **Resolution No. 2020-06** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,771,000 at 2.75 percent interest for 30 years to the **city of Viborg** for the Park Avenue storm and sanitary sewer improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. A roll call vote was taken, and the motion carried unanimously.

Watertown requested funding to construct a combination administration/garage building to replace the existing facilities that serve the wastewater treatment facility. Both the existing administration building and the garage structure are outdated, do not meet building codes, and present safety concerns.

Watertown anticipates bidding the project in February of 2020 with project completion in July 2021.

The estimated total project amount is \$5,570,000, and the amount requested is \$5,000,000.

Rates in Watertown are \$21.50 for 5,000 gallons usage.

Staff recommended awarding a \$5,000,000 Clean Water SRF loan at 2.25 interest for 20 years.

The city has pledged a project surcharge for repayment of the loan. Financial analysis indicates that a surcharge of \$2.70 is required for repayment of the loan, bringing overall rates to \$24.20.

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

Mike Boerger, Watertown wastewater superintendent, discussed the project.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2020-07** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$5,000,000 at 2.25 percent interest for 20 years to the **city of Watertown** for a wastewater administration building replacement project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. A roll call vote was taken, and the motion carried unanimously.

Elk Point requested funding to replace wastewater lines beneath Douglas and Washington Streets. This is being done in conjunction with water and road improvements.

Elk Point anticipates bidding the project in the spring of 2020 with project completion in November 2020.

The estimated total project amount is \$611,575, and the amount requested is \$593,000.

Rates in Elk Point are \$31.47 for 5,000 gallons

Staff recommended awarding a \$593,000 Clean Water SRF loan at 2.50 percent for 30 years.

The city has pledged system revenues for repayment of the loan. Staff analysis indicates the revenue generated by current rates provides only 96 percent coverage, and total revenues need to increase approximately \$11,000 to meet the required 110 percent coverage. If applied to the base rate for all users, this would equate to a \$1.00 per user increase, bringing total rates to \$32.47

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

Mr. Perkovich answered questions from the board.

Motion by Gnirk, seconded by Adam, to adopt **Resolution No. 2020-08** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$593,000 at 2.50 percent interest for 30 years to the **city of Elk Point** for a Washington and Douglas Street utilities 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 rates at a level sufficient to provide the required debt coverage. A roll call vote was taken, and the motion carried unanimously.

Mr. Perkovich provided an overview of available funds for the March funding round.

SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATIONS: Drew Huisken provided an overview of available funds for the Solid Waste Management Program.

Mr. Huisken presented the Solid Waste Management Program applications and the staff recommendations for funding. A map showing the location of the projects was included in the board packet.

Mitchell requested funding for a compactor to use at its regional landfill facility. The existing compactor is beyond its useful life and requires frequent repairs and extensive downtime.

The estimated total project cost is \$590,126, and the amount requested is \$250,000.

Current tipping fees at the Mitchell landfill are \$39.00 per ton of municipal solid waste.

Mitchell anticipates purchasing the compactor in February of 2020 with delivery and utilization to occur in June 2020.

Staff recommended awarding a Solid Waste Management Program grant for up to 20 percent of the total project cost not to exceed \$118,000.

For landfill projects and equipment purchases, grant awards have historically been between 15 and 25 percent of total project costs. The City of Mitchell indicated they are not interested in a Solid Waste Management Program loan to fund the remainder of the project costs.

Kevin Roth, Mitchell Sanitation Superintendent, discussed the project and answered questions from the board.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2020-09** approving the South Dakota Solid Waste Management Program grant agreement to the **city of Mitchell** for up to 20 percent of approved total project costs not to exceed \$118,000 for the purchase of a landfill compactor. A roll call vote was taken, and the motion carried unanimously.

Mitchell requested funding to purchase equipment to implement a single-stream recycling program for its residential users. Mitchell had been contracting for residential recycling. That contract terminated at the end of 2019, and the city plans to operate a comingled curb side recycling program. The city wishes to purchase 90-gallon recycling containers at each residence and modify recycling operations at the landfill to accommodate the single-stream recycling.

The estimated total project cost is \$1,095,000, and the amount requested is \$545,000.

The city currently has a \$4.00 recycling fee that is mandatory for all residential properties.

Mitchell anticipates purchasing the containers and upgrades in February 2020 and delivery and implementation in April 2020.

Staff recommended award a Solid Waste Management Program grant of up to 50 percent of the total project cost not to exceed \$545,000.

For recycling projects, grant awards have historically been approximately 50 percent of total project costs. The city of Mitchell believes that with the \$4.00 recycling fee and the grant funds the program can be successfully implemented.

Kyle Croce, Mitchell Public Works Director, discussed the project and answered questions from the board.

Motion by Bernhard, seconded by Adam, to adopt **Resolution No. 2020-10** approving the South Dakota Solid Waste Management Program grant agreement to the **city of Mitchell** for up to 50 percent of approved total project costs not to exceed \$545,000 for the purchase of single stream recycling equipment. A roll call vote was taken, and the motion carried unanimously.

Rapid City requested funding to assist in the construction and the preliminary design of several projects at its regional landfill facility. Rapid City originally applied for \$3,500,000 in Solid Waste Manage Program Funds; however, the balance of the program is insufficient to fund the amount requested.

On December 16, 2019, DENR received a letter requesting amending the application amount to \$740,000. The proposed improvements include the engineering design costs for the Cell 16 final cover and the Cell 16 gas collection and control system, the design and construction of a litter control netting system around Landfill Cell 18, and engineering analysis of potential improvements to Cell 15. It is anticipated that Rapid City will apply for either Solid Waste Management Program Funding or a Clean Water State Revolving Fund loan to fund the remainder of the originally identified projects in 2020.

The estimated total project cost is \$740,000, and the amount requested is \$740,000.

The tipping fees at the Rapid City landfill are \$59 per ton of municipal solid waste.

Rapid City anticipates beginning the engineering work and the construction of the Cell 18 litter control netting in March 2020 with completion in the fall of 2020.

Staff recommended awarding a Solid Waste Management Program grant for up to 20 percent of the total project costs not to exceed \$148,000.

For landfill projects and equipment purchases, grant awards have historically been between 15 and 25 percent of total project costs. Rapid City indicated they are not interested in a Solid Waste Management Program loan to fund the remainder of the project costs.

Stacy Titus, city of Rapid City, discussed the project.

Motion by Gnirk, seconded by Lanning, to adopt **Resolution No. 2020-11** approving the South Dakota Solid Waste Management Program grant agreement to the **city of Rapid City** for up to 20 percent of approved total project costs not to exceed \$148,000 for the construction and the preliminary design of several projects at its regional landfill facility. A roll call vote was taken, and the motion carried unanimously.

Secure Enterprise Assess Management, Inc. (SEAM) and ESCRAP Properties, LLC: Mr. Huisken stated that SEAM is a private for-profit entity. In accordance with SDCL 46A-1-98 any documentary material or data made or received by the board or DENR for the purpose of furnishing financial assistance to a business to the extent that the material or data consists of trade secrets or commercial or financial information regarding the operation of such business is not public record and is exempt from disclosure. Any discussion or consideration of such trade secrets or commercial or financial information by the board may be done in executive session.

Secure Enterprise Assess Management, Inc. (SEAM) and ESCRAP Properties, LLC requested funding to move its operation to a property in Sioux Falls to house operations. SEAM's current space is constrained operationally and lacks the necessary space for growth. The proposed facility that will be purchased has approximately 60 percent more space for operations.

The new property will be upgraded with additional loading docks and a renovated office space, among other improvements.

ESCRAP Properties, LLC, which has the same ownership as SEAM, will become the owner of the property and will also be the holder of the Solid Waste Management Program funding if it is awarded.

The estimated total project cost is \$1,698,400, and the amount requested is \$1,398,400.

SEAM's application indicates that the company processes approximately 3,000,000 pounds of consumer electronics per year and provides several other asset management and security options.

Acquisition of the property and construction are scheduled to begin in the winter of 2019-2020 with completion in April 2020.

Staff recommended awarding a \$1,398,400 Solid Waste Management Program loan at 2.25 percent interest for 20 years.

The security pledged for repayment of the loan are rental revenues paid by SEAM, Inc. to ESCRAP properties, LLC.

Staff recommended the award being contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, and contingent upon the borrower approving a personal guaranty agreement and

providing a key man life insurance policy not less than the face value of the promissory note naming the borrower as the beneficiary with the proceeds payable to the Board of Water and Natural Resources to the extent of the outstanding balance of the loan.

Jake Anderson, owner of both SEAM, Inc. and ESCRAP Properties, LLC discussed the project and answered questions. As a reminder, any discussion of trade secrets or commercial or financial information must be done in an executive session in accordance with South Dakota Codified Law.

Motion by Lanning, seconded by Bernhard, to adopt **Resolution No. 2020-12** approving the South Dakota Solid Waste Management Program loan agreement between the Board of Water and Natural Resources and **ESCRAP Properties, LLC** for a loan not to exceed \$1,398,400 at 2.25 percent interest for 20 years contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, and contingent upon the borrower approving a personal guaranty agreement and providing a key man life insurance policy not less than the face value of the promissory note naming the borrower as the beneficiary with the proceeds payable to the Board of Water and Natural Resources to the extent of the outstanding balance of the loan. A roll call vote was taken, and the motion carried unanimously.

Yankton requested funding to purchase a skid loader, mini excavator, lawn mower, and walking floor trailer for use at its transfer station. The existing equipment is beyond its useful life and new equipment is necessary to continue operations at this facility.

The estimated total project cost is \$332,000, and the amount requested is \$150,000.

A \$25,000 lawn mower was included in the cost estimate. Staff determined that this expense is not eligible for funding as it does not adhere to the Solid Waste Management Hierarchy as established in SDCL 34A-6-1.2. Therefore, the eligible total project cost is \$297,000.

Current tipping fees at the landfill are \$54.00 per ton of municipal solid waste.

Yankton intends to purchase the new equipment in February of 2020.

Staff recommended awarding a Solid Waste Management Program grant of up to 20.3 percent of the eligible project costs of \$297,000, not to exceed \$60,000.

For landfill projects and equipment purchases, grant awards have historically been between 15 and 25 percent of total project costs. Yankton indicated they are not interested in a Solid Waste Management Program loan to fund the remainder of the project costs.

Adam Haberman, city of Yankton, discussed the project.

Motion by Adam, seconded by Bernhard, to adopt **Resolution No. 2020-13** approving the South Dakota Solid Waste Management Program grant agreement to the **city of Yankton** for up to 20.3

percent of approved total project costs not to exceed \$60,000 for a transfer station equipment purchase. A roll call vote was taken, and the motion carried unanimously.

Mr. Huisken provided an overview of remaining funds in the Solid Waste Management Program for the next funding round.

FFY 2019 CLEAN WATER SRF ANNUAL REPORT: Stephanie Riggle presented the FFY 2019 Clean Water SRF annual report. The South Dakota Conservancy District is required to submit an annual report to the Environmental Protection Agency for the Clean Water State Revolving Fund. The FFY 2019 report discusses activities from October 1, 2018 to September 30, 2019. The report is in the same format as in previous years.

Highlights for FFY 2019 include the board awarding 17 Clean Water SRF loans and approving two amendments for total funding of just over \$93.2 million. Of these 17 loans, four received principal forgiveness in the aggregate amount of \$4 million dollars. Loan repayments for the year totaled more than \$30.6 million, with \$22.9 million in principal, \$5.5 million in interest, and \$1.7 million in administrative surcharge.

Staff recommended the board approve the draft annual report for the Clean Water SRF program and authorize staff to finalize and distribute the report.

Motion by Gnirk, seconded by Adam, to approve the FFY 2019 Clean Water SRF program annual report and to authorize staff to finalize and distribute the report. A roll call vote was taken, and the motion carried unanimously.

FFY 2019 DRINKING WATER SRF ANNUAL REPORT: Ms. Riggle presented the FFY 2019 Drinking Water SRF annual report. The South Dakota Conservancy District is also required to submit an annual report to the Environmental Protection Agency for the Drinking Water State Revolving Fund. The FFY 2019 report discusses activities from October 1, 2018 to September 30, 2019. The report is in the same format as in previous years.

In FFY 2019, the board awarded 18 Drinking Water SRF loans and two loan amendments for a total amount of \$59.2 million. Of those loans, seven received principal forgiveness in the aggregate total of \$7.1 million. Loan repayments totaled more than \$18.5 million with \$13.7 million in principal, \$3.8 million in interest, and nearly 1 million in administrative surcharge.

Staff recommend the board approve the draft annual report for the Drinking Water SRF program and authorize staff to finalize and distribute the report.

Motion by Bernhard, seconded by Gnirk, to approve the FFY 2019 Drinking Water SRF program annual report and to authorize staff to finalize and distribute the report. A roll call vote was taken, and the motion carried unanimously.

Dr. Gnirk thanked the staff for all of the work they put into preparing these reports.

RESCIND BRANDON DRINKING WATER SRF LOAN C462032-02: Jim Anderson reported that in March 2015, Brandon was awarded a \$12,425,000 Drinking Water SRF loan with \$500,000 in principal forgiveness for construction of two new elevated storage tanks and watermain to connect to the distribution system.

The city submitted a letter to the department in October 2019 requesting the board rescind Drinking Water SRF loan C462032-02. The city has changed the scope of the project since the loan was awarded. A new State Water Plan and funding application will be submitted in early 2020.

Staff recommended the board rescind Resolution No. 2015-47, which approved Drinking Water SRF loan C462032-02 to the city of Brandon.

Motion by Gnirk, seconded by Adam, to rescind Resolution No. 2015-47, which approved Drinking Water SRF loan C462032-02 to the city of Brandon. A roll call vote was taken, and the motion carried unanimously.

PRAIRIE MEADOWS SANITARY DISTRICT REQUEST TO CHANGE THE SCOPE OF CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM GRANT 2017G-103 AND RESCIND CLEAN WATER SRF LOAN C461379-02: Mr. Perkovich reported that in March 2013, the Board awarded a \$788,000 Clean Water SRF loan with \$200,000 in principal forgiveness and a \$600,000 Consolidated grant to Prairie Meadows Sanitary District to replace or rehabilitate the district's wastewater collection system and service lines.

The project did not commence prior to the grant termination date. In March 2016, the Board re-awarded a funding package consisting of a \$588,000 Clean Water SRF loan and a \$800,000 Consolidated grant to Prairie Meadows for the same project.

Again, no progress toward replacing the lines was made, and the grant will expire on March 31, 2020.

Last year, the district began having discussion with the city of Sioux Falls about taking ownership of the district's collection system.

On December 9, 2019, the department received a letter from Prairie Meadows requesting to amend the scope of the current Consolidated grant to allow for the district to pay Sioux Falls a \$1,000,000 connection fee to take ownership of the collection system, to raise the grant percentage from 57.7 percent to 80 percent, and to rescind the Clean Water SRF loan. Staff recommended the board approve the change of scope to Consolidated Water Facilities Construction Program Grant 2017G-103, as requested, and rescind Resolution 2016-21 that approved Clean Water State Revolving Fund Loan C461379-02.

Motion by Bernhard, seconded by Adam, to approve the change of scope of the project and to adopt Resolution No. 2020-14 approving the first amendment to Consolidated Program Grant Agreement 2017G-103 for up to 80 percent of approved total project costs not to exceed \$800,000. A roll call vote was taken, and the motion carried unanimously.

Motion by Adam, seconded by Bernhard, to rescind Resolution No. 2016-21. A roll call vote was taken, and the motion carried unanimously.

AMENDMENT TO THE FFY CLEAN WATER SRF INTENDED USE PLAN: Mr. Bruels reported that the FFY 2020 Clean Water SRF IUP was approved by the Board of Water and Natural Resources in November 2019.

For a project to receive Clean Water SRF funds the project must be included on the current year's project priority list.

Staff recommended amending Attachment I – Project Priority List of the FFY 2020 Clean Water IUP by adding the following:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
9	Irene	\$330,000	2.75%, 30 years

Motion by Gnirk, seconded by Lanning, to accept the staff recommendation regarding amending the FFY 2020 Clean Water Intended Use Plan. A roll call vote was taken, and the motion carried unanimously.

IRENE REQUEST CLEAN WATER SRF LOAN C461255-02: Mr. Huisken reported that on June 27, 2019, the city of Irene received a \$3,062,000 Clean Water State Revolving Fund loan at 2.75 percent interest for 30 years, with 75.2 percent principal forgiveness, not to exceed \$2,300,000 to complete Phase II of a project to replace sanitary and storm sewer utilities throughout the city.

In December 2019, the city identified that proposed improvements to a lift station could not be completed due to its location in the county highway right-of-way. Irene has identified an adjacent parcel of land that is outside the right-of-way and at an elevation that is less susceptible to flooding.

On December 12, 2019, the department received a request from the city of Irene to increase the Clean Water SRF loan by \$330,000, for a total loan amount of \$3,392,000.

Irene has pledged a surcharge for repayment of the net loan of \$844,000. A surcharge of \$17.20 is required to provide the required 110% debt coverage.

Staff recommended the board rescind Resolution No. 2019-55 which awarded the original Clean Water SRF loan, and award a \$3,392,000 Clean Water SRF loan at 2.75 percent interest for 30 years, with 75.2 percent principal forgiveness, not to exceed \$2,548,000.

Motion by Gnirk, seconded by Bernhard, to adopt Resolution No. 2020-15 rescinding Resolution No. 2019-55 and approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$3,392,000 at 2.75 percent interest for 30 years with up to 75.2 percent

Board of Water and Natural Resources
January 3, 2020, Meeting Minutes

principal forgiveness not to exceed \$2,548,000,000 to the **city of Irene** for a sanitary and storm sewer utilities project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. A roll call vote was taken, and the motion carried unanimously.

NEXT MEETING: The next regularly scheduled board meeting is March 26-27, 2020 in Pierre. Mr. Perkovich discussed possible agenda items for that meeting.

ADJOURN: Motion by Adam, seconded by Bernhard, that the meeting be adjourned. A roll call vote was taken, and the motion carried unanimously.

Approved this ____ day of March 2020.

(SEAL)

Chairman, Board of Water and
Natural Resources

ATTEST:

Secretary, Board of Water and
Natural Resources

ATTENDANCE SHEET
BOARD OF WATER AND NATURAL RESOURCES MEETING

CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

PIERRE
CAPITOL BUILDING

JANUARY 3, 2020

<u>NAME (PLEASE PRINT)</u>	<u>ADDRESS</u>	<u>REPRESENTING</u>
Mike Perkovich	Pierre	DENR
Kris Dozark	Pierre	DENR
Stephanie Riggle	Pierre	DENR
David Fuhner	Pierre	DENR
Trudie Feldman	Burt	City of Burt
Andy Gruels	Pierre	DENR
David Reiss	Pierre	CSDER
Mary Duvall	Pierre	Legis Oversight
Jim Anderson	Pierre	DENR
Kyle Croci	Mitchell	City
Bob Everson	Mitchell	City
Nel Putnam	Mitchell	City
Kevin Roth	Mitchell	City
Barry McLaury	SD DENR - Pierre	DENR WAP
Drew Huiskens	DENR	DENR

==ATTENDANCE LIST==

DATE: 1/3/2020

LOCATION: Aberdeen

[illegible]

BOARD OF WATER AND NATURAL RESOURCES MEETING
CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

JANUARY 3, 2020

REPRESENTING

S.C. Water Dev. list

Mitchell SD

SPN

4

ATTENDANCE SHEET

BOARD OF WATER AND NATURAL RESOURCES MEETING

CONDUCTED VIA THE DIGITAL DAKOTA NETWORK

WATERTOWN

DEPARTMENT OF ENVIRONMENT & NATURAL RESOURCES

JANUARY 3, 2020

NAME (PLEASE PRINT)

ADDRESS

REPRESENTING

Mike Berger

Pe Box 91d

Waterben Waterwobler

April 17, 2020

Item 5

TITLE: Review Interest Rates for the Clean Water State Revolving Fund, Drinking Water State Revolving Fund, Consolidated Water Facilities Construction Fund, and Solid Waste Management Programs.

EXPLANATION: Pursuant to ARSD 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 Fund, and Solid Waste Management programs, respectively, based on the following criteria: (1) current market rates, (2) rates secured on state issued matching funds, and (3) current demand for program funds. The board may adjust interest rates at any meeting if the proposed action is included on the board agenda posted for the meeting.

Attached are the interest rate trends for the USDA Rural Development program the current and proposed interest rates for each program.

RECOMMENDED ACTION: Review and adjust, as necessary, the interest rates for the Clean Water State Revolving Fund, Drinking Water State Revolving Fund, Consolidated Water Facilities Construction Fund, and Solid Waste Management programs.

CONTACT: Mike Perkovich
773-4216

Current Interest Rates

Clean Water State Revolving Fund Loan Rates

	Interest	Admin	Total
Term Up to 30 Years	1.75%	0.75%	2.50%
Term Up to 20 Years	1.50%	0.75%	2.25%
Term Up to 10 Years	1.25%	0.75%	2.00%
Interim Financing (5 years)	2.00%	0.00%	2.00%
NPS--Watershed Incentive Rate (Up to 30 Years)	1.00%	0.50%	1.50%
NPS--Watershed Incentive Rate (Up to 20 Years)	0.75%	0.50%	1.25%
NPS--Watershed Incentive Rate (Up to 10 Years)	0.50%	0.50%	1.00%

Drinking Water State Revolving Fund Loan Rates

	Interest	Admin	Total
Term Up to 30 Years	2.00%	0.50%	2.50%
Term Up to 20 Years	1.75%	0.50%	2.25%
Term Up to 10 Years	1.50%	0.50%	2.00%
Interim Financing (5 Years)	2.00%	0.00%	2.00%
<u>Disadvantaged Community* Loans Up To 30 Years</u>			
Median Household Income (MHI) between 80% of MHI and the MHI	1.75%	0.50%	2.25%
MHI between 60% and 80% of MHI	1.50%	0.50%	2.00%
MHI Income less than 60% of MHI	0.00%	0.00%	0.00%
<u>Disadvantaged Community* Loans Up To 10 Years</u>			
MHI between 60% and 80% of MHI	1.00%	0.00%	1.00%

* Disadvantaged community must meet a MHI and water rate criteria as per ARSD 74:05:11:01(11)

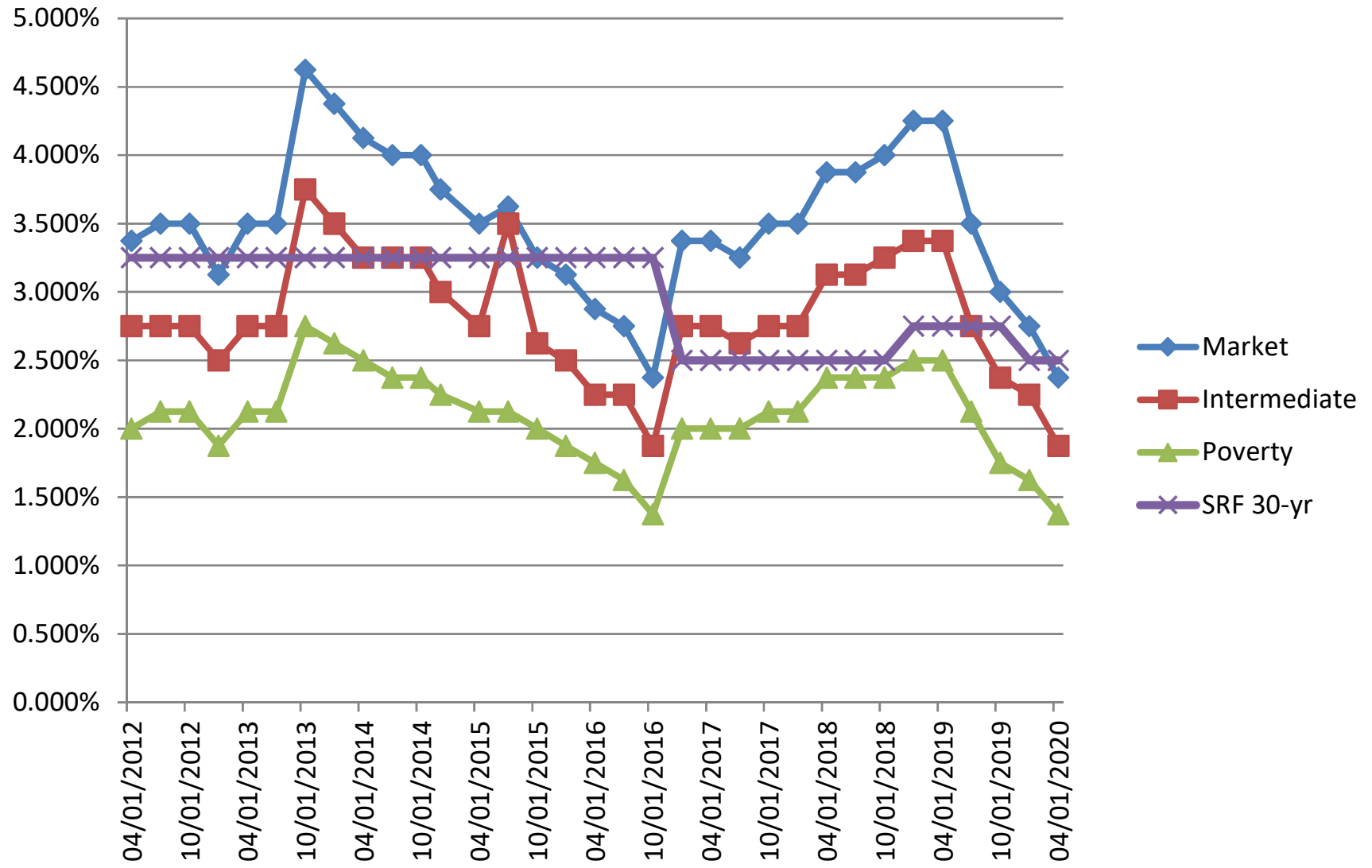
Consolidated Water Facilities Construction Fund Loan Rates

Term Up to 30 Years	2.50%
Term Up to 20 Years	2.25%
Term Up to 10 Years	2.00%

Solid Waste Management Program Loan Rates

Term Up to 20 Years	2.25%
Term Up to 10 Years	2.00%

Rural Development & SRF Interest Rates



Proposed Interest Rates

Clean Water State Revolving Fund Loan Rates

	Interest	Admin	Total
Term Up to 30 Years	1.625%	0.50%	2.125%
Term Up to 20 Years	1.50%	0.50%	2.00%
Term Up to 10 Years	1.375%	0.50%	1.875%
Interim Financing (5 years)	2.00%	0.00%	2.00%
NPS--Watershed Incentive Rate (Up to 30 Years)	0.875%	0.50%	1.375%
NPS--Watershed Incentive Rate (Up to 20 Years)	0.75%	0.50%	1.25%
NPS--Watershed Incentive Rate (Up to 10 Years)	0.50%	0.50%	1.00%

Drinking Water State Revolving Fund Loan Rates

	Interest	Admin	Total
Term Up to 30 Years	1.625%	0.50%	2.125%
Term Up to 20 Years	1.50%	0.50%	2.00%
Term Up to 10 Years	1.375%	0.50%	1.875%
Interim Financing (5 Years)	2.00%	0.00%	2.00%
<u>Disadvantaged Community* Loans Up To 30 Years</u>			
Median Household Income (MHI) between 80% of MHI and the MHI	1.625%	0.25%	1.875%
MHI between 60% and 80% of MHI	1.375%	0.25%	1.625%
MHI Income less than 60% of MHI	0.00%	0.00%	0.00%
<u>Disadvantaged Community* Loans Up To 10 Years</u>			
MHI between 60% and 80% of MHI	1.00%	0.00%	1.00%

* Disadvantaged community must meet a MHI and water rate criteria as per ARSD 74:05:11:01(11)

Consolidated Water Facilities Construction Fund Loan Rates

Term Up to 30 Years	2.125%
Term Up to 20 Years	2.00%
Term Up to 10 Years	1.875%

Solid Waste Management Program Loan Rates

Term Up to 20 Years	2.00%
Term Up to 10 Years	1.875%

TITLE: Amendment to the 2020 Clean Water State Revolving Fund and 2020 Drinking Water State Revolving Fund Intended Use Plans

EXPLANATION: The board is considering changes to interest rates for loans as part of item #5 at this meeting. If interest rates are approved by the Board the interest rate tables in the Intended Use Plans need to be amended to correctly identify applicable rates and terms.

Changes to the 2020 Clean Water SRF IUP will include:

Amending Table 2 on page 6 as shown below

Table 2 – Clean Water SRF Interest Rates				
	Up to 5 Yrs	Up to 10 Yrs	Up to 20 Yrs	Up to 30 Yrs*
<u>Interim Rate</u>				
Interest Rate	2.00%			
Admin. Surcharge	0.00%			
Total	2.00%			
<u>Base Rate</u>				
Interest Rate		1.251.375%	1.501.50%	1.751.625%
Admin. Surcharge		0.750.50%	0.750.50%	0.750.50%
Total		2.001.875%	2.252.00%	2.502.125%
<u>Nonpoint Source Incentive Rate</u>				
Interest Rate		0.50%	0.75%	1.000.875%
Admin. Surcharge		0.50%	0.50%	0.50%
Total		1.00%	1.25%	1.501.375%
* Term cannot exceed useful life of the project.				

Amending all anticipated interest rates for unfunded projects listed in Attachment I the Project Priority List, to agree with the table above.

Changes to the 2020 Drinking Water SRF IUP will include:

Amending Table 1 on page 3 as shown below

Table 1 - Drinking Water SRF Interest Rates				
	Up to 5 Yrs	Up to 10 Yrs	Up to 20 Yrs	Up to 30 Yrs*
<u>Interim Rate</u>				
Interest Rate	2.00%			
Admin. Surcharge	0.00%			
Total	2.00%			
<u>Base Rate</u>				
Interest Rate		1.501.375%	1.751.50%	2.001.625%
Admin. Surcharge		0.50%	0.50%	0.50%
Total		2.001.875%	2.252.00%	2.502.125%
<u>Disadvantaged Rate – 80% to 100% of MHI</u>				
Interest Rate				1.751.625%
Admin. Surcharge				0.500.25%
Total				2.251.875%
<u>Disadvantaged Rate - 60% to 80% of MHI</u>				
Interest Rate		1.00%		1.501.375%
Admin. Surcharge		0.00%		0.500.25%
Total		1.00%		2.001.625%
<u>Disadvantaged Rate – Less than 60% of MHI</u>				
Interest Rate				0.00%
Admin. Surcharge				0.00%
Total				0.00%
* Term cannot exceed useful life of the project				

Amending all anticipated interest rates for unfunded projects listed in Attachment I the Project Priority List, to agree with the table above.

RECOMMENDED
ACTION:

Approve changes to interest rates listed in the 2020 Clean Water State Revolving Fund and 2020 Drinking Water State Revolving Fund Intended Use Plans

CONTACT:

Andy Bruels, 773-4216

April 17, 2020

Item 7

TITLE: Amendment to the FY 2019 Clean Water SRF Intended Use Plan

EXPLANATION: The FY 2019 Clean Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2018 and amended in March, June, and September 2019.

For a project to utilize principal forgiveness allowed by a specific capitalization grant it must be on the Intended Use Plan associated with that capitalization grant. In order to maximize the use of each year's capitalization grant, it is necessary to amend projects to prior years' Intended Use Plans.

It is proposed to amend Attachment I - Project Priority List of the FY 2019 Clean Water Intended Use Plan by adding the following entry:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
13	Montrose	\$1,008,000	2.125%, 30 years

RECOMMENDED ACTION: Approve the proposed amendment to the 2019 Clean Water SRF Intended Use Plan

CONTACT: Andy Bruels, 773-4216

April 17, 2020

Item 8

TITLE: Amendments to the FY 2019 Drinking Water SRF Intended Use Plan

EXPLANATION: The FY 2019 Drinking Water State Revolving Fund Intended Use Plan was approved by the Board of Water and Natural Resources in November 2018 and amended in March, June, and September 2019.

For a project to utilize principal forgiveness allowed by a specific capitalization grant it must be on the Intended Use Plan associated with that capitalization grant. In order to maximize the use of each year's capitalization grant, it is necessary to amend projects to prior years' Intended Use Plans.

It is proposed to amend Attachment I - Project Priority List of the FY 2019 Drinking Water Intended Use Plan by adding the following entries:

Priority Points	Loan Recipient	Estimated Loan Amount	Expected Loan Rate & Term
27	Saint Lawrence	\$1,148,000	2.125%, 30 years
25	Webster	\$6,631,000	1.625%, 30 years

RECOMMENDED ACTION: Approve the proposed amendments to the 2019 Drinking Water SRF Intended Use Plan

CONTACT: Andy Bruels, 773-4216

TITLE:	Revise Randall Community Water District's Contingency Requirements for loan C462436-01
EXPLANATION:	<p>On June 27, 2019, the Board of Water and Natural Resources awarded Randall Community Water District a \$4,600,000 Drinking Water State Revolving Fund loan with 49.2% percent principal forgiveness not to exceed \$2,263,000 for improvements to their system and to also provide individual service to the residents of Geddes</p> <p>Originally South Dakota Conservancy District required "an Intercreditor Agreement among the United States of America, CoBank, The First National Bank in Sioux Falls, as trustee and the Conservancy District being approved and executed".</p> <p>However:</p> <ul style="list-style-type: none">• US Bank took over from The First National Bank in Sioux Falls as trustee on 2017, 2018 and 2019 Bonds. For parity a bond holder vote for each series would be required.• CoBank subordinated its loan to USDA and SDCD.• The new debt with the South Dakota Conservancy District is authorized by Randall's Trust Indentures of the 2017, 2018 and 2019 Bonds. <p>The loan was also contingent upon the receipt of the 2019 Capitalization Grant. The 2019 Capitalization grant has since been received by the District.</p>
RECOMMENDED ACTION:	Rescind Resolution #2019-60 and approve a Drinking Water State Revolving Fund Loan up to a maximum Committed Amount of \$4,600,000 with up to 49.2% principal forgiveness not to exceed \$2,263,000. The award is contingent upon 1) the borrower adopting a bond resolution and the Resolution becoming effective; 2) the Borrower establishing rates sufficient to provide the required debt coverage; 3) the Borrower approving and executing a security agreement and mortgage; and 4) an Intercreditor Agreement among the United States of America, Department of Agriculture, acting through its Rural Utilities Service (RUS), and the Conservancy District being approved and executed.
CONTACT:	Stephanie Riggle 773-4907

April 17, 2020

Item 10

TITLE:	Rescission of Lake Byron Sanitary District Consolidated Water Facilities Construction Program Grant 2019G-100 and Clean Water State Revolving Fund Loan C461482-01
EXPLANATION:	<p>The Lake Byron Sanitary District was formed in 2015. In March 2018 the district was awarded a \$2,000,000 Consolidated Water Facilities Construction Program grant and \$3,475,000 Clean Water State Revolving Fund Loan.</p> <p>Since then it has come to the attention of the DENR that certain fundamental errors were made in the formation of the Lake Byron Sanitary District, the result being that the district was not legally formed. Legal counsel with the Office of the Attorney General has concluded that because the district was not properly formed it is ineligible to receive funding from either the Consolidated Water Facilities Construction Fund Program or the Clean Water State Revolving Fund Program. Legal counsel further advised that the funding approved by the board be rescinded.</p>
RECOMMENDED ACTION:	Rescind Resolution 2018-16 approving \$3,475,000 Clean Water State Revolving Fund loan and Resolution 2018-17 approving the \$2,000,000 Consolidated Water Facilities Construction Program grant.
CONTACT:	Mike Perkovich 773-4216



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3182

denr.sd.gov

January 8, 2020

Larry Picek, Trustee
Lake Byron Sanitary District
150 2nd ST. NE
Huron, SD 57350

Dear Mr. Picek:

It has come to the attention of the Department of Environment and Natural Resources that certain fundamental errors were made in the formation of the Lake Byron Sanitary District, the result being that the District was not legally formed. Our legal counsel with the Office of the Attorney General has concluded that because the district was not properly formed it is ineligible to receive funding from either the Consolidated Water Facilities Construction Fund Program or the Clean Water State Revolving Fund Program through the Board of Water and Natural Resources.

We have been advised that the \$3,475,000 Clean Water State Revolving Fund loan and the \$2,000,000 Consolidated grant approved by the Board in Resolutions 2018-16 and 2018-17, respectively, must be rescinded. The action to rescind those Resolutions will be brought before the Board of Water and Natural Resources at its meeting scheduled for March 26-27, 2020 in Pierre.

The department stands ready to provide assistance to the Lake Byron Sanitary District once the legal formation issue is remedied. Please feel free to contact me if you have questions.

Sincerely,

Michael A. Perkovich, Administrator
Water and Waste Funding Program
mike.perkovich@state.sd.us
605-773-4216

cc: Ted Dickey, Northeast Council of Governments, Aberdeen
LeAnn Kerzman, Midwest Assistance Program, Dell Rapids
Terry Aaker, SPN and Associates, Mitchell
Brandon Smid, Helms and Associates, Aberdeen
Todd Meierhenry, Meierhenry Sargent LLP, Sioux Falls, SD

April 17, 2020

Item 11

TITLE:	Miller's Request to Amend the scope of CWFCP Grants 2018G-108 and 2020G-104, DW Construction Grant 2020G-DW-101, and DWSRF Loans C462128-03 and C462128-04
EXPLANATION:	<p>On March 31, 2017, the City of Miller was awarded a \$1,099,000 Drinking Water SRF Loan and a \$1,300,000 Consolidated Water Facilities Construction Program Grant to replace water infrastructure as part of its Phase II Utility Improvements project.</p> <p>Additionally, on March 28, 2019, Miller was awarded a \$400,000 Drinking Water SRF Loan, a \$2,000,000 Consolidated Water Facilities Construction Program Grant, and a \$100,000 Drinking Water Construction Grant to replace water infrastructure as part of its Phase III Utility Improvements project.</p> <p>On December 2, 2019, DENR received a letter from the City of Miller requesting that the scope of the Phase II funding be amended to include a new water main on the south end of East 3rd Avenue to address a problem area in the water system as well as eliminate dead-end mains by providing looping.</p> <p>On March 3, 2020, DENR was notified that due to other project expenses in Phase II, there may not be sufficient project funds to address the new water main under the current contract. Therefore, Miller sent another letter requesting that the scope of the Phase III funding be amended to also include this work should there be insufficient funding in Phase II.</p>
RECOMMENDED ACTION:	Amend the scopes of CWFCP Grants 2018G-108 and 2020G-104, DW Construction Grant 2020G-DW-101, and DWSRF Loans C462128-03 and C462128-04 to include the proposed work.
CONTACT:	Drew Huiskens, 773-4216

CITY OF

MILLER

South Dakota

120 W 2ND ST

Miller SD 57362

Phone: (605) 853-2705

Fax: (605) 853-3617

finance.office@cityofmiller.com

The City of Miller is an equal opportunity employer.

March 2, 2020

Drew Huisken
Dept of Environment and Natural Resources
Foss Building
523 East Capitol
Pierre SD 57501

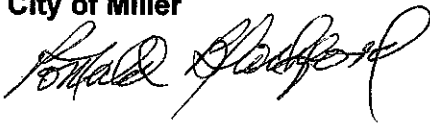
Dear Mr. Huisken:

New water main is desired on the south end of East 3rd Avenue to allow a problematic and poorly located water service to be abandoned. This water service has been prone to leaking and is on private property with no easement. The proposed water main is also desired to create a loop providing multi-directional flow and eliminate possible water quality issues associated with a dead-end water main.

The City of Miller is hereby requesting the funding provided for the DWSRF Loans C462128-03 & C46128-04 and CWFCP Grants 2018G-108, 2020G-104, 2020G-DW-101 for the Utility Improvements project be amended to include the proposed water main on the south end of East 3rd Avenue. Please refer to the Amendment Three of the Facility Plan for the Wastewater, Storm Water Drainage and Water Systems in Miller, South Dakota for more information.

Sincerely,

City of Miller



Ron Blachford, Mayor

April 17, 2020

Item 12

TITLE: Revise Interest Rate for Viborg CWSRF Loan C461240-03

EXPLANATION: At the January Board of Water and Natural Resources, Viborg was awarded a \$1,771,000 Clean Water SRF loan with an interest rate of 2.75 percent for 30 years.

Viborg's application was submitted by the July 1, 2019 deadline and was first presented to the Board of Water and Natural Resources at its September meeting. Due to pending grant applications with other agencies, the funding award was deferred until January 2020. Had the application been awarded in September the interest rate on the loan would have been 2.75 percent. In November 2019, the board lowered interest rates. Because the application was submitted for the funding round preceding the rate change, the loan was awarded at the old rate of 2.75 percent.

After re-reading the interest rate resolution, it was discovered the interest rate of 2.75 percent is incorrect, and Viborg should get the new, lower rate of 2.50 percent that was approved in November.

RECOMMENDED ACTION: A motion to authorize staff to prepare loan documents identifying an interest rate of 2.50 percent.

CONTACT: Mike Perkovich
773-4216

April 17, 2020

Item 13

TITLE: Updated Wells Fargo Investment Broker Agreement

EXPLANATION: Staff has been working with the South Dakota Investment Council to review agreements and processes for investing in fixed income trading of U.S. Government and Agency securities for the South Dakota Conservancy District.

Through that process, staff renegotiated the enclosed contract with Wells Fargo so that the South Dakota Conservancy District had the same contract as the South Dakota Investment Council. In addition, staff from the investment council has reached out to Bank of America and JP Morgan to serve as brokers for the Conservancy District. Bank of America and JP Morgan do not require a customer agreement. Staff is planning on working with the investment council staff to purchase or sell investments in the future.

RECOMMENDED ACTION: Approve the Investment Broker agreement with Wells Fargo Securities, LLC.

CONTACT: Jon Peschong, 773-4216



Customer Account Agreement

This Customer Account Agreement (**the “Agreement”**) is by and among Wells Fargo Securities, LLC (“WFS”) and you (“Customer”). Subject to the terms and conditions of this Agreement, WFS will maintain an account or accounts (**the “Accounts”**) and provide services as described in Section 1 below. This Agreement supersedes and replaces any previous customer or client agreement you have entered into with WFS concerning the Accounts and subject matter contained herein.

1. NATURE OF SERVICES.

Subject to the terms of this Agreement, WFS will execute securities transactions accepted by it and/or will provide such other clearance, settlement and custody services in connection with carrying the Accounts and engaging in Activities with or for the Accounts. For purpose of this **Agreement, “Activity” or “Activities” shall mean executing transactions and the provision of all** services, including clearing transactions, the provision of custody or other services, forwarding account statements, trade confirmations and other reports as required or as WFS and Customer **otherwise agree. All transactions for the Accounts are at Customer’s risk and subject to both** Applicable Laws as defined in Section 2 below and the customs and usage of the marketplace where executed.

2. APPLICABLE LAWS, RULES AND REGULATIONS.

Customer acknowledges and agrees that this Agreement, the Accounts and all Activities shall be subject to all applicable federal, state, governmental agency, self-regulatory organization, exchange, market, depository and clearing house laws, rules and regulations of any nature, including, without limitation, those of all U.S. and, if applicable, non-U.S., authorities having jurisdiction over the parties or any Activity, in each case as in effect from time to time, including, **the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and the ERISA regulations (“Applicable Laws”).**

3. TRADING AUTHORIZATION

Customer hereby designates the following individuals as fully authorized and empowered to direct transactions in the Accounts and purchase, sell, transfer, endorse, assign, set over and deliver any and all securities, funds and other property held in the Accounts on its behalf. There are no restrictions on the nature or type of transactions that can be entered for the Accounts except as confirmed by Customer to WFS in writing.

Name	Title	Signature
Michael Perkovich	Program Administrator	
David Ruhnke	Grant & Loan Specialist II	
Jonathan Peschong	Grant & Loan Specialist II	

Unless WFS receives from Customer prior written notice revoking their authority, WFS may accept and process from the authorized representatives identified above or any other authorized representatives who are designated by Customer in writing now or in the future, without any inquiry or investigation: (i) orders for the purchase or sale of securities for the Accounts, (ii) instructions for the transfer or delivery of securities, funds or property to Customer or third parties from the Accounts, and (iii) any other instructions concerning the Accounts or the property contained therein (including instructions to provide information to third parties for performance

reporting or other purposes). WFS may rely upon, and shall have no liability for reliance upon, any instructions it reasonably believes to have been given by an authorized representative of Customer.

4. **RIGHT TO DECLINE ORDERS.**

Customer agrees that WFS shall have the right, exercisable in its sole discretion, to refuse to accept orders, cancellations or any other instruction for the Accounts from Customer or any other authorized third party at any time. WFS shall not be liable in the event it declines to accept an order for the Accounts.

5. **SATISFACTION OF CUSTOMER'S LIABILITIES.**

Customer agrees to satisfy each and every obligation Customer owes to WFS, on demand, when due, including, without limitation (i) payment of amounts owed with respect to purchases executed for the Accounts; (ii) payment of any amounts advanced to Customer in anticipation of its delivery of securities in connection with sales executed for the Accounts; (iii) payment of any debit balance in any of the Accounts; (iv) payment of any fees, costs or expenses due and payable with respect to the Accounts, and (v) in the event of a sell or redemption order by Customer, any loss or expense **incurred by WFS as the result of Customer's failure** to deliver, in good deliverable form, the applicable security by the time required by WFS and in time to allow WFS to make delivery of the relevant security, if the applicable security is not held in or credited to the Accounts at the time such order is **placed or settled (collectively "Customer's Obligations")**.

6. **CUSTOMER REPRESENTATIONS, WARRANTIES AND COVENANTS.**

Customer represents, warrants and covenants, as applicable, as of the date hereof, which representations and warranties will be deemed repeated on an ongoing basis on each date on which this Agreement is in effect, that:

- a) Customer is validly existing under **the laws of the jurisdiction of Customer's organization;**
- b) Customer is authorized to enter into this Agreement and each Activity and to perform **Customer's Obligations and no consent of any person and no authorization or other** action by, and no notice to, or filing with, any governmental or regulatory authority or any other person is required that has not already been obtained in order to do so;
- c) **this Agreement is legal, valid, binding and enforceable against Customer and Customer's** estate, administrators, successors and assigns; and
- d) the undersigned is duly authorized by Customer to sign this Agreement on its behalf and make the representations, warranties and covenants contained herein.

7. **CONFIRMATIONS AND ACCOUNT STATEMENTS.**

Confirmations of transactions executed for the Accounts shall be conclusive if Customer does not object in writing within three (3) business days after such documents are transmitted electronically or five (5) business days if transmitted by mail. Statements for the Accounts shall be conclusive if Customer does not promptly report any inaccuracy or discrepancy in writing in accordance with any terms or requirements contained therein. In all cases, WFS reserves the right to challenge **Customer's objections** and to correct any error on any confirmation or account statement at any time. In the event Customer receives portfolio performance, risk or other reports from WFS, Customer hereby agrees and acknowledges that the official statement of the activity, positions and balances in the Accounts is set forth in the confirmations and account statements provided.

Customer agrees that WFS will not send confirmations for transactions in money market mutual funds unless Customer has requested such delivery and understands that all money market mutual fund transactions (including purchases, redemptions, dividends and dividend reinvestments) will appear on its account statements.

8. TRADE SETTLEMENT AND CLEARANCE.

Customer agrees that in the event that it executes purchases or sales through a third-party broker-dealer and requests that WFS settle or clear such transactions for its Accounts, that: 1) Customer will provide WFS with all trade related information promptly upon execution of the transaction in accordance with WFS requirements as to content, manner and timeliness of delivery; 2) Customer bears all risks and costs related to settlement and clearance, including non-performance by any third-party broker-dealer; 3) if either Customer or the third-party broker-dealer fails for any reason to settle the trade within a reasonable period of time, as determined by WFS, Customer will be solely liable to WFS for any loss, expenses or other costs associated with the trade. Customer further agrees that WFS may decline to settle or clear any trade in the event that the Accounts do not hold securities or funds sufficient to settle or clear a trade and that WFS shall be under no obligation to loan securities or funds in connection with trades that Customer executes through third-party broker-dealers.

9. CUSTODY AND SIPC COVERAGE.

Customer understands and agrees, unless explicitly stated otherwise, that the Accounts, any transactions hereunder and securities or funds held in any account by WFS (i) are not insured by the Federal Deposit Insurance Corporation or any government agency, (ii) are not deposits or obligations of, or guaranteed by, WFBNA or any other bank; and (iii) involve market and investment risks, including possible loss of the principal amount invested. WFS is a member of SIPC, which protects cash and securities held for a customer (as such term is defined under the Securities Investor Protection Act of 1970, as amended) up to \$500,000.00, of which up to \$250,000.00 can be a cash claim. Any cash or free credit balance in the Accounts is protected by SIPC only when held in an account for the purpose of investing or reinvesting in securities. Customer may obtain information about SIPC, including the SIPC brochure, by contacting SIPC at www.sipc.org or 202-371-8300. Customer also understands and agrees that SIPC coverage or protection does not apply to any cash or securities held in WFBNA safekeeping accounts associated with or linked to the Accounts.

10. ELECTRONIC SERVICES.

WFS may from time to time directly or indirectly make available or provide or arrange access for **Customer to various electronic systems and services (collectively, “Electronic Services”)**. Access to Electronic Services may be provided through one or more identifiers and/or security devices or prescribed security procedures relating to use or access to some or all of Electronic Services, which may include, but may not be limited to, any digital certificate(s), unique identifiers, user name(s) and/or password(s) or any other access methods that may be required to use the Electronic Services **as WFS specifies (collectively, “Security Credentials”)**. **It is Customer’s responsibility to ensure that the Security Credentials are known to, and used only by, persons who have been properly authorized by Customer to access the Electronic Services (“Authorized Users”)**. Unless otherwise agreed to by WFS and Customer, if Customer uses the Electronic Services, the terms and conditions of use must be accepted and agreed to by each Authorized User. Customer agrees that any agreement, consent or assent to terms and conditions of use of Electronic Services **communicated through Customer’s Security Credential will be Customer’s duly signed writing**, sufficient to bind Customer thereto. Customer shall be responsible for all transactions entered using the Security Credentials to the extent permitted by applicable law unless it previously requested in writing that WFS revoke the Security Credentials used to conduct those transactions. Any use of the Electronic Services prior to execution of the terms and conditions of use made available in connection with such Electronic Services shall be deemed to be subject to such terms and conditions of use as if Customer had already executed such terms and conditions prior to use. WFS reserves the right to **terminate Customer’s access to the Electronic Services at any time in its sole discretion**.

11. DESIGNATION OF WELLS FARGO BANK, N.A. ACCOUNT.

In the event that Customer has authorized WFS to credit and debit a bank account that Customer maintains with **WFBNA (a “WFBNA Account”)** for the purpose of: (1) crediting amounts due to the Customer from WFS and (2) paying amounts due WFS from Customer, it also authorizes and directs WFBNA to accept such credit and debit instructions from WFS. This authorization will remain in effect until terminated by Customer giving WFS written notice of such termination. If an error or omission is made by WFS in debiting or crediting the WFBNA Account,

Customer must give WFS or WFBNA written notice of such error or omission within thirty (30) calendar days following the date which Customer is sent the monthly statement on which the error or omission first appears. The liability of WFS or WFBNA for any such error or omission shall be limited to debiting or crediting the WFBNA Account, as appropriate, within a reasonable period of time after receipt of the written notice indicated above, in an amount equal to the difference between any amount originally debited or credited and the amount which should have been debited or credited. In no event shall WFS or WFBNA incur any additional liability for any such error or omission.

12. GOVERNING LAW; WAIVER OF JURY TRIAL.

THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER, INCIDENTAL TO OR RELATED TO THIS AGREEMENT, THE ACCOUNTS, THE RELATIONSHIP OF THE PARTIES, AND/OR THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES WILL BE GOVERNED BY THE LAWS OF THE STATE OF SOUTH DAKOTA WITHOUT REGARD TO ANY CONFLICTS OF LAW PRINCIPLES. THE PARTIES HERETO, THEIR SUCCESSORS AND ASSIGNS, AGREE TO SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE STATE CIRCUIT COURT, SECOND JUDICIAL CIRCUIT, LOCATED IN MINNEHAHA COUNTY, SOUTH DAKOTA IN CONNECTION WITH ANY MATTERS ARISING OUT OF OR RELATING TO THIS AGREEMENT AND WAIVE ALL OBJECTIONS TO THE SELECTION OF SUCH VENUE OR TO SUCH COURT'S ASSERTION OF JURISDICTION OVER THE PARTIES REGARDING SUCH MATTERS. TO THE EXTENT PERMITTED BY APPLICABLE LAW EACH PARTY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING IN CONNECTION WITH THIS AGREEMENT OR ANY ACTIVITY.

13. AGENTS AND SUB-CUSTODIANS.

WFS may appoint agents or sub-custodians in connection with its performance of services under this Agreement. WFS will exercise reasonable skill, care and diligence in the selection of any such agent or sub-custodian and will be responsible to Customer for satisfying itself as to the ongoing ability of such agent or sub-custodian to provide custodial services, will maintain an appropriate level of supervision over such agent or sub-custodian and will make appropriate inquiries periodically to confirm that the obligations of such agent or sub-custodian continue to be competently discharged. The appointment of any such agent or sub-custodian pursuant to this Agreement shall not relieve WFS of any of its obligations under this Agreement. Notwithstanding the foregoing, no securities depository shall be considered an agent or sub-custodian of WFS and WFS shall have no liability for any loss or damage arising out of the insolvency, acts or omissions of any depository used by it or one of its agents or sub-custodians.

14. LIMITATION OF LIABILITY.

WFS shall not be responsible for any loss, liability, damage or expense except to the extent that such loss, liability, damage or expense arises from its gross negligence or willful misconduct. Notwithstanding the foregoing, to the extent permitted by Applicable Laws, WFS and Customer agree that neither party shall have liability for any consequential, indirect, incidental, or any similar damages and irrevocably and unconditionally waive any right either party may have to claim or recover any such damages (even if either party has informed the other party of the possibility or likelihood of such damages).

15. GENERAL TERMS.

- a) Other Agreements. The rights and remedies granted herein to each party are in addition to any other rights and remedies arising under any other agreements between WFS and Customer **concerning the Accounts ("Other Agreements")**. The provisions of this Agreement shall supersede any inconsistent provisions of any Other Agreement entered into between Customer and WFS concerning the subject matter hereof, unless such Other Agreement expressly states that the terms thereof shall supersede this Agreement. Further, WFS acknowledges and agrees **that the and any guidelines, terms, "clickwrap," "clickthrough" or other online agreement that** Customer may be required to click or choose in order to use or gain access to WFS's services or performance of Activities shall be subject to this Agreement, and that any conflict between this

this Agreement and any such online agreement shall be governed by this Agreement. Further, any Client indemnification provision set forth in the online agreement is void and shall have no force or effect. Except as set forth above, this Agreement represents the entire agreement and understanding between Customer and WFS concerning the Accounts and the subject matter hereof.

- b) PATRIOT Act. WFS is committed to complying with U.S. statutory and regulatory requirements designed to prevent terrorist financing and money laundering. To help fight the funding of terrorism and money-laundering activities, U.S. federal law requires financial institutions to obtain, verify and record information that identifies each customer (individuals and businesses). When Customer establishes a new relationship, WFS **will ask for Customer's name**, address, tax identification number, beneficial ownership and other information that will allow WFS to identify Customer and the beneficial owners of the Accounts to the extent required to satisfy applicable statutory and regulatory requirements. As part of this process, WFS may also ask to see identifying documents. The information that WFS obtains will be used to verify **Customer's identity in accordance with provisions of the PATRIOT Act Section 326**. Customer authorizes WFS and any agent or service provider of WFS to collect such information from Customer. Until Customer provides the required information or documents, WFS may not be able to open or otherwise decline to open or maintain an account or effect any transaction for Customer.
- c) Credit Information and Investigation: Sharing of Information. Customer authorizes WFS to make and obtain reports concerning **Customer's** credit standing and business conduct. Customer may make a written request within a reasonable period for a description of the nature and scope of the reports made or the information received by WFS pursuant to the foregoing authorization. Customer acknowledges that WFS and its affiliates share many computer systems and employees, and also share information concerning their respective customers for the purpose of monitoring and approving credit, legal, regulatory and underwriting exposures **and administration of the customer's accounts with and transactions with or through any WFS affiliate**. Such information will be treated by each WFS affiliate pursuant to its policies and procedures designed to protect the confidentiality and security of customer information and to ensure that such information is used only in a manner that is consistent with Applicable Laws.
- d) Telephone and Electronic Communications. Customer and WFS hereby acknowledge and agree that each shall have the right to monitor and/or record any or all telephone and/or electronic communications with the other and its employees, representatives and agents and that any such recordings may be used in connection with a dispute between the parties. It is further understood and agreed that each party may determine to not make or keep such recordings and **that such determination shall not affect the other party's rights**.
- e) Disclosure to Issuers. Under Rule 14b-1(b) promulgated pursuant to the Securities Exchange Act of 1934, as amended, WFS is required to disclose to an issuer the name, address, and securities **position of customers who are beneficial owners of that issuer's securities unless** Customer objects. Subject to Applicable Law, Customer may object to such disclosure by providing WFS with written notice of such objection.
- f) Legally Binding. Customer hereby waives any and all defenses that any instruction with respect to any of the Accounts was not in writing as may be required by the Statute of Frauds or any similar Applicable Laws.
- g) Force Majeure. WFS shall not be liable for losses caused directly or indirectly by suspension of trading, wars (whether declared or undeclared), acts of terrorism, riots, civil disturbances, terrorism, natural calamities, disease outbreaks, accidents, adverse weather, strikes, labor disputes, labor or material shortages, government restrictions, market disruptions, acts or omissions of exchanges, specialists, markets, clearance organizations or information providers, electrical failures, delays in mails, delays or inaccuracies in the transmission of orders or information, unavailability of the Federal Reserve Bank wire or telex, governmental, Exchange

or SRO laws, rules or actions, or any other causes beyond its control that may prevent or delay the performance of its obligations.

- h) Amendment. WFS may amend this Agreement at any time in any respect, effective upon thirty (30) calendar days written notice. Customer may not amend this Agreement, and no term or condition of this Agreement may be waived, altered or modified above unless in a writing executed by an authorized official of WFS or an amendment pursuant to the preceding sentence.
- i) Termination. Customer may close any of the Accounts at any time upon written notice to WFS, provided **that Customer has satisfied all of Customer's Obligations**. WFS reserves the right to terminate this Agreement or the Accounts at any time for any reason. The provisions of this Agreement shall survive termination of this Agreement and/or closure of the Accounts insofar as they relate to WFS and **Customer's Obligations**, actions or failures to take action relating to, arising in or with respect to the period prior to termination of this Agreement or closure of the Accounts; and Sections 13 and 16 n).
- j) Assignment. This Agreement shall be binding upon the parties and their successors and permitted assigns. Customer agrees that WFS shall have the right to transfer or assign this Agreement in its discretion upon written notice of such assignment and not be required to **obtain Customer's consent to that assignment**. **This Agreement and Customer's Obligations** hereunder may not be assigned or delegated by Customer without the prior written consent of WFS. Any attempted assignment by Customer in violation of this Agreement shall be null, void and without effect. Any **permitted assignee of a party's rights and obligations, including Customer's Obligations, hereunder in accordance with the terms hereof shall become vested** with all the rights and obligations of the assigning party. .
- k) Severability. If and to the extent any term or provision herein is or should become invalid or unenforceable, then (i) the remaining terms and provisions hereof shall be unimpaired and remain in full force and effect and (ii) the invalid or unenforceable provision or term shall be replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of such invalid or unenforceable term or provision, as determined by WFS in its sole discretion.
- l) Section Headings. The headings of the provisions of this Agreement are for descriptive purposes only and shall not modify or qualify any of the rights or obligations set forth in such provisions.
- m) Waiver and Notices. Neither the failure by a party to insist at any time upon strict compliance with the terms of this Agreement, failure to exercise or delay in exercise of any right or remedy hereunder or any single or partial exercise of any right or remedy hereunder, nor any continued course of such conduct on its part shall constitute or be considered a waiver by that party of any of its rights or privileges hereunder. Notices and other communications to either party may be delivered, faxed, sent by electronic mail, sent by express delivery service or mailed to the address provided by Customer and WFS until WFS or Customer has received notice in writing of a different address.
- n) Customer Status. WFS acknowledges that Customer is an entity of the State of South Dakota, and agrees that Customer reserves all immunities, defenses, rights and actions arising out of **Customer's sovereign status or under the Eleventh Amendment to the U.S. Constitution, and** no waiver of any such immunities, defenses, rights or actions shall be implied or otherwise deemed to exist by reason of its execution of this Agreement, **use of WFS's services or the performance of any Activities**. **Further, that as a state entity, Customer's compliance with the terms and conditions of this Agreement are conditioned upon and subject to Customer's compliance with the applicable provisions of South Dakota law.**
- o) WFS Representations Warranties and Covenants. WFS warrants that (i) it has the full power and complete authority to enter into this Agreement and has the right to grant to Customer the rights set forth in this Agreement; (ii) it will employ commercially reasonable anti-virus, anti-spyware and other anti-malware software used in connection with any electronic access to and

the providing of the services and performing Activities to detect, and prevent any computer viruses, worms, time bombs, back doors, spyware and other forms of malicious code; and (iii) it will not knowingly permit or cause any employee or third party to include or insert any malicious code on or into the software, and will promptly notify Customer upon become being aware of a material technical or credible security breach associated with electronic access to or the services and Activities that affects or could reasonably be expected to affect Customer

BY SIGNING THIS AGREEMENT, CUSTOMER ACKNOWLEDGES THAT:

CUSTOMER HAS RECEIVED, READ AND UNDERSTANDS THIS AGREEMENT AND AGREES TO ITS TERMS AND CONDITIONS.

South Dakota **Conservancy District**

Signature: _____

Name (Print): _____

Title: _____

Date: _____

TITLE: Board of Water and Natural Resources SFY 2021 Meeting Schedule

EXPLANATION: Each year the board establishes a tentative meeting schedule for the coming fiscal year. The following dates are suggested for the board's consideration for SFY 2021.

September 24-25, 2020
November 5, 2020
January 7, 2021
March 25-26, 2021
June 24-25, 2021

RECOMMENDED ACTION: Set tentative SFY 2021 schedule for Board of Water and Natural Resources meetings.

CONTACT: Mike Perkovich, 773-4216

Calendar for SFY 2021

July 2020

Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August 2020

Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September 2020

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October 2020

Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November 2020

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December 2020

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

January 2021

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

February 2021

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

March 2021

Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

April 2021

Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

May 2021

Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

June 2021

Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			