

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



Protecting South Dakota's Tomorrow ... Today

BOARD OF WATER AND NATURAL RESOURCES

November 8, 2018

DIGITAL DAKOTA NETWORK

Via Digital Dakota Network (DDN)

Thursday, November 8, 2018

1:00 p.m. CST

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Live audio of the meeting 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>

A list of DDN sites is attached.

AGENDA

****Scheduled times are estimates only. Some items may be delayed due to prior scheduled items or may be moved up on the agenda.****

November 8, 2018

1:00 p.m. CST

1. Call meeting to order
2. Approve Agenda
3. Approve minutes of September 27, 2018 meeting
4. Public Comment Period
5. Public Hearing to Adopt Brownfields Revitalization and Economic Development Program Work Plan – Kim McIntosh
6. Review Interest Rates for the Clean Water State Revolving Fund, Drinking Water State Revolving Fund, Consolidated Water Facilities Construction Program, and Solid Waste Management Program — Mike Perkovich

Notice is given to individuals with disabilities that this meeting is being held in a physically accessible location. Please notify the Department of Environment and Natural Resources at least 48 hours before the meeting if you have a disability for which special arrangements must be made. The telephone number for making arrangements is (605) 773-4216.

7. 2019 State Water Plan Applications — Andy Bruels

- | | |
|--|--------------------------------------|
| a) Alexandria | q) Irene |
| b) Aurora | r) Lake Norden |
| c) Avon | s) Lake Preston |
| d) Belle Fourche | t) Lead |
| e) Blunt | u) Marion |
| f) Box Elder | v) Montrose |
| g) Claremont | w) Newell |
| h) Eagle Butte | x) Oldham |
| i) Elkton (water) | y) Philip |
| j) Elkton (wastewater) | z) Pierpont |
| k) Faith | aa) Pierre |
| l) Fort Pierre | bb) Randall Community Water District |
| m) Groton | cc) Roscoe (wastewater) |
| n) Harrisburg | dd) Roscoe (water) |
| o) Hot Springs (North 24 th Street) | ee) Watertown |
| p) Hot Springs (North River Street) | |

8. Public Hearing to Adopt the FFY 2019 Clean Water State Revolving Fund Intended Use Plan — Andy Bruels
9. Public Hearing to Adopt the FFY 2019 Drinking Water State Revolving Fund Intended Use Plan — Andy Bruels
10. Approval of Agreements for Investment Banking Services – Mike Perkovich
11. Bond Counsel Contract for the South Dakota Conservancy District's State Revolving Fund Loan Programs — Mike Perkovich
12. Series Resolution Authorizing State Revolving Fund Program Bonds, Series 2018 – Mike Perkovich & Bruce Bonjour
13. Amend the Conservancy District Investment Policy and SFY 2018 State Revolving Fund Investments and Investment Returns — Jon Peschong
14. South Dakota Association of Rural Water Systems Contract Extension Request — Jon Peschong
15. State Water Resources Management System - Recommendations — Mike Perkovich
16. Omnibus Bill Funding Recommendations — Jon Peschong
17. 2018 Annual Report and the 2019 State Water Plan — Andy Bruels
18. January 3, 2019 Meeting
19. Adjourn

Digital Dakota Network Sites

Board of Water and Natural Resources

November 8, 2018

1:00 p.m. Central Time

ABERDEEN

Northern State University

Location Map:

<https://www.northern.edu/about/campus/campusmap>

Beulah Williams Library, Room 117

BROOKINGS

Department of Transportation

2131 34th Avenue

MITCHELL

Mitchell Technical Institute

Location Map:

<https://www.mitchelltech.edu/campus-map>

MTI Technology Center, Room 155

PIERRE

Capitol Building

500 E. Capitol Avenue

Room B12, Studio A

RAPID CITY

Rapid City Emergency Operations Center

130 Kansas City Street

Pennington County Administration Building – 1st Floor Conference Room

SIOUX FALLS

University Center

Location Map:

http://www.sduniversitycenter.org/images/data/files/FADM%201st%20%26%202nd%20Floor%20Plans%20January%202017%208_5x11.pdf

Room FADM 145

WATERTOWN

Department of Environment and Natural Resources

2001 9th Avenue SW

Suite 500

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
Matthew Training Center
523 East Capitol
Pierre, South Dakota

September 27, 2018
9:00 a.m. CDT

CALL MEETING TO ORDER: The meeting was called to order by Chairman Brad Johnson. A quorum was present.

BOARD MEMBERS PRESENT: Brad Johnson, Todd Bernhard, Jackie Lanning, and Dr. Paul Gnirk.

BOARD MEMBERS ABSENT: Gene Jones, Jr., Jerry Soholt, and Paul Goldhammer.

OTHERS: See attached attendance sheets.

TOUR: From 9:00 a.m. to 11:30 a.m., the board toured the Mni Wiconi water treatment plant near Fort Pierre. Following the tour Chairman Johnson called a recess.

At 1:00 p.m., Chairman Johnson called the meeting back to order in the Matthew Training Center.

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

APPROVE AGENDA: Mike Perkovich noted that item 15 would be presented before item 14.1. Chairman Johnson approved the agenda.

APPROVE MINUTES OF THE JUNE 28, 2018, MEETING: Motion by Gnirk, seconded by Bernhard, to approve the minutes of the June 28, 2018, Board of Water and Natural Resources meetings. Motion carried unanimously.

PUBLIC COMMENT PERIOD: There were no public comments.

Mr. Perkovich introduced Stephanie Riggle who replaced Lukus Leidholdt. He also announced that Abbey Larson was leaving the department.

CODE OF CONDUCT POLICY: Mr. Perkovich reported that in 2016, the Legislature created the State Board of Internal Control and tasked that board with developing a set of ethical principles and guidelines to address what constitutes appropriate behavior for board members when acting as a board within their official public service capacity. The Code of Conduct was

approved by the Board of Internal Control at its June 2018 meeting. Mr. Perkovich noted that a copy of the Code of Conduct was included in the board packet.

The Code of Conduct sets out conflicts of interest principles and guidelines governing both official board actions and contracts involving board members. The Code of Conduct also sets out principles and guidelines to prevent board members from engaging in conduct that may constitute harassment or discriminatory or offensive behavior based on race, color, creed, religion, national origin, sex, pregnancy, age, ancestry, genetic information, disability or any other legally protected status or characteristic.

Mr. Perkovich stated that legal counsel has advised that the Board of Water and Natural Resources needs to approve the Code of Conduct to implement these principles and guidelines.

Motion by Lanning, seconded by Bernhard, to approved the Code of Conduct policy. Motion carried unanimously.

AMENDMENT TO STATE WATER PLAN, 2018 CLEAN WATER STATE REVOLVING FUND INTENDED USE PLAN, AND 2018 DRINKING WATER STATE REVOLVING FUND INTENDED USE PLAN

Amendments to State Water Plan

Andy Bruels reported that water projects which will require state funding or need state support for categorical grant or loan funding need to be on the State Water Plan. The Board of Water and Natural Resources annually approves projects for placement onto State Water Facilities Plan and provides for amendments of projects onto the plan on a quarterly basis. Placement of a project on the State Water Plan by the board provides no guarantee of funding. The projects placed onto the plan at this meeting will remain on the facilities plan through December 2019.

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

Four State Water Plan applications received by the August 1, 2018, deadline. The location of the projects was shown on a map included in the board packet. As Mr. Bruels presented the State Water Plan applications, he also identified those projects to be placed on the Clean Water SRF and Drinking Water SRF project priority lists.

Pierre requested placement on the facilities plan to construct a Missouri River surface water intake system for supply and a centralized 8.8 MGD ultrafiltration water treatment plant. The estimated total project cost is \$36,800,000. The project will be placed on the Drinking Water SRF IUP with 79 priority points and an estimated loan amount of \$36,800,000 at 2.5 percent interest for 30 years.

Springfield requested placement on the facilities plan to construct additional wastewater treatment ponds, rehabilitate one lift station, replace another lift station, and clean and televise

the collection system for determination of future replacement needs. The city also plans to replace the existing water treatment facility, construct a new transmission line from the tower to the Mike Durfee State Prison, install water meters, and rehabilitate an existing water tower. The estimated total project cost is \$11,162,000. The project will be placed on the Clean Water SRF IUP with 15 priority points and an estimated loan amount of \$2,891,068 at 2.5 percent interest for 30 years. The project will be placed on the Drinking Water SRF IUP with 145 priority points and an estimated loan amount of \$7,615,880 at 2.0 percent interest for 30 years.

Tulare requested placement on the facilities plan to cap and plug two existing unused wells, construct a new booster pump station, and construct a new 80,000-gallon elevated storage tank. The estimated total project cost is \$2,124,800. The project will be placed on the Drinking Water SRF IUP with three priority points and an estimated loan amount of \$1,374,800 at 2.25 percent interest for 30 years.

Watertown requested placement on the facilities plan to construct a new wastewater treatment administration and operations building. The estimated total project cost is \$5,665,000. The project will be placed on the Clean Water SRF IUP with 10 priority points and an estimated loan amount of \$5,665,000 at 2.5 percent interest for 30 years.

Staff recommended amending all four of the projects onto the facilities plan.

Motion by Gnirk, seconded by Bernhard, to amend the four projects onto the facilities plan. Motion carried unanimously.

Amendments to 2018 Clean Water SRF IUP

Staff recommended the addition of the Springfield and Watertown projects onto the project priority list of the Clean Water SRF IUP.

Motion by Lanning, seconded by Bernhard, to amend the Springfield and Watertown projects onto the project priority list of the Clean Water SRF IUP. Motion carried unanimously.

Amendments to 2018 Drinking Water SRF IUP

Staff recommended the addition of all the Pierre, Springfield, and Tulare projects onto the project priority list of the Drinking Water SRF IUP.

Motion by Bernhard, seconded by Gnirk, to amend the Pierre, Springfield, and Tulare projects onto the project priority list of the Drinking Water SRF IUP. Motion carried unanimously.

AVAILABLE FUNDING: Mr. Perkovich provided a summary of 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.

SANITARY STORM SEWER FUNDING APPLICATIONS: Mr. Perkovich presented the Sanitary/Storm Sewer Facilities funding applications and the staff recommendations for funding. A map showing the location of the projects was included in the board packet.

Raymond requested funding to replace a lift station and install an emergency generator for the lift station. The project also includes improvements to the existing lagoons with the installation of a new clay liner, bank riprap, and other miscellaneous site improvements.

The town anticipates bidding the project in March 2019 with project completion in December 2019.

The estimated total project amount is \$1,011,225, and the amount requested is \$1,011,225

Raymond has a \$34.35 flat rate.

Staff recommended awarding a \$951,225 Clean Water SRF loan with 100 percent as principal forgiveness and awarding a \$60,000 Consolidated loan at 2.5 percent interest for 30 years.

Raymond has pledged a project surcharge for repayment of the loan. The surcharge required for repayment of the \$60,000 loan is \$7.00, which will bring rates to \$41.35. Staff recommended a Consolidated loan because these loans require 100 percent coverage rather than the 110 percent coverage required for SRF loans.

Raymond has an existing Consolidated loan that requires 100 percent coverage. If an SRF loan were awarded at this time, 110 percent coverage would be required on both loans, which would result in higher rates.

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

Brandon Smid, Helms & Associates, discussed the project and answered questions from the board regarding the clay liner for the lagoon.

Motion by Lanning, seconded by Bernhard, to adopt **Resolution No. 2018-59** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$951,225 with 100 percent principal forgiveness to the **Town of Raymond** for a wastewater 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 to adopt **Resolution No. 2018-60** approving the South Dakota Consolidated Water Facilities Construction Program loan agreement between the Board of Water and Natural Resources and the **Town of Raymond** for a loan not to exceed \$60,000 at 2.5 percent interest for 30 years for a wastewater improvements project contingent upon the borrower adopting a bond resolution and the resolution becoming

effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Harrisburg requested funding to construct a new mechanical wastewater treatment facility. Harrisburg's wastewater is currently pumped to the Sioux Falls water reclamation facility for final treatment. The city believes that while the capital cost of a new facility is high, it outweighs the long-term cost to continue sending wastewater to Sioux Falls. The new facility will utilize a return activated sludge process for treatment.

The city anticipates bidding the project in March 2019 with project completion in June 2021.

The estimated total project amount is \$27,737,000, and the amount requested is \$24,487,000. The city will use \$3,250,000 in private financing for land purchase.

Harrisburg recently raised rates to \$99.67 based on 5,000 gallons usage

Staff recommended awarding a \$24,487,000 Clean Water SRF loan at 2.5 percent interest for 30 years.

The city has pledged a project surcharge for repayment of the loan. The city expects rates to be \$106 per month based on 5,000 gallons usage when the loan goes into repayment in 2021. Based on the current rate resolution, the projected users and flow rates, and established surcharges on existing loans, staff believes rates will need to be \$123 per month based on 5,000 gallons usage. Staff is working with the city to develop rates and surcharges that provide sufficient coverage for the loan.

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.

Jim Housiax, Stockwell Engineers, and Andrew Pietrus, city administrator, discussed the project and answered questions from the board regarding the benefits of this project compared to pumping the wastewater to Sioux Falls.

Motion by Bernhard, seconded by Lanning, to adopt **Resolution No. 2018-61** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$24,487,000 at 2.5 percent interest for 30 years to the **City of Harrisburg** for a wastewater treatment facility construction project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge at a level sufficient to provide the required debt coverage. Motion carried unanimously.

Mitchell requested funding to upgrade the storm water and sanitary sewer system along Sanborn Boulevard between 1st and 15th Avenues and install nonpoint source best management practices

within the Firesteel Creek Watershed. The nonpoint improvements include such things as stream bank stabilization, grazing management, agricultural waste management systems, and vegetative buffers.

The city anticipates bidding the project in December 2018 with project completion in December 2020.

The estimated total project amount is \$7,606,150 and the amount requested is \$7,524,000. The remaining \$82,150 is local cash.

Staff recommended awarding a \$7,524,000 Clean Water SRF loan, at the NPS incentive rate of 1.25 percent interest for 20 years, which will consist of two bond series – one for \$6,842,000 for the sanitary sewer and storm water improvements and one for \$682,000 for the non-point source component.

Mitchell has pledged a project surcharge for repayment of the loan.

Rates in Mitchell are \$24.77 based on 5,000 gallons usage. Staff analysis indicates Mitchell will need to establish a surcharge of \$7.05. This will result in rates of \$31.82 per 5,000 gallons.

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

Staff also recommended the following Special Condition: The borrower may not draw funds from the proceeds of the Series NPS Borrower Bond until EPA approves the revised budget for the Firesteel Creek Watershed Implementation Project.

Jeff McCormick, SPN & Associates, discussed the project and answered questions from the board.

Mr. Bruels answered questions from the board regarding the Firesteel Creek project.

Motion by Gnirk, seconded by Bernhard, to adopt **Resolution No. 2018-62** approving a Clean Water State Revolving Fund loan up to a maximum committed amount of \$7,524,000 at 1.25 percent interest for 20 years with A Series A Borrower Bond in the amount of \$6,842,000 and a Series NPS Borrower Bond in the amount of \$682,000 to the **City of Mitchell** for the North Sanborn Boulevard 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 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 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 Fire Steel Creek Project Implementation Plan. Motion carried unanimously.

DRINKING WATER FACILITIES FUNDING APPLICATION: Mr. Bruels presented the Drinking Water Facilities funding application and the staff recommendation for funding. A map showing the location of the project was included in the board packet.

Mitchell requested funding to replace water main along Sanborn Boulevard between 1st and 15th Avenues. The existing pipe is 4-inch sand cast and is deteriorated, causing water main breaks. The purpose of this project is to replace the existing pipe with 8-inch PVC pipe to improve pressure and prevent future breaks.

The city anticipates bidding the project in December 2018 with project completion in December 2020.

The estimated total project amount is \$903,250, and the amount requested is \$821,000. The project will also be funded with \$82,250 in local cash.

Rates in Mitchell are \$29.15 per 5,000 gallons usage.

Staff recommended awarding an \$821,000 Drinking Water SRF loan, at 2.25 percent for 20 years.

The city has pledged system revenues for repayment of the loan.

Staff analysis indicates that at current rates Mitchell will have over 300 percent coverage for repayment of the loan.

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

Jeff McCormick, SPN & Associates, discussed the project and answered questions from the board.

Motion by Gnirk, seconded by Lanning, to adopt **Resolution No. 2018-63** approving a Drinking Water State Revolving Fund loan up to a maximum committed amount of \$821,000 at 2.25 percent interest for 20 years to the **city of Mitchell** for the North Sanborn Boulevard water system improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust, contingent upon the borrower adopting a bond resolution and the resolution becoming effective. Motion carried unanimously.

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

SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATION: Drew Huiskens provided a summary of available funds for this funding round.

Mr. Huisken presented the Solid Waste Management Program funding application and the staff recommendation for funding. A map showing the location of the project was included in the board packet.

Burke requested funding to increase the recycling capacity in the community. Burke recently introduced a small recycling program in the city, which was met with overwhelming success. The recycling program needs to increase the size of available recycling collection containers to meet the increasing demand and allow for a more reasonable amount of time for hauling to a larger collection facility.

The city proposes to use Solid Waste Management Program funding in conjunction with city funds and funds from other community organizations to purchase a 25-cubic yard recycling trailer to meet the recycling capacity needs of the community. The recycling program is estimated to serve just under 600 people.

The estimated total project cost is \$14,125, and the funding amount requested is \$7,000.

Mr. Huisken stated that the recycling program is voluntary and has no fees associated with it. When containers are full, recyclables will be transported by various community organizations when the need arises at no cost to the residents.

Burke plans to purchase the trailer as soon as funds become available. Following receipt of funding, miscellaneous improvements and educational outreach will be done to enhance the recycling program and further increase community participation.

Staff recommended awarding a Solid Waste Management Program grant up to 49.6 percent of eligible project costs not to exceed \$7,000.

The city of Burke has indicated that the remaining costs for the trailer are being covered by various community organizations and donations.

Mr. Huisken answered questions from the board.

Motion by Lanning, seconded by Bernhard, to adopt **Resolution No. 2018-64** approving the South Dakota Solid Waste Management Program grant agreement to the **city of Burke** for up to 49.6 percent of approved total project costs not to exceed \$7,000 for a recycling program expansion project. Motion carried unanimously.

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

ONIDA'S REQUEST TO AMEND CONSOLIDATED GRANT 2015G-301: Jim Anderson reported that on September 26, 2014, the city of Onida received a \$900,000 Consolidated Water Facilities Construction Fund Grant (2015G-301) for water system improvements. The grant was based on 39.1% of total project costs of \$2,305,000. The project included a 200,000-gallon water storage tank, an automatic meter reading system, looping to eliminate dead end lines, and additional hydrants and valves for better operational control of the system.

On March 30, 2017, the city received approval for a grant amendment to change the project description. The new project consists of the replacement of approximately 9,100 feet of asbestos cement water lines, approximately 4,700 feet of services lines, hydrants, valves, and other appurtenances.

On September 4, 2018, the Department received a request from the city to increase the grant percentage from 39.1 percent to 45.0 percent. The request was made to allow Onida to utilize the remaining grant funds before the grant period expires.

Staff recommended approval of the second amendment to Consolidated Program Grant Agreement (2015G-301) for up to 45.0 percent of approved total project costs not to exceed \$900,000.

LaJena Gruis, city commission, answered questions from the board about the automatic meter reading system.

Motion by Bernhard, seconded by Gnirk, to adopt **Resolution No 2018-65** approving the second amendment to the **city of Onida** Consolidated Water Facilities Construction Program grant agreement 2015G-301 with the for up to 45.0 percent of approved total project costs not to exceed \$900,000. Motion carried unanimously.

AUDIT REQUIREMENTS FOR PRIVATE NON-PROFIT AND FOR-PROFIT ENTITIES:

Jon Peschong reported that on November 5, 2004, the Board of Water and Natural Resources adopted revised standard loan documents for audit requirements for public and private non-profit and for-profit entities.

The Consolidated, Solid Waste Management, Clean Water SRF and Drinking Water SRF loan agreements for public entities were changed to require borrowers to forward copies of audits required by state law within 15 days of issuance or acceptance by Legislative Audit and deleted the requirement for an audit if for any two consecutive fiscal years the borrower is not required by state law to have its financial statements audited. SDCL 4-11-4 requires municipalities and counties to conduct audits if they receive over \$600,000 in revenue in a fiscal year.

For private non-profit and for-profit entities the audit requirements were retained and clarified that the borrower must have its annual financial statements and the financial condition of the system audited and reviewed by an accountant on at least a biennial basis and forward the audit report to the Board of Water and Natural Resources.

Since January of 2016, the board has made awards to private non-profit and for-profit entities to include the following:

Consolidated Program

Viewfield Rural Water Association - \$50,000

Sheridan Lake Highlands HOA - \$211,700

Drinking Water SRF

Brookings-Deuel RWS - \$250,000

Board of Water and Natural Resources
September 27, 2018 meeting minutes

Perkins County RWS \$ - 1,722,000
Kingbrook RWS \$9,000,000
Clark RWS - \$2,950,000
Pine Cliff Park Water & Maintenance - \$348,000
Sioux RWS - \$9,821,000

Solid Waste Program

AGRAT2 LLC - \$ 209,300
Northwest SD Regional Landfill - \$315,200
Balcon Enterprises - \$954,000

In January 2018, Balcon Enterprises requested the Board of Water and Natural Resources deobligate its loan award citing the costs of hiring a firm to conduct an audit of their financials every two years negated the savings it would save from the low interest loan. Estimates to hire a firm to complete an audit vary based on the entities size and complexity, but are estimated to cost between \$7,500 and \$15,000.

Mr. Peschong provided the board with a copy of an email he received from Sheridan Lake Highlands HOA, who indicated the association would be required to conduct 15 audits over the 30-year term of its loan. The association estimated the cost of each audit to be \$8,500, which, over the term of the loan, would equal \$127,000. They also cited in the email the federal Single Audit Act, which for all non-federal entities that receive federal awards greater than \$750,000 in a fiscal year would be required to conduct an audit. The association also estimates the cost of conducting these audits per user, which for this small entity would be \$15 per person per month.

Staff has been evaluating the costs verses the benefit of having the current audit requirement for private non-profit and for-profit entities. Staff believes that the biennial audit requirement is negating the costs savings of low-interest loans and creating hardship for small private non-profit and for-profit entities.

Staff has been working with legal counsel, and proposes to revise the standard loan agreement for private non-profit and for-profit entities. Below is the proposed language, which would require a project audit, not a full entity-wide audit, be completed once the project is complete on all loan awards that exceed \$250,000.

“(f) The Borrower will furnish to the Board an unaudited statement of the financial position of the Borrower as of the close of the fiscal year and the related statements of revenues and expenses, cash flows, fund balances and changes in fund balances for such fiscal year in accordance with financial and reporting standards as promulgated by the Financial Accounting Standards Board, or an Other Comprehensive Basis of Accounting as appropriate, and certified by a responsible official of the Borrower. Such statements shall be prepared and submitted by the Borrower within 120 days of the end of the Borrower’s fiscal year.

If the loan exceeds \$250,000, the Borrower must have a project audit performed by a qualified independent accountant duly licensed in the State of South Dakota and submitted to the Board within 120 days of the date of the Certificate of Acceptance. The

project audit will include a review of its documentation of all sources of revenue and costs associated with the project. The project audit will also include a review that the Borrower has complied with all applicable federal, state, and local laws, regulations, ordinances and permits applicable to the construction, operation, and maintenance of the Project.

If the Borrower has an annual or biennial audit completed that covers the project period, no project audit is required. The Borrower will submit a copy of all financial and compliance audits completed to the Board within 15 days after it has been issued.

The Borrower agrees to comply with the Single Audit Act of 1984 as amended.”

Staff recommended the board approve the change to the audit requirements in the standard loan agreements for private non-profit and for-profit entities.

Mr. Peschong answered questions from the board

Motion by Bernhard, seconded by Lanning, to approve the change to the audit requirements in the standard loan agreements for private non-profit and for-profit entities. Motion carried unanimously.

CERTIFY BELLE FOURCHE IRRIGATION DISTRICT STATE WATER RESOURCES MANAGEMENT SYSTEM PROJECT COMPLETE: Mr. Peschong reported that the South Dakota Legislature authorized the Board of Water and Natural Resources to provide loans in an amount not to exceed \$2,500,000 from the Water and Environment Fund to the local project sponsor to be used for the upgrades of the Belle Fourche irrigation project.

Since 1995, the Board of Water and Natural Resources has provided \$6,470,000 in grants and \$2,477,693.57 in loans to provide for the Belle Fourche irrigation upgrade project, including replacement of the Indian Creek siphon, the Horse Creek siphon, the north canal control house, and the south canal control house, repair of the Belle Fourche River siphon, and removal of sediment from the south canal intake.

The legislature authorized the project for the purpose of stabilizing crop and forage production in central western South Dakota to offset the effects of drought conditions, which naturally devastate South Dakota's economic viability.

Pursuant to SDCL 46A-1-13.12, no interest may accrue until the Board of Water and Natural Resources certifies the completion of the construction of the project as authorized.

The loan is pledged with special assessment revenue with a 40-year term with payments due in May 1 and November 1.

Mr. Peschong noted that staff had contacted the Belle Fourche Irrigation District to let them know this matter would be on the agenda for today's Board of Water and Natural Resources meeting.

Staff recommended the board approve a resolution authorizing the chairman to certify the completion of the Belle Fourche Irrigation District State Water Resources Management System project as of November 1, 2018, and that the initial loan repayment as described in the loan agreement shall be due and payable on November 1, 2019.

Motion by Gnirk, seconded by Lanning, to adopt **Resolution No. 2018-66** certifying completion of the **Belle Fourche Irrigation Upgrade Project** effective November 1, 2018, and that the first loan payment date shall be due and payable on November 1, 2019. Motion carried unanimously.

HUMBOLDT'S REQUEST TO AMEND CLEAN WATER LOANS C461254-03 AND C461254-04: Mr. Huiskens reported that on March 27, 2018, the town of Humboldt received a \$1,876,000 Clean Water State Revolving Fund loan at 2.5 percent interest for 30 years and a \$2,000,000 Consolidated Water Facilities Construction Program grant for the second phase of improvements to the town's wastewater collection system. This Clean Water SRF loan was pledged to be repaid with wastewater revenues.

Also on March 27, 2018, Humboldt received a \$290,000 Clean Water SRF loan at 2.0 percent interest for 10 years for replacement of the town's water meters. This Clean Water SRF loan was pledged to be repaid with water revenues.

On July 12, 2018, the department received a request from the town of Humboldt to change the pledge for repayment on both loans from a revenue pledge to a surcharge.

Staff analysis indicates that a surcharge of \$32.40 will be necessary to provide debt coverage for the \$1,876,000 Clean Water SRF loan (C461254-03). Analysis also indicates that a surcharge of \$11.70 will be necessary to provide debt coverage for the \$290,000 Clean Water SRF loan (C461254-04).

Staff recommended the board rescind Resolution No. 2018-21 approving Clean Water SRF Loan C461254-03, and adopt a resolution changing the debt repayment pledge to project surcharge, with the previous rate, term and the following contingencies: contingent upon borrower adopting a bond resolution and the resolution becoming effective and contingent upon borrower establishing a surcharge sufficient to provide the required debt coverage.

Staff recommended the board rescind Resolution No. 2018-32 approving Clean Water SRF Loan C461254-04, and adopt a resolution changing the debt repayment pledge to project surcharge, with the previous rate, term and the following contingencies: contingent upon borrower adopting a bond resolution and the resolution becoming effective and contingent upon borrower establishing a surcharge sufficient to provide the required debt coverage.

Motion by Lanning, seconded by Bernhard, to adopt **Resolution No. 2018-67** rescinding Resolution No. 2018-21 and approving Clean Water SRF loan C461254-03 to be secured by special charges or surcharges to the **town of Humboldt** up to a maximum committed amount of \$1,876,000 at 2.5 percent interest for 30 years contingent upon borrower adopting a bond resolution and the resolution becoming effective and contingent upon borrower establishing a surcharge sufficient to provide the required debt coverage. Motion carried unanimously.

Motion by Bernhard, seconded by Lanning, to adopt **Resolution No. 2018-68** rescinding Resolution No. 2018-32 and approving Clean Water SRF loan C461254-04 to be secured by special charges or surcharges to the **town of Humboldt** up to a maximum committed amount of \$290,000 at 2.0 percent interest for 10 years contingent upon borrower adopting a bond resolution and the resolution becoming effective and contingent upon borrower establishing a surcharge sufficient to provide the required debt coverage. Motion carried unanimously.

CONSULTING CONTRACT WITH PERKINS COIE LLP FOR BOND COUNSEL SERVICES FOR STATE REVOLVING FUND PROGRAMS SERIES 2018 BOND ISSUE:

Mr. Perkovich reported that Bruce Bonjour, Perkins Coie, LLP in Chicago, has served as bond counsel for the South Dakota Conservancy District since 1994. Mr. Bonjour proposed fees of up to \$85,000 for bond counsel services for the 2018 bond issue. The services to be provided will be similar to past issues and will consist of the following:

The Attorney will perform services as bond counsel for all initial services in connection with the proposed Series 2018 Bonds ("Bonds") described below for the Clean Water State Revolving Fund Program and the Drinking Water State Revolving Fund Program. The Bonds will be issued in one or more tax exempt series of fixed interest rate bonds to finance State Match and/or provide funds for Leveraged Loans for each Program. Services to be provided by Attorney will include the preparation of an official statement for the Series 2018 Bonds, any initial SEC rule 15c2-12 continuing disclosure undertakings, as well as all advice and opinions on other matters customarily provided by bond counsel related to the proposed Series 2018 Bonds.

It is anticipated that the 2018 bond issue will be a tax-exempt series to provide funds for leveraged loans.

Working with the legal counsel and the Office of Attorney General, staff prepared the contract for bond counsel services for the 2018 bond series. The contract runs through June 30, 2019.

Staff recommended the board approve a resolution authorizing the execution of the bond counsel contract.

Motion by Bernhard, seconded by Lanning, to adopt **Resolution No. 2018-69** approving an agreement for legal services with Bruce Bonjour to serve as Bond Counsel for the South Dakota Conservancy District for the 2018 Bond Issue, and for the preparation of program documents to allow for the issuance of bonds. Motion carried unanimously.

SELECTION OF INVESTMENT BANKING FIRM(S) FOR STATE REVOLVING FUND

PROGRAM: Mr. Perkovich reported that the Board of Water and Natural Resources, acting as the South Dakota Conservancy District, requested proposals from qualified firms to provide investment banking, underwriting and additional services, such as remarketing, related to negotiated issuances of bonds and notes for a period of three years. The request for proposals was released on July 18, 2018.

Investment banking firms could submit a proposal to serve as senior manager or co-manager.

The following fourteen proposals were received by the August 13, 2018, submission deadline.

1. Bank of America Merrill Lynch
2. Citigroup Global Markets Inc.
3. FTN Financial
4. Hilltop Securities
5. JP Morgan
6. Morgan Stanley
7. Piper Jaffray
8. Ramirez & Co.
9. RBC Capital Markets
10. Robert W. Baird & Co., Inc.
11. RSA - co-manager
12. Stifel - co-manager
13. UBS
14. Wells Fargo Securities

A board subcommittee comprised of Brad Johnson, Gene Jones, Jr., and Todd Bernhard reviewed the proposals. The subcommittee worked with staff and SRF financial consultants to provide a recommendation to the full board regarding the selection of firm(s) to provide investment banking services.

Staff and subcommittee recommended the board select the investment banking firms of Bank of America Merrill Lynch, Citigroup Global Markets Inc., and JP Morgan. The subcommittee also recommended that Citigroup act as senior manager with the other two firms acting as co-managers on the upcoming 2018 bond issue.

Staff recommended the board approve the selection of the three investment banking firms and authorize the negotiation and execution of multi-year consultant services contracts for investment banking services.

Motion by Bernhard, seconded by Lanning, to approve the selection of Citigroup as senior manager, and Bank of America Merrill Lynch and JP Morgan as co-managers, and to authorize the negotiation and execution of multi-year consultant services contracts for investment banking services. Motion carried unanimously.

PERKINS COIE LLP CONFLICT WAIVER REQUEST FOR SIMULTANEOUS REPRESENTATION OF SOUTH DAKOTA CONSERVANCY DISTRICT AND CITIGROUP GLOBAL MARKETS INC.: Mr. Perkovich stated that Bruce Bonjour, Perkins Coie, has served as bond counsel for the Clean Water State Revolving Fund program since 1993 and the Drinking Water SRF program since 1997. Perkins Coie currently has a contract with the district to serve as bond counsel for the State Revolving Fund programs through December 31, 2018.

Citigroup Global Markets Inc. will enter into a contract with South Dakota Conservancy District for underwriting services related to the issuance of bonds.

Mr. Bonjour submitted a letter requesting the state and the district sign a waiver of a conflict of interest that will allow Mr. Bonjour to continue to represent the district, even though his firm has represented, and is currently representing, Citigroup Global Markets Inc. with respect to a variety of unrelated work, including financing and lending transaction matters.

Because there is a theoretical conflict here, the district needs to waive the conflict in order to proceed. Additionally, the district's legal services contract requires consent of the Attorney General. Mr. Bonjour does not believe the work his firm does for Citigroup Global Markets Inc. will adversely affect the work he does for the district. The district's legal counsel, Mr. Harold Deering, agrees with the conclusion of no adverse effect. Attorney General Marty Jackley will also need to sign the waiver on behalf of the State of South Dakota.

Staff recommended the board authorize the chairman to execute the Perkins Coie LLP Conflict Waiver Request for Simultaneous Representation of South Dakota Conservancy District and Citigroup Global Markets, Inc.

Motion by Bernhard, seconded by Lanning, to authorize the board chairman to execute the Perkins Coie LLP Conflict Waiver Request for Simultaneous Representation of South Dakota Conservancy District and Citigroup Global Markets, Inc. Motion carried.

STATE FISCAL YEAR 2018 STATE REVOLVING FUND REPORT TO THE INTERIM BOND REVIEW COMMITTEE: Mr. Perkovich presented the draft SFY 2018 South Dakota Conservancy District Report to the Interim Bond Review Committee.

The South Dakota Conservancy District is required to present an annual report to the Legislative Interim Bond Review Committee annually on its bond-related activities. A combined report for both SRF programs was developed for this purpose. The report covers SFY 2018 (July 1, 2017 – June 30, 2018). A copy of the draft report was included in the board packet.

Information in the report includes program activity and the unaudited financial statements on a state fiscal year basis, and contains additional information on the district's bond issues.

Staff recommended the board approve the SFY 2018 State Revolving Fund report to the Interim Bond Review Committee and authorize distribution of the report.

Mr. Perkovich answered questions from the board.

Motion by Lanning, seconded by Bernhard, to approve the State Fiscal Year 2018 South Dakota Conservancy District State Revolving Fund report to the Interim Bond Review Committee, and to authorize distribution of the final report. Motion carried unanimously.

NOVEMBER 8, 2018 MEETING: The next board meeting is November 8, 2018, via the Digital Dakota Network. Mr. Perkovich discussed possible agenda items for this meeting.

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

Board of Water and Natural Resources
September 27, 2018 meeting minutes

Approved this 8th day of November, 2018.

(SEAL)

Chairman, Board of Water and Natural Resources

ATTEST:

Secretary, Board of Water and Natural Resources

DRAFT

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 9-27-18

LOCATION Matthew Training Center- Pierre

Name (PLEASE PRINT)	Address	Representing
Mary Duvall	Pierre	Legislative Oversight
Jackie Lanning	Brookings	BWNR
Jon Porschery	Pierre	DENR Staff
JE PUTNAM	RR MOU	SCWOP
Mike Perkovich	Pierre	DENR
Andy Brvels	Pierre	DENR
PAUL GNIRK	NEW UNDERWOOD	BWNR
Stacy Myhre	Pierre	BOR
Jake Fitzgerald	Philip	WR/LJ
Jim Housiaux	Stockwell Engrs.	Harrisburg
Andrew Pietrus	Harrisburg	City of Harrisburg
Jim Anderson	Pierre	DENR
Brandon Smith	Aberdeen	Helms & Associates
Stephanie Riggley	Pierre	DENR
David Ruhnke	Pierre	DENR
Todd Bernhardt	Fort Pierre	BWNR
LaJena Cris	Pine/Orion	City of Orinda/GOETS
JEFF McCremette	Mitchell	SPN / City of Mitchell
Abbey Larson	Pierre	DENR
Drew Huisben	Pierre	DENR

November 8, 2018

Item 5

TITLE: Public Hearing to Adopt Brownfields Revitalization and Economic Development Program Work Plan

EXPLANATION: In accordance with ARSD 74:05:12:02, the Board of Water and Natural Resources adopts the annual work plan including a list of projects being funded this year.

RECOMMENDED ACTION: Adoption of FFY 2019 Brownfields Work Plan

CONTACT: Nayyer Syed, 773-5058

Water and Natural Resources Board
Notice of Public Hearing on Proposed 2019 Brownfields Work Plan

A public hearing will be held over the Digital Dakota Network (DDN), on November 8, 2018, at 1:00 p.m. CST, to consider the adoption of the 2019 work plan regarding the Brownfields Revitalization and Economic Development Program as required under

SDCL 74:05:12:02.

The following DDN sites will be available:

Aberdeen - Northern State University, 1200 S. Jay Street, Beulah Williams Library, Room 117
Brookings- South Dakota Department of Transportation, 2131 34th Avenue
Mitchell- Mitchell Technical Institute, 1800 East Spruce Street, MTI Technology Center, Room 155
Pierre - State Capitol, 500 East Capitol Avenue, Room B12, Studio A,
Rapid City – Rapid City Emergency Operations Center, 130 Kansas City Street, Pennington County Administration Building – 1st Floor Conference Room
Sioux Falls – University Center, 4801 N. Career Avenue, Room FADM 145
Watertown – Department of Environment and Natural Resources, 2001 9th Avenue SW Suite 500

The effect of the adoption of the 2019 work plan for the Brownfields Revitalization and Economic Development Program will be to identify projects and procedures for the administration of the State's Brownfields funds as provided by the U.S. Environmental Protection Agency. The 2019 work plan outlines: 1) information on the Assessment and Cleanup Subfund; and 2) a list of projects being assessed or cleaned up using the State Brownfields Assessment and Cleanup Subfund.

Persons interested in presenting data, opinions, and arguments for or against the proposed 2019 work plan may do so by appearing in person at the hearing or by sending written comments to the South Dakota Department of Environment and Natural Resources, Joe Foss Building, 523 East Capitol Avenue, Pierre, South Dakota, 57501. Material sent by mail must reach the Division of Environmental Services, Ground Water Quality Program by 5:00 p.m., November 7, 2018, to be considered.

The board will consider all timely written and oral comments received on the proposed work plan. The board may modify or amend the proposed work plan at that time or exclude matters that are described in this notice.

Notice is further given to individuals with disabilities that this hearing is being held in a physically accessible place. Please notify the South Dakota Department of Environment and Natural Resources at least 48 hours before the public hearing if you have a disability for which special arrangements must be made at the hearing. The telephone number for making special arrangements is 605-773-3296.

Copies of the proposed 2019 work plan may be obtained without charge from the

South Dakota Department of Environment and Natural Resources
Division of Environmental Services
Ground Water Quality Program
Joe Foss Building
523 East Capitol Avenue
Pierre, South Dakota 57501



Steven M. Pirner
Secretary

**SOUTH DAKOTA
BROWNFIELDS REVITALIZATION AND ECONOMIC DEVELOPMENT
PROGRAM
FY 2019 WORK PLAN**

INTRODUCTION

The state of South Dakota proposes to adopt the following Work Plan for federal fiscal year 2019 as required under ARSD 74:05:12:02. The primary purpose of the Work Plan is to identify proposed annual Brownfields projects to be funded through the Brownfields Revolving Loan Subfund and Brownfields Assessment and Cleanup Subfund and amounts available to fund such projects. The Board of Water and Natural Resource's intent to adopt the Work Plan has been publicly noticed in three state papers: Aberdeen, Rapid City Journal and the Pierre Capitol Journal. Copies of the Work Plan have been provided to those parties requesting a copy. This Work Plan reflects the results of the public's review.

The Department of Environment and Natural Resources (DENR) currently has no funds available to capitalize the revolving loan fund.

The department does however have limited funding for the Assessment and Cleanup Subfund. These funds will be used by the department to hire contractors to perform assessment and cleanup work on eligible Brownfields sites. The work plan provides a list of projects and the work that is being performed on each project by the department. In addition, the department may supplement Brownfields Assessment and Cleanup funds with other available funds such as Leaking Underground Storage Tank (LUST) Trust Funds and other appropriate funds. The department estimates that \$100,000 in LUST Trust funds will be used through the Assessment and Cleanup Subfund on LUST eligible activities at Brownfields sites in calendar years 2019-2020. These funds will be used to assess and cleanup petroleum contaminated properties that meet the requirements of both the Brownfields Program and the Leaking Underground Storage Tank Program.

WORK PLAN ELEMENTS:

1. Information on the Assessment and Cleanup Subfund
2. Table 1 - List of projects being assessed or cleaned up using the Brownfields Assessment and Cleanup Subfund.
3. Board approval of the annual work plan.
4. Information on the Brownfields Revolving Loan Subfund.

Brownfields Assessment and Cleanup Subfund

The department has received funds from EPA for the development and enhancement of a state Brownfields program. DENR has the ability to use a portion of these funds (up to 50%) to perform assessment and cleanup activities at eligible Brownfields sites.

The department has been using these funds to assist eligible entities with work to assist in the redevelopment of Brownfields sites. Table 1 lists projects that have been funded or are being funded with Brownfields Assessment and Cleanup sub-funds. Each year the department prepares a work plan and budget which is submitted to EPA. Funding to the states fluctuates each year and is not guaranteed. For federal fiscal year 2019, the department has received \$475,600 in funds for the Brownfields Program. EPA limited states ability to apply for additional funds based on the amount of unexpended funds that each state has remaining. The department will prioritize the work that is performed in the next year to insure that remaining funds are used to complete the projects that are already in progress. Table 1 contains a list of qualifying projects where assessment and cleanup actions are currently being conducted.

The department currently has selected projects based on the qualifying applicant/project, availability of funds, environmental merits of the project, and public benefit. All projects have been funded based on a first come basis. Due to the increased awareness of the program and the limited funds available, the department will prioritize assessment activities over cleanup activities. Property held by public entities (cities or counties) or non-profit organizations will receive priority over privately held properties. Assessment work will only be performed on privately owned property if the project can be shown to provide a significant public benefit to the community. If funds are available, cleanup activities will be performed on those projects where the cleanup provides a clear public benefit and provides significant protection to human health or the environment.

DENR typically hires a contractor to perform the necessary work. The department can contract or grant funds directly with a City or County to fund assessment and cleanup activities under certain circumstances.

To be eligible for Assessment or Cleanup assistance from the department, the following must occur:

- Assessment and Cleanup funds must be available
- An application must be submitted to DENR.
- DENR must review the application and determine that both the project and the applicant are eligible to receive funding under the federal act.
- The applicant must have a letter of support from the Mayor or City Commission or if the site is located in a rural area, the County Commission.
- EPA must approve of each applicant, project, and the work plans for each phase of the work performed if the property is owned by the State of South Dakota.
- DENR must meet or have a conference call with the applicant to discuss the work needed and to discuss prospective redevelopment plans.
- The Department and its designees must have access to the property to perform the necessary work.
- The work plan and budget for each project must be approved and signed by the Secretary of the Department of Environment and Natural Resources, or the Secretary's designee.

- The applicant must agree to comply with the cleanup requirements of the department.

Board Approval of the Annual Brownfields Work Plan

It is anticipated that the department will provide Assessment and Cleanup Subfund assistance in those circumstances where the costs of performing the project are low, cleanup could be completed with available funds, and there is strong community support of the project.

With the approval of the annual work plan, the Board grants approval to the department to proceed with the expenditure of the funds to perform work that is eligible under federal and state laws. Projects that meet the eligibility requirements of the state and federal law may be added at any time to Table 1: *List of Brownfields Assessment and Cleanup Projects*. The addition of projects to Table 1 allows the department to proceed with the expenditure of funds to perform the assessment and cleanup work as necessary at each site. This work may be initiated prior to the next board hearing as long as the project expenditures are within the guidelines established by EPA. The department will provide the Board with an updated list of projects at each scheduled board hearing when new projects are listed.

Table 1

List of Brownfields Assessment and Cleanup Projects 09/19/2018

Start Date	Applicant	Site Name/Location	Assessment, Cleanup, or Other Funds Requested	Amount Anticipated / the Amount Spent as of 10/01/2018*
2018	Alfred G Beck	Beck Property, Pierre	Assessment	\$10,000/\$1,498.40 complete
2018	City of Crooks	CHS	Assessment	\$50,000/\$28,370.79 complete
2018	City of Wall	Glenn Street Property	Assessment	\$15,000/\$6,556.95 complete
2018	Viborg Development	Proposed Industrial Park	Assessment	\$20,000/\$3,868.00 complete
2018	City of Rapid City	Future Ascent Innovation (Ulland Outlot)	Assessment	\$30,000/\$ 16,668.73 complete
2018	Sturgis Economic Development	Langin Autos	Assessment	\$10,000/\$3,195.12 complete
2018	Dakota State University	Convent Building	Assessment	\$20,000/\$??
2018	City of Salem	Salem Armory	Assessment	\$30,000/\$??

Bold = new projects

Strike through = projects that have been removed or withdrawn

* = projects completed with other funds

Public Review and Comment

In accordance with ARSD 74:05:12:02 the department shall develop an annual work plan which will be provided to the Board of Water and Natural Resources within 30 days of the effective date of the rules and prior to January 1st of each year thereafter. Upon completion of the work plan by the department, the board shall conduct a public hearing and receive comments from the public. The Board shall provide notice of the public hearing prior to adoption of the work plan. This work plan has been provided to the public at least 30 days prior to the Board hearing. Comments to the work plan, if any were provided, will be attached. See Attachment 1.

Brownfields Revolving Loan Subfund

The Department of Environment and Natural Resources (DENR) currently has no funds available to capitalize the revolving loan fund. If the department would receive Brownfields Revolving Loan Funds, the Work Plan will be modified to clearly outline the following details:

1. Goals and objectives of the program;
2. Eligible activities as outlined in ARSD 74:05:12:06; and
3. Criteria and method for distribution of the Revolving Loan Subfund.

Attachment
Public Comments on the Annual Work Plan

November 8, 2018

Item 6

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

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 Program, and Solid Waste Management Program, 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.

Periodically, the board reviews and adjusts interest rates based on the criteria listed above.

RECOMMENDED ACTION: Approve resolutions adjusting the interest rates for the Clean Water State Revolving Fund, Drinking Water State Revolving Fund, Consolidated Water Facilities Construction Program, and Solid Waste Management Program.

CONTACT: Mike Perkovich
773-4216

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)	0.75%	0.75%	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)

** Must be a municipality or special purpose governmental entities to receive 30-year non-disadvantaged loan

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%

Clean Water State Revolving Fund Loan Rates

	Interest	Admin	Total
Term Up to 30 Years	2.00%	0.75%	2.75%
Term Up to 20 Years	1.75%	0.75%	2.50%
Term Up to 10 Years	1.50%	0.75%	2.25%
Interim Financing (5 years)	2.00%	0.00%	2.00%
NPS--Watershed Incentive Rate (Up to 30 Years)	1.00%	0.75%	1.75%
NPS--Watershed Incentive Rate (Up to 20 Years)	1.00%	0.50%	1.50%
NPS--Watershed Incentive Rate (Up to 10 Years)	0.75%	0.50%	1.25%

Drinking Water State Revolving Fund Loan Rates

	Interest	Admin	Total
Term Up to 30 Years **	2.25%	0.50%	2.75%
Term Up to 20 Years	2.00%	0.50%	2.50%
Term Up to 10 Years	1.75%	0.50%	2.25%
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	2.00%	0.50%	2.50%
MHI between 60% and 80% of MHI	1.75%	0.50%	2.25%
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	1.25%	0.00%	1.25%

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

** Must be a municipality or special purpose governmental entities to receive 30-year non-disadvantaged loan

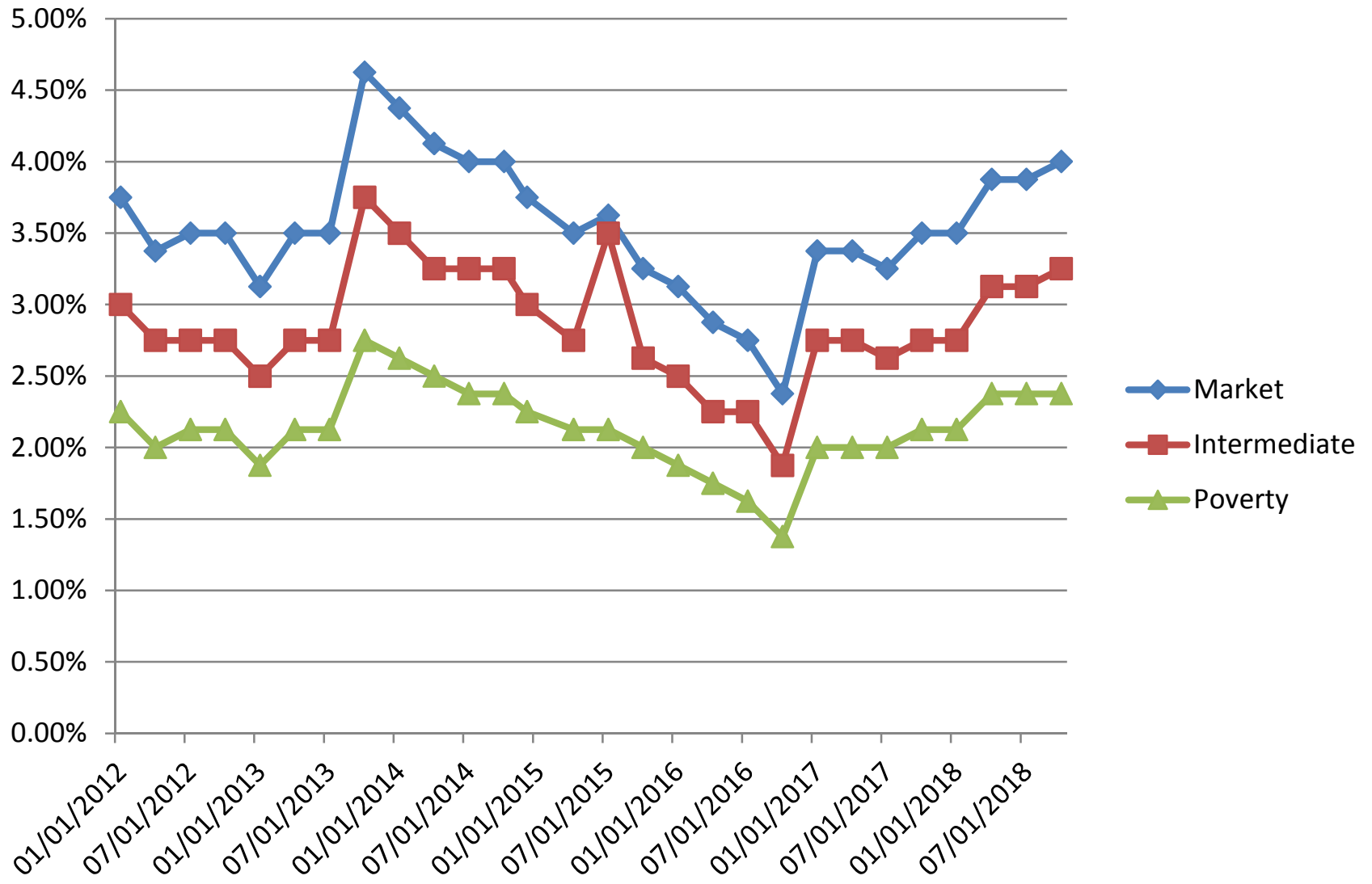
Consolidated Water Facilities Construction Fund Loan Rates

Term Up to 30 Years	2.75%
Term Up to 20 Years	2.50%
Term Up to 10 Years	2.25%

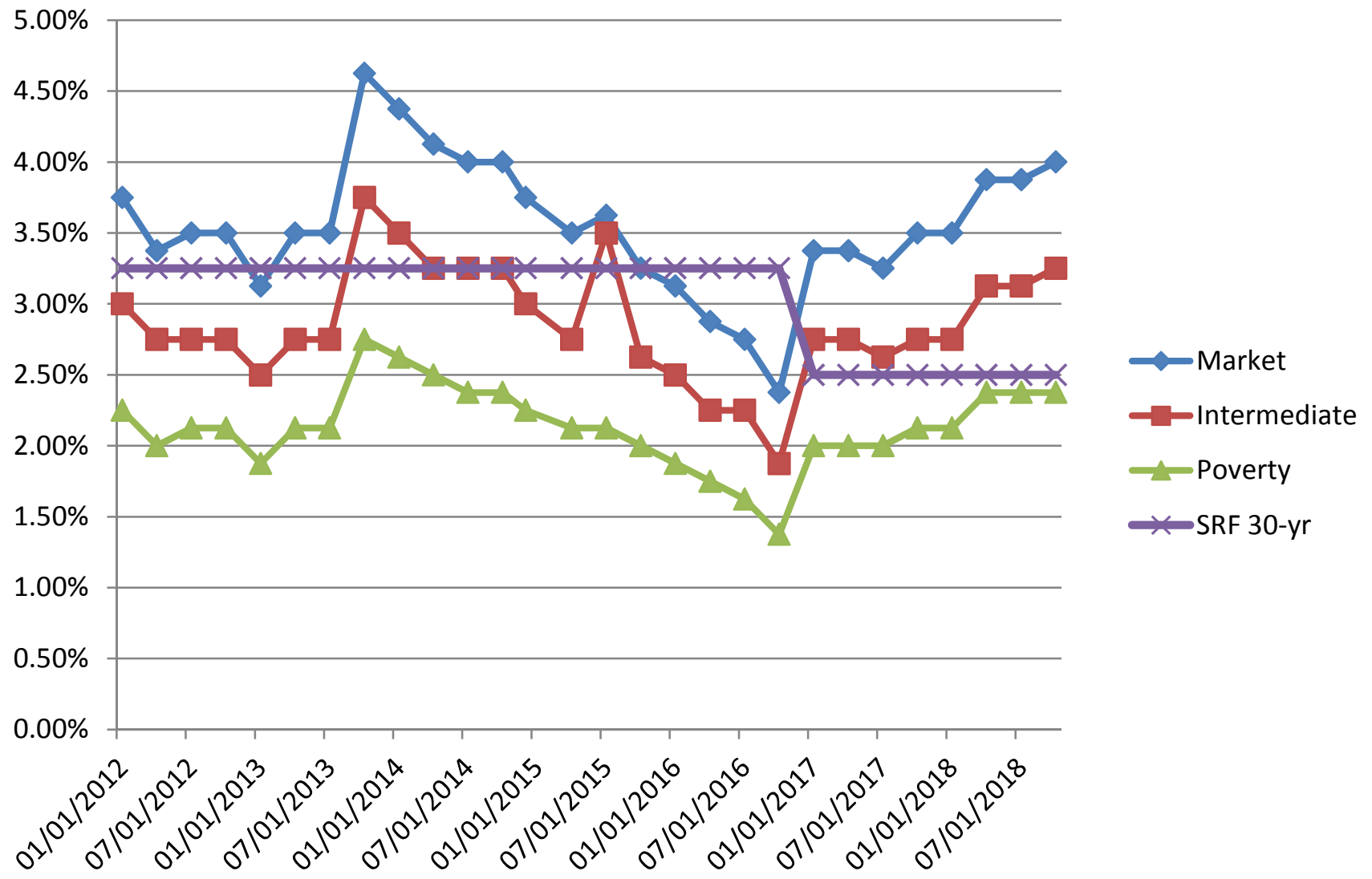
Solid Waste Management Program Loan Rates

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

Rural Development Interest Rates



Rural Development & SRF Interest Rates



Colorado Water Resources and Power Development Authority

Clean Water and Drinking Water SRF Loan Rates

	Interest*
Term Up To 20 Years (under \$3,000,000)	2.0%
Projects with “Green” Components	
Projects with at least 20 percent green components	0%
Projects with at least 15% but less than 20% green components	1%
Disadvantaged Community Loans	
Up to 30 Years (Population of 10,000 or less)	
Median Household Income (MHI) levels that range from 61% to 80% of the statewide MHI	1.0%
Median Household Income (MHI) levels that are less than 61% of the statewide MHI	0%
Leveraged Loans (over \$3,000,000)	70% of the Market Rate on the authority's AAA rated Bonds

*Admin fees are built into the interest rates listed above.

Iowa Finance Authority

DW/CW SRF borrowers are charged a 0.5% loan origination fee

	Interest
Term Up To 20 Years	2.00% *
Term Up To 30 Years	3.00% *
Term Up To 30 Years (CW/DW Disadvantaged Communities)	2.00% *

* Includes .25% annual servicing fee

Planning & Design Loans are at 0% interest for up to 3 years. These are either rolled into an SRF loan or paid in full if they get other financing.

Iowa allows all loans over 10-years old to refinance down to the new interest rate. Borrowers are notified on the loan anniversary date.

Minnesota Public Facilities Authority

Minnesota sets SRF loan rates based on discounts from a daily market index. All borrowers get a base 1.5% discount from the AAA scale. Small borrowers under 2,500 population can get additional discounts up to 2.5% based on average residential system costs as a percentage of MHI. Minnesota has set a minimum rate of 1%.

Loans are amortized up to a maximum of 20 years, or up to 30 years if the average annual residential cost would exceed 1.4 percent of median household income.

At current market rates, small borrowers are at or near the 1% minimum; for other borrowers rates for 20-year loans are approximately 1.30% and approximately 1.55% for 30-year loans.

Montana Department of Natural Resources and Conservation

Clean Water and Drinking Water SRF programs

Up To 20 years / 30 years if Hardship

Up To 3 years

Interest rate: 2.00%

Short term rate: 1.25%

Administration: 0.25%

Loan Loss Reserve: 0.25%

Total loan rate: 2.50%

North Dakota Public Finance Authority

Clean Water and Drinking Water SRF Tax Exempt Loan Rates

20 or 30-year terms: Interest 1.5% + Admin 0.5% = Total 2.0%

Clean Water and Drinking Water SRF Taxable Loan Rates

20 or 30-year terms: Interest 2.5% + Admin 0.5% = Total 3.0%

(Taxable loans are uncommon)

Wyoming Department of Environmental Quality

SRF core program rate is 2.5% for both 20- and 30-year loans.

Green Project components are eligible for 0%.

Market Rates

Bond Buyer's 20 Bond Index	4.18%
Municipal Money Market (MMD) 15-year AAA	2.91%
Municipal Money Market (MMD) 30-year AAA	3.27%
U.S Treasury 10-year Note	3.19%
U.S Treasury 20-year Note	3.29%
U.S Treasury 30-year Note	3.35%

Rates as of October 5, 2018

TITLE: 2019 State Water Plan Applications

EXPLANATION: Water projects that will require state funding or need state support for categorical grant or loan funding must be on the State Water Plan. At its November planning meeting, the Board of Water and Natural Resources approves projects for placement on the next year's State Water Facilities Plan. The projects placed on the plan at this meeting will remain on the facilities plan through December 2020.

Placement of a project on the State Water Plan by the board provides no guarantee of funding. The following applications have been received for placement on the 2019 State Water Plan.

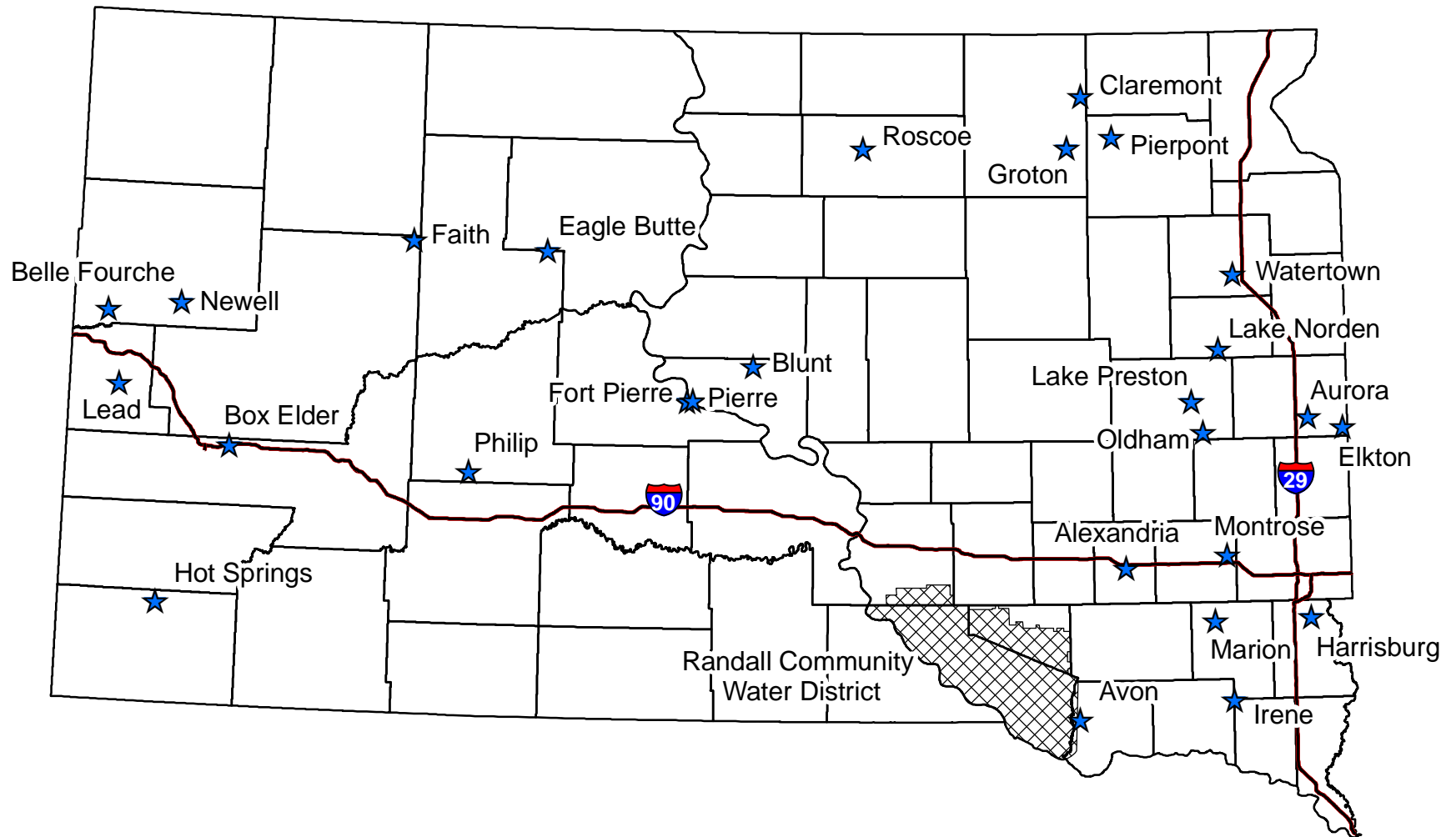
- | | |
|--|--------------------------------------|
| a) Alexandria | q) Irene |
| b) Aurora | r) Lake Norden |
| c) Avon | s) Lake Preston |
| d) Belle Fourche | t) Lead |
| e) Blunt | u) Marion |
| f) Box Elder | v) Montrose |
| g) Claremont | w) Newell |
| h) Eagle Butte | x) Oldham |
| i) Elkton (wastewater) | y) Philip |
| j) Elkton (water) | z) Pierpont |
| k) Faith | aa) Pierre |
| l) Fort Pierre | bb) Randall Community Water District |
| m) Groton | cc) Roscoe (water) |
| n) Harrisburg | dd) Roscoe (wastewater) |
| o) Hot Springs (North 24 th Street) | ee) Watertown |
| p) Hot Springs (North River Street) | |

RECOMMENDED ACTION: Approve staff recommendations for amendment of projects on 2019 State Water Facilities Plan

CONTACT: Andy Bruels, 773-4216

State Water Plan Applications

November 2018



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SEP 27 2018

SD EForm - 0487LD V3

Division of Financial
& Technical Assistance

State Water Plan Application

Applicant: City of Alexandria Address: PO Box 157 Alexandria, SD 57311 Phone Number: 605 239-4764	Proposed Funding Package Projected State Funding <u>\$1,450,000</u> Local Cash <u>\$3,970</u> Other: _____ Other: _____ TOTAL <u>\$1,453,970</u>
--	--

Project Title: Alexandria Water System Improvements

Description: (Include present monthly utility rate.)

The project consists of the following components: construction of a new 100,000 gallon capacity water tower; improvements to the water distribution system, including replacement of approximately 2,000 feet of water mains; improvements to the booster station; and abandonment of a well.

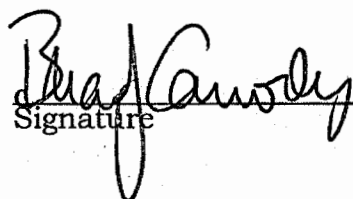
The City's current water rate is \$42.50 per 5,000 gallons of water used.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Brian Carmody

Name & Title of Authorized Signatory
(Typed)

 9-25-18

Signature Date

State Water Plan Application

Applicant: City of Aurora Address: 202 North Broadway Aurora, SD 57002 Phone Number: 605-693-3548	Proposed Funding Package <table style="width: 100%;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right;">\$4,200,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right;">\$0</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$4,200,000</td> </tr> </table>	Projected State Funding	\$4,200,000	Local Cash	\$0	Other: _____	\$0	Other: _____	\$0	TOTAL	\$4,200,000
Projected State Funding	\$4,200,000										
Local Cash	\$0										
Other: _____	\$0										
Other: _____	\$0										
TOTAL	\$4,200,000										

RECEIVED

OCT 01 2018


Division of Financial
& Technical Assistance

Project Title: Aurora Wastewater Treatment Facility Plan

Description: (Include present monthly utility rate.)

The City of Aurora has experienced and is currently experiencing rapid growth. Therefore, improvements are needed at the existing wastewater treatment facility (WWTF). After analysis of the current flows and loadings, the treatment facility has reached its hydraulic capacity.

Due to the recent rapid growth of the City, it was difficult to project future flows and loadings. Therefore, a two (2) phase Submerged Attach Growth Reactor (SAGR) project is recommended. Phase 1 will consists of constructing one (1) SAGR cell, implement partial mix aeration, and ultraviolet (UV) disinfection. Phase 1 will provide capacity till approximately 2030. This is likely the time that nutrient limits may become effective. When nutrient limits are established improvements will be needed at the WWTF. At this time the City will evaluate if additional capacity will be needed. If needed, the City will construct the second SAGR cell to provide the needed capacity.

Aurora's wastewater rates are a straight flat rate of \$32.71 per month per customer. This rate includes an \$8.00 surcharge for the pond expansion project. 

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

<u>Mauds Fred Weekes</u> Name & Title of Authorized Signatory (Typed)	<u>Fredrick Weekes</u> Signature	<u>9-28-18</u> Date
---	-------------------------------------	------------------------

Additional Comments:

For a detailed description of the Aurora WWTF improvement project, reference the attached executive summary. The general description of the project is as follows:

The City of Aurora has been and is currently experiencing rapid growth within the past few years. Therefore, the WWTF needs to be expanded to provide capacity to effectively treat wastewater flows and loads.

It was difficult to project future population and flows for the City of Aurora. This study is essentially projecting that the population of Aurora will double as well as wastewater flows within this 20 year planning period. Therefore, the City of Aurora is proceeding with a two (2) phase approach. Phase 1 will consists of constructing one Submerge Attach Growth Reactor (SAGR), implement partial mix aeration, and ultraviolet (UV) disinfection. Aurora will need to discharge year round, therefore a lift station will be used to pump treated effluent to Medary Creek. Phase 1 is projected to provide adequate capacity till approximately 2030.

It is also projected that nutrient limits may be enforced around 2030. If nutrient limits are enforced, then improvements will be needed at the WWTF to achieve nutrient removal. The City of Aurora at that time will be able to evaluate if additional capacity will be need. If additional capacity is needed, a second SAGR cell will be constructed at that time to adequately treat wastewater till at least 2040.

State Water Plan Application

Applicant: City of Avon Address: PO Box 207 Avon, SD 57315-0207 Phone Number: 605-286-3694	Proposed Funding Package <table style="width: 100%;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right;">\$310,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">\$65,000</td> </tr> <tr> <td style="text-align: right;">Other: SD DOT (proposed)</td> <td style="text-align: right;">\$600,000</td> </tr> <tr> <td style="text-align: right;">Other: CDBG/RD (prop.)</td> <td style="text-align: right;">\$450,226</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$1,425,226</td> </tr> </table>	Projected State Funding	\$310,000	Local Cash	\$65,000	Other: SD DOT (proposed)	\$600,000	Other: CDBG/RD (prop.)	\$450,226	TOTAL	\$1,425,226
Projected State Funding	\$310,000										
Local Cash	\$65,000										
Other: SD DOT (proposed)	\$600,000										
Other: CDBG/RD (prop.)	\$450,226										
TOTAL	\$1,425,226										

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OCT 03 2018

Division of Financial
& Technical Assistance

Project Title: Avon Main Street Infrastructure Improvements

Description: (Include present monthly utility rate.)

Main Street runs north and south through the south-central part of the City and links the City's business district to SD Highway 50. The business district includes over 20 businesses as well as the city hall, library and the US Post Office. Main Street is subject to daily truck and passenger vehicle traffic. The concrete surface is breaking up and showing signs of severe distress. In other areas, the existing street surfacing has cracked significantly indicating that the concrete surfacing is beyond the end of its useful life.


The City of Avon is proposing to reconstruct Main Street from Railway Street to 2nd Avenue. This section of Main Street is approximately 1,100 linear feet in length plus intersection work at Main Street and 1st Avenue and Railway Avenue. The proposed improvements will include 8" concrete surfacing with storm sewer inlets and pipe, concrete sidewalks, water line and sanitary sewer replacement and light poles.

The City of Avon charges \$53.50/5,000 gal. of water and \$13.00/5,000 gal. of sewer.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Keith Gill, Mayor
 Name & Title of Authorized Signatory
 (Typed)


 Signature

9-28-18
 Date

State Water Plan Application

Applicant: City of Belle Fourche Address: City of Belle Fourche 511 6th Ave Belle Fourche, SD 57717 Phone Number: 605-892-2492	Proposed Funding Package <table style="width: 100%;"> <tr> <td style="width: 80%;">Projected State Funding</td> <td style="width: 20%; text-align: right;">\$1,836,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$1,836,000</td> </tr> </table>	Projected State Funding	\$1,836,000	Local Cash	0	Other: _____	0	Other: _____	0	TOTAL	\$1,836,000
Projected State Funding	\$1,836,000										
Local Cash	0										
Other: _____	0										
Other: _____	0										
TOTAL	\$1,836,000										

RECEIVED

OCT 01 2018

Division of Financial
& Technical Assistance

Project Title: Day Street Lift Station Replacement

Description: (Include present monthly utility rate.)

The City of Belle Fourche is proposing a project to replace the existing Day Street Lift Station. The purpose of the project is to replace aging and undersized equipment and facilities with a modern facility. The new lift station will increase pumping capacity to meet increased wastewater flows that have occurred in the past and are projected to continue in the future.

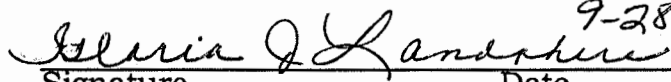
The current monthly sewer rate is \$28.10/month per user.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Gloria Landphere, Mayor

Name & Title of Authorized Signatory
(Typed)


 Signature

9-28-2018
 Date

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SEP 13 2018

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Division of Financial
& Technical Assistance

State Water Plan Application

Applicant: City of Blunt Address: PO Box 127 Blunt, South Dakota 57522-127 Phone Number: 605-962-6262	Proposed Funding Package Projected State Funding <u>\$920,000</u> Local Cash _____ Other: _____ Other: _____ TOTAL <u>\$920,000</u>
--	---

Project Title: City of Blunt Storm Drainage System Improvements

Description: (Include present monthly utility rate.)

The City of Blunt proposes to undertake stormwater drainage improvements as the city is located within a floodplain and within the Medicine Knoll Creek drainage area. During periods of heavy rainfall and rapid snowmelts, the city experiences flooding issues and periods of standing water. Over the years, the city has made several improvements including \$200,000+ of diversion ditch improvements in 2012. Standing water is also a health concern for diseases caused from mosquitos, etc. The city continues to see flood damage to homes as well as the street and wastewater system infrastructure. The city does not have an underground storm water system, but rather relies on a series of 138 culverts and valley gutters. The proposed improvements to help alleviate flooding and standing water include: (1) removing and replacing all culverts that are in fair and poor condition (salvaging as many as possible) plus all necessary appurtenances in order to handle water flow;

(2) undertaking improvement on the drainage channel that goes around the city including cleaning and reshaping of the channel, the replacement of the box culvert, riprapping, seeding, etc.; and

CONTINUE "ADDITIONAL COMMENTS" BLOCK

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Bryce Chambers, Mayor

Name & Title of Authorized Signatory
(Typed)

Bryce Chambers
Signature

9/11/2018
Date

Additional Comments:

(3) constructing a drainage system around the school which involves a culvert and valley gutter system, inlets, grates, street work, etc.

The city will most likely have to phase in the improvements and has established a flood control budget within their general fund. The city did submit a SDDOT Community Access Grant in 2018 which, if funded, will help correct some drainage issues due to the condition of the valley gutter system and the curb and gutters along approximately three blocks of Main Street.

The stormwater drainage improvement facility plan is on file with SDDENR.

State Water Plan Application

Applicant: City of Box Elder Address: 420 Villa Dr. Box Elder, SD 57719 Phone Number: 605-923-1404	Proposed Funding Package <table style="width: 100%;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right;">\$1,841,681</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">\$300,000</td> </tr> <tr> <td style="text-align: right;">Other: CDBG</td> <td style="text-align: right;">\$770,000</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$2,911,681</td> </tr> </table>	Projected State Funding	\$1,841,681	Local Cash	\$300,000	Other: CDBG	\$770,000	Other:		TOTAL	\$2,911,681
Projected State Funding	\$1,841,681										
Local Cash	\$300,000										
Other: CDBG	\$770,000										
Other:											
TOTAL	\$2,911,681										

RECEIVED
OCT 01 2018

 Division of Financial
& Technical Assistance

Project Title: Box Elder Well #10 Project

Description: (Include present monthly utility rate.)

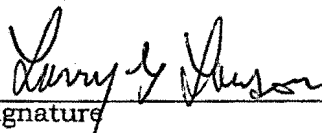
This project will construct a new Madison well and water lines connecting the well to the existing Box Elder municipal water system. The proposed well would be a 4,900' (+/-) Madison Aquifer well. The expected location for the well is in the SW quadrant of the intersection of 150th Place and Tyler Trail (within the SW 1/4 of Section 8, T2N, R9E in Box Elder). Water lines will also be constructed to connect the new well to the existing Ghare well house and reservoir. These lines will include a new 9,250', 8" PVC main along 150th Place. Need for this project is due to growth and water demand. The City has seen significant growth - from a population of 2,680 in 1990 to 9,498 currently. Even with all current wells pumping nearly constantly, the existing water system barely meets the City's average daily demand - much less peak demands. Regular water restrictions are necessary, and severe restrictions have occurred during well failures. At a minimum, one new well is needed now to resolve this problem. Refer to attached engineering report for detailed project information, data, maps and costs. Existing water rates are \$26.50 per 5,000 gallons, however, the City has committed to raising the water rates to \$30 upon funding award.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Larry Larson, Mayor

 Name & Title of Authorized Signatory
(Typed)



9/24/18

Signature

Date

State Water Plan Application

Applicant: City of Claremont Address: 507 6th Street Claremont, SD 57432 Phone Number: 605-294-5220	Proposed Funding Package <div style="text-align: right;"> Projected State Funding <u>\$1,831,446</u> </div> <div style="text-align: right;"> Local Cash <u> </u> </div> <div style="text-align: right;"> Other: <u> </u> </div> <div style="text-align: right;"> Other: <u> </u> </div> <div style="text-align: right;"> TOTAL <u>\$1,831,446</u> </div>
--	---

Project Title: Claremont Wastewater Improvement Project

Description: (Include present monthly utility rate.)

The City of Claremont is proposing to replace all existing wastewater lines with new lines, repair the 5th Street life station and place a synthetic pond liner at the lagoon. Attached are copies of the cost estimates completed by Helms and Associates. A Wastewater study have been completed through funding by the SDDENR and is on file.

Claremont's current wastewater rate is at \$32.00.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Shane Johnson, Town President

 Name & Title of Authorized Signatory
 (Typed)



 Signature

September 26, 2018

 Date

State Water Plan Application

Applicant: City of Eagle Butte Address: 209 MAIN ST PO Box 150 EAGLE BUTTE, SD 57625 Phone Number: 605-964-8783	Proposed Funding Package <div style="text-align: right;"> Projected State Funding <u>\$350,000</u> </div> <div style="text-align: right;"> Local Cash _____ </div> <div style="text-align: right;"> Other: _____ </div> <div style="text-align: right;"> Other: _____ </div> <div style="text-align: right;"> TOTAL _____ </div>
---	---

Project Title:

Description: (Include present monthly utility rate.)

The Water Tower Project would consist of miscellaneous repair and rehab work on the water tower that would include repairing some holes, repainting both the interior and exterior and addressing multiple items to meet current codes and standards. A professional examination and evaluation of the City of Eagle Butte's 75,000 gallon elevated water storage tank was conducted on June 22, 2018. During this examination and evaluation an inspection of the exterior coating systems, foundations, structural members, and appurtenances was accomplished for the preparation of specifications and contract documents for a coating refurbishing project.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Sheila Ganje, Financial Officer

Name & Title of Authorized Signatory
 (Typed)

Signature

Date

State Water Plan Application

Applicant: City of Elkton Address: PO Box 308 Elkton, SD 57026-0308 Phone Number: 605-542-5411	Proposed Funding Package <div style="text-align: right;"> Projected State Funding <u>\$8,412,000</u> Local Cash _____ Other: _____ Other: _____ <div style="text-align: right;"> TOTAL <u>\$8,412,000</u> </div> </div>
---	--

Project Title: Elkton Wastewater System Improvements

Description: (Include present monthly utility rate.)

The City is proposing to construct improvements to the wastewater system. The proposed project will clean and televise the wastewater collection system, replace approximately 44,500 LF of vitrified clay pipe with PVC pipe, install manholes, and construct street repairs plus any other necessary appurtenances to complete the project. Televising and cleaning will help identify the problems in the collection system. The City's VCP pipes have reached the end of their useful life. The older pipes have tendency to crack easily leading to breaks. The cracks, breaks and joints in the older VCP create a potential for infiltration and inflow to enter the wastewater collection system. SPN has estimated that I/I makes up 34% of the system wastewater flows. Deficiencies in the wastewater system need to be corrected. SPN provided the preliminary engineering and cost estimates for the project. Elkton's wastewater rate for 5,000 gallons of usage is \$27.25/month. The city does not have an established reserve account for the wastewater fund.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

David Landsman, Mayor

 Name & Title of Authorized Signatory
 (Typed)

David Landsman 9-26-18

 Signature Date

State Water Plan Application

Applicant: RECEIVED City of Elkton Address: OCT 01 2018 PO Box 308 Elkton, SD 57026-0308 Phone Number: 605-542-5411	Division of Financial & Technical Assistance Proposed Funding Package <table style="width: 100%;"> <tr> <td style="width: 70%;">Projected State Funding</td> <td style="width: 30%; text-align: right;">\$4,600,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$4,600,000</td> </tr> </table>	Projected State Funding	\$4,600,000	Local Cash	_____	Other: _____	_____	Other: _____	_____	TOTAL	\$4,600,000
Projected State Funding	\$4,600,000										
Local Cash	_____										
Other: _____	_____										
Other: _____	_____										
TOTAL	\$4,600,000										

Project Title: Elkton Water System Improvements

Description: (Include present monthly utility rate.)

The City is proposing to construct improvements to the water system. The project will replace approximately 20,000 LF of cast iron pipe with PVC pipe, install interior/exterior coating on water tower, install hydrants, and abandon an unused well plus any other necessary appurtenances to complete the project. The City's existing cast iron water lines that have reached the end of their useful life. The cracks and breaks in the water lines cause leaks and create a potential for contamination to enter the water distribution system. System water losses have been averaging around 24%. There are several dead-end lines within the system. Dead-end lines allow a longer water retention time in the pipe that can be detrimental to water quality and cause potential safety hazards. Coatings on the water tower have reached the end of their useful life. The City has one old well that is not in use and uncapped. The well should be capped to prevent contamination of local ground water. Deficiencies in the water system need to be corrected. SPN provided the preliminary engineering and cost estimates for the project. Elkton's water rate for 5,000 gallons of usage is \$34.95 month. The city does not have an established reserve account for the water fund.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

David Landsman, Mayor
 Name & Title of Authorized Signatory
 (Typed)

David R. Landsman 9-26-18
 Signature Date

State Water Plan Application

Applicant: City of Faith Address: PO Box 368 Faith, SD 57626 Phone Number: (605) 967-2261	<div style="text-align: center;"> RECEIVED SEP 20 2018 Division of Financial & Technical Assistance </div> Proposed Funding Package <table style="width: 100%;"> <tr> <td style="width: 70%;">Projected State Funding</td> <td style="width: 30%; text-align: right;">\$1,315,821</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other: CDBG</td> <td style="text-align: right;">\$515,000</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$1,830,821</td> </tr> </table>	Projected State Funding	\$1,315,821	Local Cash	_____	Other: CDBG	\$515,000	Other: _____	_____	TOTAL	\$1,830,821
Projected State Funding	\$1,315,821										
Local Cash	_____										
Other: CDBG	\$515,000										
Other: _____	_____										
TOTAL	\$1,830,821										

Project Title: Wastewater System Improvements

Description: (Include present monthly utility rate.)

Faith is proposing a project to refurbish the city's entire wastewater collection system in order to address significant inflow and infiltration problems within the system. The city's collection system is comprised of approximately 25,980 feet of 8 and 10-inch sewer main and an estimated 11,800 feet of 4-inch service connection lines. Installation of the original sewer system occurred in the early 1920's. There are short segments of newer pipe throughout the system, but over 80 percent of the system is still original. The proposed project includes cleaning and televising the collection system to determine the condition of the infrastructure and then refurbishing the system via Cured in Place Pipe (CIPP).

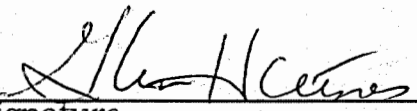
Faith provides sanitary sewer service to 236 connections (172 residential and 64 commercial). The monthly utility rate is \$18 for residential and \$18 up to 5,000 gallons of water and \$.0005 for each additional gallon of water for commercial (effective September 1, 2017).

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Glen Haines, Mayor

 Name & Title of Authorized Signatory
 (Typed)


 9-10-18
 Signature Date

State Water Plan Application

Applicant: City of Fort Pierre Address: PO Box 700 08 East 2nd Ave. Fort Pierre, SD 57532 Phone Number: (605) 223-7690	Proposed Funding Package <table style="width: 100%;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right;">\$3,930,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$3,930,000</td> </tr> </table>	Projected State Funding	\$3,930,000	Local Cash	_____	Other:	_____	Other:	_____	TOTAL	\$3,930,000
Projected State Funding	\$3,930,000										
Local Cash	_____										
Other:	_____										
Other:	_____										
TOTAL	\$3,930,000										

Project Title: Fort Pierre Wastewater System Improvements Project

Description: (Include present monthly utility rate.)

The City of Fort Pierre proposes to undertake wastewater system improvements including rehabilitation of the wastewater treatment system to remain in compliance with the city's NPDES permit. The city is amending the project as previously submitted from construction of an additional lagoon to installation of aeration and mixing equipment into the primary cells of the existing lagoon system, as well as addition of disinfection prior to discharge, and necessary appurtenances. Additional improvements include modifying the discharge point from the Bad River to the Missouri River. These improvements will reduce organic sludge buildup in the system, reduce ammonia levels, allow for a continuous discharge during warmer months, and keep adequate capacity to retain flows over the winter. In addition, city personnel will continue to search out and repair inflow and infiltration in the system to reduce the per capita flow.

Continued in Additional Comments Section

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Gloria Hanson, Mayor

 Name & Title of Authorized Signatory
 (Typed)

Gloria Hanson 10/1/2018

 Signature Date

Additional Comments:

Current wastewater rates for the city are \$22.75 base fee/user/month plus an \$0.85 surcharge, with an additional \$1.75 per 1,000 gallons water use, which equates to \$32.35/user/month for 5,000 gallons. The city will further need to review rates. The city has a reserve fund.

The updated engineering facility plan will be coming from Banner Associates, Inc.

State Water Plan Application

Applicant: City of Groton Address: PO Box 587 Groton, SD 57445 Phone Number: 605-397-8422	Proposed Funding Package <div style="text-align: right;"> Projected State Funding <u>\$2,077,700</u> Local Cash _____ Other: _____ Other: _____ <div style="text-align: right;"> TOTAL <u>\$2,077,700</u> </div> </div>
--	--

Project Title: Groton Water System Improvement Project

Description: (Include present monthly utility rate.)

The City of Groton is proposing to construct a new elevated water tower to replace their existing tower. The new tower will have a 125,000 gallon capacity. Groton will also be replacing the remaining section of 6" asbestos cement pipe in town, constructing a new pump house and looping some waterlines in the southern part of town. Attached are copies of the cost estimates completed by Clark Engineering. Water, Wastewater and Storm Water studies have been completed through funding by the SDDENR and are on file.

Groton's current water rate is at \$37.25, but that will be increasing shortly due to WEB Water increasing their overall system rates.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Scott Hanlon, Mayor

 Name & Title of Authorized Signatory
 (Typed)

Scott Hanlon

 Signature

September 24, 2018

 Date

State Water Plan Application

Applicant:

City of Harrisburg

Address:

301 E. Willow Street
Harrisburg, SD 57032**RECEIVED****OCT 03 2018**

Phone Number:

605-743-5872

Division of Financial
& Technical Assistance

Proposed Funding Package

Projected State Funding

\$1,340,088

Local Cash

\$0

Other:

\$0

Other:

TOTAL

Project Title: Highway 115 Water Main Loop

Description: (Include present monthly utility rate.)

The South Dakota Department of Transportation is planning on reconstructing Highway 115 from 273rd Street to 85th Street in Sioux Falls. This project requires relocating water main owned by Lincoln County Rural Water. Ownership for water main installed from 273rd Street to 271st Street will be transferred to the City of Harrisburg. Harrisburg will pay to install this water main. A number of customers currently served by Lincoln County Rural Water will then be served by the City of Harrisburg. Harrisburg is requesting placement of this project onto the State Water Plan to be eligible for funding in 2019. Plans for the project have been completed and the project is anticipated to be bid in early 2019. A detailed cost estimate is included in Appendix E of the Preliminary Engineer's Report. A draft agreement for the water main and customer transfer is included in Appendix G.

Harrisburg's current monthly water rate for a 5,000 gallon customer is \$33.87. A rate increase is not needed for this project

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Andrew Pietrus City Administrator
Name & Title of Authorized Signatory
(Typed)

Signature

Date

10/11/18

State Water Plan Application

Applicant: CITY OF HOT SPRINGS Address: 303 N. River Street Hot Springs, SD 57747 Phone Number: 605-745-3135	<div style="text-align: center; font-weight: bold; margin-bottom: 10px;"> RECEIVED OCT 01 2018 Division of Financial & Technical Assistance </div> <div style="text-align: right;"> Proposed Funding Package Projected State Funding <u>\$638,525</u> Local Cash _____ Other: _____ Other: _____ TOTAL <u>\$638,525</u> </div>
--	--

Project Title: North 24th Street Sewer Project

Description: (Include present monthly utility rate.)

The City of Hot Springs is proposing to extend sanitary sewer collection system to an area in the northwestern portion of the community that currently lacks central sewer. This area instead relies upon private septic systems. The project will serve both existing residences as well as proposed development. The water supply source for the SD Veterans Home is located nearby and is threatened by failing septic systems. Therefore this project is needed to alleviate this potential problem. Specific project improvements include the installation of approximately 5,500 LF of 8" PVC sewer main and related appurtenances as set forth in the attached engineering report.

The present sewer rate is \$18.46/5000 gals.

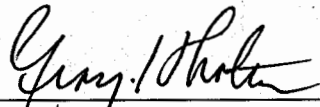
The City is currently assessing sewer rates and anticipate the rates to go to \$20.00/5000 gals.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

George Kotti, Mayor

 Name & Title of Authorized Signatory
 (Typed)



 Signature

9-25-18

 Date

State Water Plan Application

Applicant: CITY OF HOT SPRINGS Address: 303 N. River Street Hot Springs, SD 57747 Phone Number: 605-745-3135	Proposed Funding Package <div style="display: flex; justify-content: space-between;"> <div>Projected State Funding</div> <div><u>391,022.50 water</u></div> </div> <div style="display: flex; justify-content: space-between;"> <div></div> <div><u>700,927.70 sewer</u></div> </div> <div style="display: flex; justify-content: space-between;"> <div>Local Cash</div> <div>_____</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Other: _____</div> <div>_____</div> </div> <div style="display: flex; justify-content: space-between;"> <div>Other: _____</div> <div>_____</div> </div> <div style="display: flex; justify-content: space-between;"> <div>TOTAL</div> <div><u>391,022.50 water</u></div> </div> <div style="display: flex; justify-content: space-between;"> <div></div> <div><u>700,927.70 sewer</u></div> </div>
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& Technical Assistance

Project Title: N. RIVER STREET SEWER/WATER REPLACEMENT - DOT Project

Description: (Include present monthly utility rate.)

During the 2021 SDDOT Highways 385/18 Reconstruction project we are proposing to replace the water and sewer service lines within the highway from Summerville and Battle Mountain intersection south to Valley View Drive on SD385. The sewer section is approximately 30,200 lf and will replace lines over 50 years old. The water line replacement is ~24,000 lf and will also replace lines over 50 years old.

Present water rate is \$28.19/5000 gals
 Present sewer rate is \$18.46/5000 gals
 We are currently assessing our water rates and anticipate the water rates to go to \$30.00/5000 gals and the sewer rates to go to \$20.00/5000 gals

Please provide current rate for 5,000 gallons monthly usage for both sewer and water.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

George Kotti, Mayor

 Name & Title of Authorized Signatory
(Typed)

9-27-18
 Date

Additional Comments:

SD DOT Projects associated with this request:

NH 0018(184)39, Fall River County, PCN 03TH

US18 - Fm US385 to the Hot Springs City Limits

Urban Reconstruction, PCC Surfacing, Curb & Gutter, Roadway Lighting, Traffic Signals

NH 0018B(002)40, Fall River County, PCN 06DE

US18B - Fm Fall River to US18

Urban Reconstruction, PCC Surfacing, Curb & Gutter, Roadway Lighting

NH 0385(48)35, Fall River County, PCN 028Z

US385 from the Jct. with US18 to Summerville St. in Hot Springs

Structure # 24-290-027, 24-292-026

Urban Reconstruction, PCC Surfacing, Curb & Gutter, Roadway Lighting, Structure Approach Slabs

State Water Plan Application

Applicant: City of Irene Address: PO Box 67 Irene, South Dakota 57037 Phone Number: 605-263-3476	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Projected State Funding</td> <td style="width: 30%; text-align: right;">\$4,043,000</td> </tr> <tr> <td>Local Cash</td> <td></td> </tr> <tr> <td>Other: CDBG</td> <td style="text-align: right;">\$750,000</td> </tr> <tr> <td>Other: CAG</td> <td style="text-align: right;">\$530,801</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$5,323,801</td> </tr> </table>	Projected State Funding	\$4,043,000	Local Cash		Other: CDBG	\$750,000	Other: CAG	\$530,801	TOTAL	\$5,323,801
Projected State Funding	\$4,043,000										
Local Cash											
Other: CDBG	\$750,000										
Other: CAG	\$530,801										
TOTAL	\$5,323,801										

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Project Title: Irene Phase II Utility Improvements

Description: (Include present monthly utility rate.)

The City of Irene is proposing to construct Phase II of its water and wastewater utility improvement project. The project addresses deficiencies in the drinking water, clean water and storm sewer systems north of Main Street (Highway 46). Cast iron water mains will be replaced with PVC pipe and looped to increase pressure. Aging and deteriorated clay sanitary sewer lines will be replaced. There is a great deal of I&I due to cracks, root intrusion, and poorly inserted services. The proposed project site is bordered by Till Avenue to the west, State Street to the north and Hazel Avenue to the east. Storm sewer is planned along State Street, Clark Avenue and Dickerson Street to address drainage issues. This is the final phases in a two-phase project.

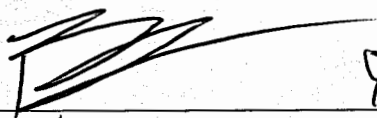
The City of Irene has a reserve fund. The current water rate per 5,000 gallons is \$52.64. The current sewer rate per \$5,000 gallons is \$45.06.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Bryce Johnke, Mayor

Name & Title of Authorized Signatory
(Typed)


 Signature

9/4/18
 Date

State Water Plan Application

Applicant: City of Lake Norden Address: 508 Main Avenue Lake Norden, SD 57248 Phone Number: (605) 785-3602	Proposed Funding Package <table style="width: 100%;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right;">\$1,723,700</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$1,723,700</td> </tr> </table>	Projected State Funding	\$1,723,700	Local Cash	_____	Other:	_____	Other:	_____	TOTAL	\$1,723,700
Projected State Funding	\$1,723,700										
Local Cash	_____										
Other:	_____										
Other:	_____										
TOTAL	\$1,723,700										

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Project Title: Lake Norden Wastewater Lagoon Improvements

Description: (Include present monthly utility rate.)

Repairs to wastewater treatment lagoons including rebuilding and riprapping dike walls and replacing control structures in the City of Lake Norden, South Dakota at an estimated cost of \$1,541,000.

Present monthly utility rates: Davisco International - \$630/mo., Beverly Health Care - \$300/mo., Lake View Court - \$216/mo., Bullpen - \$35/mo., Country Store - \$35/mo. Non-metered units are billed as follows: single member household - \$12/mo., two member household - \$13/mo., three member household - \$14/mo., four (+) member household - \$15/mo. All other users are billed as follows: \$12/mo. plus \$1.00/thousand gallons after the first 2,000 gallons of water usage. The charge shall be based on the average usage during the months of December, January and February.

A reserve fund has been established for the wastewater utility.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Jason Aho, Mayor

Name & Title of Authorized Signatory
(Typed)

Signature

Date

9/4/18

OCT 01 2018

Division of Financial
& Technical Assistance

SD EForm - 0487LD V3

State Water Plan Application

Applicant: City of Lake Preston Address: 111 3rd St NE PO Box 697 Lake Preston, SD 57249-2108 Phone Number: 605-874-4140	Proposed Funding Package Projected State Funding <u>\$8,405,000</u> Local Cash <u>0</u> Other: <u>0</u> Other: <u>0</u> TOTAL <u>\$8,405,000</u>
--	--

Project Title: Water Distribution System Improvements**Description:** (Include present monthly utility rate.)

Water main improvements were examined to address the deficiencies discovered during the analysis of the existing system. To conform to current design criteria, Banner Associates recommends replacing all existing 4-inch water main with new 6-inch or 8-inch water main. The significant amount of old 4-inch cast iron water main in the water distribution system contributes to poor water quality, restricts flow, and causes low pressure during periods of high demands. In addition to replacing all 4-inch water main, it is recommended that some 6-inch main be replaced with 8-inch water main to finish creating an 8-inch loop around the perimeter of Lake Preston. With the water tower located near the center of town, the 8-inch main will help serve the existing customers and potential future development along the outskirts of Lake Preston. The final goal of the improvements was to loop all dead-end water mains to improve water quality and system pressures during periods of high demands. The monthly water rate for 5,000 gallons is approximately \$41.25 (\$15 base charge and \$5.25/1000 gallons). The City does not have an established reserve for the water system. For more information on the proposed improvements, see the "Additional Comments" section on page 5.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Andy Wienk, Mayor

Name & Title of Authorized Signatory
(Typed)

Andrew Wienk 9-25-2018
Signature Date

City of Lake Preston

Additional Comments:

For a detailed description of each individual improvement, see the attached Technical Memorandum. The general description of the project is as follows:

Water Distribution System Improvements:

- Replace all 4-inch water main north of the railroad tracks with 6-inch water main, loop the dead ends along 7th Street North, replace the existing railroad crossings with new 8-inch crossings.
- Replace 3" and 4" water main along around the Manor Ave South area with new 6" and 8" pipe, install 8" pipe along Park Avenue to 3rd St NE, replace 4" with 6" northeast of 3rd St.
- Replace pipe along Minden, Lake, Fremont, and Spring Avenues with 6" pipe.
- Install 8" line along west Hwy 14, Airport Rd, and 4th St SW to create loops in the system.
- Overall, 18,910 ft of new 6" main and 9,830 ft of new 8" main is proposed

Water Storage Improvements:

- Replace existing 60,000 gallon water tower with a new 100,000 gallon tower.

State Water Plan Application

Applicant: City of Lead Address: 801 West Main Street Lead, SD 57754 Phone Number: (605) 584-1401	Proposed Funding Package <table style="width: 100%;"> <tr> <td style="width: 80%;">Projected State Funding</td> <td style="width: 20%; text-align: right;">\$208,091</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$208,091</td> </tr> </table>	Projected State Funding	\$208,091	Local Cash	_____	Other: _____	_____	Other: _____	_____	TOTAL	\$208,091
Projected State Funding	\$208,091										
Local Cash	_____										
Other: _____	_____										
Other: _____	_____										
TOTAL	\$208,091										

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Division of Financial
& Technical Assistance

Project Title: Houston Street Water, Sewer, & Storm Sewer Improvements

Description: (Include present monthly utility rate.)

The City of Lead is proposing to upgrade water and sewer lines and install storm sewer infrastructure as part of a larger road reconstruction project along Houston, S. Mill, and Pavilion Streets on the south side of Lead. The road is being reconstructed and safety improvements are being added in order to improve year-round access from Highway 14A to the Sanford Underground Research Facility as a result of increased traffic from the construction and operation of the new Long-Baseline Neutrino Facility. Specifically, the City of Lead is planning to replace approximately 500 feet of over century-old water line along S. Mill Street; refurbish approximately 1,350' of sewer line installed in the 1940's using CIPP along portions of Houston and S. Mill Streets; and, install storm sewer infrastructure where needed as part of the road reconstruction project.

Lead provides water and sewer service to approximately 1,350 residential and 80 commercial customers. The current water utility rate for 5,000 gallons per month is \$40.25 for residential and varies by use for commercial. The current sewer utility rate is \$11 per month for residential and varies by use for commercial.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Ron Everett, Mayor

Name & Title of Authorized Signatory
(Typed)


Signature

September 17, 2018

Date

State Water Plan Application

Applicant: City of Marion, South Dakota Address: PO Box 94 398 North Broadway Avenue Marion, SD 57043-0094 Phone Number: (605) 648-2869	Proposed Funding Package <table style="width: 100%;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right;">\$3,843,218</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$3,843,218</td> </tr> </table>	Projected State Funding	\$3,843,218	Local Cash	_____	Other:	_____	Other:	_____	TOTAL	\$3,843,218
Projected State Funding	\$3,843,218										
Local Cash	_____										
Other:	_____										
Other:	_____										
TOTAL	\$3,843,218										

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 Division of Financial
 & Technical Assistance

Project Title: Broadway Avenue Street and Utility Improvements Project Phase I

Description: (Include present monthly utility rate.)

The storm sewer in this location is vitrified clay pipe. This pipe has served its useful life and is cracked and egg shaped in many locations. The storm sewer is located along the edge of the pavement and can be replaced without full reconstruction of the roadway. Storm sewer from State Street to First Street will flow through this storm sewer. Edge and crossing patches of the existing asphalt are anticipated. Complete street and utility replacement from State Street to First Street - The storm sewer in this section is also clay pipe. The water main is cast iron and has experienced numerous breaks. There is one block of sanitary sewer that is also clay pipe that needs to be replaced. The existing roadway is concrete overlaid by asphalt and has deteriorated past maintenance due to utility patches, roadway failure patches, truck traffic, and the plain fact that it has outlived its useful life. Sidewalk and street will be replaced building face to building face in the business district. Proposed surfacing is concrete. Street light replacement is also proposed. The current utility rates for water are \$16.50 base rate, surcharge of \$11.10 per account and \$6.25 per 1,000 gallons above the first 1,000 gallons and sewer rates are \$16.50 base rate and \$6.25 per 1,000 gallons above the first 1,000 gallons.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Jeff Jenio, Mayor of Marion, SD

 Name & Title of Authorized Signatory
 (Typed)


 Signature

9/25/18
 Date

Additional Comments:

Broadway Avenue is the main thoroughfare through Marion. Broadway Avenue serves as a link to South Dakota Highway 44 (1 mile south of City Limits) and it becomes Turner County Highway No. 17 to the north and south of City Limits. The section of full reconstruction includes the entire business district of Marion (downtown). The school is located between First Street and Second Street two blocks east of Broadway Avenue. The local elevator has a site behind City Hall which is accessed via Broadway Avenue. Also, there is an ethanol plant as well as a second elevator site to the west of City Limits which is also accessed via Broadway Avenue. The existing roadway is concrete overlaid with asphalt. The roadway has been patched numerous times due to utility issues and roadway deterioration. Joints and cracks have expanded and lifted over the years due to frequent truck traffic. The condition of the roadway has advanced past the point of maintenance. The length of the project is detailed below.

Broadway Avenue – Marion, SD (Total Length = 2,800')

-Broadway Circle to State Street (Storm Sewer Replacement – 1,050')

-State Street to First Street (Full Street & Utility Replacement – 1,750')

State Water Plan Application

Applicant: City of Montrose Address: PO Box 97 Montrose, South Dakota 57043 Phone Number: 605-363-5065	<div style="text-align: center;"> RECEIVED OCT 01 2018 Division of Financial & Technical Assistance </div> Proposed Funding Package <table style="width: 100%;"> <tr> <td style="width: 60%;">Projected State Funding</td> <td style="width: 40%; text-align: right;">\$187,000</td> </tr> <tr> <td>Local Cash</td> <td></td> </tr> <tr> <td>Other: CDBG</td> <td style="text-align: right;">\$151,500</td> </tr> <tr> <td>Other:</td> <td></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$338,500</td> </tr> </table>	Projected State Funding	\$187,000	Local Cash		Other: CDBG	\$151,500	Other:		TOTAL	\$338,500
Projected State Funding	\$187,000										
Local Cash											
Other: CDBG	\$151,500										
Other:											
TOTAL	\$338,500										

Project Title: Water Storage Improvements Project

Description: (Include present monthly utility rate.)

The City of Montrose is proposing to replace its failing water tower with a new structure. The existing tank has severe corrosion and frost spalling. Temporary measures have been implemented to slow down the corrosion; however, a permanent fix is warranted. The roof of the existing water tower has collapsed, fracturing the glass on the outside and underside. The Water Storage Improvements project includes the construction of a 75,000 gallon glass-lined bolted steel ground storage reservoir and the dismantling of the failing ground storage reservoir.

The current water rate for 5,000 gallons of usage is \$35.00 (\$15.00 for the first 0-999 gallons and \$5.00 for every 1,000 gallons segment over 999).

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Paul Klaudt, Mayor

Name & Title of Authorized Signatory
(Typed)

Paul Klaudt
Signature

9-11-18
Date

State Water Plan Application

Applicant: Town of Newell Address: P.O. Box 405 Newell, SD 57760-0405 Phone Number: 605-456-2737	Proposed Funding Package <table style="width: 100%;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right;">\$314,924</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other: CDBG</td> <td style="text-align: right;">\$314,923</td> </tr> <tr> <td style="text-align: right;">Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$629,847</td> </tr> </table>	Projected State Funding	\$314,924	Local Cash	_____	Other: CDBG	\$314,923	Other: _____	_____	TOTAL	\$629,847
Projected State Funding	\$314,924										
Local Cash	_____										
Other: CDBG	\$314,923										
Other: _____	_____										
TOTAL	\$629,847										

Project Title: Newell Water Main Replacement Project

Description: (Include present monthly utility rate.)

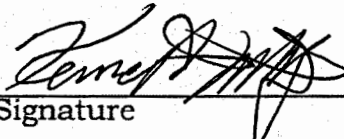
The Newell municipal water system serves 326 city connections and has a distribution system composed of transite and plastic main. The current water rate is \$31.50/5,000 gallons. Most of the transite mains were installed in the 1960's-'70's, are undersized, have outlived a useful life, and are prone to catastrophic failure. The City has been replacing problem segments when possible but breaks with resulting service interruptions are still occurring. This, therefore has prompted the larger-scale main replacement project proposed in this application. The project will replace about 3,300 feet of transite pipe with new PVC pipe, hydrants, associated fittings and tie-ins. The street segments included in the project scope are: Girard Ave. from 2nd St. to 4th St., 2nd St. tie-in both east and west of Girard Ave., 3rd St. from Girard west to Elmira Ave. tie-in, 3rd St. from Girard east to Harvard St., Harvard St. north to 4th St., 4th St. from Girard west to the alley tie-in, and from 4th St. north to 5th St. in the alley. The actual street segments included in the final project may differ slightly from the preceding depending upon changed conditions or budgetary factors. All water line replacement will occur within existing public street or alley right-of-way. (See engineering report on file with DENR for detailed information.)

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Kenneth Wetz, Mayor

Name & Title of Authorized Signatory
(Typed)


9/10/18

Signature Date

State Water Plan Application

Applicant: City of Oldham, SD Address: 108 S. Lillie St. Oldham, SD 57051 Phone Number: 605-482-8372	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Projected State Funding</td> <td style="width: 20%; text-align: right;">\$1,245,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right;">\$44,000</td> </tr> <tr> <td>Other: _____</td> <td></td> </tr> <tr> <td>Other: _____</td> <td></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$1,289,000</td> </tr> </table>	Projected State Funding	\$1,245,000	Local Cash	\$44,000	Other: _____		Other: _____		TOTAL	\$1,289,000
Projected State Funding	\$1,245,000										
Local Cash	\$44,000										
Other: _____											
Other: _____											
TOTAL	\$1,289,000										

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Project Title: Distribution System Improvements

Description: (Include present monthly utility rate.)

The City of Oldham, SD currently purchases wholesale water from Kingbrook Rural Water System and manages a water system for distribution to City residents. Since 2014, Oldham has had difficulty retaining a qualified, licensed utility operator and has been issued violations with the South Dakota DENR.

We recommend that city residents become direct Kingbrook customers so that Kingbrook can directly handle metering, billing, operation, and maintenance. The existing distribution system is comprised of AC mainline and lead service lines which pose a potential threat to public health. Furthermore, 47% of water purchased from Kingbrook over the last 12 months is unaccounted for. We recommend replacing the existing distribution system with PVC pipe.

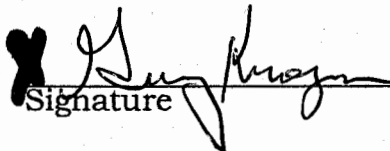
The City water use rate structure is complex, but the monthly cost for 5,000 gallons is \$36.26. Beginning January 1, 2019, Kingbrook will charge \$33 per month as a minimum and an additional \$4.05 for water used. If City residents become individual customers of Kingbrook, the monthly cost for 5,000 gallons will be \$53.25.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

GARY KROGMAN, PRESIDENT

 Name & Title of Authorized Signatory
 (Typed)



 Signature

September 29, 2018

 Date

State Water Plan Application

Applicant: City of Philip Address: PO Box 408 Philip, South Dakota 57567-0408 Phone Number: 605-859-2175	Proposed Funding Package <table style="width: 100%;"> <tr> <td style="text-align: right;">Projected State Funding</td> <td style="text-align: right;">\$340,000</td> </tr> <tr> <td style="text-align: right;">Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">Other:</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$340,000</td> </tr> </table>	Projected State Funding	\$340,000	Local Cash	_____	Other:	_____	Other:	_____	TOTAL	\$340,000
Projected State Funding	\$340,000										
Local Cash	_____										
Other:	_____										
Other:	_____										
TOTAL	\$340,000										

RECEIVED
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 & Technical Assistance

Project Title: Philip Water Meter Project

Description: (Include present monthly utility rate.)

The City of Philip has been experiencing water loss on a monthly basis ranging from 5.05% to 9.81% in 2017, and year-to-date for 2018 has ranged from 5.22% to 9.66%. The high was 16% in 2014. Over the years, the city has replaced several of its water meters, but approximately 45% of the meters still have more than 500,000 gallons of cumulative flow. Studies have shown worn meters generally under-read actual flow. Therefore, it can be easily concluded that some of the city's water loss is due to old, worn meters that no longer accurately meter water flow. Thus, the city proposes to replace approximately 220 meters, plus install new radio transmitters on the remaining meters to allow for an entirely Automated Reading System. The project also involves all necessary appurtenances for the project. The city currently has water rates of \$35/5000 gallons for inside city limit users and \$55/5000 gallons for outside city limit users. The city does have a reserve fund. In order to restructure the city's debt and free up debt limit capacity, the city paid off a Rural Development Water Loan This will enable the city to undertake other projects and thus, the city wishes to have the meter project stay on the State Water Plan. The city is also in

Continue Additional Comments Section!

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Michael Vetter, Mayor

 Name & Title of Authorized Signatory
 (Typed)

 Signature

 Date

9/20/18

Additional Comments:

the process of undertaking a \$2.3 million utility improvements project in the SW portion of the community involving sanitary sewer, storm sewer, and streets and needed to ensure debt capacity was available for that project which should be completed in 2019. The facility plan is on file with SDDENR.

State Water Plan Application

Applicant: Town of Pierpont Address: PO Box 192 Pierpont, SD 57468 Phone Number: 605-325-3381	Proposed Funding Package <table style="width: 100%;"> <tr> <td style="width: 80%;">Projected State Funding</td> <td style="width: 20%; text-align: right;">\$1,333,000</td> </tr> <tr> <td>Local Cash</td> <td></td> </tr> <tr> <td>Other: CDBG</td> <td style="text-align: right;">\$600,000</td> </tr> <tr> <td>Other:</td> <td></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$1,933,000</td> </tr> </table>	Projected State Funding	\$1,333,000	Local Cash		Other: CDBG	\$600,000	Other:		TOTAL	\$1,933,000
Projected State Funding	\$1,333,000										
Local Cash											
Other: CDBG	\$600,000										
Other:											
TOTAL	\$1,933,000										

Project Title: Town of Pierpont Sanitary Sewer Improvements

Description: (Include present monthly utility rate.)

The Town of Pierpont hired Helms and Associates to complete a study of the Town's sanitary sewer system. The Town has experienced issues with back up into homes along with other issues. The Town is proposing to make improvements to the sanitary sewer system. Improvements will include replacing existing pipe with PVC after televising the lines to determine conditions of the existing pipe. The Town is also proposing to install a synthetic liner at the existing ponds.

The Town of Pierpont charges a \$35.00 flat rate per user per month.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Audrey Johnson President

 Name & Title of Authorized Signatory
 (Typed)



 Signature

9/10/2018

 Date

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Division of Financial
& Technical Assistance**State Water Plan Application**

Applicant:	Proposed Funding Package	
City of Pierre	Projected State Funding	\$11,300,000
Address:	Local Cash	\$0
2301 Patron Parkway	Other:	\$0
Pierre, SD 57501	Other:	\$0
Phone Number:	TOTAL	\$11,300,000
605-773-7407		

Project Title: Facility Plan Specific Equipment Replacement

Description: (Include present monthly utility rate.)

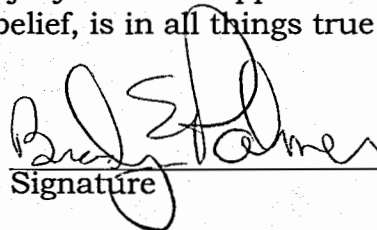
This project consists of replacing processes that have reached the end of their useful life. Replacement includes influent pumping & screening, digestion & solids handling, and the outfall pipeline. The screening facility is approximately 56 years old, and is experiencing differential settlement with the connected building. This is causing the buildings to crack and separate. Screening occurs 30 feet below grade in a confined space. This creates hazardous conditions and is a major safety concern for operators. The outfall pipeline is also approximately 56 years old and experiencing increased operation and maintenance issues along with river bank erosion at discharge. The existing ATADs are approximately 20 years old and experiencing average to severe concrete corrosion. This presents a major structural integrity concern. The ATAD process equipment is obsolete, therefore parts are hard to find and repair costs are extremely high. The City will add an effluent emergency (flood) facility which will be utilized during extreme river flooding events.

Pierre's wastewater rates are \$14.25 plus \$4.75 per 100 cubic feet. These rates include a \$3.00 base and \$0.25/100 cubic feet volume rate applied to DENR loan #C461288-07. A residential customer using 5,000 gallons per month would be billed \$46.00 per month.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Bradley E. Palmer - Utilities Director
Name & Title of Authorized Signatory
(Typed)


Signature

2018-9-28
Date

Additional Comments:

For a detailed description of each individual improvement, reference the attached executive summary. The general description of the project is as follows:

Influent and Screening Facility:

-The influent pumping and screening facility will be replaced with a new facility. The influent pumping will be conducted by submersible lift station. The influent screening will then be conducted by a fine screen located above grade in a new building.

Outfall Pipeline:

-A new 24-inch PVC pipeline will be constructed from the UV effluent discharge pipe to a new outfall structure that discharges in Lake Sharpe.

Effluent Emergency (Flood) Pumping Facility:

-When the Missouri River flooded in 2011 the river elevation was above that of the WWTP, therefore the WWTP effluent needed to be pumped to discharge. This structure will be constructed between the UV facility and outfall structure along the new outfall pipeline. This facility will easily allow the City to pump effluent to discharge. The facility will also allow for submersible pumps to be installed in the future which can provide irrigation for ball fields and the golf course.

Digestion and Solids Handling:

-The existing ATADs will be taken offline and a screw press and dryer will be installed. The screw press and dryer will be located in the facility where the existing belt filter press is located. The belt filter press will be removed as part of this improvement. Thickened sludge will then flow to the screw press where the solids are dewatered. Once dewatered the solids move to the dryer and then disposed of.

State Water Plan Application

Applicant: Randall Community Water District Address: PO Box 37 Lake Andes, South Dakota 57356 Phone Number: 605-487-7823	<div style="text-align: center;"> RECEIVED OCT 01 2018 Division of Financial & Technical Assistance </div> Proposed Funding Package <table style="width: 100%;"> <tr> <td style="width: 70%;">Projected State Funding</td> <td style="width: 30%; text-align: right;">\$4,600,000</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right;">\$28,749</td> </tr> <tr> <td>Other: _____</td> <td>_____</td> </tr> <tr> <td>Other: _____</td> <td>_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$4,628,749</td> </tr> </table>	Projected State Funding	\$4,600,000	Local Cash	\$28,749	Other: _____	_____	Other: _____	_____	TOTAL	\$4,628,749
Projected State Funding	\$4,600,000										
Local Cash	\$28,749										
Other: _____	_____										
Other: _____	_____										
TOTAL	\$4,628,749										

Project Title: City of Geddes Assumption and System Improvements

Description: (Include present monthly utility rate.)

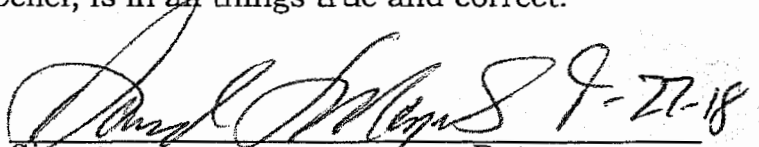
The City of Geddes is experiencing significant water losses within its distribution system. In an attempt to alleviate the issue, new meters were installed in 2015 which helped though losses remained above acceptable levels. The City's leadership acknowledges it is not feasible or economical for the community to replace its distribution system and continue to operate an independent water system. As such the City in conjunction with the RCWD is proposing to have Geddes's water system assimilated into the Randall Community Water District (RCWD). The proposed project includes three elements; distribution, transmission, and storage. RCWD is proposing to replace the entire distribution system to include meters within the City of Geddes. In addition there will be necessary improvements to the system outside the community to include approximately 61,000 feet of 8" PVC water main and a 2.7-million-gallon reservoir.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Dave Meyerink, President

Name & Title of Authorized Signatory
(Typed)


 Signature

Date

State Water Plan Application

Applicant: City of Roscoe Address: PO Box 95 Roscoe, SD 57471-0095 Phone Number: 605-287-4400	Proposed Funding Package <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Projected State Funding</td> <td style="width: 30%; text-align: right; border-bottom: 1px solid black;">\$2,261,790</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other:</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td>Other:</td> <td style="text-align: right; border-bottom: 1px solid black;"></td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right; border-bottom: 1px solid black;">\$2,261,790</td> </tr> </table>	Projected State Funding	\$2,261,790	Local Cash		Other:		Other:		TOTAL	\$2,261,790
Projected State Funding	\$2,261,790										
Local Cash											
Other:											
Other:											
TOTAL	\$2,261,790										

Project Title: Roscoe Water & Sewer Improvement Project

Description: (Include present monthly utility rate.)

The City of Roscoe completed a Small Community Planning Grant in 2018 and is requesting to be placed on the State Water Plan for 2018. Due to an outdated system, the following alternatives were suggested for an updated water system for the community: Miscellaneous well improvement, water tower improvements, & replace 4 & 6" ACP, hydrants, and add valves & water meter replacements.

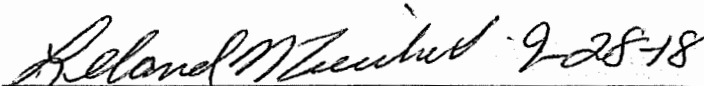
The City's monthly water rate for 5,000 gallons is a \$32.00 (Flat fee of \$20.00 for their 1st 1,000 gallons/month plus \$3.00 per 1,000 gallons after that)

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Leland Treichel, Mayor

 Name & Title of Authorized Signatory
 (Typed)



 Signature Date

State Water Plan Application

Applicant: City of Roscoe Address: PO Box 95 Roscoe, SD 57471-0095 Phone Number: 605-287-4400	Proposed Funding Package <table style="width: 100%;"> <tr> <td style="width: 70%;">Projected State Funding</td> <td style="width: 30%; text-align: right;">\$4,334,469</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$4,334,469</td> </tr> </table>	Projected State Funding	\$4,334,469	Local Cash	_____	Other: _____	_____	Other: _____	_____	TOTAL	\$4,334,469
Projected State Funding	\$4,334,469										
Local Cash	_____										
Other: _____	_____										
Other: _____	_____										
TOTAL	\$4,334,469										

Project Title: Roscoe Water & Sewer Improvement Project

Description: (Include present monthly utility rate.)

The City of Roscoe completed a Small Community Planning Grant in 2018 and is requesting to be placed on the State Water Plan for 2018. Due to an outdated system that was constructed in the 1930's & 60's with some PVC added in the 1990's, the following alternatives were suggested for an updated sewer system for the community: Televising inspection, replacing existing pipe with CIPP & PVC along with general improvements through out Roscoe's system.

The City's monthly sewer rate for 5,000 gallons is a flat \$21.00. If the City plans to submit an eligible application through DENR it is understood that rates must be raised to a minimum of \$30.00/month.

The Applicant Certifies That:

I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Leland Treichel, Mayor

Name & Title of Authorized Signatory
(Typed)

 9-28-18
 Signature Date

State Water Plan Application

Applicant: City of Watertown Address: PO Box 910 Watertown, SD 57201 Phone Number: (605) 882-6200	Proposed Funding Package <table style="width: 100%;"> <tr> <td style="width: 70%;">Projected State Funding</td> <td style="width: 30%; text-align: right;">\$832,896</td> </tr> <tr> <td>Local Cash</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>Other: _____</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="text-align: right;">TOTAL</td> <td style="text-align: right;">\$832,896</td> </tr> </table>	Projected State Funding	\$832,896	Local Cash	_____	Other: _____	_____	Other: _____	_____	TOTAL	\$832,896
Projected State Funding	\$832,896										
Local Cash	_____										
Other: _____	_____										
Other: _____	_____										
TOTAL	\$832,896										

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 Division of Financial
 & Technical Assistance

Project Title: Kittelson Addition Sanitary Sewer Extension

Description: (Include present monthly utility rate.)

The City of Watertown plans to provide sanitary sewer service to 30 homes on the north shore of Lake Pelican as part of a voluntary annexation project initiated by the homeowners in the project area. Homes in the impacted area are currently served by septic tanks and many of the lots are less than an acre in size. If the project is completed 11 of the lots will be served with a gravity system and 19 of the lots will be served by a pressure system.

Present monthly sanitary sewer rate: ~~\$XX.XX~~ ^{\$20.53} /MONTH

A reserve fund for the sanitary sewer system HAS /HAS NOT been established.

The Applicant Certifies That:


I declare and affirm under the penalties of perjury that this application has been examined by me and, to the best of my knowledge and belief, is in all things true and correct.

Sarah Caron, Mayor

 Name & Title of Authorized Signatory
 (Typed)

Signature

Date

 9/20/18

November 8, 2018

Item 8

TITLE: Public Hearing to Adopt Federal Fiscal Year 2019 Clean Water State Revolving Fund Intended Use Plan.

EXPLANATION: The Intended Use Plan describes how the board intends to use available funds to meet the objectives of the Clean Water Act. A prioritized list of projects is included in the Intended Use Plan. Projects seeking a Clean Water State Revolving Fund loan must be included on the priority list. The hearing has been advertised in accordance with applicable state and federal requirements.

RECOMMENDED ACTION: Conduct the public hearing, receive testimony and approve the Federal Fiscal Year 2019 Intended Use Plan.

CONTACT: Andy Bruels (773-4216)

SOUTH DAKOTA CLEAN WATER STATE REVOLVING FUND FISCAL YEAR 2019 INTENDED USE PLAN

INTRODUCTION

The state of South Dakota proposes to adopt the following Intended Use Plan (IUP) for federal fiscal year 2019 as required under Section 606(c) of the Clean Water Act.

The primary purpose of the IUP is to identify the proposed annual intended use of the amounts available to the Clean Water State Revolving Fund (SRF). The IUP has been reviewed by the public and reflects the results of that review.

The IUP includes the following:

1. List of projects and activities;
2. Goals, objectives, and environmental results;
3. Amount of funds transferred between the Clean Water SRF and the Drinking Water SRF;
4. Information on the activities to be supported;
5. Assurances and specific proposals;
6. Criteria and method for distribution of funds; and
7. Sources and uses of funds (the 2019 capitalization grant estimate used in the IUP is based on last year's allocation).

LIST OF PROJECTS AND ACTIVITIES

The IUP identifies potential municipal wastewater, storm water, and nonpoint source projects. A project must be on the project

priority list, Attachment I, to be eligible for a loan. This list was developed from the State Water Plan and includes projects that did not designate Clean Water SRF loans as a funding source.

Projects may be added to the project priority list by the Board of Water and Natural Resources if the action is included on the meeting agenda at the time it is posted.

Priority ratings are based on the integrated project priority system established in ARSD 74:05:08:03.01. The general objective of the integrated priority system is to ensure that projects funded through the Clean Water SRF program address high priority water quality problems. This is accomplished with a priority system that ranks both municipal wastewater and nonpoint source pollution control projects on an equal basis. Projects and activities utilizing administrative surcharge funds are not required to be ranked and included on the project priority list.

The Clean Water SRF may be used for the following purposes:

1. Low-interest loans for secondary or more stringent treatment of any cost-effective alternatives, new interceptors and appurtenances, infiltration/inflow correction, new collectors, sewer system rehabilitation, expansion and correction of combined sewer overflows, decentralized wastewater treatment systems, and construction of new storm sewers. The low-interest loans can be made for up to 100 percent of the total project cost;

2. Refinancing of existing debt obligations for municipal wastewater facilities if the debt was incurred and construction initiated after March 7, 1985; or
3. Nonpoint source pollution control projects and programs, including non-traditional projects (projects with a primary purpose other than water quality).

A determination of which projects are funded from the above mentioned lists, the amount of assistance, and the financing terms and conditions will be made by the Board of Water and Natural Resources during federal fiscal year 2019.

GOALS, OBJECTIVES, AND ENVIRONMENTAL RESULTS

Long-term Goals and Objectives:

The long-term goals of the State Water Pollution Control Revolving Fund are to fully capitalize the Clean Water SRF, maintain or restore and enhance the chemical, physical, and biological integrity of the state's waters for the benefit of the overall environment, protect public health, and promote economic well-being.

Objectives:

1. Maintain a permanent, self-sustaining Clean Water SRF program that will serve in perpetuity as a financing source for wastewater treatment works projects and nonpoint source pollution control projects; and
2. Fulfill the requirements of pertinent federal, state, and local laws and regulations governing water pollution control activities while providing the state and local project sponsors with

maximum flexibility and decision-making authority regarding such activities.

Short-term Goal and Objectives:

The short-term goal of the Clean Water SRF is to fully capitalize the fund.

Objectives:

1. Ensure the technical integrity of Clean Water SRF projects through the review of planning, design plans and specifications, and construction activities;
2. Ensure compliance with all pertinent federal, state, and local water pollution control laws and regulations; and
3. Obtain maximum capitalization of the funds for the state in the shortest time possible.

Environmental Results:

States were required to quantify and report the environmental benefits being realized through the Clean Water SRF loan program. The reporting requirement is being satisfied using an on-line environmental benefits assessment developed by EPA in cooperation with the States and other organizations. A summary of the fiscal year 2019 loans and the resulting benefits will be provided in the end-of-year-annual report.

AMOUNT OF FUNDS TRANSFERRED BETWEEN THE CLEAN WATER SRF AND THE DRINKING WATER SRF

The Safe Drinking Water Act Amendments of 1996 and subsequent Congressional action allows states to transfer an amount equal to 33 percent of its Drinking Water SRF capitalization grant to the Clean Water SRF

or an equivalent amount from the Clean Water SRF to the Drinking Water SRF. States can also transfer state match, investment earnings, or principal and interest repayments between SRF programs and may transfer a previous year's allocation at any time.

South Dakota has transferred \$15,574,320 from the Clean Water SRF program to the Drinking Water SRF program in past years. In fiscal year 2006 and 2011, \$7.5 million in leveraged bond proceeds and \$10 million of repayments, respectively, were transferred from the Drinking Water SRF program to the Clean Water SRF program. With the 2019 capitalization grant, the ability exists to transfer more than \$52.0 million from the Clean Water SRF program to the Drinking Water SRF program. More than \$50.1 million could be transferred from the Drinking Water Program to the Clean Water SRF program. The table on page 10 details the amount of funds transferred between the programs and the amount of funds available to be transferred.

No transfers are expected in fiscal year 2019.

INFORMATION ON THE ACTIVITIES TO BE SUPPORTED

The primary type of assistance to be provided by the Clean Water SRF is direct loans including refinancing of existing debts where eligible. Loan assistance will be provided to municipalities, sanitary districts, counties, or other units of government for publicly owned wastewater treatment facilities, storm sewers, and nonpoint source pollution control programs in accordance with the Clean Water SRF administrative rules adopted by the Board of Water and Natural Resources. With the adoption of the amended and restated Master Indenture in 2004, the Clean Water and Drinking Water SRF programs are cross-

collateralized. This allows the board to pledge excess revenues on deposit in the Drinking Water SRF program to act as additional security for bonds secured by excess revenues on deposit in the Clean Water SRF program, and vice versa.

Sources of Loan Funds

Loan funds are derived from various sources and include federal capitalization grants, state match, leveraged bonds, borrowers' principal repayments, and interest earnings.

Capitalization Grants/State Match: Federal capitalization grants are provided to the state annually. These funds must be matched by the state at a ratio of 5 to 1. The fiscal year 2019 capitalization grant is expected to be \$7,859,000 which requires \$1,571,800 in state match. Bond proceeds will be used to match 2019 capitalization grant funds.

For purposes of meeting fiscal year 2019 proportionality requirements, the South Dakota Clean Water SRF program will document the expenditure of repayments and bond proceeds in an amount equivalent to the entire required state match.

Leveraged Bonds: The South Dakota Conservancy District has the ability to issue additional bonds above that required for state match, known as leveraged bonds. It is anticipated that up to \$75.0 million in leveraged bonds will be required in 2019.

Borrowers' Principal Repayments: The principal repaid by the loan borrowers is used to make semi-annual leveraged bond payments. Any excess principal is available for loans. It is estimated that \$3,000,000 in principal repayments will become available for loans in fiscal year 2019.

Interest Earnings: The interest repaid by the loan borrowers, as well as interest earned on investments, is dedicated to make semi-annual state match bond payments. Any excess interest is available for loans. It is estimated that \$6,500,000 in interest earnings will become available for loans in fiscal year 2019.

Additional Subsidy - Principal Forgiveness

The 2010 and 2011 Clean Water SRF appropriation mandated that not less than 30 percent of the funds made available for Clean Water SRF capitalization grants be used by the State to provide additional subsidy to eligible recipients and shall only apply to the portion of the national allocation that exceeds \$1,000,000,000. The 2012 through 2014 capitalization grants mandated additional subsidy be provided in an amount not less than 20 percent, but not more than 30 percent, of that portion of the national allocation that exceeds \$1,000,000,000. Additional subsidy may be in the form of forgiveness of principal, negative interest loans, or grants (or any combination of these).

Additional subsidy will be provided in the form of principal forgiveness. Municipalities and sanitary districts must have a minimum rate of \$30 per month based on 5,000 gallons usage or a flat rate to qualify for principal forgiveness. Other applicants must have a minimum rate of \$40 per month based on 5,000 gallons usage or a flat rate to qualify for principal forgiveness.

With the passage of the Water Resources Reform and Development Act (WRRDA) in June 2014, states may provide additional subsidization when the total amount appropriated for capitalization grants exceeds \$1,000,000,000. Additional subsidization can be provided to a municipality only if it

meets the affordability requirements established by the state or to projects that implement a process, material, technique, or technology with water efficiency, energy efficiency, mitigation of stormwater runoff or sustainability benefits.

The 2016 through 2018 appropriation acts required an additional 10 percent of the capitalization grant be used for additional subsidy and is available for any eligible borrower. At this time South Dakota will only provide this 10 percent to borrowers who meet the state's affordability criteria.

When determining the amount of principal forgiveness, the Board of Water and Natural Resources may consider the following decision-making factors, which are set forth in alphabetical order:

- (1) Annual utility operating budgets;
- (2) Available local cash and in-kind contributions;
- (3) Available program funds;
- (4) Compliance with permits and regulations;
- (5) Debt service capability;
- (6) Economic impact;
- (7) Other funding sources;
- (8) Readiness to proceed;
- (9) Regionalization or consolidation of facilities;
- (10) Technical feasibility;
- (11) Utility rates; and
- (12) Water quality benefits.

Table 1 summarizes the amounts of principal forgiveness provided with the 2010 – 2018 capitalization grants.

Table 1 – Principal Forgiveness Status

FFY	Principal Forgiveness	
	Minimum	Maximum
2010	\$1,497,982	\$4,993,274
2011	\$669,233	\$2,230,777
2012	\$383,922	\$575,882
2013	\$307,120	\$460,680
2014	\$372,924	\$559,386
2015	\$0	\$2,045,100
2016	\$652,500	\$2,610,000
2017	\$647,400	\$2,589,600
2018	\$785,900	\$3,143,600
2019 (est)	\$785,900	\$3,143,600
	\$6,102,881	\$22,351,899

Awarded as of September 30, 2018

Awarded from 2010 grant	\$4,993,274
Awarded from 2011 grant	\$2,230,777
Awarded from 2012 grant	\$575,882
Awarded from 2013 grant	\$460,680
Awarded from 2014 grant	\$559,386
Awarded from 2015 grant	\$2,045,100
Awarded from 2016 grant	\$2,610,000
Awarded from 2017 grant	\$2,268,914
Awarded from 2018 grant	\$0

In compliance with the WRRDA provisions South Dakota has adopted the affordability criteria below.

1. All applicants will be awarded points to determine principal forgiveness eligibility as follows:
 - a. Five points if an applicant's median household income is equal to or less than 80 percent of the statewide median household income;
 - b. Three points if an applicant's median household income is equal to or less than the statewide median household income and greater than 80 percent of

the statewide median household income;

- c. One point if the applicant's 2010 census population is less than the applicant's 2000 census population; and
- d. One point if an applicant's county unemployment rate is greater than the statewide unemployment rate.

2. If the boundaries of an applicant are located in more than one county, the unemployment rate of the county with the largest percentage of the applicant's population will be used.

3. Applicants must receive a minimum of five points to be eligible for principal forgiveness in the upcoming fiscal year.

The source of median household income statistics will be the American Community Survey or other statistically valid income data supplied by the applicant and acceptable to the board.

The source of unemployment rates will be the 2013 average unemployment rates as determined by the South Dakota Department of Labor and Regulation, Labor Force Statistics.

Systems that are eligible to receive principal forgiveness are identified in Attachment I and Attachment II. Attachment II - List of Projects to be Funded in FY 2019 identifies \$4,614,000 in potential principal forgiveness.

Green Project Reserve

Recent Clean Water SRF appropriations mandated that to the extent there are sufficient eligible project applications, a portion of the funds made available for each

year's Clean Water SRF capitalization grant shall be used by the State for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. These four categories of projects are the components of the Green Project Reserve.

Sufficient funds have been awarded to qualifying projects to meet the 2010 – 2015 capitalization grants Green Project Reserve requirements.

The Green Project Reserve requirement was included in the 2010 - 2018 capitalization grants, and required that not less than 10 percent be made available for Green Project Reserve eligible projects. It is anticipated that the 2019 capitalization grant will include a requirement that not less than 10 percent be made available for Green Project Reserve eligible projects. Attachment II – List of Projects to be Funded in FY 2019 identifies five projects with \$1,511,000 of Green Project Reserve eligible project components. This amount, combined with \$812,000 of existing unclosed loan obligations, will nearly meet the 10 percent requirement of the 2016 - 2019 capitalization grants which have not yet been met.

Interest Rates

Interest rates are reviewed periodically in comparison to established bond rating indexes to assure rates are at or below market rates as required. The SRF rates are then set to be competitive with other funding agencies.

The interest rates for fiscal year 2019 are summarized in Table 2. The rates were adjusted in November 2018.

Projects for traditional wastewater or stormwater projects that include a nonpoint

source component may receive the nonpoint source rate. The annual principal and interest payments are calculated for a loan at the higher base interest rate. Using the lower interest incentive rate, a loan is sized using the annual payment previously calculated. The difference in the two loan amounts is the amount of funding available for the nonpoint source component of the project.

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				
Admin. Surcharge				
Total				
<u>Base Rate</u>				
Interest Rate				
Admin. Surcharge				
Total				
<u>Nonpoint Source Incentive Rate</u>				
Interest Rate				
Admin. Surcharge				
Total				

Clean Water SRF loan interest rates will be reviewed by the Board of Water and Natural Resources at its November 8, 2018 Board meeting prior to the IUP public hearing.

* Term cannot exceed useful life of the project.

Administrative Surcharge Activities

The interest rate includes an administrative surcharge as identified in Table 2. The surcharge was established to provide a pool of funds to be used for administrative purposes after the state ceases to receive capitalization grants. The administrative surcharge is also available for other purposes, as determined eligible by EPA and at the discretion of the Board of Water and Natural Resources and department. Recent emphasis has been on using the surcharge for purposes other than reserves for future program administration.

In fiscal year 2001, the board initiated the Small Community Planning Grant program to encourage proactive planning by small communities. The planning grants reimburse 80 percent of the cost of the study. Planning grants are available only to communities of 2,500 or less. Communities are reimbursed 80 percent of the cost of an engineering study, with the maximum grant amount for any project being \$10,000.

Administrative surcharges are being used for non-federal cost share for Total Maximum Daily Load (TMDL) assessment and implementation projects.

Additionally, administrative surcharges have been allocated to supplement the Consolidated program by providing water quality grants to Clean Water SRF eligible projects.

Beginning in fiscal year 2005, administrative surcharge funds were also provided to the planning districts to defray the cost of SRF application preparation and project administration. Reimbursement is \$9,000 per approved loan with payments made in \$3,000 increments as certain milestones are met. Future allocations for this activity are anticipated and will be based on expected loan demand.

The American Recovery and Reinvestment Act (ARRA) of 2009 and subsequent capitalization grants through 2014 had mandated implementation of Davis-Bacon prevailing wage rules. The WRRDA of 2014 included Davis-Bacon prevailing wage requirements for all capitalization grants going forward. Under joint powers agreements between the planning districts and the department, the planning districts are reimbursed \$1,100 per project to oversee compliance with the Davis-Bacon wage rate verification and certification.

Administrative Surcharge Uses in FY 2019

As of September 30, 2018, \$165,745 of unobligated administrative surcharge funds is available. It is anticipated that the administrative surcharge will generate an additional \$1,400,000 in the upcoming fiscal year.

In fiscal year 2019, \$1,000,000 of administrative surcharge funds will be allocated. It is proposed to allocate \$100,000 for planning grants and \$900,000 to supplement the Consolidated and Section 319 programs with grants for wastewater treatment and TMDL implementation projects.

Administrative surcharge funds will again be provided to the planning districts to defray the cost of SRF application preparation and project administration, which includes Davis-Bacon wage rate verification and certification. The 2019 allocation for these activities will be \$200,000.

In fiscal year 2019, \$25,000 of administrative surcharge funds will be allocated to assist SRF applicants to improve the financial or managerial capacity of the wastewater utility. DENR will issue a request for proposals and contract with a qualified entity to provide these services.

Capitalization Grant Administrative Allowance

The WRRDA of 2014 provides three options to states to calculate the administrative fees available from each year's capitalization grant. States may use the larger of 1) an amount equal to four percent of the annual capitalization grant, 2) \$400,000 per year or 3) 1/5 of a percent of the current valuation of the Clean Water SRF fund based on the most

recent previous year's audited financial statements.

Four percent of the expected fiscal year 2019 capitalization grant is \$314,360, and 1/5 of a percent of the current fund valuation of \$242,925,024 results in \$485,850 available for administrative fees. As a result, an administrative allowance of \$485,850 will be reserved for administrative purposes in fiscal year 2019.

ASSURANCES AND SPECIFIC PROPOSALS

The state has assured compliance with the following sections of the law in the State/EPA Operating Agreement – XI Certification Procedures. In addition, the state has developed specific proposals on implementation of those assurances in the administrative rules promulgated by the Board of Water and Natural Resources.

Section 602(a) – Environmental Reviews – The state certifies that it will conduct environmental reviews of each project on Attachment II receiving assistance from the Clean Water SRF, as applicable. The state will follow EPA-approved National Environmental Policy Act (NEPA) procedures in conjunction with such environmental reviews.

Section 602(b)(3) – Binding Commitments – The state certifies that it will enter into binding commitments equal to at least 120 percent of each quarterly grant payment within one year after receipt.

Section 602(b)(4) – Timely Expenditures of Funds – The state is committed to obligate Clean Water SRF moneys to eligible applicants as quickly and efficiently as possible to facilitate the financing of eligible

projects and to initiate construction with a minimum of delay.

Section 602(b)(5) – First Use Enforceable Requirements – The state certifies that all major and minor wastewater treatment facilities identified as part of the National Municipal Policy (NMP) universe are:

1. in compliance, or
2. have received funding through various state and federal assistance programs and constructed a facility designed to produce an effluent capable of meeting the appropriate permit limits and achieve compliance with its discharge permit, or
3. have upgraded existing facilities or constructed new facilities through its own means to achieve compliance with its discharge permit.

Section 602(b)(6) – Compliance with Title II Requirements – The state certifies that it will comply as applicable.

Section 602(b)(13) – Cost Effectiveness Certification – The state will require Clean Water SRF assistance recipients and their consulting engineer to certify that they have studied and evaluated the cost effectiveness of the proposed project, and to the maximum extent practicable, have selected the alternative that maximizes the potential for efficient water use, reuse, and recapture, and conservation and energy conservation.

Section 602(b)(14) – Procurement of Architectural and Engineering Services – The state will not provide Clean Water SRF assistance to projects for architectural or engineering services that are identified as an equivalency project in the annual report, unless the project has complied with the architectural and engineering procurement

procedures identified in 40 U.S.C. 1101 *et seq.*

Section 608 – American Iron and Steel Provisions – The state certifies that it will require American Iron and Steel products to be utilized for all treatment works projects receiving assistance from the Clean Water SRF, as applicable.

CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS

The Clean Water SRF funds are distributed using the following criteria:

1. the availability of funds in the Clean Water SRF program;
2. the applicant's need;
3. violation of health and safety standards; and
4. the applicant's ability to repay.

The methods and criteria used are designed to provide the maximum flexibility and assistance that is affordable to the borrower while providing for the long-term viability of the fund.

Public Review and Comment – On May 25, 1988, a public hearing was held to review the initial Clean Water SRF rules and to receive comments. The Board of Water and Natural Resources approved the rules following the hearing. Revisions to the Clean Water SRF rules have been made periodically to reflect the needs of the program.

A formal public hearing was held for the South Dakota fiscal year 2019 Clean Water SRF Intended Use Plan on November 8, 2018.

Table 3 – Amounts Available to Transfer between State Revolving Fund Programs

Year	DWSRF Capitalization Grant	Amount Available for Transfer	Banked Transfer Ceiling	Amount Transferred from CWSRF to DWSRF	Amount Transferred from DWSRF to CWSRF	Transfer Description	CWSRF Funds Available to Transfer	DWSRF Funds Available to Transfer
1997	\$12,558,800	\$4,144,404	\$4,144,404				\$4,144,404	\$4,144,404
1998	\$7,121,300	\$2,350,029	\$6,494,433				\$6,494,433	\$6,494,433
1999	\$7,463,800	\$2,463,054	\$8,957,487				\$8,957,487	\$8,957,487
2000	\$7,757,000	\$2,559,810	\$11,517,297				\$11,517,297	\$11,517,297
2001	\$7,789,100	\$2,570,403	\$14,087,700				\$14,087,700	\$14,087,700
2002	\$8,052,500	\$2,657,325	\$16,745,025	\$7,812,960		CW Cap Grant/Match	\$8,932,065	\$16,745,025
2003	\$8,004,100	\$2,641,353	\$19,386,378	\$7,761,360		CW Cap Grant/Match	\$3,812,058	\$19,386,378
2004	\$8,303,100	\$2,740,023	\$22,126,401				\$6,552,081	\$22,126,401
2005	\$8,285,500	\$2,734,215	\$24,860,616				\$9,286,296	\$24,860,616
2006	\$8,229,300	\$2,715,669	\$27,576,285		\$7,500,000	Leveraged Bonds	\$12,001,965	\$20,076,285
2007	\$8,229,000	\$2,715,570	\$30,291,855				\$14,717,535	\$22,791,855
2008	\$8,146,000	\$2,688,180	\$32,980,035				\$17,405,715	\$25,480,035
2009	\$8,146,000	\$2,688,180	\$35,668,215				\$20,093,895	\$28,168,215
2010	\$13,573,000	\$4,479,090	\$40,147,305				\$24,572,985	\$32,647,305
2011	\$9,418,000	\$3,107,940	\$43,255,245		\$10,000,000	Repayments	\$27,680,925	\$25,755,245
2012	\$8,975,000	\$2,961,750	\$46,216,995				\$30,642,675	\$28,716,995
2013	\$8,421,000	\$2,788,930	\$48,995,925				\$33,421,605	\$31,495,925
2014	\$8,845,000	\$2,918,850	\$51,914,775				\$36,340,455	\$34,414,775
2015	\$8,787,000	\$2,899,710	\$54,814,485				\$39,240,165	\$37,314,485
2016	\$8,312,000	\$2,742,960	\$57,557,445				\$41,983,125	\$40,057,445
2017	\$8,241,000	\$2,719,530	\$60,276,975				\$44,702,655	\$42,776,975
2018	\$11,107,000	\$3,665,310	\$63,942,285				\$48,367,965	\$46,442,285
2019 (est)	\$11,107,000	\$3,665,310	\$67,607,595				\$52,033,275	\$50,107,595

ATTACHMENT I

PROJECT PRIORITY LIST

Attachment I is a comprehensive list of projects that are eligible for Clean Water SRF loans. This list was developed from State Water Plan applications. Inclusion on the list carries no obligations to the Clean Water SRF program. Attachment II lists those projects expected to be funded in fiscal year 2019.

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term ¹	Principal Forgiveness Eligible
31	Fort Pierre	C461049-07	Installation of aeration and mixing equipment in the primary cells of the existing treatment ponds to address organic loadings and ammonia. A chemical disinfection point will be added to allow continuous discharge, and the discharge location will be moved from the Bad River to the Missouri River. The collection system will be cleaned and televised to prioritize future line replacement.	\$3,930,000	2.00%, 20 yrs	
28	Watertown	C461029-12	Construction of new gravity and low pressure sewer main to connect a development on the edge of the city currently utilizing on-site septic systems to the city's wastewater treatment system.	\$832,896	2.50%, 30 yrs	
23	Lake Poinsett Sanitary District	C461027-05	Extension of the sanitary sewer collection system to serve additional residences and the construction of a total retention wastewater treatment lagoon system.	\$10,000,000	2.50%, 30 yrs	
21	Piedmont	C461462-01	Construction of a centralized collection system and activated sludge treatment facility to replace on-site septic systems within the municipality.	\$4,500,000	2.25%, 20 yrs	Yes (Pending rate increase)

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term ¹	Principal Forgiveness Eligible
21	Volga	C461046-02	Installation of final clarifiers to allow conversion to an activated sludge process and construction of sludge drying beds at the wastewater treatment facility to allow the city to continue discharging and maintain compliance. The project will also include making other upgrades at the wastewater treatment facility and relining or replacement of approximately 7,200 feet of sewer main, and related appurtenances.	\$7,766,000	2.25%, 20 yrs	
20	Sioux Falls	C461232-40	Replacement of the city's main wastewater pump station to ensure adequate capacity in the system to handle all sanitary sewer flows.	\$25,646,324	1.00%, 10 yrs	
18	Huron	C461291-05	Replacement and improvements to the wastewater treatment facility pretreatment and sequencing batch reactor equipment that is beyond its useful life.	\$5,706,000	2.50%, 30 yrs	
18	Pierre	C461288-09	Install improvements to the wastewater treatment facility to include influent pumping and screening upgrades, improvements to the digester and solid handling processes, replacement of the outfall line pipe, and installation of an emergency pump facility on the outfall line in case of flooding.	\$11,300,000	2.25%, 20 yrs	
17	Harrisburg	C461065-07	Construction of a new wastewater treatment facility or payment of a system regionalization development charge implemented by the city of Sioux Falls to be a regional user.	\$23,917,000	2.25%, 20 yrs	

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term ¹	Principal Forgiveness Eligible
16	Hot Springs	C461040-03	Construction of new gravity sewer main to connect users currently utilizing on-site septic systems to the city's wastewater treatment system.	\$638,525	2.50%, 30 yrs	Yes (Pending rate increase)
15	Springfield	C461071-01	Construction of additional wastewater treatment cells to provided needed capacity, rehabilitation of one lift station, and replacement of a second lift station. The collection system will be televised to assess condition for possible future projects.	\$2,891,068	2.50%, 30 yrs	Yes (Pending rate increase)
14	Aurora	C461081-03	Construction of a submerged attached growth reactor pond (SAGR), installation of mixing equipment in existing ponds, installing an ultraviolet disinfection system and constructing an outfall line and lift station for discharge.	\$4,200,000	2.50%, 30 yrs	
13	Lake Norden	C461256-02	Bank stabilization and rip-rapping of the two oldest treatment ponds and replacement of control valves. The main lift station will also be replaced as a part of the project.	\$1,723,700	2.50%, 30 yrs	Yes (Pending rate increase)
12	Claremont	C461325-01	Replacement of all existing VCP sanitary sewer lines with PVC, rehabilitation of the 5 th Street lift station, and installation of a synthetic liner on the initial cell of the treatment ponds.	\$1,831,446	2.50%, 30 yrs	Yes
12	Frederick	C461195-01	Televising the wastewater collection pipe and repair lines with cast-in-place pipe or replacement with PVC. The project will also install new controls for the lift station and rip-rap the treatment ponds	\$2,988,000	2.50%, 30 yrs	Yes (Pending rate increase)

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term ¹	Principal Forgiveness Eligible
12	Pierpont	C461076-01	Replacement of all existing VCP sanitary sewer lines with PVC and installation of a synthetic liner on the initial cell of the treatment ponds.	\$1,333,000	2.50%, 30 yrs	
11	Belle Fourche	C461012-04	Replacement of the existing Day Street lift station. The current lift station is beyond it useful life and no longer able to adequately convey the wastewater flows.	\$1,836,000	2.25%, 20 yrs	Yes (Pending rate increase)
11	Brandon	C461032-07	Installation of new trunk sewers to eliminate lift stations and convey wastewater to the main lift station to Sioux Falls.	\$10,123,000	2.50%, 30 yrs	
11	Miller	C461128-04	Replacement of approximately 13,920 feet of sewer lines, 4,780 feet of storm sewer and related appurtenances throughout the city.	\$5,239,000	2.50%, 30 yrs	
10	Dell Rapids	C461064-09	Installation of approximately 20,600 feet of new forcemain, 2 lift stations, 5,900 feet of gravity sewer, and related appurtenances to serve an undeveloped area near Interstate 29. The project would also include replacement of approximately 12,500 feet of sanitary sewer, 34 manholes and related appurtenances in the eastern portion of the city.	\$10,098,900	2.50%, 30 yrs	
10	Elkton	C461229-02	Cleaning and televising the entire collection system, replacement or relining of approximately 44,500 feet of sewer lines, manholes, and related appurtenances throughout the city.	\$8,412,000	2.50%, 30 yrs	
10	Hot Springs	C461040-04	Replacement of approximately 1,425 feet of sewer lines and manholes on Houston Avenue.	\$197,000	2.50%, 30 yrs	Yes (Pending rate increase)

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term ¹	Principal Forgiveness Eligible
10	Hot Springs	C461040-05	Replacement of approximately 5,640 feet of sewer lines and manholes under SD Hwy 385/18.	\$700,928	2.50%, 30 yrs	Yes (Pending rate increase)
10	Lake Preston	C461011-01	Replacement or relining of approximately 20,000 feet of sewer lines and related appurtenances throughout the city.	\$4,200,000	2.50%, 30 yrs	
10	Lead	C461007-10	Replacement of 1,500 feet of sanitary sewer, manholes, and related appurtenances, and installation of storm sewer on Houston Street.	\$104,046	2.50%, 30 yrs	
10	Mitchell	C461129-06	Replacement of sanitary and storm sewer pipes within the East Central Drainage system.	\$2,223,000	2.50%, 30 yrs	
10	Onida	C461234-02	Replacement of approximately 31,900 feet of sewer lines, 83 manholes, and related appurtenances throughout the city. An existing lift station will be replaced that is beyond its useful life.	\$7,900,000	2.50%, 30 yrs	
10	Watertown	C461029-12	Construction of a new wastewater treatment administration and operations building. The current buildings were constructed in 1993 and 1930 and no longer meet code or operational needs for the city.	\$5,665,000	2.50%, 30 yrs	
9	Elk Point	C461059-08	Replacement of sanitary sewer pipes on Douglas Street that are beyond their useful life.	\$243,000	2.50%, 30 yrs	
9	Faith	C461249-01	Cleaning and televising the entire collection system, replacement or relining of approximately 15,000 feet of sewer lines, 34 manholes, and related appurtenances throughout the city.	\$1,315,821	2.50%, 30 yrs	Yes (Pending rate increase)

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term ¹	Principal Forgiveness Eligible
9	Irene	C461255-02	Replacement of 7,200 feet of sanitary sewer pipe, 3,400 feet of storm sewer pipe, manholes, and related appurtenances throughout the area north of Main Street.	\$2,564,966	2.50%, 30 yrs	Yes
9	Roscoe	C461292-02	Cleaning and televising the entire collection system, replacement or relining of approximately 23,000 feet of sewer lines, manholes, and related appurtenances throughout the city.	\$4,334,469	2.50%, 30 yrs	
8	Avon	C461242-01	Replacement of sanitary sewer pipes on Main Street that are beyond their useful life.	\$160,000	2.50%, 30 yrs	
8	Bowdle	C461243-01	Replacement of approximately 1,400 feet of clay sanitary sewer with 8-inch PVC pipe and related appurtenances under Main Street.	\$355,000	2.50%, 30 yrs	
8	Marion	C461020-03	Replacement of 300 feet of sanitary sewer, and installation of 3,400 feet of storm sewer and related appurtenances on Broadway Avenue.	\$2,323,261	2.50%, 30 yrs	
8	McIntosh	C461286-01	Cleaning and televising the entire collection system, replacement or relining of approximately 20,300 feet of sewer lines, and related appurtenances. The project will also re-construct the wastewater treatment pond clay liners and berms.	\$2,005,000	2.50%, 30 yrs	Yes (Pending rate increase)
8	Tea	C461028-08	Replacement of approximately 4,350 feet of sewer lines and manholes as part of the reconstruction of 1 st and Ceylon Avenues.	\$790,000	2.50%, 30 yrs	
8	Tea	C461028-09	Replacement of approximately 5,100 feet of sewer lines and manholes as part of the reconstruction of Brian Street.	\$1,491,000	2.50%, 30 yrs	

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term ¹	Principal Forgiveness Eligible
8	Tea	C461028-10	Installation of approximately 4,400 feet of gravity sewer lines, 11,800 feet of forcemain to provide for service for future development along and adjacent to 271 st Street.	\$733,000	2.50%, 30 yrs	
8	Tea	C461028-11	Installation of approximately 6,465 feet of gravity sewer lines to provide for service for future development north of 93 rd Street and east of Sundowner Avenue.	\$2,285,000	2.50%, 30 yrs	
7	Chamberlain	C461044-05	Replacement of approximately 200 water meters and upgrade of the automatic meter reading system and transmitters for the 800 meters not being replaced.	\$250,000	2.00%, 10 yrs	Yes (Green Project)
7	Pukwana	C461417-01	Replacement or relining of approximately 6,850 feet of sewer lines and related appurtenances.	\$1,740,000	2.50%, 30 yrs	Yes (Pending rate increase)
6	Philip	C461205-06	Replacement of approximately 220 water meters and installation of an automatic meter reading system and transmitters for all other meters not being replaced.	\$340,000	2.00%, 10 yrs	Yes (Green Project)
5	Blunt	C461265-02	Replacement of approximately 180 water meters and installation of an automatic meter reading system.	\$530,000	2.00%, 10 yrs	Yes (Green Project, pending rate increase)
5	Bridgewater	C461112-04	Replacement of storm sewer piping and inlet structures throughout the developed portion of the community.	\$2,340,000	2.50%, 30 yrs	
5	Bryant	C461121-01	Replacement or relining of approximately 16,500 feet of sanitary sewer lines and related appurtenances and replacement of 2,640 feet of storm sewer pipe.	\$4,612,000	2.50%, 30 yrs	Yes

Priority Points	Loan Recipient	Project Number	Project Description	Estimated Loan Amount	Expected Loan Rate & Term¹	Principal Forgiveness Eligible
5	Colome	C461269-01	Replacement of approximately 184 water meters and installation of an automatic meter reading system.	\$345,000	2.00%, 10 yrs	Yes (Green Project)
5	Gayville	C461250-02	Replacement of approximately 200 water meters and installation of an automatic meter reading system.	\$46,000	2.00%, 10 yrs	Yes (Green Project)

1. Expected loan interest rates are based on current available rate and will be adjusted if the Board of Water and Natural Resources adopts new interest rates at its November 8, 2018 meeting.

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ATTACHMENT II – LIST OF PROJECTS TO BE FUNDED IN FY2019

Priority Points	Loan Recipient	Project Number	Assistance Amount	Principal Forgiveness ¹	Funding Date	Expected Funding Source ²
	Green Project Reserve Information					
Loans Expected						
20	Sioux Falls	C461232-40	\$25,646,324	\$0	Jan. 2019	2017/18/19/ Lev. Funds
11	Miller	C461128-04	\$5,239,000	\$0	Jan. 2019	Leveraged Funds
10	Mitchell	C461129-06	\$2,223,000	\$0	Jan. 2019	Leveraged Funds
7	Chamberlain	C461044-05	\$250,000	\$75,000	Jan. 2019	Leveraged Funds
	GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$250,000					
15	Springfield	C461071-01	\$2,891,068	\$0	March 2019	Leveraged Funds
14	Aurora	C461081-03	\$4,200,000	\$0	March 2019	Leveraged Funds
13	Lake Norden	C461256-02	\$1,723,700	\$344,000	March 2019	Leveraged Funds
12	Claremont	C461325-01	\$1,831,446	\$366,000	March 2019	Leveraged Funds
12	Pierpont	C461076-01	\$1,333,000	\$0	March 2019	Leveraged Funds
11	Belle Fourche	C461012-04	\$1,836,000	\$366,000	March 2019	Leveraged Funds
10	Elkton	C461229-02	\$8,412,000	\$0	March 2019	Leveraged Funds
10	Lake Preston	C461011-01	\$4,200,000	\$0	March 2019	Leveraged Funds
10	Lead	C461007-10	\$104,046	\$0	March 2019	Leveraged Funds
10	Watertown	C461029-12	\$5,665,000	\$0	March 2019	Leveraged Funds
9	Irene	C461255-02	\$2,564,966	\$512,000	March 2019	Leveraged Funds
9	Roscoe	C461292-02	\$4,334,469	\$0	March 2019	Leveraged Funds
8	Avon	C461242-01	\$160,000	\$0	March 2019	Leveraged Funds
8	Marion	C461020-03	\$2,323,261	\$0	March 2019	Leveraged Funds
6	Philip	C461205-06	\$340,000	\$102,000	March 2019	Leveraged Funds
	GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$340,000					
5	Gayville	C461250-02	\$46,000	\$14,000	March 2019	Leveraged Funds
	GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$46,000					

1. Principal forgiveness amounts shown for loans expected are estimates for planning purposes only.

2. Projects identified using capitalization grant funds are for equivalency requirements planning purposes only, actual projects used for capitalization grant equivalency will be identified on the fiscal year 2019 annual report.

ATTACHMENT II – LIST OF PROJECTS TO BE FUNDED IN FY2019 (Continued)

Priority Points	Loan Recipient	Project Number	Assistance Amount	Principal Forgiveness ¹	Funding Date	Expected Funding Source ²
	Green Project Reserve Information					
Loans Expected						
31	Fort Pierre	C461049-07	\$3,930,000	\$0	June 2019	Leveraged Funds
10	Hot Springs	C461040-05	\$700,928	\$140,000	June 2019	Leveraged Funds
9	Faith	C461249-01	\$1,315,821	\$262,000	June 2019	Leveraged Funds
8	Tea	C461028-08	\$790,000	\$0	June 2019	Leveraged Funds
7	Pukwana	C461417-01	\$1,740,000	\$348,000	June 2019	Leveraged Funds
5	Blunt	C461265-02	\$530,000	\$159,000	June 2019	Leveraged Funds
	GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$530,000					
5	Colome	C461269-01	\$345,000	\$104,000	June 2019	Leveraged Funds
	GPR Project Type: Water Efficiency (Categorical) GPR Amount: \$345,000					
28	Watertown	C461029-12	\$832,896	\$0	Sept. 2019	Leveraged Funds
21	Piedmont	C461462-01	\$4,500,000	\$900,000	Sept. 2019	Leveraged Funds
18	Pierre	C461288-09	\$11,300,000	\$0	Sept. 2019	Repay/Lev. Funds
10	Onida	C461234-02	\$7,900,000	\$0	Sept. 2019	Repayments
8	Bowdle	C461243-01	\$355,000	\$0	Sept. 2019	Repayments
8	Tea	C461028-09	\$1,491,000	\$0	Sept. 2019	Repayments
5	Bryant	C461121-01	\$4,612,000	\$922,000	Sept. 2019	Repayments

1. Principal forgiveness amounts shown for loans expected are estimates for planning purposes only.

2. Projects identified using capitalization grant funds are for equivalency requirements planning purposes only, actual projects used for capitalization grant equivalency will be identified on the fiscal year 2019 annual report.

ATTACHMENT III PROGRAM FUNDING STATUS

Fiscal Years 1989 – 2018

Capitalization Grants	\$195,151,200
State Match	\$39,030,240
ARRA Grant	\$19,239,100
Program Administration Allowance	(\$8,665,926)
Leveraged Funds	\$249,778,242
Transfer of FY 2002 & 2003 Capitalization Grant and State Match to DWSRF	(\$15,574,320)
Excess Interest as of September 30, 2018	\$95,701,965
Excess Principal as of September 30, 2018	<u>\$169,740,348</u>
 Total Funds Dedicated to Loan	 \$744,400,849
 Closed Loans made through September 30, 2018	 <u>(\$666,549,753)</u>
 Unclosed loans and available funds as of September 30, 2018	 \$77,881,096

Fiscal Year 2019 Projections

Capitalization Grants	\$7,859,000
State Match	\$1,571,800
Program Administration Allowance	(\$485,850)
Projected Excess Principal Repayments	\$3,000,000
Projected Unrestricted Interest Earnings	\$6,500,000
Leveraged Bonds	<u>\$75,000,000</u>
Projected Fiscal Year 2019 Loan Subtotal	\$93,444,950
 Unclosed loans and funds Available for Loans	 \$171,296,046
 Loans Awarded and Unclosed as of September 30, 2018	 (\$53,607,925)
 Total Funds Available for Loans	 <u>\$117,688,121</u>
 Loan Amount Identified on Attachment II - List of Projects to be Funded in Fiscal Year 2019	 <u><u>\$115,665,925</u></u>

Administrative Surcharge Funds Available as of September 30, 2018	
Restricted Account (Administrative Purposes Only)	\$67,553
Discretionary Account (Available for Water Quality Grants)	<u>\$98,192</u>
Total	<u>\$165,745</u>

November 8, 2018

Item 9

TITLE: Public Hearing to Adopt Federal Fiscal Year 2019 Drinking Water State Revolving Fund Intended Use Plan.

EXPLANATION: The Intended Use Plan describes how the board intends to use available funds to meet the objectives of the Safe Drinking Water Act. The Intended Use Plan describes the set-aside activities to be performed and amount of funding allocated to these. A prioritized list of potential drinking water projects is also included in the Intended Use Plan. Projects seeking a Drinking Water State Revolving Fund loan must be included on the priority list. The hearing has been advertised in accordance with applicable state and federal requirements.

RECOMMENDED ACTION: Conduct the public hearing, receive testimony and approve the Federal Fiscal Year 2019 Intended Use Plan.

CONTACT: Andy Bruels (773-4216)

**SOUTH DAKOTA
DRINKING WATER STATE REVOLVING FUND
FISCAL YEAR 2019 INTENDED USE PLAN**

INTRODUCTION

The Safe Drinking Water Act Amendments of 1996 and South Dakota Codified Law 46A-1-60.1 to 46A-1-60.3, inclusive, authorize the South Dakota Drinking Water State Revolving Fund (SRF) program. Program rules are established in Administrative Rules of South Dakota chapter 74:05:11.

The state of South Dakota proposes to adopt the following Intended Use Plan (IUP) for the federal fiscal year 2019 as required under Section 1452(b) of the Safe Drinking Water Act and ARSD 74:05:11:03. The IUP describes how the state intends to use the Drinking Water SRF to meet the objectives of the Safe Drinking Water Act and further the goal of protecting public health. A public hearing was held on November 8, 2018, to review the 2019 Intended Use Plan and receive comments. The IUP reflects the results of this review.

The IUP includes the following:

- Priority list of projects;
- Short- and long-term goals;
- Criteria and method of fund distribution;
- Funds transferred between the Drinking Water SRF and the Clean Water SRF;
- Financial status;
- Description and amount of non-Drinking Water SRF (set-aside) activities; and
- Disadvantaged community subsidies.

PRIORITY LIST OF PROJECTS

A project must be on the project priority list, Attachment I, to be eligible for a loan. This list was developed from the State Water Plan and includes projects that did not designate Drinking Water SRF loans as a funding source.

Projects may be added to the project priority list at any meeting of the Board of Water and Natural Resources if the action is included on the agenda at the time it is posted.

Priority ratings are based on the project priority system established in ARSD 74:05:11:06. The general objective of the priority system is to assure projects that address compliance or health concerns, meet certain affordability criteria, or regionalize facilities receive priority for funding.

GOALS, OBJECTIVES, AND ENVIRONMENTAL RESULTS

The long-term goals of the Drinking Water SRF are to fully capitalize the fund, ensure that the state's drinking water supplies remain safe and affordable, ensure that systems are operated and maintained, and promote economic well-being.

The specific long-term objectives of the program are:

1. To maintain a permanent, self-sustaining SRF program that will serve in perpetuity as a financing source for drinking water projects and source water quality protection measures. This will necessitate that

the amount of capitalization grant funds for non-Drinking Water SRF activities are reviewed annually to assure adequate cash flow to maintain the fund.

2. To fulfill the requirements of pertinent federal, state, and local laws and regulations governing safe drinking water activities, while providing the state and local project sponsors with maximum flexibility and decision making authority regarding such activities.

The short-term goal of the SRF is to fully capitalize the fund.

The specific short-term objectives of the program are:

1. To assist systems in replacing aging infrastructure.
2. To assist systems in maintaining and upgrading its water treatment capabilities to ensure compliance with the Safe Drinking Water Act.
3. To promote regionalization and consolidations of water systems, where mutually beneficial, as a practical means of addressing financial, managerial, and technical capacity.
4. To ensure the technical integrity of Drinking Water SRF projects through the review of planning, design plans and specifications, and construction activities.
5. To ensure the financial integrity of the Drinking Water SRF program through the review of the financial impacts of the set-asides and disadvantaged subsidies and individual loan applications and the ability for repayment.

6. To obtain maximum capitalization of the funds for the state in the shortest time possible while taking advantage of the provisions for disadvantaged communities and supporting the non-Drinking Water SRF activities.

Environmental Results

States are required to establish program activity measures (outcomes) in its Intended Use Plan to receive the federal capitalization grant. Progress related to the measures is to be reported in the following annual report.

For fiscal year 2019, the specific measures are:

1. In fiscal year 2018, the fund utilization rate, as measured by the percentage of executed loans to funds available, was 98.1 percent, which exceeded the target goal of 90 percent. For fiscal year 2019, the goal of the Drinking Water SRF program is to maintain the fund utilization rate at or above 90 percent.
2. In fiscal year 2018, the rate at which projects progressed as measured by disbursements as a percent of assistance provided was 83.1 percent, which met the goal of 80 percent. For fiscal year 2019, the goal is to maintain the construction pace at 80 percent or higher.
3. For fiscal year 2019, the goal of the Drinking Water SRF program is to fund 29 loans, totaling more than \$89.1 million.
4. For fiscal year 2019, it is estimated that 27 projects will initiate operations.
5. For fiscal year 2019, it is estimated that 10 Small Community Planning Grants will be awarded to small systems to evaluate the system's infrastructure needs.

6. For fiscal year 2019, it is estimated that the South Dakota Association of Rural Water Systems will provide 1,400 hours of technical assistance to small systems.

CRITERIA AND METHOD OF FUND DISTRIBUTION

Projects will be funded based on their assigned priority as set forth on the Project Priority list. Projects with the highest ranking that have submitted a complete State Revolving Fund loan application and demonstrated adequate financial, managerial, and technical capacity to receive the loan shall be funded before any lower ranked projects. Projects on the priority list may be bypassed if they have not demonstrated readiness to proceed by submitting a loan application. "Readiness to Proceed" is defined by EPA as the applicant being prepared to begin construction and is immediately ready, or poised to be ready, to enter into assistance agreements. The next highest priority project that has submitted an application will be funded. The state shall exert reasonable effort to assure that the higher priority projects on the priority list are funded.

Interest rates are reviewed periodically in comparison to established bond rating indexes to assure rates are at or below market rates as required. The SRF rates are then set to be competitive with other funding agencies.

The interest rates for fiscal year 2019 are summarized in Table 1. Information regarding disadvantaged eligibility and subsidy level criteria can be found in the disadvantaged community subsidies section. The interest rates were adjusted in November 2018.

ADMINISTRATIVE SURCHARGE FEES

The interest rate includes an administrative surcharge as identified in Table 1. The

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				
Admin. Surcharge				
Total				
<u>Base Rate</u>				
Interest Rate				
Admin. Surcharge				
Total				
<u>Disadvantaged Rate – 80% to 100% of MHI</u>				
Interest Rate				
Admin. Surcharge				
Total				
<u>Disadvantaged Rate - 60% to 80% of MHI</u>				
Interest Rate				
Admin. Surcharge				
Total				
<u>Disadvantaged Rate – Less than 60% of MHI</u>				
Interest Rate				
Admin. Surcharge				
Total				
* Term cannot exceed useful life of the project				
** Non-profit borrowers are not eligible to receive this loan rate and term.				

Drinking Water SRF loan interest rates will be reviewed by the Board of Water and Natural Resources at its November 8, 2018 Board meeting prior to the IUP public hearing.

primary purpose of the surcharge is to provide a pool of funds to be used for administrative purposes after the state ceases to receive capitalization grants. The administrative surcharge is also available for other purposes, as determined eligible by EPA and at the discretion of the Board of Water and Natural Resources and the department.

As of September 30, 2018, more than \$2.98 million of administrative surcharge funds are available.

Beginning in fiscal year 2005, administrative surcharge funds were provided to the planning districts to defray expenses resulting from SRF application preparation and project administration. Reimbursement is \$9,000 per

approved loan with payments made in \$3,000 increments as certain milestones are met.

The American Recovery and Reinvestment Act (ARRA) of 2009 and subsequent capitalization grants have mandated implementation of Davis-Bacon prevailing wage rules. Under joint powers agreements between the planning districts and the department, the planning districts are to be reimbursed \$1,100 per project to oversee compliance with the Davis-Bacon wage rate verification and certification.

Administrative surcharge funds will again be provided to the planning districts to defray the cost of SRF application preparation and project administration, which includes Davis-Bacon wage rate verification and certification. The 2019 allocation for these activities will be \$50,000.

In fiscal year 2018, \$75,000 of administrative surcharge funds will be allocated for operator certification training.

In federal fiscal year 2015, \$250,000 of administrative surcharge funds were allocated to provide grants to assist very small systems in violation of the Safe Drinking Water Act. These funds are limited to community systems with 50 or less connections and not-for-profit, non-transient non-community water systems. Funds will be provided for infrastructure projects as 100 percent grants up to a maximum of \$50,000 and for total project costs less than \$100,000. The authority to expend the 2015 allocation through the South Dakota budget process will end on June 30, 2019. To allow for additional projects to be funded \$200,000 will be allocated for these activities in federal fiscal year 2019.

SMALL SYSTEM FUNDING

A requirement of the program is that a minimum of 15 percent of all dollars credited

to the fund be used to provide loan assistance to small systems that serve fewer than 10,000 persons. Since the inception of the program, loans totaling over \$234.2 million have been made to systems meeting this population threshold, or 49.1 percent of the \$476.6 million of total funds available for loan. Attachment II – List of Projects to be funded in Fiscal Year 2018 identifies more than \$89.1 million in projects, of which nearly \$47.3 million is for systems serving less than 10,000; therefore, the state expects to continue to exceed the 15 percent threshold.

Water systems must demonstrate the technical, managerial, and financial capability to operate a water utility before it can receive a loan.

The distribution methods and criteria are designed to provide affordable assistance to the borrower with maximum flexibility while providing for the long-term viability of the fund.

AMOUNT OF FUNDS TRANSFERRED BETWEEN THE DRINKING WATER SRF AND THE CLEAN WATER SRF

The Safe Drinking Water Act Amendments of 1996 and subsequent Congressional action allows states to transfer an amount equal to 33 percent of its Drinking Water SRF capitalization grant to the Clean Water SRF or an equivalent amount from the Clean Water SRF to the Drinking Water SRF. States can also transfer state match, investment earnings, or principal and interest repayments between SRF programs and may transfer a previous year's allocation at any time.

South Dakota transferred \$15,574,320 from the Clean Water SRF to the Drinking Water SRF program in past years. In fiscal year 2006 and 2011, \$7.5 million of leveraged bond proceeds and \$10 million of repayments, respectively were transferred

from the Drinking Water SRF program to the Clean Water SRF program. With the expected 2019 capitalization grant, the ability exists to transfer more than \$52.0 million from the Clean Water SRF program to the Drinking Water SRF program. More than \$50.1 million could be transferred from the Drinking Water SRF Program to the Clean Water SRF program. Table 4 (page 11) itemizes the amount of funds transferred between the programs and the amount of funds available to be transferred.

No transfers are expected in fiscal year 2019.

FINANCIAL STATUS

Loan funds are derived from various sources and include federal capitalization grants, state match, leveraged bonds, borrowers' principal repayments, and interest earnings.

Capitalization Grants/State Match: Federal capitalization grants are provided to the state annually. These funds must be matched by the state at a ratio of 5 to 1. The fiscal year 2019 capitalization grant is expected to be \$11,107,000 which requires \$2,221,400 in state match. Bond proceeds will be used to match 2019 capitalization grant funds.

For purposes of meeting fiscal year 2019 proportionality requirements, the South Dakota Drinking Water SRF program will document the expenditure of repayments and bond proceeds in an amount equivalent to the entire required state match.

Leveraged Bonds: The South Dakota Conservancy District has the ability to issue additional bonds above that required for state match, known as leveraged bonds. To date, \$78.7 million in leveraged bonds have been issued for the Drinking Water SRF program. It is anticipated that up to \$45.0 million in leveraged bonds will be required in 2019.

Borrowers' Principal Repayments: The principal repaid by the loan borrowers is used to make semi-annual leveraged bond payments. Any excess principal is available for loans. It is estimated that \$5.5 million in principal repayments will become available for loans in fiscal year 2019.

Interest Earnings: The interest repaid by the loan borrowers, as well as interest earned on investments, is dedicated to make semi-annual state match bond payments. Any excess interest is available for loans. It is estimated that \$2.5 million in interest earnings will become available for loans in fiscal year 2019.

As of September 30, 2018, 311 loans totaling \$467,393,262 have been made.

At the beginning of fiscal year 2019, \$9,220,644 is available to loan. With the 2019 capitalization grant, state match, leveraged bonds, excess interest earnings, and repayments, approximately \$74.2 million will be available to loan. This information is provided in Attachment III, Drinking Water SRF Funding Status.

Funds will be allocated to the set-aside activities in the amounts indicated below. All remaining funds will be used to fund projects on the project priority list. A more detailed description of the activities can be found in the section pertaining to set-asides and the attachments.

Administration	\$444,280
Small System Technical Assistance	\$222,140
Local Assistance	\$75,000
State Program Management	\$600,000
Total for set-asides	\$1,239,820

A conservative approach to set-asides has been taken to assure achieving the goals of developing a permanent, self-sustaining SRF program. Future demand on the program will

influence the allocation of funds to set-asides and loan subsidies.

With the adoption of the amended and restated Master Indenture in 2004, the Clean Water and Drinking Water SRF programs are cross-collateralized. This allows the board to pledge excess revenues on deposit in the Drinking Water SRF program to act as additional security for bonds secured by excess revenues on deposit in the Clean Water SRF program, and vice versa.

The Safe Drinking Water Act included three provisions that call for a withholding of Drinking Water SRF grant funds where states fail to implement three necessary programmatic requirements. These provisions were assuring the technical, financial and managerial capacity of new water systems, developing a strategy to address the capacity of existing systems, and developing an operator certification program that complies with EPA guidelines. The State of South Dakota continues to meet the requirements of these provisions and will not be subject to withholding of funds.

Additional Subsidy - Principal Forgiveness

The 2010 and 2011 Drinking Water SRF appropriations mandated that not less than 30 percent of the funds made available for Drinking Water SRF capitalization grants shall be used by the State to provide additional subsidy to eligible recipients. The 2012 through 2015 capitalization grants mandated additional subsidy be provided in an amount not less than 20 percent, but not more than 30 percent, of the capitalization grants. The 2016 through 2018 capitalization grant mandated additional subsidy of exactly 20 percent of the total grant be provided to recipients. Additional subsidy may be in the form of forgiveness of principal, negative interest loans, or grants (or any combination of these).

Additional subsidy will be provided in the form of principal forgiveness. Municipalities and sanitary districts must have a minimum rate of \$30 per month based on 5,000 gallons usage or to qualify for principal forgiveness. Other applicants must have a minimum rate of \$55 per month based on 7,000 gallons usage to qualify for principal forgiveness.

When determining the amount of principal forgiveness, the Board of Water and Natural Resources may consider the following decision-making factors, which are set forth in alphabetical order:

- (1) Annual utility operating budgets;
- (2) Available local cash and in-kind contributions;
- (3) Available program funds;
- (4) Compliance with permits and regulations;
- (5) Debt service capability;
- (6) Economic impact;
- (7) Other funding sources;
- (8) Readiness to proceed;
- (9) Regionalization or consolidation of facilities;
- (10) Technical feasibility;
- (11) Utility rates; and
- (12) Water quality benefits.

Table 2 summarizes the amounts of principal forgiveness provided to date.

Table 2 – Principal Forgiveness Status

Principal Forgiveness		
FFY	Minimum	Maximum
2010	\$4,071,900	\$13,573,000
2011	\$2,825,400	\$9,418,000
2012	\$1,795,000	\$2,692,500
2013	\$1,684,200	\$2,526,300
2014	\$1,769,000	\$2,653,500
2015	\$1,757,400	\$2,636,100
2016	\$1,662,400	\$1,662,400
2017	\$1,648,200	\$1,648,200
2018	\$2,221,400	\$2,221,400
2019 (est)	\$2,221,400	\$2,221,400
	\$21,565,300	\$41,252,800

Awarded as of September 30, 2018

Awarded from 2010 grant	\$13,573,000
Awarded from 2011 grant	\$9,418,000
Awarded from 2012 grant	\$2,692,500
Awarded from 2013 grant	\$2,526,300
Awarded from 2014 grant	\$2,653,500
Awarded from 2015 grant	\$2,636,100
Awarded from 2016 grant	\$1,662,400
Awarded from 2017 grant	\$1,214,807
Awarded from 2018 grant	\$0

It is anticipated that the 2019 capitalization grant will include the ability to award principal forgiveness for any borrower of exactly 20 percent of the total grant award.

Additional principal forgiveness can also be provided to disadvantaged communities. Further discussion can be found in the Disadvantaged Community Subsidy section beginning on page 9.

Attachment II - List of Projects to be Funded in FY 2019 identifies \$4,357,000 in potential principal forgiveness for communities not eligible for the additional disadvantaged community principal forgiveness.

Green Project Reserve

The 2010 and 2011 Drinking Water SRF appropriations mandate that to the extent there are sufficient eligible project applications, not less than 20 percent of the funds made available for each year's Drinking Water SRF capitalization grant shall be used by the State for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. These four categories of projects are the components of the Green Project Reserve.

Sufficient funds have been awarded to qualifying projects to meet the 2010 and 2011 Green Project Reserve requirement. The 2012 - 2018 capitalization grants were not subject to the Green Project Reserve requirement.

The Green Project Reserve requirement is not expected to be reinstated with the 2019 capitalization grant.

DESCRIPTION AND AMOUNT OF NON-PROJECT ACTIVITIES (SET-ASIDES)

The Safe Drinking Water Act authorizes states to provide funding for certain non-project activities provided that the amount of that funding does not exceed certain ceilings. Unused funds in the non-Drinking Water SRF will be banked for future use, where allowable, or transferred to the project loan account at the discretion of the State and with concurrence from the EPA Regional Administrator.

The following sections identify what portions of the capitalization grant will be used for non-Drinking Water SRF activities and describe how the funds will be used.

Administration.

The Water Infrastructure Improvements for the Nation (WIIN) Act of 2017 provides three options to states to calculate the administrative set-aside available from each year's capitalization grant. States may use the greatest of 1) \$400,000 per year, 2) 1/5 of a percent of the current valuation of the Drinking Water SRF fund based on the most recent previous year's audited financial statements, or 3) an amount equal to four percent of the annual capitalization grant.

Four percent of the fiscal year 2019 capitalization grant is \$444,280, and 1/5 of a percent of the current fund valuation of \$196,491,885 results in \$392,983 available for administrative fees. **As a result, an administrative set-aside of \$444,280 will be reserved for administrative purposes in fiscal year 2019.**

Specific activities to be funded are: staff salary, benefits, travel, and overhead; retaining of bond counsel, bond underwriter, financial advisor, and trustee; and other costs to administer the program.

Unused administrative funds will be banked to assure a source of funds not dependent on state general funds.

Small system technical assistance. **Two percent of the capitalization grant (\$222,140) will be allocated to provide technical assistance to public water systems serving 10,000 or fewer. This is the maximum allowed for this purpose.**

The objective of this set-aside is to bring non-complying systems into compliance and improve operations of water systems.

In fiscal year 1997, the board contracted with the South Dakota Association of Rural Water Systems to help communities evaluate the technical, managerial, and financial capability of its water utilities. These contracts have

been renewed periodically to allow the continuation of assistance activities. The Rural Water Association provides such on-site assistance as leak detection, consumer confidence reports, water audits, board oversight and review, treatment plant operations, operator certification, and rate analysis.

To promote proactive planning within small communities, the Small Community Planning Grant program was initiated in fiscal year 2001. Communities are reimbursed 80 percent of the cost of an engineering study, with the maximum grant amount for any study being \$8,000.

To assure available funds to support the existing small system technical assistance endeavors, \$222,140 from the fiscal year 2019 capitalization grant will be allocated to this set-aside. Unused funds from previous years' set-aside for small system technical assistance are banked for use in future years. Currently, \$99,738 remain from previous years' allocations to be used for the purposes described above.

State program management. **\$600,000 will be allocated for the administration of the state's Public Water System Supervision (PWSS) program.**

The state may use up to 10 percent of its allotment to (1) administer the state PWSS program; (2) administer or provide technical assistance through water protection programs, including the Class V portion of the Underground Injection Control program; (3) develop and implement a capacity development strategy; and (4) develop and implement an operator certification program. The WIIN Act of 2017 removed the requirements for an additional dollar-for-dollar match of capitalization funds for these activities.

Insufficient federal funds have been allocated from the Performance Partnership Grant for South Dakota's PWSS program to complete all tasks and activities identified in the workplan. A total of \$600,000 will be set-aside for these activities in federal fiscal year 2019. An additional \$200,000 of PWSS fees will be used to fully fund all activities identified in the workplan.

Local assistance and other state programs.

Up to \$75,000 will be allocated for the capacity development activities described below.

The state can fund other activities to assist development and implementation of local drinking water protection activities. Up to 15 percent of the capitalization grant may be used for the activities specified below, but not more than 10 percent can be used for any one activity. The allowable activities for this set-aside are: (1) assistance to a public water system to acquire land or a conservation easement for source water protection; (2) assistance to a community water system to implement voluntary, incentive-based source water quality protection measures; (3) to provide funding to delineate and assess source water protection areas; (4) to support the establishment and implementation of a wellhead protection program; and (5) to provide funding to a community water system to implement a project under the capacity development strategy.

Since 2008, Midwest Assistance Program (MAP) has been assisting communities that received an SRF loan and recommendations were made in the capacity assessment to improve the technical, financial, or managerial capacity of the system. In addition, the MAP has assisted in the review of capacity assessments required as part of the Drinking Water SRF loan applications.

There remains \$93,400 from prior years' allocations. In FY 2018 DENR issued a

request for proposals to select the most qualified assistance provider firm for contracting of these services. A three-year contract was signed with Midwest Assistance Program to continue their efforts with borrowers to improve the technical, financial, or managerial capacity of the system.

DISADVANTAGED COMMUNITY SUBSIDIES

Communities that meet the disadvantaged eligibility criteria described below may receive additional subsidies. This includes communities that will meet the disadvantaged criteria as a result of the project.

Definition. To be eligible for loan subsidies a community must meet the following criteria:

- (1) for municipalities and sanitary districts:
 - (a) the median household income is below the state-wide median household income; and
 - (b) the monthly residential water bill is \$30 or more for 5,000 gallons usage; or
- (2) for other community water systems:
 - (a) the median household income is below the state-wide median household income; and
 - (b) the monthly water bill for rural households is \$55 or more for 7,000 gallons usage.

The source of median household income statistics will be the American Community Survey or other statistically valid income data supplied by the applicant and acceptable to the board.

Affordability criteria used to determine subsidy amount. Loans given to disadvantaged communities may have a term up to 30 years or the expected life of the

project, whichever is less. Disadvantaged communities below the statewide median household income, but at or greater than 80 percent, are eligible to extend the term of the loan up to 30 years. Disadvantaged communities below 80 percent of the statewide median household income, but at or greater than 60 percent may receive up to a two percentage point reduction in interest rates. Disadvantaged communities with a median household income less than 60 percent of the statewide median household income may receive a zero percent loan. See Table 1 for the disadvantaged interest rate for fiscal year 2019.

Amount of capitalization grant to be made available for providing additional subsidies to disadvantaged communities. Disadvantaged communities are eligible for additional subsidy in the form of principal forgiveness, in an amount equal to 30 percent of the annual capitalization grant. South Dakota utilized the option to provide additional subsidy in the form of principal forgiveness to disadvantaged communities in federal fiscal years 2016 through 2018. Table 3 summarizes the amounts of disadvantaged principal forgiveness provided to date. Disadvantaged communities below 80 percent of the statewide median household income will be given priority for this subsidy.

In FY 2019 South Dakota will plan to again provide additional principal forgiveness to disadvantaged communities, for up to 30 percent of the capitalization grant. Attachment II - List of Projects to be Funded in FY 2019 identifies \$5,594,500 in potential principal forgiveness.

Identification of systems to receive subsidies and the amount. Systems that are eligible to receive disadvantaged community rates and terms are identified in Attachment I and Attachment II.

Table 3 – Disadvantaged Principal Forgiveness

FFY	Principal Forgiveness	
	Minimum	Maximum
2016	\$0	\$2,493,600
2017	\$0	\$2,472,300
2018	\$0	\$3,332,100
2019 (est)		\$3,332,100
	\$0	\$11,630,100
Awarded from 2016 grant		\$2,493,600
Awarded from 2017 grant		\$2,472,300
Awarded from 2018 grant		\$1,069,700

Table 4 – Amounts Available to Transfer between State Revolving Fund Programs

Year	DWSRF Capitalization Grant	Amount Available for Transfer	Banked Transfer Ceiling	Amount Transferred from CWSRF to DWSRF	Amount Transferred from DWSRF to CWSRF	Transfer Description	CWSRF Funds Available to Transfer	DWSRF Funds Available to Transfer
1997	\$12,558,800	\$4,144,404	\$4,144,404				\$4,144,404	\$4,144,404
1998	\$7,121,300	\$2,350,029	\$6,494,433				\$6,494,433	\$6,494,433
1999	\$7,463,800	\$2,463,054	\$8,957,487				\$8,957,487	\$8,957,487
2000	\$7,757,000	\$2,559,810	\$11,517,297				\$11,517,297	\$11,517,297
2001	\$7,789,100	\$2,570,403	\$14,087,700				\$14,087,700	\$14,087,700
2002	\$8,052,500	\$2,657,325	\$16,745,025	\$7,812,960		CW Cap Grant/Match	\$8,932,065	\$16,745,025
2003	\$8,004,100	\$2,641,353	\$19,386,378	\$7,761,360		CW Cap Grant/Match	\$3,812,058	\$19,386,378
2004	\$8,303,100	\$2,740,023	\$22,126,401				\$6,552,081	\$22,126,401
2005	\$8,352,500	\$2,756,325	\$24,882,726				\$9,308,406	\$24,882,726
2006	\$8,229,300	\$2,715,669	\$27,598,395		\$7,500,000	Leveraged Bonds	\$12,024,075	\$20,098,395
2007	\$8,229,000	\$2,715,570	\$30,313,965				\$14,739,645	\$22,813,965
2008	\$8,146,000	\$2,688,180	\$33,002,145				\$17,427,825	\$25,502,145
2009	\$8,146,000	\$2,688,180	\$35,690,325				\$20,116,005	\$28,190,325
2010	\$13,573,000	\$4,479,090	\$40,169,415				\$24,595,095	\$32,669,415
2011	\$9,418,000	\$3,107,940	\$43,277,355		\$10,000,000	Repayments	\$27,703,035	\$25,777,355
2012	\$8,975,000	\$2,961,750	\$46,239,105				\$30,664,785	\$28,739,105
2013	\$8,421,000	\$2,788,930	\$49,018,035				\$33,443,715	\$31,518,035
2014	\$8,845,000	\$2,918,850	\$51,936,885				\$36,362,565	\$34,436,885
2015	\$8,787,000	\$2,899,710	\$54,814,485				\$39,240,165	\$37,314,485
2016	\$8,312,000	\$2,742,960	\$57,557,445				\$41,983,125	\$40,057,445
2017	\$8,241,000	\$2,719,530	\$60,276,975				\$44,702,655	\$42,776,975
2018	\$11,107,000	\$3,665,310	\$63,942,285				\$48,367,965	\$46,442,285
2019 (est)	\$11,107,000	\$3,665,310	\$67,607,595				\$52,033,275	\$50,107,595

ATTACHMENT I

PROJECT PRIORITY LIST

Attachment I is a comprehensive list of projects that are eligible for Drinking Water SRF loans. This list was developed from State Water Plan applications. Inclusion on the list carries no obligations to the Drinking Water SRF program. Attachment II lists those projects expected to be funded in fiscal year 2019.

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term ¹	Pop. Served	Dis-advan-taged
270	Edgemont	C462216-03	<i>Problem:</i> the town's water supply consists of four free flowing wells that are exceeding the maximum contaminant level for Gross Alpha, and the town's distribution system and underground concrete reservoirs are old and in poor condition. <i>Project:</i> re-case one existing well, drill a new well, construct a new storage reservoir and water treatment system, and replace and reconfigure the distribution system to bring water from all wells to the new storage reservoir.	\$250,000	0%, 30 years	774	Yes
145	Springfield	C462071-01	<i>Problem:</i> the existing raw water intake and water treatment plant are beyond their useful life and beginning to experience breakdown and deterioration, the existing water storage tank does not provide adequate mixing and is in need of rehabilitation, an unused smaller storage tank is no longer functional, the water transmission line to a large prison facility is undersized impacting surrounding users with poor water service, and the existing water meters are beyond their useful life. <i>Project:</i> construct a new raw water intake structure and build a new membrane filtration water treatment plant, rehabilitate the existing water storage tank and install a mixing system, demolish the unused water storage tank, construct a new larger transmission line directly from the storage tank to increase service levels to all users, and install new radio read water meters throughout the city.	\$7,615,880	2.00%, 30 years	1,989	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term ¹	Pop. Served	Dis-advan- tagged
111	Hot Springs	C462040-02	<i>Problem:</i> the city's raw water pumping system does not have capacity to provide adequate water in the event one of the two pumping stations is out of commission, the storage capacity is less than a peak day, and the system does not have adequate well supply. <i>Project:</i> install a new well and pump house, construct a new 3-million gallon water tower, and develop a new Madison well.	\$3,850,000	0%, 30 years	3,711	Yes (Pending rate increase)
88	Geddes	C462274-01	<i>Problem:</i> the water meters are old and some locations are unmetered so the town does not accurately bill for water, and the town's water storage tower is beyond its useful life. <i>Project:</i> install 155 water meters with new meter pits and construct a 55,000-gallon water storage tank.	\$1,927,488	2.00%, 30 years	208	Yes
88	Randall Community Water District	C462436-01	<i>Problem:</i> the town of Geddes currently is a bulk user of Randall CWD, and its distribution system and water storage tower are in need of replacement. Randall CWD is in need of additional storage to meet current user demands on its system. <i>Project:</i> Randall CWD will reconstruct the Geddes system and supply residents as individual users to alleviate the operational issues of the city. A new 2.7-million gallon storage tank will be constructed to supply Randall CWD's users with a dedicated line to Geddes to supply pressure and flows for the community.	\$4,600,000	2.00%, 30 years	11,028	Yes
86	Hot Springs	C462040-03	<i>Problem:</i> the existing water distribution pipe under North River Street/SD Hwy 385/18 is old and the highway will be reconstructed. <i>Project:</i> replace the existing watermain pipe with new PVC pipe prior to the SD DOT reconstruction of the roadway.	\$391,022	0.00%, 30 years	3,711	Yes (Pending rate increase)
84	Newell	C462109-03	<i>Problem:</i> the existing transite distribution mains are experiencing excessive breaks and leading to service interruptions. <i>Project:</i> install 3,300 feet of new PVC water mains.	\$314,924	2.00%, 30 years	603	Yes (Pending rate increase)

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term ¹	Pop. Served	Dis-advan-taged
83	Irene	C462255-03	<i>Problem:</i> the existing cast iron distribution system north of Main Street is beyond its useful life. <i>Project:</i> replace approximately 7,200 feet of water main with PVC pipe.	\$1,446,410	2.00%, 30 years	420	Yes
82	Oldham	C462219-01	<i>Problem:</i> the existing asbestos cement distribution system is beyond its useful life. <i>Project:</i> replace approximately 11,770 feet of water main with PVC pipe.	\$1,245,000	2.00%, 30 years	133	Yes
79	Eagle Butte	C462148-05	<i>Problem:</i> the existing elevated storage tank is in need of new interior and exterior coating to prolong its life and does not meet current safety standards. <i>Project:</i> recoat the interior and exteriors of the tank to prolong the useful life of the tank for the system and make necessary safety improvements.	\$350,000	0.00%, 20 years	797	Yes
79	Pierre	C462288-03	<i>Problem:</i> the city does not have adequate capacity for current and future water system demands with a well out of service. The existing wells have also had exceedances of secondary guidelines for manganese, sulfate, and total dissolved solids. <i>Project:</i> construction of a new Missouri River surface water intake system for supply and a centralized 8.8 MGD ultrafiltration water treatment system.	\$36,800,000	2.50%, 30 years	13,646	
55	Salem	C462057-05	<i>Problem:</i> the existing water treatment plant has had many of the current ultra-filtration modules fail, and the nano-filtration system has experienced pipe, pump and filter failure. These issues have limited the capacity of the treatment plant and increased the costs for operation and maintenance. <i>Project:</i> install a new water treatment filtration system after pilot plant studies have been conducted to determine the most advantageous treatment system for the city.	\$1,144,000	2.25%, 30 years	1,347	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term ¹	Pop. Served	Dis-advan-taged
38	Mitchell	C462129-03	<i>Problem:</i> the city currently utilizes only water from B-Y Water User District for supply, and the city's treatment plant is no longer fully operational. The current supply from B-Y is not sufficient to meet peak day demands. The city does not have adequate storage for peak days, the storage tanks do not adequately mix the water for quality, and one existing storage tank is beyond its useful life. The city has a large amount of aging cast iron and asbestos cement pipe that is experiencing more frequent breaks and leaks. <i>Project:</i> abandon the existing water treatment plant and cost share with B-Y WUD to make improvements to B-Y's system to the city to receive adequate water supply to meet peak day demands. The existing water towers will be painted and have mixers installed to improve water quality, and a new water storage tower will be constructed to replace the aging tower. The city will replace approximately 14,000 feet of aging water main with PVC.	\$14,300,232	2.25%, 30 years	15,254	Yes (Pending rate increase)
34	Lake Preston	C462011-01	<i>Problem:</i> the existing cast iron distribution system pipe is beyond its useful life. Additionally, some areas of town experience low pressure due to undersized pipe, and the current water storage tower is beyond its useful life. <i>Project:</i> replace approximately 28,500 feet of water main with PVC pipe and increase pipe size where needed, and construct a new 100,000 gallon water storage tank.	\$8,405,000	2.25%, 30 years	599	Yes
33	Mitchell	C462129-05	<i>Problem:</i> the distribution system within the East Central Drainage area includes lead pipe that may present a health hazard and is beyond its useful life. <i>Project:</i> replace water main with PVC pipe within the East Central Drainage system area.	\$475,000	2.25%, 30 years	15,254	Yes (Pending rate increase)

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term ¹	Pop. Served	Dis-advan-taged
28	Colome	C462269-01	<i>Problem:</i> the water meters are old and some locations are unmetered so the town does not accurately bill for water, and the town's water storage is beyond its useful life and does not provide adequate system pressure. <i>Project:</i> install 184 water meters, and construct a 50,000-gallon water storage tank.	\$1,220,360	2.25%, 30 years	296	Yes
28	Roscoe	C462292-01	<i>Problem:</i> the existing water distribution system is old and experiencing excessive breaks and high water loss, the current water tower coatings are in need of replacement to prolong its life, the existing wells need rehabilitation to continue to provide service, and new water meters are needed to replace the current ones that are beyond their useful life. <i>Project:</i> replace approximately 14,200 feet of water main with PVC pipe, replace the existing water meters with new radio read meters, recoat the water storage tank and make other minor improvements, and rehabilitate the existing wells to continue providing needed capacity.	\$2,261,790	2.25%, 30 years	329	Yes
25	Elk Point	C462059-07	<i>Problem:</i> the Douglas Street distribution system consists of lead pipe that may present a health hazard and is beyond its useful life. <i>Project:</i> replace approximately 1,340 feet of water main with PVC pipe.	\$788,000	2.50%, 30 years	1,963	
24	Elkton	C462229-01	<i>Problem:</i> the existing water distribution system is old and experiencing excessive breaks and high water loss, the current water tower coatings are in need of replacement to prolong its life, and there is an existing unused well that has not been properly abandoned. <i>Project:</i> replace approximately 20,000 feet of water main with PVC pipe, recoat the water storage tank, and properly cap and abandon the unused well.	\$4,600,000	2.50%, 30 years	736	

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term ¹	Pop. Served	Dis-advan- taged
22	Box Elder	C462003-02	<i>Problem:</i> the existing water supply wells are not able to supply users with adequate capacity requiring regular water use restrictions. <i>Project:</i> drill a new Madison aquifer well to increase capacity for the system and install 9,250 feet of new mainline distribution pipe to connect to the rest of the city's system.	\$1,841,681	2.00%, 30 years	7,800	Yes (Pending rate increase)
17	Aurora-Brule Rural Water System	C462425-02	<i>Problem:</i> the existing distribution system is not able to supply users with adequate supply or pressure during peak demands. <i>Project:</i> install several miles of new water main to parallel and loop existing areas and upgrade several booster pump stations.	\$4,500,000	2.25%, 30 years	5,079	Yes
17	Canova	C462321-02	<i>Problem:</i> the town is experiencing significant water loss due to outdated meters and a section of deteriorating asbestos cement pipe. <i>Project:</i> replace approximately 55 water meters and install an automatic meter reading system, replace the existing asbestos cement watermain with 950 feet of PVC pipe, and conduct a leak detection study.	\$225,920	2.50%, 30 years	105	
16	Tea	C462028-02	<i>Problem:</i> currently the city's airport is not served by the distribution system, and homes along Christine Ave are served by a long dead end line. <i>Project:</i> installation of approximately 5,300 feet of PVC watermain to connect the airport to the system and to provide looping to remove dead ends.	\$1,551,000	2.50%, 30 years	3,806	
16	Tea	C462028-03	<i>Problem:</i> homes north of 271 st Street on Devin Avenue are served by a long un-looped line which is also a mainline into the city from a water storage reservoir. <i>Project:</i> installation of approximately 5,900 feet of PVC watermain to provide a northern loop to the city's distribution system to improve water quality and system redundancy.	\$830,000	2.50%, 30 years	3,806	

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term ¹	Pop. Served	Dis-advan- taged
15	Chamberlain	C462044-03	<i>Problem:</i> some of the city's meters are beyond their useful life and need to be replaced, and other meters with remote read capability need to be updated to remain compatible with new software. <i>Project:</i> replace approximately 200 water meters and upgrade the automatic meter reading system and transmitters for the 800 meters not being replaced.	\$250,000	2.00%, 10 years	2,387	Yes
14	Philip	C462205-01	<i>Problem:</i> many of the city's meters are obsolete and unserviceable or require manual reading. <i>Project:</i> replace approximately 220 water meters and install an automatic meter reading system and transmitters for the meters not being replaced.	\$340,000	2.00%, 10 years	779	Yes
14	Wessington Springs	C462210-02	<i>Problem:</i> the city's meters are old and in need of replacement. <i>Project:</i> replace approximately 540 water meters and install an automatic meter reading system.	\$568,000	1.00%, 10 years	956	Yes
13	Blunt	C462265-01	<i>Problem:</i> the city's meters are old and in need of replacement. <i>Project:</i> replace approximately 360 water meters and install an automatic meter reading system.	\$530,000	2.00%, 10 years	354	
13	Blunt	C462265-02	<i>Problem:</i> the city's water main valves and several curb stops are old and in need of replacement. <i>Project:</i> replace approximately 10 water valves and 18 curb stops.	\$115,000	2.50%, 30 years	354	
13	Gayville	C462250-02	<i>Problem:</i> the city's meters are old and in need of replacement. <i>Project:</i> replace approximately 200 water meters and install an automatic meter reading system.	\$46,000	2.00%, 10 years	407	Yes
11	Dell Rapids	C462064-07	<i>Problem:</i> a portion of the city's distribution system consists of asbestos cement and cast iron pipe that is beyond its useful life. <i>Project:</i> replace approximately 11,700 feet of water main with PVC pipe.	\$4,328,100	2.50%, 30 years	3,633	
11	Lead	C462007-05	<i>Problem:</i> the distribution system on Houston Street is beyond its useful life. <i>Project:</i> replace approximately 650 feet of water main with PVC pipe.	\$104,045	2.25%, 30 years	3,124	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term ¹	Pop. Served	Dis-advan-taged
10	Groton	C462051-05	<i>Problem:</i> the existing asbestos cement distribution mains are old and beginning to experience excessive breaks and low pressure, and the booster pump house to fill the storage tank and elevated storage tank are beyond their useful life. <i>Project:</i> replace approximately 5,000 feet of water main with PVC pipe, and construct a new booster pump station and 125,000-gallon elevated storage tank.	\$2,077,700	2.50%, 30 years	1,458	
10	Miller	C462128-04	<i>Problem:</i> a portion of the city's distribution system consists of asbestos cement and cast iron pipe that is beyond its useful life, and one well is no longer in service and has not been properly abandoned. <i>Project:</i> replace approximately 12,000 feet of water main with PVC pipe and properly abandon the unused well.	\$2,500,000	2.25%, 30 years	1,489	Yes
9	Alexandria	C462241-01	<i>Problem:</i> the existing cast iron distribution mains are old and beginning to experience excessive breaks, and the booster pump house to fill the storage tank and elevated storage tank are all beyond their useful life. Additionally, one well is no longer in service and has not been properly abandoned. <i>Project:</i> replace approximately 2,000 feet of water main with PVC pipe, construct a new booster pump station and 100,000-gallon elevated storage tank, and properly abandon the unused well.	\$1,450,000	2.25%, 30 years	615	Yes
9	Avon	C462242-01	<i>Problem:</i> the distribution system on Main Street is beyond its useful life. <i>Project:</i> replace approximately 1,100 feet of water main with PVC pipe.	\$150,000	2.25%, 30 years	590	Yes
9	Bowdle	C462243-02	<i>Problem:</i> the distribution system on Main Street is beyond its useful life. <i>Project:</i> replace approximately 1,400 feet of water main with PVC pipe.	\$395,000	2.25%, 30 years	502	Yes
9	Marion	C462020-01	<i>Problem:</i> the distribution system on Broadway Avenue is beyond its useful life. <i>Project:</i> replace approximately 2,500 feet of water main with PVC pipe.	\$1,519,958	2.25%, 30 years	784	Yes

Priority Points	Community/ Public Water System	Project Number	Project Description	Est. Loan Amount	Expected Loan Rate & Term ¹	Pop. Served	Dis-advan- taged
8	Bryant	C462121-01	<i>Problem:</i> the existing cast iron distribution mains are old and beginning to experience excessive breaks. <i>Project:</i> install 8,000 feet of new PVC water mains and related appurtenances.	\$1,051,000	2.00%, 30 years	456	Yes
7	Harrisburg	C462065-04	<i>Problem:</i> an existing watermain must be relocated due to SD DOT reconstruction of Highway 115. <i>Project:</i> relocate and construct a new watermain to continue to serve the existing users.	\$1,340,088	2.50%, 30 years	5,698	
6	Tea	C462028-04	<i>Problem:</i> there are eight existing homes that are currently unserved by the city's distribution system. <i>Project:</i> installation of approximately 4,335 feet of PVC watermain to connect these users to the city's distribution system.	\$863,000	2.50%, 30 years	3,806	
3	Montrose	C462075-02	<i>Problem:</i> the current water storage tank has structural and age related issues that are beyond repair. <i>Project:</i> construct a new 75,000-gallon ground storage tank to supply needed storage for the system.	\$187,000	2.00%, 30 years	472	Yes
3	Tulare	C462297-01	<i>Problem:</i> the town's booster pump house to fill the storage tank, existing ground water storage tank, and current elevated storage tank are all beyond their useful life. Additionally, two wells no longer in service have not been properly abandoned. <i>Project:</i> cap and plug the existing unused wells and construct a new booster pump station and 80,000-gallon elevated storage tank.	\$1,374,800	2.25%, 30 years	207	Yes

1. Expected loan interest rates are based on current available rate and will be adjusted if the Board of Water and Natural Resources adopts new interest rates at its November 8, 2018 meeting.

ATTACHMENT II – LIST OF PROJECTS TO BE FUNDED IN FISCAL YEAR 2019

Priority Points	Loan Recipient	Project Number	Assistance Amount	Principal Forgiveness ¹	Funding Date	Expected Funding Source ²
LOANS EXPECTED						
79	Pierre	C462288-03	\$36,800,000	\$1,000,000	Jan. 2019	2018/19/ Lev. Funds
33	Mitchell	C462129-05	\$475,000	\$48,000	Jan. 2019	Leveraged Funds
15	Chamberlain	C462044-03	\$250,000	\$25,000	Jan. 2019	Leveraged Funds
10	Miller	C462128-04	\$2,500,000	\$250,000	Jan. 2019	Leveraged Funds
3	Tulare	C462297-01	\$1,374,800	\$138,000	Jan. 2019	Leveraged Funds
270	Edgemont	C462216-03	\$250,000	\$75,000 ³	March 2019	Leveraged Funds
145	Springfield	C462071-01	\$7,615,880	\$2,285,000 ³	March 2019	Leveraged Funds
88	Randall Community Water District	C462436-01	\$4,600,000	\$1,380,000 ³	March 2019	Lev. Funds/ Repay
83	Irene	C462255-03	\$1,446,410	\$435,000 ³	March 2019	Repayments
82	Oldham	C462219-01	\$1,245,000	\$373,000 ³	March 2019	Repayments
34	Lake Preston	C462011-01	\$8,405,000	\$840,000	March 2019	Repayments
28	Roscoe	C462292-01	\$2,261,790	\$226,000	March 2019	Repayments
24	Elkton	C462229-01	\$4,600,000	\$460,000	March 2019	Repayments
9	Avon	C462242-01	\$150,000	\$15,000	March 2019	Repayments
9	Marion	C462020-01	\$1,519,958	\$152,000	March 2019	Repayments
7	Harrisburg	C462065-04	\$1,340,088	\$134,000	March 2019	Repayments
3	Montrose	C462075-02	\$187,000	\$56,000 ³	March 2019	Repayments
28	Colome	C462269-01	\$1,220,360	\$122,000	June 2019	Repayments
22	Box Elder	C462003-02	\$1,841,681	\$552,000 ³	June 2019	Repayments
17	Aurora-Brule Rural Water System	C462425-02	\$4,500,000	\$450,000	June 2019	2018
14	Philip	C462205-01	\$340,000	\$34,000	June 2019	Repayments
13	Blunt	C462265-01	\$530,000	\$53,000	June 2019	Repayments
13	Gayville	C462250-02	\$46,000	\$5,000	June 2019	Repayments
11	Lead	C462007-05	\$104,045	\$10,000	June 2019	Repayments
10	Groton	C462051-05	\$2,077,700	\$210,000	June 2019	Repayments
9	Alexandria	C462241-01	\$1,450,000	\$145,000	June 2019	Repayments
14	Wessington Springs	C462210-02	\$568,000	\$170,000 ³	Sept. 2019	Repayments
9	Bowdle	C462243-02	\$395,000	\$40,000	Sept. 2019	Repayments
8	Bryant	C462121-01	\$1,051,000	\$268,500 ³	Sept. 2019	Repayments

1. Principal forgiveness amounts shown for loans expected are estimates for planning purposes only.

2. Projects identified using capitalization grant funds are for equivalency requirements planning purposes only, actual projects used for capitalization grant equivalency will be identified on the fiscal year 2019 annual report.

3. Projects are anticipated to be funded in part utilizing the additional up to 30 percent of the capitalization grant for principal forgiveness to disadvantaged communities.

ATTACHMENT III PROGRAM FUNDING STATUS

Fiscal Years 1997 - 2018

Capitalization Grants	\$194,072,698
State Match	\$38,814,540
ARRA Grant	\$19,500,000
Set-Asides	(\$13,769,262)
Transfer of FY 2002 & 2003 Clean Water	\$15,574,320
Capitalization Grant and State Match	\$78,732,490
Leveraged Bonds	\$44,592,983
Excess Interest as of September 30, 2018	\$99,096,567
Excess Principal as of Sept. 30, 2018	<u>\$99,096,567</u>
 Total Funds Dedicated to Loan	 \$476,614,336
 Closed Loans made through September 30, 2018	 <u>(\$429,480,692)</u>
 Unclosed loans and available funds as of September 30, 2018	 \$47,133,644

Fiscal Year 2019 Projections

Capitalization Grants	\$11,107,000
State Match	\$2,221,400
Set-Asides	(\$1,341,420)
Projected Excess Principal Repayments	\$5,500,000
Projected Unrestricted Interest Earnings	\$2,500,000
Leveraged Bonds	<u>\$45,000,000</u>
Projected Fiscal Year 2019 Loan Sub-total	\$64,986,980
 Unclosed loans and funds Available for Loans	 \$112,120,624
 Loans Awarded and Unclosed as of September 30, 2018	 (\$37,913,000)
 Total Funds Available for Loans	 <u>\$74,207,624</u>
 Loan Amount Identified on Attachment II - List of Projects to be Funded in Fiscal Year 2019	 <u><u>\$89,144,712</u></u>

Administrative Surcharge Funds Available as of September 30, 2018	
Program Income	\$875,887
Non-Program Income	<u>\$2,104,364</u>
Total	<u>\$2,980,251</u>

November 8, 2018

Item 10

TITLE: Approval of Agreements for Investment Banking Services

EXPLANATION: The Board of Water and Natural Resources, acting as the South Dakota Conservancy District, requested proposals from qualified firms to provide investment banking, underwriting and additional services, for the Series 2018 Bond Issue and other negotiated issuances for a period of three years.

In September, the District selected Bank of America Merrill Lynch, Citigroup Global Markets Inc., and JP Morgan Securities LLC to provide investment banking services. For the Series 2018 Bond Issue, Citigroup Global Markets Inc. was selected as senior underwriter and Bank of America Merrill Lynch and JP Morgan Securities LLC as co-managers.

Working with legal counsel and the office of the Attorney General, staff has prepared contracts for these firms to provide investment banking services from October 1, 2018 through September 30, 2021.

RECOMMENDED ACTION: Approve the Agreements for Investment Banking Services with Bank of America Merrill Lynch, Citigroup Global Markets Inc., and JP Morgan Securities LLC.

CONTACT: Mike Perkovich, 773-4216

STATE OF SOUTH DAKOTA
AGREEMENT FOR INVESTMENT BANKING SERVICES

Agreement made and entered into this ____ day of _____, 2018, by and between the South Dakota Conservancy District, acting by and through the South Dakota Board of Water and Natural Resources, Joe Foss Building, 523 East Capitol Ave., Pierre, SD 57501-3181 (the "District") and Bank of America Merrill Lynch, One Bryant Park, 12th Floor, New York, NY 10036 (the "Underwriter").

The District hereby enters into this Agreement for services with Underwriter in consideration of and pursuant to the terms and conditions set forth herein.

1. The Underwriter will perform those services described in the Scope of Services attached hereto as Exhibit A and by this reference incorporated herein. The Underwriter is providing its services as an underwriter for the District's Bonds as set forth in Exhibit A. The District acknowledges that the Underwriter is not its financial advisor or municipal advisor as such term is defined in Section 15B of the Securities Exchange Act of 1934. The District further acknowledges that the Underwriter is not its tax, legal or accounting advisor. Nothing in this Agreement shall be deemed to create any fiduciary relationship between the District and the Underwriter.

2. The term of this Agreement shall commence on October 1, 2018 and end on September 30, 2021, unless sooner terminated pursuant to the terms hereof.

3. The Underwriter will not use State equipment, supplies or facilities. The Underwriter will provide the District with its Employer Identification Number, Federal Tax Identification Number or Social Security Number upon execution of this Agreement.

4. The District will make payment for services upon satisfactory completion of the services as described in the Fee Schedule, attached hereto as Exhibit B and by this reference incorporated herein. The parties acknowledge that payment for services related to the District's State Revolving Fund Program Bonds, Series 2018 (the "2018 Bonds") will be made pursuant to a Bond Purchase Agreement between the parties hereto from the proceeds of the 2018 Bonds.

5. While performing services hereunder, the Underwriter is an independent contractor and not an officer, agent, or employee of the State of South Dakota.

6. The parties acknowledge that Underwriter served as the co-manager for the 2018 Bonds, and that the District entered into a separate agreement with Citigroup Global Markets Inc. and J.P. Morgan to serve as book running senior manager and co-manager, respectively for the 2018 Bonds. The District reserves the right to utilize one or more of the Underwriter, Citigroup Global Markets Inc. and J.P. Morgan for any future bond issues undertaken by the District during the term of this Agreement pursuant to mutually agreed upon amendment to the separate agreements. All liabilities and designation rules will be determined by the District. In the event of any direct conflict between the terms of a provision of this Agreement and any provision of a subsequent contract entered into with respect to a specific series of bonds, the terms of the subsequent contract shall prevail.

7. This Agreement may be terminated by either party hereto upon thirty (30) days written notice. In the event the Underwriter breaches any of the terms or conditions hereof, this Agreement may be terminated by the District at any time with or without notice. If termination for such a default is effected by the District, any payments due to Underwriter at the time of termination may be adjusted to cover any additional costs to the District because of Underwriter's default. Upon termination the District may take over the work and may award another party an agreement to complete the work under this Agreement. If after the District terminates for a default by Underwriter it is determined that Underwriter was not at fault, then the Underwriter shall be paid for eligible services rendered and expenses incurred up to the date of termination.

8. This Agreement may not be assigned without the express prior written consent of the District. This Agreement may not be amended except in writing, which writing shall be expressly identified as a part hereof, and be signed by an authorized representative of each of the parties hereto.

9. This Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota. Any lawsuit pertaining to or affecting this Agreement shall be venued in Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota.

10. The Underwriter will comply with all federal, state and local laws, regulations, ordinances, permits and requirements applicable to

providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.

11. The Underwriter may not use subcontractors to perform the services described herein without the express prior written consent of the District. The Underwriter will include provisions in its subcontracts requiring its subcontractors to comply with the applicable provisions of this Agreement. The Underwriter will cause its subcontractors, agents, and employees to comply, with applicable federal, state and local laws, regulations, ordinances, guidelines, permits and requirements and will adopt such review and inspection procedures as are necessary to assure such compliance.

12. Any notice or other communication required under this Agreement shall be in writing and sent to the address set forth above. Notices shall be given by and to Secretary of the Department of Environment and Natural Resources on behalf of the District, and by and to _____, One Bryant Park, 12th Floor, New York, NY 10036 on behalf of the Underwriter, or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.

13. In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof.

14. All other prior discussions, communications and representations concerning the subject matter of this Agreement are superseded by the terms of this Agreement, and except as specifically provided herein, this Agreement constitutes the entire agreement with respect to the subject matter hereof.

In Witness Whereof, the parties signify their agreement effective the date above first written by the signatures affixed below.

SOUTH DAKOTA
CONSERVANCY DISTRICT

BANK OF AMERICA
MERRILL LYNCH

BY: _____
(NAME)

BY: _____
(NAME)

(TITLE)

(TITLE)

(DATE)

(DATE)

EXHIBIT A
SCOPE OF SERVICES

When serving as a co-manager, the Underwriter will:

1. Consult with the District regarding its Programs and review of financing alternatives working with the District, its financial advisor, other members of the financing team, and book-running senior manager;
2. Review the preliminary and final official statement for the bond issue;
3. Actively participate in the marketing of the bonds;
4. Assist the District and the book-running senior manager in other matters as necessary to ensure the successful marketing and sale of bonds;
5. Participate in the preparation of preliminary pricing information and post-sale analysis as requested by the book-running senior manager.

When serving as book running manager the Underwriter will:

1. Consult with the District, its financial advisor, trustee, tax counsel, and bond counsel regarding its SRF Programs generally and with respect to the structure and sizing of the proposed financing;
2. Answer questions from bond counsel in connection with bond counsel's preparation of legal documentation and official statement for the financing, as may be requested;
3. Consult with bond counsel and other advisors as to necessary amendments to the Master Trust Indenture;
4. Participate with the District, its financial advisor and bond counsel in activities associated with rating agency reviews, as may be requested;
5. Submit a bond purchase agreement to the District which, when executed by both parties, will constitute a contract for the purchase of the bonds for resale to investors;
6. Assist the District in all other matters as necessary to ensure the successful marketing and sale of the additional Bonds;
7. Prepare and execute a detailed marketing plan;

8. Coordinate underwriting team and ensure timely dissemination of all materials to underwriting team.

9. Prepare and deliver preliminary pricing information to the District and its financial advisor at least one week prior to the scheduled sale. This information should include:

- a. Actual quotations for the spread components;
- b. An estimated interest rate scale detailing rates and yields;
- c. Details on comparable recent sales, indicating the interest rates, spread components, ratings, unusual aspects, and so forth;
- d. A description and characterization of the current market (if the market is considered "adverse," the justification should appear here);
- e. The sales method - syndicate or selling group (proposed members of a syndicate should be indicated, and the District maintains the right to add other firms); and
- f. The proposed strategy and desirability for marketing to retail customers and to institutional investors.

10. Prepare a post-sale summary of a transaction. This document should include (i) all relevant pricing information; (ii) a breakdown of orders between retail and institutional buyers; (iii) orders and allotments by firm, if applicable; and (iv) a discussion of any circumstances relating to the market or the District's offering that may have impacted the sale results.

11. Coordinate closing arrangements with bond counsel, financial advisor, trustee and the District.

EXHIBIT B
FEE SCHEDULE

For future Bond Issues during the term of this Agreement, the Underwriter will not be paid a management or underwriting fee. Expenses will be paid as incurred. If serving as a book-running senior manager, the Underwriter will provide proposed takedowns by maturity based upon the then current market, proposed transaction parameters, and marketing plan. Such proposed takedowns will be reviewed by the District and its financial advisor to determine reasonableness, and this Exhibit B will be amended to reflect the agreed upon fees.

STATE OF SOUTH DAKOTA
AGREEMENT FOR INVESTMENT BANKING SERVICES

Agreement made and entered into this ____ day of _____, 2018, by and between the South Dakota Conservancy District, acting by and through the South Dakota Board of Water and Natural Resources, Joe Foss Building, 523 East Capitol Ave., Pierre, SD 57501-3181 (the "District") and Citigroup Global Markets Inc., 388 Greenwich Street, New York, New York 10013 (the "Underwriter").

The District hereby enters into this Agreement for services with Underwriter in consideration of and pursuant to the terms and conditions set forth herein.

1. The Underwriter will perform those services described in the Scope of Services attached hereto as Exhibit A and by this reference incorporated herein.
2. The term of this Agreement shall commence on October 1, 2018 and end on September 30, 2021, unless sooner terminated pursuant to the terms hereof..
3. The Underwriter will not use State equipment, supplies or facilities. The Underwriter will provide the District with its Employer Identification Number, Federal Tax Identification Number or Social Security Number upon execution of this Agreement.
4. The District will make payment for services upon satisfactory completion of the services as described in the Fee Schedule, attached hereto as Exhibit B and by this reference incorporated herein. The parties acknowledge that payment for services related to the District's State Revolving Fund Program Bonds, Series 2018 (the "2018 Bonds") will be made pursuant to a Bond Purchase Agreement between the parties hereto from the proceeds of the 2018 Bonds.
5. While performing services hereunder, the Underwriter is an independent contractor and not an officer, agent, or employee of the State of South Dakota.
6. The parties acknowledge that Underwriter will serve as the book running senior manager for the 2018 Bonds, and that the District will enter into separate agreements with Bank of America Merrill Lynch and J.P. Morgan Securities LLC, to serve as co-managers, for the 2018 Bonds. The District reserves the right to utilize one or more of the Underwriter, Bank of America Merrill Lynch and J.P. Morgan Securities LLC for any future bond issues undertaken by the District during the term of this Agreement pursuant to mutually agreed upon amendment to the separate agreements. All liabilities and designation rules will be determined by the District. In the event of any direct conflict between the terms of a provision of this Agreement and any provision of a subsequent contract entered into with respect to a specific series of bonds, the terms of the subsequent contract shall prevail.

7. This Agreement may be terminated by either party hereto upon thirty (30) days written notice. In the event the Underwriter breaches any of the terms or conditions hereof, this Agreement may be terminated by the District at any time with or without notice. If termination for such a default is effected by the District, any payments due to Underwriter at the time of termination may be adjusted to cover any additional costs to the District because of Underwriter's default. Upon termination the District may take over the work and may award another party an agreement to complete the work under this Agreement. If after the District terminates for a default by Underwriter it is determined that Underwriter was not at fault, then the Underwriter shall be paid for eligible services rendered and expenses incurred up to the date of termination.

8. This Agreement may not be assigned without the express prior written consent of the District. This Agreement may not be amended except in writing, which writing shall be expressly identified as a part hereof, and be signed by an authorized representative of each of the parties hereto.

9. This Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota. Any lawsuit pertaining to or affecting this Agreement shall be venued in Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota.

10. The Underwriter will comply with all federal, state and local laws, regulations, ordinances, permits and requirements applicable to providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.

11. The Underwriter may not use subcontractors to perform the services described herein without the express prior written consent of the District. The Underwriter will include provisions in its subcontracts requiring its subcontractors to comply with the applicable provisions of this Agreement. The Underwriter will cause its subcontractors, agents, and employees to comply, with applicable federal, state and local laws, regulations, ordinances, guidelines, permits and requirements and will adopt such review and inspection procedures as are necessary to assure such compliance.

12. Any notice or other communication required under this Agreement shall be in writing and sent to the address set forth above. Notices shall be given by and to the Secretary of the Department of Environment and Natural Resources on behalf of the District, and by and to Robert Mellinger, Citigroup Global Markets Inc., 388 Greenwich Street, New York, New York 10013, on behalf of the Underwriter, or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.

13. In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof.

14. All other prior discussions, communications and representations concerning the subject matter of this Agreement are superseded by the terms of this Agreement, and except as specifically provided herein, this Agreement constitutes the entire agreement with respect to the subject matter hereof.

In Witness Whereof, the parties signify their agreement effective the date above first written by the signatures affixed below.

SOUTH DAKOTA
CONSERVANCY DISTRICT

CITIGROUP GLOBAL MARKETS
INC.

BY: _____
(NAME)

BY: _____
(NAME)

(TITLE AND AGENCY)

(TITLE)

(DATE)

(DATE)

EXHIBIT A
SCOPE OF SERVICES

When serving as book running senior manager the Underwriter will:

1. Consult with the District, its financial advisor, trustee, tax counsel, and bond counsel regarding its SRF Programs generally and with respect to the structure and sizing of the proposed financing;
2. Answer questions from bond counsel in connection with bond counsel's preparation of legal documentation and official statement for the financing, as may be requested;
3. Consult with bond counsel and other advisors as to necessary amendments to the Master Trust Indenture;
4. Participate with the District, its financial advisor and bond counsel in activities associated with rating agency reviews, as may be requested;
5. Submit a bond purchase agreement to the District which, when executed by both parties, will constitute a contract for the purchase of the bonds for resale to investors;
6. Assist the District in all other matters as necessary to ensure the successful marketing and sale of the additional Bonds;
7. Prepare and execute a detailed marketing plan;
8. Coordinate underwriting team and ensure timely dissemination of all materials to underwriting team.
9. Prepare and deliver preliminary pricing information to the District and its financial advisor at least one week prior to the scheduled sale. This information should include:
 - a. Actual quotations for the spread components;
 - b. An estimated interest rate scale detailing rates and yields;
 - c. Details on comparable recent sales, indicating the interest rates, spread components, ratings, unusual aspects, and so forth;
 - d. A description and characterization of the current market (if the market is considered "adverse," the justification should appear here);
 - e. The sales method - syndicate or selling group (proposed members of a syndicate should be indicated, and the District maintains the right to add other firms); and
 - f. The proposed strategy and desirability for marketing to retail customers and to institutional investors.
10. Prepare a post-sale summary of a transaction. This document should include (i) all relevant pricing information; (ii) a breakdown of orders between retail and institutional

buyers; (iii) orders and allotments by firm, if applicable; and (iv) a discussion of any circumstances relating to the market or the District's offering that may have impacted the sale results.

11. Coordinate closing arrangements with bond counsel, financial advisor, trustee and the District.

When serving as a co-manager, the Underwriter will:

1. Consult with the District regarding its Programs and review of financing alternatives working with the District, its financial advisor, other members of the financing team, and book-running senior manager;
2. Review the preliminary and final official statement for the bond issue;
3. Actively participate in the marketing of the bonds;
4. Assist the District and the book-running senior manager in other matters as necessary to ensure the successful marketing and sale of bonds;
5. Participate in the preparation of preliminary pricing information and post-sale analysis as requested by the book-running senior manager.

EXHIBIT B
FEE SCHEDULE

For future Bond Issues during the term of this Agreement, the Underwriter will not be paid a management or underwriting fee. Expenses will be paid as incurred. If serving as a book-running senior manager, the Underwriter will provide proposed takedowns by maturity based upon the then current market, proposed transaction parameters, and marketing plan. Such proposed takedowns will be reviewed by the District and its financial advisor to determine reasonableness, and this Exhibit B will be amended to reflect the agreed upon fees.

STATE OF SOUTH DAKOTA
AGREEMENT FOR INVESTMENT BANKING SERVICES

Agreement made and entered into this ____ day of _____, 2018, by and between the South Dakota Conservancy District, acting by and through the South Dakota Board of Water and Natural Resources, Joe Foss Building, 523 East Capitol Ave., Pierre, SD 57501-3181 (the "District") and J.P. Morgan Securities LLC, 383 Madison Avenue, 8th Floor, New York, NY, 10179 (the "Underwriter").

The District hereby enters into this Agreement for services with Underwriter in consideration of and pursuant to the terms and conditions set forth herein.

1. The Underwriter will perform those services described in the Scope of Services attached hereto as Exhibit A and by this reference incorporated herein. The Underwriter is providing its services as an underwriter for the District's Bonds as set forth in Exhibit A. The District acknowledges that the Underwriter is not its financial advisor or municipal advisor as such term is defined in Section 15B of the Securities Exchange Act of 1934. The District further acknowledges that the Underwriter is not its tax, legal or accounting advisor. Nothing in this Agreement shall be deemed to create any fiduciary relationship between the District and the Underwriter.

2. The term of this Agreement shall commence on October 1, 2018 and end on September 30, 2021, unless sooner terminated pursuant to the terms hereof.

3. The Underwriter will not use State equipment, supplies or facilities. The Underwriter will provide the District with its Employer Identification Number, Federal Tax Identification Number or Social Security Number upon execution of this Agreement.

4. The District will make payment for services upon satisfactory completion of the services as described in the Fee Schedule, attached hereto as Exhibit B and by this reference incorporated herein. The parties acknowledge that payment for services related to the District's State Revolving Fund Program Bonds, Series 2018 (the "2018 Bonds") will be made pursuant to a Bond Purchase Agreement between the parties hereto from the proceeds of the 2018 Bonds.

5. While performing services hereunder, the Underwriter is an independent contractor and not an officer, agent, or employee of the State of South Dakota.

6. The parties acknowledge that Underwriter served as the co-manager for the 2018 Bonds, and that the District entered into a separate agreement with Citigroup Global Markets Inc. and Bank of America Merrill Lynch to serve as book running senior manager and co-manager, respectively for the 2018 Bonds. The District reserves the right to utilize one or more of the Underwriter, Citigroup Global Markets Inc. and Bank of America Merrill Lynch for any future bond issues undertaken by the District during the term of this Agreement pursuant to mutually agreed upon amendment to the separate agreements. All liabilities and designation rules will be determined by the District. In the event of any direct conflict between the terms of a provision of this Agreement and any provision of a subsequent contract entered into with respect to a specific series of bonds, the terms of the subsequent contract shall prevail.

7. This Agreement may be terminated by either party hereto upon thirty (30) days written notice. In the event the Underwriter breaches any of the terms or conditions hereof, this Agreement may be terminated by the District at any time with or without notice. If termination for such a default is effected by the District, any payments due to Underwriter at the time of termination may be adjusted to cover any additional costs to the District because of Underwriter's default. Upon termination the District may take over the work and may award another party an agreement to complete the work under this Agreement. If after the District terminates for a default by Underwriter it is determined that Underwriter was not at fault, then the Underwriter shall be paid for eligible services rendered and expenses incurred up to the date of termination.

8. This Agreement may not be assigned without the express prior written consent of the District. This Agreement may not be amended except in writing, which writing shall be expressly identified as a part hereof, and be signed by an authorized representative of each of the parties hereto.

9. This Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota. Any lawsuit pertaining to or affecting this Agreement shall be venued in Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota.

10. The Underwriter will comply with all federal, state and local laws, regulations, ordinances, permits and requirements applicable to

providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.

11. The Underwriter may not use subcontractors to perform the services described herein without the express prior written consent of the District. The Underwriter will include provisions in its subcontracts requiring its subcontractors to comply with the applicable provisions of this Agreement. The Underwriter will cause its subcontractors, agents, and employees to comply, with applicable federal, state and local laws, regulations, ordinances, guidelines, permits and requirements and will adopt such review and inspection procedures as are necessary to assure such compliance.

12. Any notice or other communication required under this Agreement shall be in writing and sent to the address set forth above. Notices shall be given by and to Secretary of the Department of Environment and Natural Resources on behalf of the District, and by and to _____, J.P. Morgan Securities LLC, 383 Madison Avenue, 8th Floor, New York, NY, 10179, on behalf of the Underwriter, or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.

13. In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof.

14. All other prior discussions, communications and representations concerning the subject matter of this Agreement are superseded by the terms of this Agreement, and except as specifically provided herein, this Agreement constitutes the entire agreement with respect to the subject matter hereof.

In Witness Whereof, the parties signify their agreement effective the date above first written by the signatures affixed below.

SOUTH DAKOTA
CONSERVANCY DISTRICT

J.P. MORGAN SECURITIES
LLC

BY: _____
(NAME)

BY: _____
(NAME)

(TITLE)

(TITLE)

(DATE)

(DATE)

EXHIBIT A SCOPE OF SERVICES

When serving as a co-manager, the Underwriter will:

1. Consult with the District regarding its Programs and review of financing alternatives working with the District, its financial advisor, other members of the financing team, and book-running senior manager;
2. Review the preliminary and final official statement for the bond issue;
3. Actively participate in the marketing of the bonds;
4. Assist the District and the book-running senior manager in other matters as necessary to ensure the successful marketing and sale of bonds;
5. Participate in the preparation of preliminary pricing information and post-sale analysis as requested by the book-running senior manager.

When serving as book running manager the Underwriter will:

1. Consult with the District, its financial advisor, trustee, tax counsel, and bond counsel regarding its SRF Programs generally and with respect to the structure and sizing of the proposed financing;
2. Answer questions from bond counsel in connection with bond counsel's preparation of legal documentation and official statement for the financing, as may be requested;
3. Consult with bond counsel and other advisors as to necessary amendments to the Master Trust Indenture;
4. Participate with the District, its financial advisor and bond counsel in activities associated with rating agency reviews, as may be requested;
5. Submit a bond purchase agreement to the District which, when executed by both parties, will constitute a contract for the purchase of the bonds for resale to investors;
6. Assist the District in all other matters as necessary to ensure the successful marketing and sale of the additional Bonds;
7. Prepare and execute a detailed marketing plan;

8. Coordinate underwriting team and ensure timely dissemination of all materials to underwriting team.

9. Prepare and deliver preliminary pricing information to the District and its financial advisor at least one week prior to the scheduled sale. This information should include:

- a. Actual quotations for the spread components;
- b. An estimated interest rate scale detailing rates and yields;
- c. Details on comparable recent sales, indicating the interest rates, spread components, ratings, unusual aspects, and so forth;
- d. A description and characterization of the current market (if the market is considered "adverse," the justification should appear here);
- e. The sales method - syndicate or selling group (proposed members of a syndicate should be indicated, and the District maintains the right to add other firms); and
- f. The proposed strategy and desirability for marketing to retail customers and to institutional investors.

10. Prepare a post-sale summary of a transaction. This document should include (i) all relevant pricing information; (ii) a breakdown of orders between retail and institutional buyers; (iii) orders and allotments by firm, if applicable; and (iv) a discussion of any circumstances relating to the market or the District's offering that may have impacted the sale results.

11. Coordinate closing arrangements with bond counsel, financial advisor, trustee and the District.

EXHIBIT B
FEE SCHEDULE

For future Bond Issues during the term of this Agreement, the Underwriter will not be paid a management or underwriting fee. Expenses will be paid as incurred. If serving as a book-running senior manager, the Underwriter will provide proposed takedowns by maturity based upon the then current market, proposed transaction parameters, and marketing plan. Such proposed takedowns will be reviewed by the District and its financial advisor to determine reasonableness, and this Exhibit B will be amended to reflect the agreed upon fees.

TITLE: Bond Counsel Contract for the South Dakota Conservancy District's State Revolving Fund Loan Programs

EXPLANATION: Bruce Bonjour, Perkins Coie LLP, has served as bond counsel for the Clean Water State Revolving Fund program since 1993 and the Drinking Water State Revolving Fund program since its inception in 1997.

The current contract expires December 31, 2018. Staff is proposing that the board contract with Mr. Bonjour to provide continued service for 2019 through 2021. The proposed contract will provide legal services on 1) the eligibility of loans and the flow of funds within the Master Trust Indenture of both State Revolving Fund programs; 2) the filing of secondary market disclosure information on existing bonds within both programs; and 3) preparing, or cause for preparing, arbitrage rebate reports on existing bonds.

The contracts will begin upon execution by all parties and end on December 31, 2021.

RECOMMENDED ACTION: Authorize the Chairman to execute the contract for bond counsel services for 2019-2021.

CONTACT: Mike Perkovich, 773-4216

STATE OF SOUTH DAKOTA
AGREEMENT FOR LEGAL SERVICES
BETWEEN

Control # 2018-

Perkins Coie, LLP
Bruce A. Bonjour
131 S. Dearborn Street, Suite 1700
Chicago, IL 60603-5559
hereafter referred to as Attorney

South Dakota Conservancy District
523 East Capitol Ave
Joe Foss Building
Pierre, South Dakota 57501
hereafter referred to as State

The State hereby enters into an Agreement for Legal Services with the Attorney.

I. THE ATTORNEY

A. The Attorney will perform those services described in the Work Plan, attached hereto as Exhibit A and by this reference incorporated herein. The parties agree that the services will be provided by Bruce A Bonjour or such other attorney as Attorney may designate that is acceptable to the State.

B. While performing the services hereunder, the Attorney is acting as an independent contractor and not as an officer, agent or employee of the SD Conservancy District or of the State of South Dakota.

C. The Attorney will not use State equipment, supplies or facilities. The Attorney will provide the State with his firm's Employer Identification Number.

D. This Agreement shall commence on execution by both parties and end on December 31, 2021, provided, however, that any report which relates principally to a specified calendar year and is required to be prepared or filed within the first three months of the following calendar year shall be deemed to be services contracted for and required hereunder for the specified calendar year. This Agreement may be extended for an additional three (3) year term upon mutual agreement of the parties hereto, and may be amended to provide for additional arbitrage rebate calculations for bonds issued after the date hereof.

II. THE STATE

A. The State will make payment:

(1) For legal services with reference to the Drinking Water SRF Program in calendar year 2019, an amount not to exceed \$27,500, consisting of up to \$6,500 for filing of

secondary market disclosure information, and up to \$21,000 for opinions on eligibility of future loans and flow of funds within the program's Master Trust Indenture;

(2) For legal services with reference to the Drinking Water SRF Program in calendar year 2020, an amount not to exceed \$27,500, consisting of up to \$6,500 for filing of secondary market disclosure information, and up to \$21,000 for opinions on eligibility of future loans and flow of funds within the program's Master Trust Indenture;

(3) For legal services with reference to the Drinking Water SRF Program in calendar year 2021, an amount not to exceed \$27,500, consisting of up to \$6,500 for filing of secondary market disclosure information, and up to \$21,000 for opinions on eligibility of future loans and flow of funds within the program's Master Trust Indenture;

(4) For legal services with reference to the Clean Water SRF Program in calendar year 2019, an amount not to exceed \$30,500, consisting of up to \$3,000 for arbitrage rebate calculations (for the Series 1996A Clean Water Bonds), up to \$6,500 for filing of secondary market disclosure information, and up to \$21,000 for opinions on eligibility of future loans and flow of funds within the program's Master Trust Indenture;

(5) For legal services with reference to the Clean Water SRF Program in calendar year 2020, an amount not to exceed \$30,500, consisting of up to \$3,000 for arbitrage rebate calculations (for the Series 1996A Clean Water Bonds), up to \$6,500 for filing of secondary market disclosure information, and up to \$21,000 for opinions on eligibility of future loans and flow of funds within the program's Master Trust Indenture;

(6) For legal services with reference to the Clean Water SRF Program in calendar year 2021, an amount not to exceed \$30,500, consisting of up to \$3,000 for arbitrage rebate calculations (for the Series 1996A Clean Water Bonds), up to \$2,500 for filing of secondary market disclosure information, and up to \$21,000 for opinions on eligibility of future loans and flow of funds within the program's Master Trust Indenture;

(7) For legal services with respect to the combined Clean Water SRF Program and Drinking Water SRF Program in calendar year 2019, an amount not to exceed \$18,000 for arbitrage rebate calculations (for the Series 2010A, Series 2010B, Series 2012B, Series 2014B, Series 2017B, and Series 2018 Bonds);

(8) For legal services with respect to the combined Clean Water SRF Program and Drinking Water SRF Program in calendar year 2020, an amount not to exceed \$18,000 for arbitrage rebate calculations (for the Series 2010A, Series 2010B, Series 2012B, Series 2014B, Series 2017B, and Series 2018 Bonds);

(9) For legal services with respect to the combined Clean Water SRF Program and Drinking Water SRF Program in calendar year 2021, an amount not to exceed \$18,000 for arbitrage rebate calculations (for the Series 2010A, Series 2010B, Series 2012B, Series 2014B, Series 2017B, and Series 2018 Bonds);

(10) For reimbursement of third party arbitration consultant reports, an amount not to exceed \$54,000 in the aggregate for calendar years 2019 through 2021.

B. In the event that an arbitration rebate calculation described above is not required to be completed for any series of Bonds, then the attorney fee component for legal services described in clauses (4), (5) (6) or (7), as applicable will be reduced by \$3,000 for each series of Bonds for which an arbitration rebate calculation is not required.

C. The State will not pay Attorney expenses as a separate item, provided, however, that any expense incurred from third parties as set forth in Section II(A)(10), shall not be an expense of the Attorney, and if initially paid by Attorney, the Attorney shall be entitled to reimbursement for that expense as a separate item.

D. TOTAL CONTRACT AMOUNT is an amount not to exceed \$228,000 payable as compensation to Attorney, and not to exceed \$54,000 in reimbursement of actual costs from third party arbitration consultant, for a Total Contract Amount not to exceed \$282,000. Payment will be made pursuant to itemized invoices. Payment will be made consistent with SDCL ch. 5-26.

III. OTHER PROVISIONS:

A. This Agreement may not be assigned without the express prior written consent of the State. The provisions in this Agreement may only be altered, modified or changed by written amendment hereto subject to the same approval requirements as in this Agreement.

B. This agreement can be terminated upon thirty (30) days written notice by either party and may be terminated for cause by the State at any time with or without notice.

C. The Attorney, at all times during the term of this Agreement, shall obtain and maintain in force insurance coverage of the types and with the limits as follows:

(1) Commercial General Liability Insurance:

The Attorney shall maintain occurrence based commercial liability insurance or equivalent form with a limit of not less than \$2,000,000 for each occurrence. If such insurance contains a general aggregate limit it shall apply separately to this Agreement or be no less than two times the occurrence limit.

2. Professional Liability Insurance:

The Attorney agrees to procure and maintain professional liability insurance with a limit not less than \$20,000,000.

3. Business Automobile Liability Insurance:

The Attorney shall maintain business automobile liability insurance or equivalent form with a limit of not less than \$1,000,000 for each accident. Such insurance shall include coverage for owned, hired and non-owned vehicles.

4. Worker's Compensation Insurance:

The Attorney shall procure and maintain workers' compensation and employers' liability insurance if required by South Dakota law.

Before beginning work under this Agreement, the Attorney shall furnish the State with properly executed Certificates of Insurance which shall clearly evidence all insurance required in this Agreement. In the event a substantial change in insurance, issuance of a new policy, cancellation or nonrenewal of the policy, the Attorney agrees to provide immediate notice to the State and provide a new certificate of insurance showing continuous coverage in the amounts required. The Attorney shall furnish copies of insurance policies if requested by the State.

D. This Agreement depends upon the continued availability of appropriated funds and expenditure authority from the Legislature for this purpose. If for any reason the Legislature fails to appropriate funds or grant expenditure authority, or funds become unavailable by operation of law or federal funds reductions, this Agreement will be terminated by the State. Termination for any of these reasons is not a default by the State nor does it give rise to a claim against the State.

E. It is expressly understood and agreed by the parties hereto that this Agreement shall be governed by the laws of the State of South Dakota both as to interpretation and performance.

F. The Attorney will comply with all federal, state and local laws, regulations, ordinances, guidelines, permits and requirements applicable to providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.

G. Any notice or other communication required under this Agreement shall be in writing and sent to the address set forth above. Notices shall be given by and to David Ruhnke on behalf of the State, and by Bruce Bonjour, on behalf of the Attorney, or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.

H. In the event that any provision of this Agreement shall be held unenforceable or invalid by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

I. All other prior discussions, communications and representations concerning the subject matter of this Agreement are superseded by the terms of this Agreement, and except as specifically provided herein, this Agreement constitutes the entire agreement with respect to the subject matter hereof.

J. The Attorney certifies that neither the Attorney nor the principals of his firm are presently debarred, suspended, proposed for debarment or suspension, or declared ineligible from participating in transactions by the federal government or any state or local government department or agency. Attorney further agrees that it will immediately notify the State if during the term of this Agreement the Attorney or his firm's principals become subject to debarment, suspension or ineligibility from participating in transactions by the federal government, or by any state or local government department or agency.

K. The Attorney agrees not to participate as Counsel, in person or his law firm, in opposition to the interests of the State of South Dakota or any of its departments, bureaus, boards or commissions consistent with the policy attached hereto and labeled Exhibit B.

In Witness Whereof the parties signify their agreement by the signatures affixed below:

ATTORNEY

STATE

Bruce A. Bonjour, Partner (Date)
Perkins Coie, LLP

Brad Johnson (Date)
Chairman, Board of Water and
Natural Resources

The foregoing Agreement is hereby approved.

Craig Ambach (Date)
Litigation and Legal Services Manager
For the Governor

The foregoing Agreement is hereby approved as to form.

Marty J. Jackley (Date)
Attorney General

EXHIBIT A WORK PLAN

The Attorney will perform services as bond counsel in connection with all outstanding series of Bonds (each, a “Series” and collectively, the “Bonds”) and the Amended and Restated Master Trust Indenture dated as of June 1, 2004 by and between the South Dakota Conservancy District (the “District”) and U.S. National Bank Association as Successor Trustee to The First National Bank in Sioux Falls, as master trustee (the “Trustee”) as now or hereinafter amended or supplemented (collectively, the “Master Indenture”); perform the annual arbitrage rebate calculations for each Series of Bonds, and provide copies of these reports to the State no later than 90 days after the related anniversaries of the issuance date of each of the respective Series of Bonds occurring annually during the term hereof, provided that such reports shall be due 60 days after each five year anniversary date; file secondary market disclosure information pursuant to rule 15c2-12 no later than March 31 annually during the term hereof; and provide legal advice related to the Bonds.

Set forth below is a listing of the Series of Bonds currently secured by the Master Indenture together with a separate listing of Bonds no longer deemed “Outstanding” under the Master Indenture but which are secured by escrow portfolios pending final redemption pursuant to separate escrow agreements:

South Dakota Conservancy District Clean Water State Revolving Fund Series 1996A, 2010A, 2010B, 2012A, 2012B, 2014A 2014B, 2017A, Series 2017B, and 2018 Revenue Bonds pursuant to the Indentures of Trust dated September 1, 1992 and January 1, 1994, the Supplemental Indenture dated January 1, 1995, the Amended and Restated Master Trust Indenture dated July 1, 2005, the First Amendment to Amended and Restated Master Trust Indenture dated October 1, 2005, the Second Amendment to Amended and Restated Master Trust Indenture dated April 1, 2006, the Third Amended and Restated Master Trust Indenture and the Series 2008 Supplemental Indenture, each dated as of March 1, 2008, the Fourth Amended and Restated Master Trust Indenture dated August 1, 2009, the Fifth Amended and Restated Master Trust Indenture dated September 1, 2010, a First Amendment to Fifth Amended and Restated Master Trust Indenture dated February 17, 2015, and the Series Resolution dated November 13, 1996 adopted in connection with the Series 1996A Revenue Bonds, the Series Resolution dated December 10, 2010, adopted in connection with the Series 2010A and 2010B Bonds, the Series Resolution dated April 10, 2012, adopted in connection with the Series 2012A and 2012B Bonds, the Series Resolution dated September 26, 2014, adopted in connection with the Series 2014A and 2014B Bonds, the Series Resolution dated July 21, 2017, adopted in connection with the Series 2017A and 2017B Bonds, and the Series Resolution dated _____, 2018, adopted in connection with the Series 2018 Bonds.

South Dakota Conservancy District Drinking Water State Revolving Fund Series 2010A, Series 2010 B, Series 2014A, Series 2014B, Series 2017A, Series 2017B, and Series 2018 Revenue Bonds issued pursuant to the Amended and Restated

Master Trust Indenture dated July 1, 2005; the First Amendment to Amended and Restated Master Trust Indenture dated October 1, 2005; the Second Amendment to Amended and Restated Master Trust Indenture dated April 1, 2006, the Third Amended and Restated Master Trust Indenture and the Series 2008 Supplemental Indenture, each dated as of March 1, 2008, the Fourth Amended and Restated Master Trust Indenture dated August 1, 2009, the Fifth Amended and Restated Master Trust Indenture dated September 1, 2010, a First Amendment to Fifth Amended and Restated Master Trust Indenture dated February 17, 2015, the Series Resolution dated December 10, 2010, adopted in connection with the Series 2010A and 2010B Bonds, the Series Resolution dated September 26, 2014, adopted in connection with the Series 2014A and 2014B Bonds, the Series Resolution dated July 21, 2017, adopted in connection with the Series 2017A and Series 2017B Bonds, and the Series Resolution dated _____, 2018, adopted in connection with the Series 2018 Bonds.

EXHIBIT B
POLICY CONCERNING CONFLICTS OF INTEREST

This policy is adopted to address the issue of potential conflicts of interest with regard to the State of South Dakota and attorneys contracting with the State of South Dakota (“State”) to perform legal services. This policy will be attached as an addendum to any contract for legal services entered into between the State and any attorney contracting to perform those legal services and shall become a part of that contract.

A. Except as provided in paragraph B of this policy, if an attorney contracting to perform legal services with the State has a pending claim against the State or its employees on behalf of a client; or in the event an attorney with an existing contract for legal services with the State is approached by a client seeking to file a lawsuit against the State or its employees, the contracting attorney shall notify the Attorney General and the manager of the state PEPL Fund in writing of that conflict of interest prior to the time a contract is signed or prior to undertaking representation of the adverse client. The Attorney General shall personally decide within ten working days whether or not the State will waive any conflict of interest created by that claim. The Attorney General will consider the magnitude of the claim against the State, the appearance of impropriety which could adversely affect the interests of the State, the degree, if any, to which the contracting attorney has or will gain access to information which would give him an undue advantage in representing a client whose interests are adverse to the State, whether the department or agency against which the claim is made is also a department or agency that will be represented by the contracting attorney, and any other factor which the Attorney General may deem pertinent in his discretion.

Notification of the Attorney General under this paragraph, prior to the commencement of an action is not required if the contracting attorney is approached by a client to commence an action against the State and the contracting attorney has a good faith belief that absent immediately filing, the action would be barred by a statute of limitations or comparable provision. Under these circumstances, the contracting attorney shall, as soon as practical, contact the Attorney General regarding the conflict and agrees that if the conflict of interest is not waived, to withdraw from representing the client in the pending action.

B. Any conflict of interest which may be created by the following situations will automatically be deemed to be waived by the Attorney General and will not be subject to the notification requirements of this policy statement:

1. Any action where the contracting attorney represents a codefendant with the State in a claim or lawsuit, regardless of any cross-claim or third-party claim which the State and the attorney's non-State client may have against each other; unless the cross-claim or third-party claim was readily apparent at the time of contracting with the non-State client and seeks significant monetary consequences; the cross-claim is against a state agency which the contracting attorney represents; or by virtue of representation of the State under contract the attorney had access to information which would give the non-State client an unfair advantage.
2. Any condemnation action in which the contracting attorney represents a condemnee.
3. Any administrative licensing proceeding in which the contracting attorney appears representing a client, regardless of the fact that the client may make a claim which would be adverse to a position taken by a department or agency of state government; unless the claims, if successful, will have significant monetary consequences to the State; or by virtue of representation of the State under contract the contracting attorney had access to information which would give the non-State client an unfair advantage.
4. Any administrative proceeding before the Department of Revenue in which the contracting attorney's client may have a claim which would create a potential liability for the State of South Dakota; unless the claim, if successful, will have significant monetary consequences to the State; or by virtue of representation of the State under contract the contracting attorney had access to information which would give the non-State client an unfair advantage.
5. Any bankruptcy proceeding in which the contracting attorney represents a client other than the State of South Dakota and in which the State of South Dakota has a secured or unsecured claim.
6. Any activity relating to the negotiation of a contract with the State of South Dakota and another client represented by the contracting attorney; unless the contracting attorney is actively representing the department or agency of state government with which the contract is being negotiated; or by virtue of representation of the State under contract the contracting attorney had access to information which would give the non-State client an unfair advantage.
7. The defense of any criminal action; unless the attorney has an existing contract as a special prosecutor in criminal actions for the State of South Dakota; or if, in representation of the State under contract, the contracting attorney had access to

information which would give the non-State client an unfair advantage in the criminal action.

8. Any small claims action in which the contracting attorney represents any plaintiff or defendant with interests adverse to those of the State.
9. Any action brought through representation under a long-term contract or appointment of any other governmental entity, whether or not that governmental entity has interests that are adverse to those of the State; unless the claim, if successful, will have significant monetary consequences against the State of South Dakota.
10. Any action in which the State is a named party but has only a nominal interest, as in mortgage foreclosures and quiet title actions.
11. Any lobbying activity by the contracting attorney.
12. Any worker's compensation case in which the contracting attorney represents a claimant; unless the contracting attorney represents the South Dakota Department of Labor in matters relating to worker's compensation claims or benefits.

C. The Attorney General reserves the right to raise a conflict of interest, notwithstanding the automatic waiver provisions of paragraph B of this policy, where a conflict of interest covered by the South Dakota Rules of Professional Conduct exists and in the discretion of the Attorney General, is it determined to be in the State's best interest to raise the conflict. The Attorney General shall notify the contracting attorney of the existence of the conflict and the delineation of waiver within seven days of the Attorney General's actual notice of the contracting attorney's action against the State.

D. For purposes of this policy: 1) the term "contracting attorney" means the attorney actually signing the agreement and his entire law firm; 2) the term "State" means the State of South Dakota and any branch, constitutional office, department, agency, institution, board, commission, authority, or other entity by state government; and 3) the term "significant monetary consequences" means that the suit, claim, action or other proceeding against the State, if successful, could reasonably result in the State making payments to the contracting attorney, the client or the class the client represents in excess of \$50,000 or in the case of the proceeding against the Department of Revenue, or other state taxing entity payments or lost revenue in excess of \$50,000.

E. This guideline shall not be construed as altering or reducing an attorney's obligations to his client under the South Dakota Rules of Professional Conduct specifically stated herein.

November 8, 2018

Item 12

TITLE: Series Resolution Authorizing State Revolving Fund Program Bonds, Series 2018

EXPLANATION: It is anticipated that the South Dakota Conservancy District will issue approximately \$111,000,000 in State Revolving Fund Program Bonds, Series 2018 (the "Series 2018 Bonds") during the week of December 3, 2018. The Series 2018 Bonds are tax exempt bonds being issued to provide funds sufficient, together with other available moneys, (a) to provide funds in the approximate amount of \$66,000,000 to be deposited to the Clean Water Leveraged Loan Account established with respect to the Series 2018 Bonds which funds are to be loaned to Borrowers, (b) to provide funds in the approximate amount of \$45,000,000 to be deposited to the Drinking Water Leveraged Loan Account established with respect to the Series 2018 Bonds which funds are to be loaned to Borrowers, and (c) to pay associated costs of issuance.

Enclosed for your reference is the Series Resolution for the Series 2018 Bonds prepared by SRF bond counsel, Bruce Bonjour, Perkins Coie. The Series Resolution provides board approval of the Preliminary Official Statement, the Bond Purchase Agreement, the Bond Order, and the Continuing Disclosure Agreement.

The Series Resolution authorizes the Chairman and/or Secretary to file a Coverage Certificate for each program with the Trustee and to do all acts and to execute or accept all documents as may be necessary to carry out and comply with the provisions of the resolution and the documents approved by the resolution.

The bond documents listed below will be available electronically at:

<http://denr.sd.gov/srfrfp.aspx>.

- Preliminary Official Statement (POS)
- Continuing Disclosure Agreement (POS - Appendix F)
- Bond Purchase Agreement by and between the District and Citigroup Global Markets Inc., for itself and as Representative of Bank of America Merrill Lynch, Inc. and J.P. Morgan Securities LLC.

If you would like hard copies of the documents, please contact Mike Perkovich at (605) 773-4216.

November 8, 2018

Item 12

RECOMMENDED
ACTION:

Approve Series Resolution Authorizing State Revolving Fund Program Bonds,
Series 2018

CONTACT:

Mike Perkovich (773-4216)

**BOARD OF WATER AND NATURAL RESOURCES
ACTING AS THE SOUTH DAKOTA CONSERVANCY DISTRICT**

SERIES RESOLUTION #2018—__ AUTHORIZING STATE

**REVOLVING FUND PROGRAM BONDS
SERIES 2018**

WHEREAS, the South Dakota Conservancy District (the “*District*”) is duly constituted as an instrumentality of the State of South Dakota exercising public and governmental functions under the operation, management and control of the Board of Water and Natural Resources of South Dakota (the “*Board of Water and Natural Resources*”), pursuant to SDCL Chapters 46A-1 and 46A-2 (the “*Act*”); and

WHEREAS, pursuant to the Act and the Clean Water Act (as herein defined) the District has established a state revolving fund program (the “*Clean Water Program*”); and

WHEREAS, pursuant to the Act and the Drinking Water Act (as herein defined) the District has established a state revolving fund program (the “*Drinking Water Program*”); and

WHEREAS, pursuant to the Act, the District is authorized to issue bonds and notes and to make loans to Borrowers (as herein defined) through the purchase of municipal securities or loans in connection with the Clean Water Program and the Drinking Water Program (each a “*Program*” and collectively, the “*Programs*”); and

WHEREAS, to fund the Programs, the United States Environmental Protection Agency currently makes annual capitalization grants to the states on the condition that each state provide an appropriate match for such state’s related revolving fund; and

WHEREAS, pursuant to SDCL §46A-1-60.1, the State has heretofore established the state water pollution control revolving fund program and the state drinking water revolving fund program and provided that program subfunds (each, a “*Program Subfund*” and collectively, the “*Program Subfunds*”) be created within the water and environment fund established pursuant to SDCL §46A-1-60; that each Program Subfund be maintained separately; and all federal, state and other funds for use in each such Program be deposited into the related Program Subfund, including all federal grants for capitalization of each such Program, all repayments of assistance awarded from each such Program Subfund, interest on investments made on money in each such Program Subfund, proceeds of discretionary bond issues allowed by SDCL §46A-1-31 and principal and interest on loans made from each fund, that money in the Program Subfunds may be used only for purposes authorized under federal law and that the Program Subfunds may be pledged or assigned by the District to or in trust for the holder or holders of the bonds and notes of the District as permitted by law and may be transferred to and held by a trustee or trustees pursuant to SDCL §46A-1-39; and

WHEREAS, SDCL §46A-1-60.2 provides that funds from the Programs therein described shall be disbursed and administered according to rules enacted by the Board of Water and Natural Resources pursuant to SDCL §46A-1-65 and the provisions of SDCL §46A-1-60 to

§46A-1-60.3 inclusive and SDCL §46A-1-60.1 provides that money in the Program Subfunds may be used only for purposes authorized under federal law; and

WHEREAS, the District and The First National Bank in Sioux Falls (the “*Original Trustee*”) previously entered into that certain (a) Master Trust Indenture dated as of January 1, 1994, as heretofore amended and supplemented (the “*Original Clean Water Indenture*”) and (b) Master Trust Indenture dated as of June 1, 1998, as heretofore amended and supplemented (the “*Original Drinking Water Indenture*”); and

WHEREAS, pursuant to that certain Amended and Restated Master Trust Indenture dated as of July 1, 2004 (the “*Amended and Restated Indenture*”), the District and the Original Trustee amended, restated and consolidated the Original Clean Water Indenture and Original Drinking Water Indenture into the Amended and Restated Indenture; and

WHEREAS, pursuant to that certain First Amendment dated as of October 1, 2005, that certain Second Amendment dated as of April 1, 2006, that certain Third Amended and Restated Master Trust Indenture dated as of March 1, 2008, that certain Fourth Amended and Restated Master Trust Indenture dated as of August 1, 2009, and that certain Fifth Amended and Restated Master Trust Indenture dated as of September 1, 2010, the District and the Original Trustee amended and supplemented the Amended and Restated Indenture (herein, as amended by that certain First Amendment to Fifth Amended and Restated Master Trust Indenture dated February 17, 2015 and as hereafter further amended, supplemented or restated, the “*Master Trust Indenture*”); and

WHEREAS, pursuant to a Tri-Party Agreement dated as of April 14, 2017 among the District, the Original Trustee and U.S. Bank National Association (in such capacity, the “*Successor Trustee*”), the Original Trustee assigned, conveyed, transferred, delivered and confirmed to the Successor Trustee the Trust Estate and all estates, properties, rights, powers and trusts as “Trustee” under the Master Indenture and all Series Resolutions and Bond Orders and the Successor Trustee accepted such assignment, conveyance and transfer to all duties, trusts and responsibilities under the Master Trust Indenture, Series Resolutions and Bond Orders and is now serving for all purposes thereunder and hereunder as the “Trustee”; and

WHEREAS, the Board of Water and Natural Resources has determined that it is necessary and expedient that the District issue additional bonds and notes from time to time pursuant to the Master Trust Indenture and various Series Resolutions and to loan the proceeds thereof to Borrowers in furtherance of the Programs; and

WHEREAS, the District is authorized and empowered by the provisions of the Act to issue bonds and notes at its discretion in any amount at any time for the purpose of funding all or part of a revolving fund program under the Relevant Federal Acts, to be used to purchase or otherwise finance or provide for the purchase or payment of bonds or other obligations, including the refinancing of obligations previously issued or for projects previously completed and to enter into financing arrangements with such persons or public entities to secure and provide for the payment of such bonds and notes; and

WHEREAS, the District is authorized and empowered by the provisions of the Act, and specifically pursuant to §§46A-1-31, 46A-1-39 and 46A-1-60.1, SDCL, to pledge or assign to or in trust for the benefit of the holder or holders of such bonds and notes those moneys appropriated by the Legislature for the purpose of funding state contributions to the Programs and directing that such moneys be held and invested pursuant to a trust agreement for the payment of the principal of, premium, if any, and interest on the bonds and notes; and

WHEREAS, the Board of Water and Natural Resources, acting as the South Dakota Conservancy District, has at this time determined that it is necessary and expedient that the District issue one or more series of Bonds (herein, the “*Series 2018 Bonds*”) for the purpose of providing funds sufficient (a) to provide funds for new Loans to Borrowers under the Clean Water Program and the Drinking Water Program, and (b) to pay costs of issuance; and

WHEREAS, drafts or final versions of the following documents have been filed with staff of the Board of Water and Natural Resources, acting as the South Dakota Conservancy District, and made available to each member of the Board:

- (i) A draft Preliminary Official Statement with respect to the Series 2018 Bonds (referred to herein as the “*Preliminary Official Statement*”);
- (ii) A draft Continuing Disclosure Agreement (in the form of an appendix to the Preliminary Official Statement and referred to herein as the “*Continuing Disclosure Agreement*”);
- (iii) A draft Bond Purchase Agreement (the “*Bond Purchase Agreement*”) by and between the District and Citigroup Global Markets Inc., for itself and as Representative (the “*Representative*”) of J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “*Underwriters*”); and
- (iv) Supporting schedules prepared by the District’s financial advisor which demonstrate satisfaction of the requirements of Section 2.11(b) of the Master Trust Indenture for the issuance of Additional Bonds (such schedules being included within the Preliminary Official Statement).

BE IT RESOLVED BY THE SOUTH DAKOTA BOARD OF WATER AND NATURAL RESOURCES, ACTING AS THE SOUTH DAKOTA CONSERVANCY DISTRICT, THAT:

ARTICLE 1

District and Definitions

Section 1.01 Series Resolution. This Series Resolution is adopted in accordance with the provisions of the Master Trust Indenture and pursuant to the authority contained in the Act. It is hereby determined pursuant to the Act that the issuance of the Series 2018 Bonds pursuant to the Master Trust Indenture and the making of loans to Borrowers with the proceeds of the Series 2018 Bonds will implement the policies of the Act and provide Borrowers with loans for

essential projects at borrowing costs below the costs available to the Borrowers in the private bond market.

Section 1.02 Definitions. Unless defined below in this Section 1.02, all terms defined in the Master Trust Indenture, or in the Act, as applicable, shall have the same meanings, respectively, in this Series Resolution and with respect to the Series 2018 Bonds as such terms are given in the Master Trust Indenture or in the Act, as applicable. In addition, the following terms shall have the following meanings for all purposes in connection with this Series Resolution and the Series 2018 Bonds:

“Allocable Portion” with respect to the Series 2018 Bonds and each Program, and with respect to each Leveraged Portion, shall mean the respective percentages of the aggregate principal amount of Bonds which are to be applied (or to the extent subsequent transfers or allocations were made following issuance of such Bonds thereby changing such application, were applied) to finance Clean Water Loans or Drinking Water Loans as Leveraged Loans with respect to each Program.

“Authorized Officers” shall mean the Chairman and the Secretary or, in the absence of either, any other Member of the Board of Water and Natural Resources designated in writing by the Chairman to act for purposes of and as authorized by this Resolution.

“Beneficial Owner” shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2018 Bonds, including persons holding Series 2018 Bonds; through nominees or depositories.

“Bond Order” shall mean a written order signed by two Authorized Officers consistent with the authority of this resolution setting forth the definitive terms and conditions of the Series 2018 Bonds as shall be agreed to in the Bond Purchase Agreement.

“Bond Purchase Agreement” shall mean the Bond Purchase Agreement with respect to the Series 2018 Bonds entered into between the District and the Representative, on behalf of the Underwriters.

“Clean Water Act” means the Federal Clean Water Act, more commonly known as the Clean Water Act (PL 92-500), as amended by the Water Quality Act of 1987 (PL 100-4), 33 U.S.C. 1251, ET SEQ., any subsequent amendments thereto and any other applicable statutes governing any Program funded hereunder, and includes the State Revolving Fund Program Implementation Regulations, any amendments thereof issued pursuant thereto and any other applicable regulations.

“Continuing Disclosure Undertaking” means a Continuing Disclosure Undertaking with respect to the Series 2018 Bonds.

“Drinking Water Act” means Chapter 6A of the Public Health Service Act, 42 U.S.C. §§300f through 300j-26, more commonly known as the Safe Drinking Water Act, any subsequent amendments thereto and any other applicable statutes governing any Program funded hereunder, any amendments thereof and all applicable regulations.

“Interest Payment Date” shall have the meaning given thereto in the Bond Order.

“Leveraged Portion” shall have the meaning given thereto in the Bond Order.

“Series 2018 Bonds” shall mean the District’s Series 2018 Bonds issued (a) to provide for deposits into the Clean Water Leveraged Loan Account and the Drinking Water Leveraged Loan Account and (b) to pay any associated costs of issuance related thereto.

“Series Resolution” shall mean this Series Resolution, as amended or supplemented from time to time.

“State Match Portion” shall have the meaning given thereto in the Bond Order.

“Underwriters” shall have the meaning given thereto in the Bond Purchase Agreement.

Section 1.03 Supplemental Granting Clauses. The South Dakota Conservancy District, in order to secure the payment of the principal of, premium (if any) and interest on all Bonds and Notes outstanding under or issued or to be issued under the Master Trust Indenture according to their tenor and effect and the performance and observance of each and all of the covenants and conditions herein and therein contained, and for and in consideration of the premises and of the purchase and acceptance of the Bonds and Notes by the respective purchaser or purchasers and registered owner or owners thereof, and for other good and valuable considerations, the receipt whereof is hereby acknowledged, but in all events subject to the General Limitation, by these presents does hereby grant, bargain, sell, assign, transfer, convey, warrant, pledge and set over, unto the Trustee and to its successor or successors in the trust hereby created and to its assigns forever:

I.

A lien on and pledge of the interests of the District in all Loan Agreements heretofore financed under the Master Trust Indenture, all Loan Obligations acquired in connection therewith and all payments of principal, premium (if any) and interest thereon, and all proceeds thereof.

II.

A lien on and pledge of the interests of the District in all Loan Agreements (including Supplemental Loan Agreements) hereafter entered into between the District and Borrowers in connection with Loans authorized hereby and all Loan Obligations acquired with the proceeds of such Loans, and all payments of principal, premium (if any) and interest thereon, and all proceeds thereof.

III.

A lien on and pledge of all funds and other amounts received by the District from the Letter of Credit for deposit in the Program Subfunds to the extent applied for the purpose of making Loans or other requirements hereunder, as and when received, and all proceeds thereof,

all subject to the terms, conditions and limitations of the Relevant Federal Act, the rules and regulations promulgated thereunder, and the Applicable EPA Agreements.

IV.

Any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, assigned or transferred, or in which a security interest is granted, by the District or by anyone in its behalf or with its written consent, to the Trustee, which hereby is authorized to receive any and all such property at any and all times and to hold and apply the same to the terms hereof.

SUBJECT, HOWEVER, to the right of the District to withdraw or otherwise cause to be released or substituted from the Trust Estate any Loan Obligations and Loan Agreements, other assets, funds, investments or related rights of payments (defined in the Master Trust Indenture as “*Released Obligations*”) pursuant to such Section 5.10 of the Master Trust Indenture.

TO HAVE AND TO HOLD all and singular the said property hereby conveyed and assigned, or agreed or intended so to be, to the Trustee, its successor or successors in trust and its assigns, FOREVER.

IN TRUST, NEVERTHELESS, upon the terms and trust herein set forth and in the Master Trust Indenture, for the equal and proportionate benefit, security and protection of all Holders of the Bonds and Notes issued or to be issued under and secured by the Master Trust Indenture, without preference, priority or distinction as to lien or otherwise or any of the Bonds or Notes over any of the others except as is specifically provided herein or in the Master Trust Indenture;

PROVIDED, HOWEVER, that if the District, its successors or assigns, shall well and truly pay or cause to be paid the principal of the Bonds and Notes and the premium, if any, and interest due or to become due thereon, at the times and in the manner mentioned in the Bonds and Notes, according to the true intent and meaning thereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee sums sufficient to pay the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Master Trust Indenture (as supplemented from time to time), to be kept, performed and observed by it and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof; then upon such final payment the Master Trust Indenture, and the rights hereby granted shall cease, determine and be void; otherwise, the Master Trust Indenture to be and remain in full force and effect.

ARTICLE 2

Authorization of Series 2018 Bonds

Section 2.01 Authorization of the Series 2018 Bonds. Pursuant to the Master Trust Indenture, one or more series of the State Revolving Fund Program Revenue Bonds, Series 2018

in an aggregate original principal amount not to exceed \$111,000,000 (the “*Series 2018 Bonds*”) are hereby authorized and created and shall be issued in one or more series.

Section 2.02 Purposes. The Series 2018 Bonds are being issued to provide funds sufficient, together with other available moneys, (a) to provide funds in the approximate amount of \$66,000,000 to be deposited to the Clean Water Leverage Loan Account established with respect to the Series 2018 Bonds which, together with other available amounts, are to be loaned to Borrowers, (b) to provide funds in the approximate amount of \$45,000,000 to be deposited to the Drinking Water Leverage Loan Account established with respect to the Series 2018 Bonds which, together with other available amounts are to be loaned to Borrowers, and (c) to provide funds to pay associated costs of issuance.

Section 2.03 Date, Payment Dates and Maturities. The Series 2018 Bonds shall be initially dated as provided in the Bond Order and, thereafter, Series 2018 Bonds issued on or subsequent to the first interest payment date shall be dated as of the most recent date to which interest has been duly paid or provided.

The Series 2018 Bonds shall bear interest from their dated date payable semiannually on February 1 and August 1 in each year, commencing August 1, 2019.

Section 2.04 Sinking Fund Installments and Redemption Provisions.

The Series 2018 Bonds shall mature on August 1 in each of the years and in the principal amounts as shall be determined by the Authorized Officers in the Bond Order, provided; however, the final maturity shall not be later than as specified in Section 2.07 of this Resolution.

The total scheduled principal and interest due on the Series 2018 Bonds in any year (after taking into account any Sinking Fund Installments) shall not exceed \$8,500,000.

Any Series 2018 Bonds which are issued as term bonds (the “*Series 2018 Term Bonds*”) shall be redeemed prior to their stated maturities by payment of Sinking Fund Installments, upon notice as provided in Article III of the Master Trust Indenture, on August 1 in each of the years and amounts as set forth in the Bond Order, in each case at a redemption price of 100% of the principal amount of such Series 2018 Term Bonds or portions thereof to be so redeemed, together with accrued interest to the redemption date.

The Series 2018 Bonds shall be subject to redemption prior to their stated maturity only as provided in the Bond Order.

Section 2.05 Reserve Fund Requirements. The Series 2018 Bonds shall not be secured by a pledge of or lien on any amounts on deposit in the Reserve Fund.

Section 2.06 Filing of Materials and Satisfaction of Conditions Applicable to Issuance of Additional Bonds. The Chairman shall cause to be filed with the Trustee a Coverage Certificate for each Program based upon the principal amount, maturity and sinking fund schedule and interest rates applicable to the Bonds the District expects to be issued to provide the funds necessary to pay the Series 2018 Bonds on the Maturity Date, all pursuant to the terms and conditions of Section 2.11(b) of the Master Trust Indenture.

Section 2.07 Sale of Series 2018 Bonds; Execution of Bond Purchase Agreement. The form of Bond Purchase Agreement on file is hereby approved and the Authorized Officers are hereby authorized (provided only one signature shall be sufficient) to execute the same in substantially the form on file, but with all such changes and revisions as the officer executing the same shall approve, provided that prior to the execution and delivery of the Bond Purchase Agreement, the Authorized Officers shall make the determinations described below, which determinations shall be memorialized in the Bond Order at or prior to the delivery of the Series 2018 Bonds.

Before executing and delivering the Bond Purchase Agreement, the Authorized Officers shall first determine that:

- a) the weighted average interest cost of the Series 2018 Bonds is less than 5.00%,
- b) the last stated maturity date for the Series 2018 Bonds is not later than August 1, 2039,
- c) the purchase price to be paid by the underwriter is not less than 99% of the Series 2018 Bonds, and
- d) the underwriters' discount shall not exceed 0.55% of the par amount of Series 2018 Bonds.

Section 2.08 Conforming Amendments to Master Trust Indenture. The Authorized Officers are hereby authorized (provided only one signature shall be sufficient) to execute any conforming amendments or supplements to the Master Trust Indenture approved as to form by the Attorney General and Bond Counsel to the extent such Authorized Officers determine the same is necessary or appropriate in connection with the sale and delivery of the Series 2018 Bonds and that such execution and delivery do not result in a downgrade in the current ratings of outstanding Bonds as of the date of issuance of the Series 2018 Bonds consistent with the requirements of Section 11.01(h) of the Master Trust Indenture.

Section 2.09 Official Statement. The form of Preliminary Official Statement, in substantially the form presented at this meeting, is hereby approved and a final Official Statement shall be distributed with such changes, omissions, insertions and revisions as the officer executing the Official Statement shall deem advisable in order to make such Official Statement a complete and accurate disclosure of all material facts to prospective purchasers of the Series 2018 Bonds. The Chairman or Secretary (provided only one signature shall be sufficient) shall sign one or more copies of such final Official Statement on behalf of the District, and at least one such signed copy shall be filed with the permanent records of the District.

Section 2.10 Delegation of Certain Functions. The Secretary of the Department, or any authorized representative thereof, shall be authorized on behalf of the Department and the District to direct the Trustee to transfer funds from any account or fund under the Master Trust Indenture to provide for flexibility for the Programs, including any transfers from time to time as authorized by the Master Trust Indenture. In addition to the foregoing, the Secretary of the Department, or any authorized representative thereof, shall be authorized on behalf of the Department and the District to direct the Trustee to establish and maintain additional accounts or

subaccount for the purposes described above or to account for allocation of restricted and unrestricted moneys under the Master Trust Indenture.

Section 2.11 Authorization and Ratification of Subsequent Acts. The officers, agents and employees of the District and the Department are hereby authorized and directed to do all such acts and things and to execute or accept documents as may be necessary to carry out and comply with the provisions of these resolutions and the documents approved hereby, and all of the acts and doings of the officers, agents and employees of the District and the Department which are in conformity with the intent and purposes of these resolutions, whether heretofore or hereafter taken or done, shall be and are hereby ratified, confirmed and approved. Without limiting the generality of the foregoing, the proper officers of the District are hereby also authorized and directed to execute, acknowledge and deliver such certificates, agreements and documents which, in the opinion of bond counsel, Perkins Coie LLP, are necessary to preserve the tax exempt status of the Series 2018 Bonds, including a form of Tax Regulatory Agreement providing for the periodic payment of certain earnings on funds held by the Trustee to the United States of America.

ARTICLE 3

Use of Proceeds of Series 2018 Bonds; Determination of, Leveraged Portion and Allocable Portions

Section 3.01 Establishment of Accounts.

(a) There is hereby established within the Loan Fund for each Program and with respect to the Series 2018 Bonds the following accounts which are to be maintained by the Trustee pursuant to the Master Trust Indenture and this Series Resolution:

1. In the Clean Water Loan Fund, a Clean Water Leveraged Loan Account.
2. In the Drinking Water Loan Fund, a Drinking Water Leveraged Loan Account.

(b) There is hereby established within the Revenue Fund for each Program and with respect to the Series 2018 Bonds the following accounts and subaccounts which are to be maintained by the Trustee pursuant to the Master Trust Indenture and this Series Resolution:

1. In the Clean Water Revenue Fund, (A) a Clean Water Unrestricted Interest Repayments Account, (B) a Clean Water Restricted Principal Repayments Account, (C) a Clean Water Unrestricted Cumulative Excess Interest Repayments Subaccount and (D) a Clean Water Restricted Cumulative Excess Principal Repayments Subaccount.
2. In the Drinking Water Revenue Fund, (A) a Drinking Water Unrestricted Interest Repayments Account, (B) a Drinking Water Restricted Principal Repayments Account, (C) a Drinking Water Unrestricted Cumulative Excess Interest Repayments Subaccount and (D) a Drinking Water Restricted Cumulative Excess Principal Repayments Subaccount.

(c) There is hereby established within the Administration Fund for each Program and with respect to the Series 2018 Bonds the following accounts which are to be maintained by the Trustee pursuant to the Master Trust Indenture and this Series Resolution:

1. In the Clean Water Administration Fund, a Clean Water State Administration Account, a Clean Water State Administration Discretionary Account, a Clean Water SRF Administration Account, and a Clean Water State Administration Cost of Issuance Account.
2. In the Drinking Water Administration Fund, a Drinking Water State Administration Account, a Drinking Water State Administration Discretionary Account, a Drinking Water SRF Administration Account and a Drinking Water Administration Cost of Issuance Account.

(d) There is hereby established within the Bond Fund for each Program and with respect to the Series 2018 Bonds the following accounts and subaccounts which are to be maintained by the Trustee pursuant to the Master Trust Indenture and this Series Resolution:

1. In the Clean Water Bond Fund, a Clean Water Leveraged Bond Account.
2. In the Drinking Water Bond Fund, a Drinking Water Leveraged Bond Account.
3. In the Bond Fund for each Program, such other accounts as the Authorized Officers determine to be necessary or appropriate to provide for payment of the Series 2018 Bonds in accordance with the Master Trust Indenture.

Section 3.02 Determination of Allocable Portions. The Allocable Portion of Series 2018 Bonds for each Program shall be determined by the Authorized Officers in the Bond Order in accordance with the Indenture, and the Leveraged Portion shall be 100%.

Section 3.03 Application of Proceeds of the Series 2018 Bond Proceeds.

(a) The proceeds of the Series 2018 Bonds shall be applied for the purposes described in Section 2.02 of this Series Resolution, all as shall be further specified in the Bond Order.

(b) To the extent not financed out of the proceeds of the Series 2018 Bonds as provided in subparagraph (a) above, the Authorized Officers shall provide in the Bond Order that costs of issuance of the Series 2018 Bonds may be paid for out of Revenues or other available funds of the District.

Section 3.04 Allocation of Interest Earnings and Other Amounts; Investment Agreements.

(a) Earnings on any amounts on deposit in the Leveraged Loan Account for each Program shall be allocated periodically no less frequently than as of the end of each January and July to the Unrestricted Interest Repayments Accounts for such Program.

(b) Re-designation of Various Funds, Accounts and Subaccounts. At the direction of any Authorized Officer, the Trustee may re-designate or clarify the various names of the Funds, Account and Subaccounts created hereunder, under the Master Trust Indenture or any other prior indenture or resolution so as to properly account for the various funds, accounts and subaccounts established hereunder or under the Master Trust Indenture for purposes of compliance with any requirements of the Code, any requirements of the Environmental Protection Agency, to create or close loan accounts for State Match of either Program and reallocate amounts between Leverage and State Match Loan Accounts as necessary to maximize funding of loans, or compliance with various investment agreements or any accounting requirements. In addition, and not by way of limitation, the Authorized Officers shall be authorized to include instructions to the Trustee in the Bond Order regarding the consolidation and/or closing of accounts and subaccounts with respect to any of the Series of Bonds. The actions authorized hereby shall expressly include the creation or re-designation or correction of the names of various funds, accounts or subaccounts which are consistent with any provisions of the Master Trust Indenture or with any subsequent requests or requirements of the Environmental Protection Agency, the requirements of the Code or any investment provider.

ARTICLE 4

Form, Execution and Other Details of Series 2018 Bonds

Section 4.01 Form of Series 2018 Bonds. The Series 2018 Bonds, the Registrar's Authentication Certificate, and the form of assignment on the reverse side thereof shall be in substantially the form contemplated by the Master Trust Indenture, with all such insertions as may be consistent with this Series Resolution and the Bond Order. The approving legal opinion of Perkins Coie LLP, as Bond Counsel, may be printed on the reverse side of or be attached to the Bonds and certified by the Chairman.

Section 4.02 Execution and Delivery. The Series 2018 Bonds shall be executed and delivered as provided in the Master Trust Indenture.

Section 4.03 Uses of Securities Depository; Book-Entry Only System. The provisions of the Series Resolution and the Bond Order shall take precedence over the provisions of the Master Trust Indenture to the extent they are inconsistent therewith as to matters relating to the appointment of The Depository Trust Company ("*DTC*") to act as securities depository for the Series 2018 Bonds, and to provide a Book-Entry Only System for registering the ownership interests of the financial institutions for which it holds the Series 2018 Bonds (the "*DTC participants*"), and for distributing to such DTC Participants such amount of the principal and interest payments on the Series 2018 Bonds as they are entitled to receive, for redistribution to the beneficial owners of the Series 2018 Bonds as reflected in their records (the "*Beneficial Owners*").

ARTICLE 5

Special Covenants

The Board of Water and Natural Resources and the District covenant and agree with the persons who at any time are Holders and Owners of the Series 2018 Bonds that so long as any Series 2018 Bonds remain outstanding and unpaid:

Section 5.01 Observe Master Trust Indenture, Series Resolution and Loan Agreement. The District will faithfully keep and observe all the terms, provisions and covenants contained in the Master Trust Indenture, this Series Resolution and the Loan Agreement.

Section 5.02 Maintenance of Tax-Exempt Status. The District shall not take, or permit the Political Subdivision to take, any action that would cause the Series 2018 Bonds to be “private activity bonds” within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended. The District shall comply with all the rebate requirements imposed under Section 148(f) of the Internal Revenue Code of 1986, as amended, and regulations thereunder, which are necessary to preserve the tax exempt status of the Series 2018 Bonds, including (if applicable) the requirement to make periodic calculations of the amount subject to rebate thereunder and the requirement to make all required rebates to the United States. The District agrees to use any moneys on deposit in any Fund or Account maintained under the Master Trust Indenture to pay any such rebate (or penalty in lieu thereof) when due to the extent permitted by the Master Trust Indenture. In addition, the District shall make no investment of funds or take or permit the Political Subdivision to take any action that would cause the Series 2018 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations thereunder. The Chairman is hereby authorized to make on behalf of the District any elections under the provisions of Section 148 of the Internal Revenue Code of 1986 and regulations thereunder as he may deem appropriate. All terms used in this Section 5.02 shall have the meanings provided in the Internal Revenue Code of 1986, as amended, and regulations thereunder. The Chairman shall execute any certificates as may be necessary or appropriate to establish the tax exempt status of the Bonds. The District covenants that it will take such actions as may be necessary in order to ensure that the interest on any Series 2018 Bonds remains excluded from the gross income of the holders thereof for federal income tax purposes under Section 103 of the Code.

ARTICLE 6

Miscellaneous

Section 6.01 Adjustments by Authorized Officers.

The Authorized Officers are hereby authorized and directed to adjust the deposit and application of the proceeds of the Series 2018 Bonds as described herein if and to the extent such Authorized Officers determine that the payment of any underwriter’s discount, bond insurance premium or other amounts can be made from any other funds or accounts in a manner favorable to the District.

Section 6.02 Amendments. This Series Resolution may be amended as provided in the Master Trust Indenture.

Section 6.03 Effective Date. This Series Resolution is effective immediately.

Adopted: _____, 2018

Its Chairman

Attest:

Its Secretary

DRAFT

November 8, 2018

Item 13

TITLE: Amend the Conservancy District Investment Policy and State Fiscal Year 2018 State Revolving Fund Investments and Investment Returns

EXPLANATION: Section 15 of the Investment Policy states that the board will annually review the policy. The current Investment Policy was approved pursuant to Resolution 2017-96 adopted by the Board of Water and Natural Resources acting as the South Dakota Conservancy District on November 9, 2017.

Staff is proposing to amend Section 15 of the Investment Policy to state that the board will “periodically” review the policy. With the assistance of bond counsel, financial advisor, Office of Attorney General and legal counsel the draft change to the investment policy is enclosed.

Staff will provide a recap on SRF investments and investment returns for SFY2018.

CONTACT: Jon Peschong (773-4216)

SOUTH DAKOTA CONSERVANCY DISTRICT

INVESTMENT POLICY

1. Background.

The South Dakota Conservancy District (the "**District**") ~~has and U.S. Bank National Association (as successor Trustee to The First National Bank in Sioux Falls, the "Trustee") are parties to that certain Fifth Amended and Restated Master Trust Indenture dated as of September 1, 2010, as amended by that certain First Amendment to Fifth Amended and Restated Master Trust Indenture dated as of February 17, 2015 entered into the certain Fifth Amended and Restated Master Trust Indenture (as hereafter amended or supplemented from time to time, the "Master Trust Indenture") with The First National Bank in Sioux Falls, as trustee (together with any successor trustee, the "Trustee") on or about September 1, 2010.~~ The Master Trust Indenture is supplemented from time to time by Series Supplemental Resolutions or supplemental indentures relating to individual Series of Bonds or Notes (as defined in the Master Trust Indenture). The Master Trust Indenture, as so supplemented, is herein defined as the "**Indenture**." In addition, from time to time, the District has entered into or will in the future enter into tax regulatory or similar agreements with the Trustee governing various matters relating to the investment of funds on deposit with the Trustee (herein, such tax regulatory and similar agreements, as entered into and effective from time to time, the "**Tax Documents**"). Terms not defined herein shall have the meaning assigned thereto by the Indenture or Tax Documents, as applicable.

Reference is hereby made to the definition of "Investment Obligations" in the Master Trust Indenture. **Exhibit A** to this Policy contains a list of the Investment Obligations as set forth in the Master Trust Indenture, and if and when such term is amended, Exhibit A shall automatically be revised to conform with any such amendments. **Exhibit B** to this Policy contains a list of the investment agreements and other contracts (herein, the "**Investment Agreements**"), all of which qualify within clause (g) of the definition of "Investment Obligations", which have heretofore been entered into by the District or the Trustee through the date hereof, other than those which have expired prior to the date hereof. If and when the District or the Trustee enter into additional agreements described in clause (g) of the definition of "Investment Obligations", Exhibit B shall automatically be revised to conform with any such amendments.

2. Policy.

It is the policy of the District to invest amounts on deposit in the various Funds, Accounts and Subaccounts under the Indenture (the "**Trust Funds**") in a manner which will provide the maximum security, sufficient liquidity, and a competitive investment return to meet the daily cash flow demands of the Programs pending application of the funds to make loans or otherwise disburse funds for Program purposes. This policy must conform with all applicable laws and procedures governing the investment of public funds.

3. Scope.

This policy supplements the provisions of the Indenture and the Tax Documents, and in the event of a conflict between the Indenture or Tax Documents on the one hand and this Policy on the other, then the provisions of the Indenture or Tax Documents, as applicable, shall prevail.

4. Standard of Care.

The standard of care to be observed by the Trustee in the investment of Trust Funds shall be as specifically provided in the Indenture.

5. Objectives.

The primary objectives, in priority order, of the District's investment activities shall be:

A. Safety of Principal

Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall Trust Funds. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the Trust Funds. The District has determined that diversification will primarily be addressed by the investment of Trust Funds associated with each Series of Bonds or Notes, where feasible, in Investment Agreements.

The Trust Funds shall also be invested to control interest rate risk. Interest rate risk is the risk that the market value of investments purchased with Trust Funds will fall due to changes in interest rates. The District has determined that interest rate risk will primarily be addressed by the investment of Trust Funds associated with each Series of Bonds or Notes, where feasible, in Investment Agreements.

B. Liquidity

The District Program Trust Funds will remain sufficiently liquid to enable the District to meet all requirements which might be reasonably anticipated. The Trust Funds shall be invested so that securities mature to meet cash requirements for ongoing operations, including loan originations and debt service payments, thereby avoiding the need to sell securities on the open market prior to maturity except when liquidity needs require.

C. Return on Investments

The District's Trust Funds shall be invested with the objective of attaining a competitive rate of return commensurate with the District's investment risk constraints and the cash flow requirements of the Programs, and subject in all events to the requirements of safety of principal and liquidity outlined above.

6. Management of Investments.

Authority to manage the investment of Trust Funds will be at the direction of the District to the Trustee pursuant to the Indenture and this Policy.

The Trustee shall carry out established written procedures and internal controls for the operation of the investment program consistent with this investment policy. The Trustee shall have in place procedures for: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral depository agreements, and banking services contracts.

7. Ethics and Conflicts of Interest.

In performance related to the investment of Trust Funds, the employees of the Trustee will follow those policies as established by the Trustee for the administration of trust funds to the extent not in conflict with the Indenture or this Policy.

8. Certain Security Transactions.

All security transactions, including collateral for repurchase agreements, entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. Securities may be held by a third party custodian approved by the Trustee and evidenced by safekeeping receipts if a repurchase agreement is utilized. If repurchase agreements are utilized, a Master Repurchase Agreement will be signed with the bank or dealer.

9. Authorized and Suitable Investments.

The District is empowered by statute to invest only in the Investment Obligations listed in Exhibit A which include the Investment Agreements listed on Exhibit B, and subject in all events to changes in law or amendments or supplements to the Indenture.

10. Collateralization.

In accordance with SDCL 4-6A, 51-10-9, and 52-5-20, Qualified Public Depositories will furnish collateral in the sum equal to one hundred ten percent (110%) of the public deposit accounts which exceed deposit insurance.

SDCL 4-6A-3 requires that collateral be segregated by each depository in such manner as approved by the South Dakota Public Deposit Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve.

11. Diversification.

The District has pursued diversification of the investment of its Trust Funds primarily by selecting different Investment Agreements on a series by series basis.

The balance of funds not invested in Investment Agreements is referred to herein as the "**Remaining Balance**". Investment of the Remaining Balance is subject to the following restrictions for the purpose of achieving diversification:

- a. The Remaining Balance or, if less, 15% of the Total Trust Funds will be invested in Investment Obligations rated in one of the two highest long-term rating categories or the highest or short-term rating category by the Rating Agencies.

- b. Subject to the exception of securities issued by the U.S. Treasury or guaranteed directly or indirectly by the U.S. Government, no more than 25 percent of the aggregate of the Remaining Balance will be invested in the deposits of a single financial institution, provided, however, this limitation shall not apply to any money market fund or other investment described in clause (e) of the definition of "Investment Obligations" if such investment directly or indirectly involves solely securities described in clauses (a) or (b) of the definition of "Investment Obligations" or is rated in one of the two-highest long-term rating categories or the highest short-term rating category by the Rating Agencies (herein, each a "*Qualified Fund*").
- c. The District will limit its investment in securities issued by government sponsored entities described in clause (c) of the definition of "Investment Obligations (a/k/a "*GSEs*)", or federally related institutions that are guaranteed directly or indirectly by, or backed by the full faith and credit of the U.S. Government to no greater than 40 percent of the total Trust Funds.
- d. Amounts credited to the Bond Fund, including any account or subaccount therein, shall only be invested in (i) Investment Agreements (if applicable), (ii) investments described in clauses (a) or (b) of the definition of "Investment Obligations", or (iii) Qualified Funds.

12. Maturity Constraints.

Maximum Maturity — To the extent possible, the District will attempt to match its investments with anticipated cash flow requirements. The District may invest in individual securities with maturities of 5 years or less from the date of purchase, and mutual and money market funds holding securities with maturities of 5 years or less. Securities shall be redeemable at the option of the District in the open market. Mutual and money market fund investments shall be redeemable at the option of the District.

Average Maturity — The average dollar-weighted maturity of securities shall have a target of 1.5 years. The Trust Funds shall be reviewed by the District for rebalancing if the average maturity moves to either less than one (1) year or greater than two (2) years.

13. Internal Controls.

The Trustee is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met.

14. Reporting.

The investment of the Trust Funds will be managed in accordance with the parameters specified within this policy. The Trustee shall prepare investment reports as required by the Indenture.

15. ~~Annual-Periodic~~ Review.

The Board intends to review this policy ~~periodically~~annually.

This Investment Policy was hereby approved and established pursuant to the authority of Resolution 2012-152 adopted by the Board of Water and Natural Resources acting as the South Dakota Conservancy District on November 8, 2012. The First Amendment to the Investment Policy was amended pursuant to the authority of Resolution 2015-15 on January 8, 2015, adopted by the Board of Water and Natural Resources acting as the South Dakota Conservancy District and made effective February 17, 2015. This Investment Policy was ~~hereby further~~ amended pursuant to the authority of Resolution 2017-96 on November 9, 2017, adopted by the Board of Water and Natural Resources acting as the South Dakota Conservancy District and made effective on November 9, 2017. This Investment Policy was hereby amended pursuant to the authority of Resolution 2018-__ on November 8, 2018, adopted and made effective by the Board of Water and Natural Resources acting as the South Dakota Conservancy District.

Exhibit A

Investment Obligations as of ~~September 30~~November 9, 2018~~7~~

“Investment Obligations” means and includes any of the following, if and to the extent the same are authorized as permitted investments for the District’s moneys in the Funds and Accounts created and maintained under this Indenture:

(a) Direct obligations of, or obligations the prompt payment of principal and interest on which are fully guaranteed by, the United States of America; or

(b) Bonds, debentures, notes or other evidences of indebtedness issued or fully insured or guaranteed by any agency or instrumentality of the United States of America which is backed by the full faith and credit of the United States of America; or

(c) To the extent not included within the scope of clause (b) above, such other bonds, debentures, notes or other evidences of indebtedness issued by agencies and instrumentalities of the United States government, including without limitation those issued by government sponsored enterprises such as Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation;

(d) Interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any Depository (including the Trustee), provided that such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation or secured by obligations described in clauses (a) or (b) of this definition, or a combination thereof; or

(e) Money market funds or similar funds which invest exclusively in obligations described in clauses (a), (b), (f) or (g) of this definition, or a combination thereof; or

(f) Bonds, debentures, notes or other evidences of indebtedness issued by any state of the United States of America or any political subdivision thereof or any public authority or body or instrumentality therein which constitute obligations described in Section 103(a) of the Code and which are assigned a long-term rating by the Rating Agency which is no lower than the long-term rating assigned by the Rating Agency to the Outstanding Bonds (without taking into account any higher rating assigned to the Bonds by virtue of Credit Enhancement); or

(g) Any repurchase agreement or similar financial transaction with a national banking association or a bank or trust company organized under the laws of any state (including the Trustee), or with a government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement satisfies the following requirements: (1) it is secured, in the opinion of counsel, by a perfected security interest in any one or more of the securities described in clause (a) or (b); (2) provides that the collateral must be valued at least weekly and must be maintained at a value of at least 103% of the amount invested plus accrued interest

(with a no more than one-week cure period, if the value of collateral falls below this amount); (3) is entered into with a primary reporting dealer that reports to the Federal Reserve Bank of New York or one of the 100 largest United States commercial banks, as measured by domestic deposits; and (4) the securities which are the subject of the repurchase agreement must be held by the Trustee or by an agent or custodian on its behalf, provided that the requirements of clauses (3) and (4) shall apply only if and to the extent that South Dakota law so requires; or

(h) Any investment agreement, guaranteed investment contract or similar debt obligation which in the opinion of counsel is permitted by South Dakota law and the issuer or guarantor of such obligation is assigned, or such agreement, contract or obligation is assigned, the highest short-term debt rating by the Rating Agency or which is assigned a long-term rating by the Rating Agency which is no lower than the two highest long-term rating categories (without regard to numeric or other modifiers) at the time such investment is acquired or which agreement is approved by each Rating Agency then rating Outstanding Bonds as of the date the agreement is entered into by the District.

Exhibit B

Investment Agreements as of September 30, 2018

Bond Issue	Provider	Interest Rate	Cap on Investment	Amount Invested	Termination Date
2001&2004 ⁽¹⁾⁽²⁾	AIG Matched Funding Corp. (guaranteed by American International Group, Inc.)	5.07	60,000,000 ⁽³⁾	\$61,457,588.45, 003.53	8/1/25
2005 ⁽¹⁾⁽²⁾	AIG Matched Funding Corp. (guaranteed by American International Group, Inc.)	4.41	\$80,000,000 ⁽³⁾	\$81,948,530.86, 9,531.99	8/1/26

⁽¹⁾ Clean Water.

⁽²⁾ Drinking Water.

⁽³⁾ Cap solely on Revenue Fund portion of total investment.

November 8, 2018

Item 14

TITLE: South Dakota Association of Rural Water Systems (SDARWS) Contract Extension Request

EXPLANATION: On November 5, 2015, the Board of Water and Natural Resources approved the small system technical assistance contract with SDARWS. The contract period is from January 1, 2016 through December 31, 2018, with an option to extend the contract for up to three additional years with a mutually agreed upon annual inflation.

On September 17, 2018, the department received the enclosed letter from SDARWS requesting to extend the contract at the same hourly rate of \$81.74 with the maximum monthly hours of 118. Through June 2018, SDARWS has provided 104 communities and 3,540 hours of support to small drinking water systems throughout South Dakota. The support includes safe drinking water compliance support, one-on-one operator certification education, valve maintenance, leak detection, mapping distribution systems, rate analysis and a number of other technical assistance.

With assistance from the Office of Attorney General, a contract extension for small system technical assistance services has been prepared. The contract period is from January 1, 2019 through December 31, 2021.

RECOMMENDED ACTION: Approve a resolution authorizing the execution of the small system technical assistance contract extension to SDARWS.

CONTACT: Jon Peschong, 773-4216



South Dakota Association of Rural Water Systems

203 Center Street West • PO Box 287 • Madison, South Dakota • 57042 • 605-556-7219 • Fax: 605-556-1497
301 Seaton Circle • PO Box 815 • Spearfish, South Dakota • 57783 • 605-642-4031 • Fax: 605-642-4031

September 10, 2018

SD Board of Water & Natural Resources
SD DENR
Joe Foss Building
523 E. Capitol
Pierre, SD 57501
ATTN: Jonathon Peschong

RECEIVED
SEP 17 2018
Division of Financial
& Technical Assistance

Dear Mr. Peschong:

The South Dakota Association of Rural Water Systems (SDARWS) is currently working under a three-year contract to provide technical assistance to small drinking water systems under the South Dakota Drinking Water, State Revolving Fund (SRF) Program. This contract period is scheduled to conclude as of December 31, 2018. Under the terms of the Request for Proposals (RFP) and the contract, the contract may be extended for another three-year period. We are requesting an additional three-year extension to continue our work with small water systems throughout South Dakota.

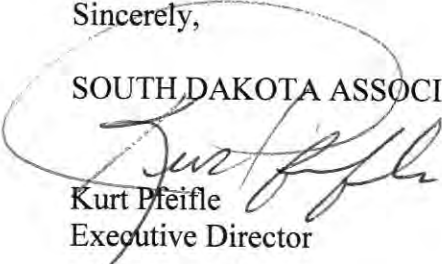
The current contract and our request for an extension provides for the following

1. Providing 118 hours of technical assistance each month at \$84.74/hour for a total of \$119,991.84 annually.
2. Assessing small water systems in areas of Managerial, Technical and Financial Capacity.
3. Focusing on Safe Drinking Water Act compliance status.
4. Working one-on-one with individuals on operator certification.
5. Delivering on-site assistance.

The contact person for this contract is Kurt Pfeifle, 203 Center Street West, Madison, South Dakota 57042, phone – office (605) 556-7219, cell (605) 201-0125, fax – (605) 556-1497, email – kpfeifle@sdarws.com.

Sincerely,

SOUTH DAKOTA ASSOCIATION OF RURAL WATER SYSTEMS



Kurt Pfeifle
Executive Director

MEMBER OF THE NATIONAL RURAL WATER ASSOCIATION

TITLE: State Water Resources Management System Recommendations

EXPLANATION: The Board of Water and Natural Resources annually provides recommendations to the State Legislature and Governor regarding deletions, additions, and retention of projects on the State Water Resources Management System (SWRMS) component of the State Water Plan. The following projects are currently included on the State Water Resources Management System list:

1. Belle Fourche Irrigation Upgrade Project
2. Big Sioux Flood Control Study
3. Cendak Irrigation Project
4. Gregory County Pumped Storage Site
5. Hydrology and Water Management Studies
6. Lake Andes-Wagner/Marty II Irrigation Unit
7. Lewis and Clark Rural Water System
8. Sioux Falls Flood Control Project
9. Southern Black Hills Water System
10. Vermillion Basin Flood Control Project

There are no proposed revisions to the SWRMS list.

RECOMMENDED ACTION: Approve a resolution recommending the retention of all projects on the State Water Resources Management System list.

CONTACT: Mike Perkovich, 773-4216

STATE OF SOUTH DAKOTA
BOARD OF WATER AND NATURAL RESOURCES
RESOLUTION NO. 2018-_____

PROVIDING TO THE SOUTH DAKOTA LEGISLATURE AND GOVERNOR, THE BOARD OF WATER AND NATURAL RESOURCES' RECOMMENDATIONS FOR STATE WATER RESOURCES MANAGEMENT SYSTEM DESIGNATION.

WHEREAS, the Board of Water and Natural Resources ("the Board") pursuant to SDCL 46A-1-2, annually provides recommendations to the State Legislature and Governor regarding deletions and additions to the State Water Resources Management System component of the State Water Plan; and

WHEREAS, SDCL 46A-1-2.1 designates the water resource projects included on the State Water Resources Management System component of the State Water Plan that serve as the preferred, priority objectives of the State; and

WHEREAS, the Board has reviewed the list of projects currently included on the State Water Resources Management System component of the State Water Plan; and

WHEREAS, the Board has reviewed the applications submitted from various South Dakota water resource projects for inclusion on the State Water Plan.

NOW THEREFORE BE IT RESOLVED, that the Board recommends that all water resource projects on the State Water Resources Management System be retained as preferred, priority objectives of the State.

Dated this 8th day of November, 2018

(SEAL)

ATTEST:

BY: _____
Chairman, Board of Water and
Natural Resources

BY: _____
Secretary, Board of Water and
Natural Resources

TITLE: Omnibus Bill Funding Recommendations

EXPLANATION: The Board of Water and Natural Resources, under the authority provided in SDCL 46A-1-12 and 46A-1-13, may recommend state funding and cost share levels to the Governor and Legislature.

The board annually reviews applications from projects wishing to be placed on the State Water Facilities Plan and the projected funding needs of projects on the State Water Resources Management System (SWRMS) component of the State Water Plan.

The board conducts a public meeting to take statements from all interested parties regarding water development funding needs. A resolution is developed to make specific recommendations to the Governor and State Legislature on funding levels for individual SWRMS projects, the Consolidated program, and the Solid Waste Management program, and for appropriations from specific state revolving fund subfunds.

The board's recommendations developed through this public process provide the basis for the Governor's preparation and the Legislature's consideration of the annual Omnibus Funding bill.

RECOMMENDED ACTION: Approve a resolution providing recommendations to the Governor and the State Legislature on Water & Environment Fund state fiscal year 2020 funding levels for the State Water Resources Management System projects, the Consolidated program, and the Solid Waste Management program, and for appropriations from specific state revolving fund subfunds.

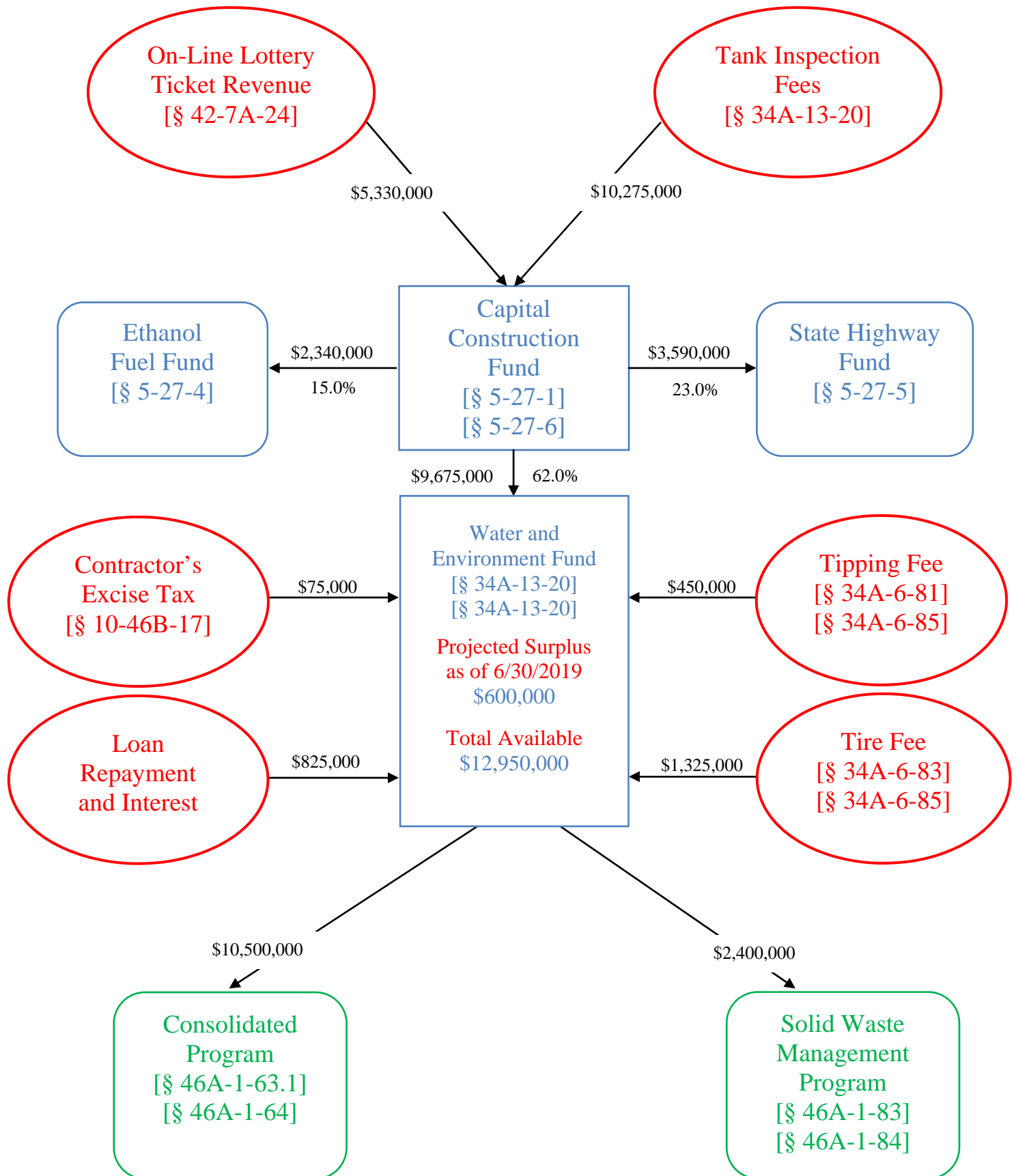
CONTACT: Jon Peschong, 773-4216

GOVERNOR'S 2019 OMNIBUS WATER FUNDING BILL

		Dedicated Funding	
		<u>Solid Waste</u>	<u>Water</u>
WATER & ENVIRONMENT FUND (WEF)			
	Projected Surplus/(Shortfall) for preparation of 2019 Omnibus Bill	\$225,000	\$375,000
	Projected SFY 2020 WEF Deposits		
	Capital Construction Fund Transfers		\$9,675,000
	Contractor's Excise Tax		\$75,000
	Loan Payments & Interest Deposits	\$425,000	\$400,000
	Solid Waste Fees	<u>\$1,775,000</u>	
	TOTAL AVAILABLE	\$2,425,000	\$10,525,000
		DENR Recommendations	
		<u>Solid Waste</u>	<u>Water</u>
Sec. No.	Water and Environment Fund		
1	Consolidated Program		\$10,500,000
2	Solid Waste Management Program	<u>\$2,400,000</u>	
	Water and Environment Fund Appropriation Subtotals	\$2,400,000	\$10,500,000
	Total Available Dedicated Water and Waste Funds	\$2,425,000	\$10,525,000
	Projected June 30, 2020 Unobligated Balance	\$25,000	\$25,000
Loan Fees and Federal Funds			
	State Revolving Fund (SRF) Administrative Surcharge Fees		
3	Clean Water SRF Water Quality Grants		\$1,000,000
4	Clean Water SRF Application and Administration Technical Assistance		\$200,000
5	Drinking Water SRF Application and Administration Technical Assistance		\$50,000
6	Drinking Water Very Small System Compliance and Public Health Grants		\$200,000
	Federal Set-Aside Funds		
7	Small System Technical Assistance		<u>\$150,000</u>
	Fees and Federal Funds Appropriation Subtotal		\$1,600,000
	TOTAL OMNIBUS BILL APPROPRIATIONS		\$14,500,000
8	DENR Secretary approves vouchers and all payments through the State Auditor		
9	Appropriations not expended or obligated shall revert as per chapter 4-8.		
10	Emergency clause so funds can be obligated prior to July 1st.		
		Federal	\$150,000
		Other	<u>\$14,350,000</u>
		Total	\$14,500,000

2019 Governor's Omnibus Water Funding Bill

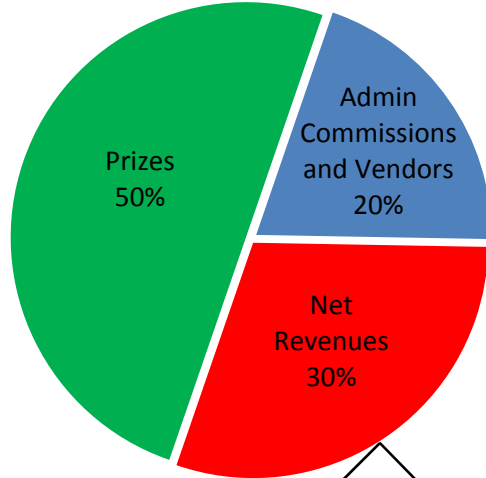
(SB 183 – SFY 2020 Percentages)



Projected SFY 2020 South Dakota Lotto Distribution

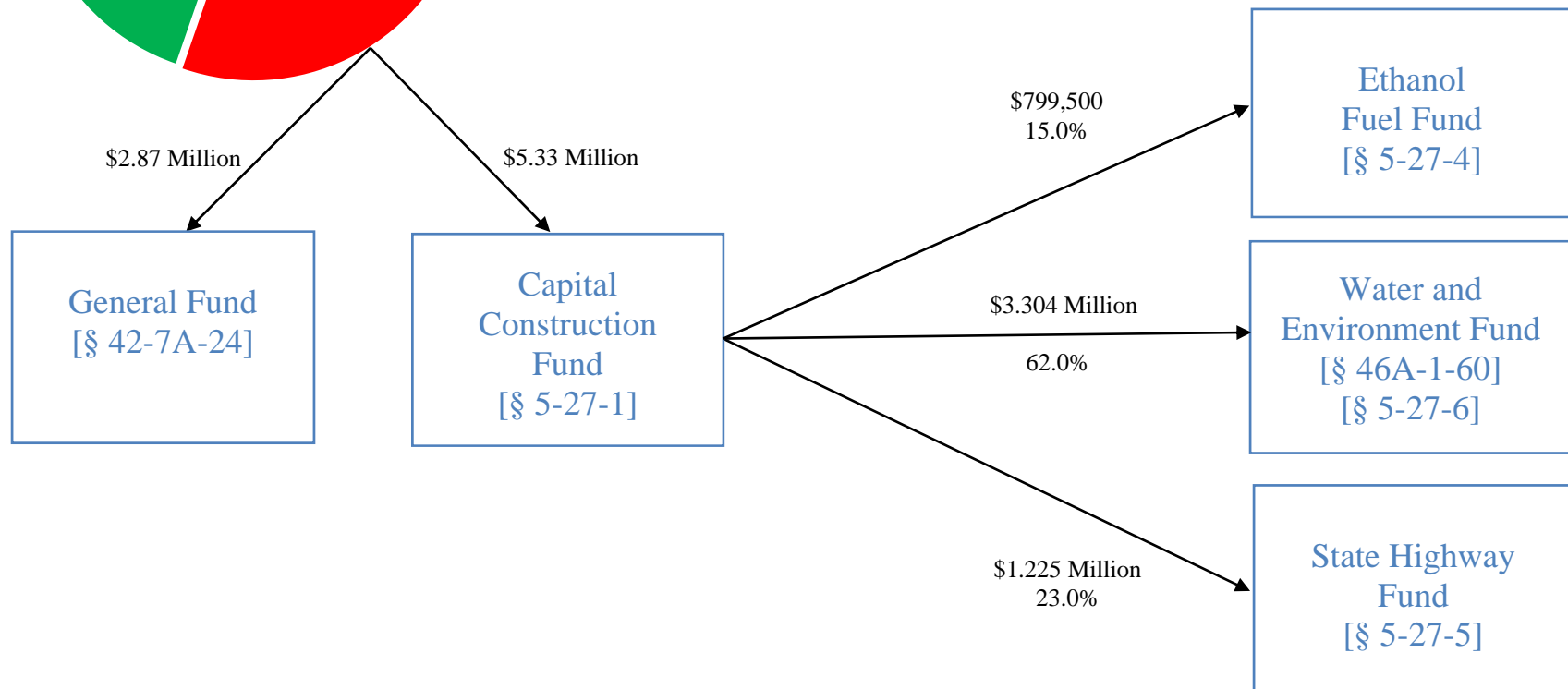
(SB 183 – SFY 2020 Percentages)

Lotto Breakout



SFY	On-Line Lottery Net Proceeds	Lotto Deposits to Capital Construction Fund	Lotto Distribution to Water & Environment Fund
2014	\$9,887,780	\$8,487,780	\$6,094,226
2015	\$8,417,262	\$7,017,262	\$5,038,394
2016	\$8,577,367	\$7,177,367	\$5,153,349
2017	\$6,937,710	\$5,537,710	\$3,976,075
2018	\$8,244,532	\$6,844,532	\$4,914,374
**2019	\$8,100,000	\$6,075,000	\$3,888,000
**2020	\$8,200,000	\$5,330,000	\$3,304,600

**Projected #s

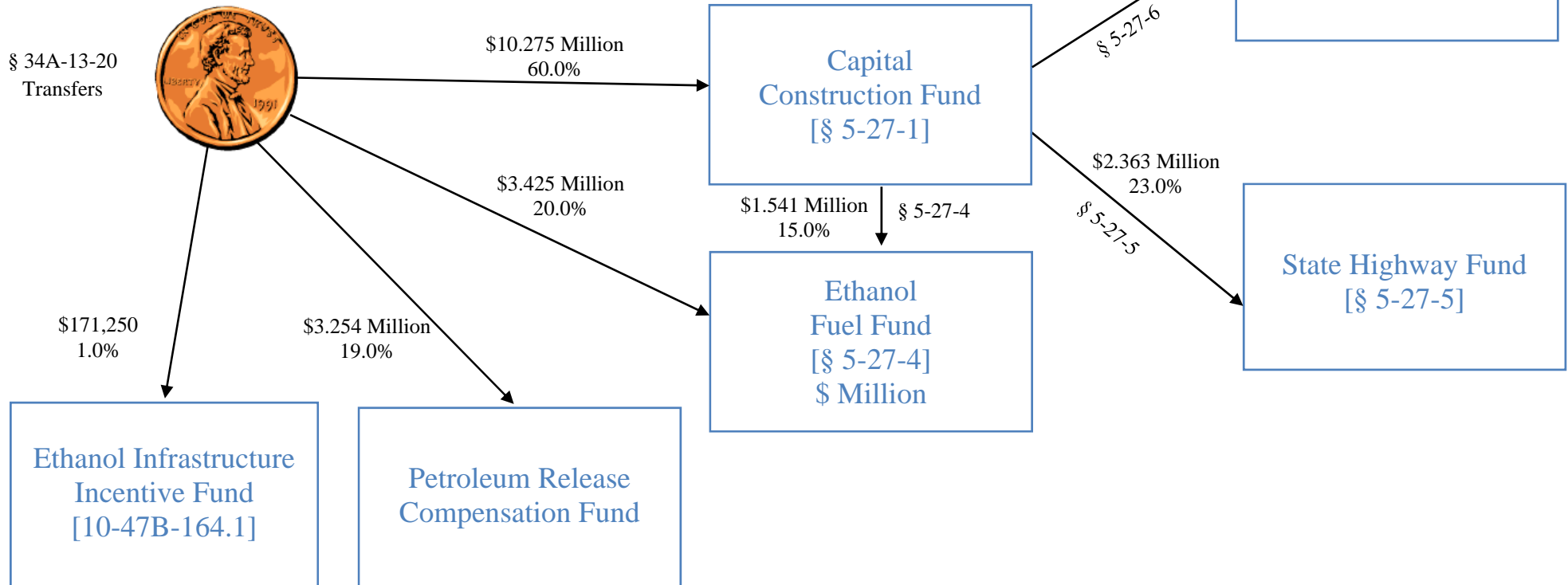


Projected SFY 2020 Petroleum Release Compensation and Tank Inspection Fee Distribution

(\$20 per 1,000 gallons or \$0.02 per gallon)
(SB 183 – SFY 2020 Percentages)

SFY	Tank Inspection Fees	Tank Fees Deposits to the Capital Construction Fund	Tank Fees Distribution to the Water & Environment Fund
2014	\$16,629,448	\$6,543,688	\$4,698,368
2015	\$17,216,767	\$6,774,798	\$4,864,305
2016	\$17,186,737	\$6,762,981	\$4,855,820
2017	\$17,131,056	\$6,741,071	\$4,840,088
2018	\$17,100,480	\$6,729,039	\$4,834,450
**2019	\$17,125,000	\$9,418,750	\$6,028,000
**2020	\$17,125,000	\$10,275,000	\$6,370,500

**Projected #s



STATE OF SOUTH DAKOTA
BOARD OF WATER AND NATURAL RESOURCES
RESOLUTION NO. 2018-_____

PROVIDING TO THE SOUTH DAKOTA LEGISLATURE AND GOVERNOR, THE BOARD OF WATER AND NATURAL RESOURCES' RECOMMENDATIONS FOR WATER AND ENVIRONMENT FUND FISCAL YEAR 2020 APPROPRIATION LEVELS.

WHEREAS, SDCL 46A-1-2 provides the means for the planning, funding, and construction of a state water plan and creates the State Water Resources Management System component and the State Water Facilities Plan components of the State Water Plan; and

WHEREAS, pursuant to the authority provided in SDCL 46A-1-7, the Board of Water and Natural Resources ("the Board") is responsible for approving all projects placed on the State Water Facilities Plan component of the State Water Plan, an annual listing of potential water related projects; and

WHEREAS, pursuant to the authority provided in SDCL 46A-1-10, the Board annually provides recommendations to the Governor and the State Legislature regarding deletions and additions to the State Water Resources Management System component of the State Water Plan; and

WHEREAS, pursuant to the authority provided in SDCL 46A-1-12 and 46A-1-13, the Board may recommend state funding levels to the Governor and the State Legislature; and

WHEREAS, the Board has reviewed the projected funding needs of projects on the State Water Resources Management System component of the State Water Plan; and

WHEREAS, the Board has reviewed the projected funding needs of projects on the State Water Facilities Plan component of the State Water Plan; and

WHEREAS, the Board has reviewed potential funding needs of solid waste disposal, recycling, and waste tire projects that may require funding from dedicated fees deposited in the Water and Environment Fund; and

WHEREAS, the Board has reviewed potential financial and technical assistance needs of projects that may require funding from the Clean Water State Revolving Fund Administrative Surcharge fees, Drinking Water State Revolving Fund Set-Asides, and Drinking Water State Revolving Fund Administrative Surcharge fees deposited in the Water and Environment Fund Subfunds; and

WHEREAS, the Board conducted a public hearing and adopted Intended Use Plans that include projects that require funding from the Clean Water State Revolving Fund Administrative Surcharge fees, Drinking Water State Revolving Fund Set-Asides, and Drinking Water State Revolving Fund Administrative Surcharge fees deposited in Water and Environment Fund Subfunds; and

WHEREAS, the Board conducted a public meeting on November 9, 2017, to take statements from all interested parties regarding water development and solid waste funding needs.

NOW THEREFORE BE IT RESOLVED, that the Board recommends to the Governor and the State Legislature a Water and Environment Fund fiscal year 2020 appropriation level of ten million five hundred thousand dollars (\$10,500,000) for the Consolidated Water Facilities Construction Program; and

IT IS FURTHER RESOLVED, that the Board recommends to the Governor and the State Legislature the Water and Environment Fund fiscal year 2020 appropriation level of two million four hundred thousand dollars (\$2,400,000) for the Solid Waste Management Program; and

IT IS FURTHER RESOLVED, that the Board recommends to the Governor and the State Legislature the following Water and Environment Fund Subfund fiscal year 2020 appropriation levels for the Drinking Water State Revolving Fund Set-Asides, the Clean Water State Revolving Fund Administrative Surcharge fees, and the Drinking Water State Revolving Fund Administrative Surcharge fees approved in the respective 2019 Intended Use Plans for the Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF) programs:

State Revolving Fund Administrative Surcharge Fees

CWSRF Water Quality Grants	\$1,000,000
CWSRF Application and Administration Assistance	\$200,000
DWSRF Application and Administration Assistance and Small System Technical Assistance	\$50,000
DWSRF Very Small System Compliance and Health Assistance	\$200,000
Federal DWSRF Set-Aside Funds	
Small System Technical Assistance	\$150,000
WEF Subfund Total:	\$1,600,000

Dated this 8th day of November, 2018

(SEAL)

BY: _____

Chairman, Board of Water and
Natural Resources

ATTEST:

BY: _____
Secretary, Board of Water and
Natural Resources

TITLE: 2018 Annual Report and the 2019 State Water Plan

EXPLANATION: In accordance with South Dakota Codified Laws § 46A-2-2, § 46A-1-10, and § 46A-1-14, an Annual Report and State Water Plan is to be presented to the Legislature and Governor by the first day of the legislative session.

The Annual Report provides a brief description of activities undertaken in calendar year 2018 and includes tables detailing funding awards approved by the board throughout the year. The State Water Plan identifies the projects approved for placement on the 2019 State Water Facilities Plan and provides information on the State Water Resources Management System projects. The report also provides recommendations to the Governor and Legislature on funding levels for various water and solid waste projects, programs, and activities. The board's recommendations for State Water Resources Management System designation, funding levels for projects, programs, and activities, and a Water and Environment Fund Special Condition Statement are provided as appendices to the report.

RECOMMENDED ACTION: Approve the 2018 Annual Report and 2019 State Water Plan for distribution to the State Legislature, Governor, and other interested parties

CONTACT: Andy Bruels, 773-4216

2018 ANNUAL REPORT
~~and~~
2019 STATE WATER PLAN



South Dakota

Board of
Water and Natural Resources

DRAFT



**DEPARTMENT OF ENVIRONMENT
and NATURAL RESOURCES**

JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3182
denr.sd.gov

Governor _____
and Members of the Ninety-Fourth
Legislative Session

As required by state law, transmitted herewith is the 2018 Annual Report/2019 State Water Plan of the Board of Water and Natural Resources (the Board). The Annual Report describes water development and waste management activities during the past year. The State Water Plan outlines the projects on the State Water Facilities Plan and State Water Resources Management System (SWRMS).

Throughout this document, you will see the on-going needs for water, wastewater, and solid waste projects statewide and how critical state assistance is to construct these projects. During the past year, the Board awarded nearly \$100.4 million in grant and loan funds for the planning, design, and construction of municipal drinking water, wastewater, watershed restoration, rural water, solid waste disposal, and recycling projects. The 2019 State Water Facilities Plan currently includes 64 projects with projected state funding needs of more than \$211.7 million.

The Department of Environment and Natural Resources (DENR) sincerely appreciates the interest and help of all who have contributed to the success of the State Water Plan. The DENR will continue to work together with the Governor, the Legislature, the Board of Water and Natural Resources and local project sponsors to make the State Water Plan the road map leading to a better environmental future for South Dakota.

Sincerely,

Steven M. Pirner, P.E.
Secretary

BOARD OF WATER AND NATURAL RESOURCES

BRAD JOHNSON, CHAIRMAN

Watertown

Member since 2003

GENE JONES, JR., VICE CHAIRMAN

Sioux Falls

Member since 2002

TODD BERNHARD, SECRETARY

Ft. Pierre

Member since 2010

DR. PAUL GNIRK

New Underwood

Member since 2009

PAUL GOLDHAMMER

Wall

Member since 2010

JACKIE LANNING

Brookings

Member since 2011

JERRY SOHOLT

Sioux Falls

Member since 2014

2018 LEGISLATIVE OVERSIGHT COMMITTEE

Senator Jason Frerichs

Senator Terri Haverly

Representative Mary Duvall

Representative Steve McCleery

Wilmot

Rapid City

Pierre

Sisseton

To
Governor _____
and the
Ninety-Fourth Session, Legislative Assembly
2019

2018 ANNUAL REPORT
~~and~~
2019 STATE WATER PLAN

Board of Water and Natural Resources

January 2019

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Preface

The purpose of this document is to fulfill the statutory requirements placed on the Board of Water and Natural Resources. These requirements are generally outlined as follows:

SDCL 46A-2-2. *To prepare and submit to the Governor and Legislature a yearly progress report on the State Water Plan*

SDCL 46A-1-10. *To make recommendations to the Governor and Legislature concerning projects for the State Water Resources Management System*

SDCL 46A-1-14. *To make an annual report on all activities during the preceding year and funding recommendations necessary to implement the water plan*

This report consists of two principal sections – the 2018 Annual Report and the 2019 State Water Plan. The annual report provides progress reports on each funding program and other board activities during calendar year 2018.

The water plan section sets forth the projects included on the State Water Facilities Plan and the State Water Resources Management System. A Water and Environment Fund Special Condition Statement that projects the status of the Water and Environment Fund at the end of fiscal year 2019 is included in Appendix A. A copy of the resolutions approved by the Board of Water and Natural Resources that provide recommendations to the Governor and the Legislature for the designation of projects on the State Water Resources Management System and the recommended Water and Environment Fund fiscal year 2020 appropriation levels are included in Appendix B.

2018 Annual Report

Board of Water and Natural Resources

Overview

South Dakota Codified Law 46A-1-14 requires an annual report of the Board of Water and Natural Resources (the board). The report summarizes the board's 2018 activities, including a detailed account of Water and Environment Fund grant and loan awards.

In November 2017, the board placed 27 projects on the 2018 State Water Facilities Plan. This made the projects eligible for financial assistance from a variety of federal and state sources. During the year, the board amended an additional 23 projects onto the plan.

The board awarded nearly \$100.4 million in grant and loan funds to finance municipal drinking water systems, rural water systems, wastewater facilities, watershed restoration, solid waste disposal, and recycling activities. The grant and loan funds helped provide South Dakotans with safe and dependable environmental infrastructure.

Clean Water State Revolving Fund Loan Program

In 1989, the Clean Water State Revolving Fund (SRF) loan program began providing low-interest loans to governmental entities including municipalities, sanitary districts, and other special purpose districts. The loans are used for construction of wastewater facilities, storm sewers, and nonpoint source pollution control projects. During 2018, the board approved 15 loans totaling more than \$58.4 million (Table 1).

The base interest rates for the Clean Water SRF program were 2.0 percent for loans up to 10 years, 2.25 percent for up to 20 years, 2.5 percent for up to 30 years, and an interim financing rate of 2.0 percent for up to five years. The program's nonpoint source incentive rates were 1.0 percent for loans with a term of 10 years or less, 1.25 percent for loans with a term up to 20 years, and 1.5 percent for loans with a term up to 30 years. Projects for traditional wastewater or stormwater projects that include a nonpoint source component may receive the nonpoint source rate. The annual principal and interest payments were calculated for a loan at the higher base interest rate. Using the lower nonpoint source interest rate, a loan is sized using the annual payment previously calculated. The difference in the two loan amounts is the amount of funding available for the nonpoint source component of the project.

The federal fiscal year 2018 appropriations bill for the Clean Water SRF program included the requirements set forth in the Water Resources Reform and Development Act of 2014 along with some specific requirements for the current year. These requirements involve 1) applying Davis-Bacon wage rates to all projects awarded in fiscal year 2018; 2) requiring that not less than 10 percent of the 2018 capitalization grant be utilized for "green" projects; 3) requiring

that a portion of the capitalization grant be made available as additional subsidy; 4) requirements for American Iron and Steel products to be used for all projects awarded on or after January 17, 2014; 5) adoption of affordability criteria by the state for principal forgiveness eligibility; and 6) requirements for procurement of architectural and engineering services.

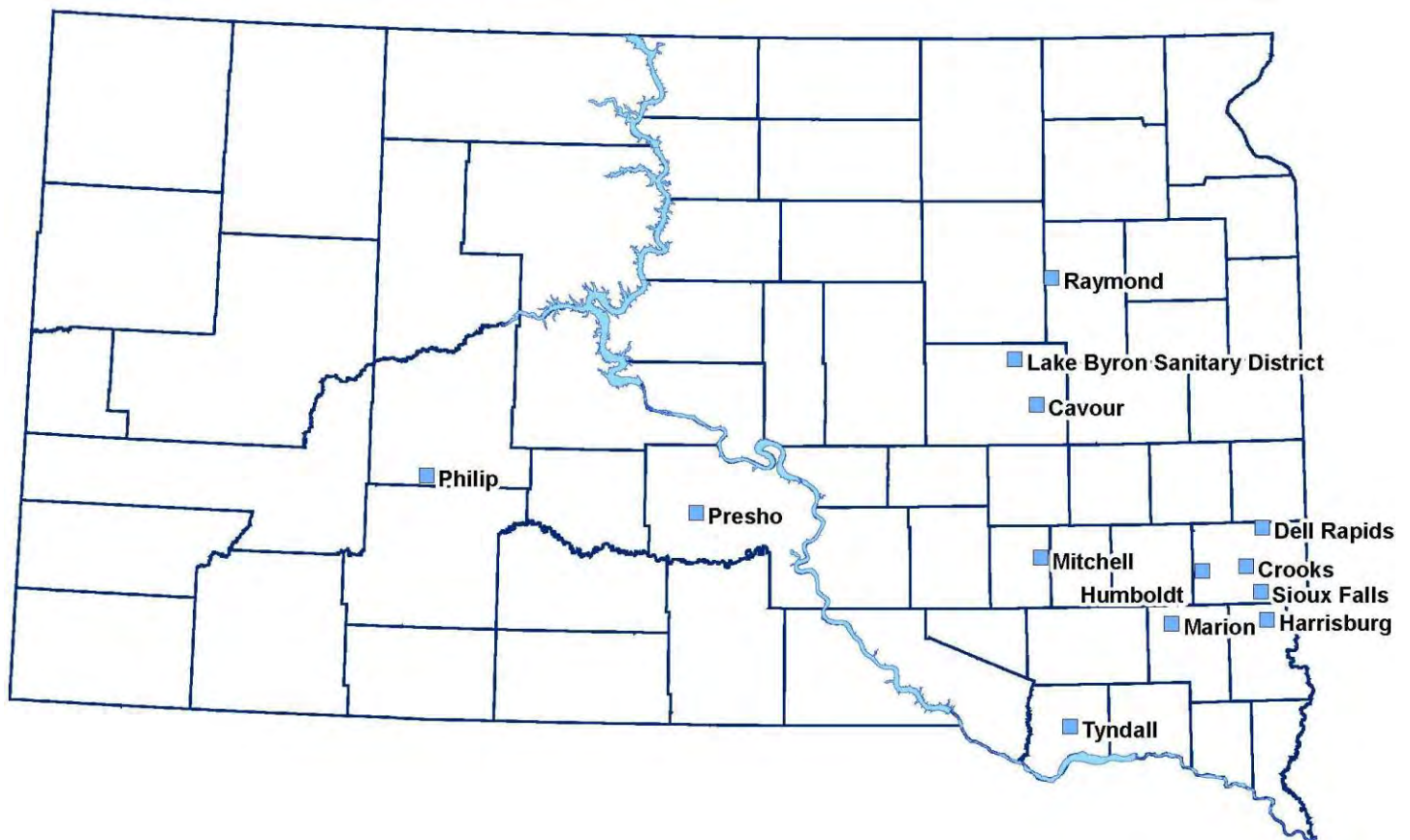
The board uses principal forgiveness as the method to provide the additional subsidy. Municipalities and sanitary districts with monthly residential wastewater rates of \$30 per month (based on 5,000 gallons usage or a flat rate) are eligible to receive principal forgiveness. Other applicants are required to have residential wastewater rates of \$40 per month (based on 5,000 gallons usage or a flat rate) to be eligible to receive principal forgiveness. Applicants must also meet the state's affordability criteria to be eligible to receive principal forgiveness.

Table 1 – 2018 Clean Water State Revolving Fund Loan Awards

<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Cavour (CW-02)	Collection System Improvements	\$192,000		2.5%	30
Crooks (CW-03)	Palmira Wastewater Collection Improvements	\$2,052,000		2.5%	30
Dell Rapids (CW-09)	Southeast and Railroad Utility Improvements	\$2,324,000		1.5%	30
Dell Rapids (CW-09NPS)	Big Sioux Watershed Restoration	\$337,700		1.5%	30
Harrisburg (CW-07)	Wastewater Treatment Facility Construction	\$24,487,000		2.5%	30
Humboldt (CW-03)	Wastewater Collection Improvements	\$1,876,000		2.5%	30
Humboldt (CW-04)	Water Meter Replacement	\$290,000		2.0%	10
Lake Byron Sanitary District (CW-01)	Wastewater Collection and Treatment System Construction	\$3,475,000		2.5%	30
Marion (CW-02)	Water Meter Replacement	\$522,000	\$99,000	2.0%	10
Mitchell (CW-05)	Sanborn Boulevard Wastewater and Storm Sewer Improvements	\$6,842,000		1.25%	20

<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Mitchell (CW-05NPS)	South Central Watershed Restoration	\$682,000		1.25%	20
Philip (CW-06)	Southwest Storm Sewer Improvements	\$536,000		2.5%	30
Philip (CW-07)	Southwest Wastewater Improvements	\$605,000		2.5%	30
Presho (CW-01)	Collection System Improvements	\$4,048,000	\$1,400,000	2.5%	30
Raymond (CW-02)	Lift Station and Wastewater Treatment Facility Improvements	\$951,225	\$951,225	0.0%	0
Sioux Falls (CW-39)	Terry Avenue and 43rd Street Improvements	\$8,400,000		1.0%	10
Sioux Falls (CW-39NPS)	Big Sioux Watershed Restoration	\$429,000		1.0%	10
Tyndall (CW-02)	Maple Street Sewer Replacement	\$374,000		2.25%	20
Total		\$58,422,925	\$2,450,225		

Map 1 – 2018 Clean Water State Revolving Fund Recipients



Drinking Water State Revolving Fund Loan Program

In 1998, the Drinking Water State Revolving Fund (SRF) loan program began providing low-interest loans to nonprofit corporations and governmental entities including municipalities, sanitary districts, and other special districts for the construction of drinking water facilities. In 2018, twelve loans and one loan amendment were approved totaling more than \$23.5 million (Table 2).

The base interest rates for the Drinking Water SRF program were 2.0 percent for terms up to 10 years, 2.25 percent for up to 20 years, 2.5 percent for up to 30 years, and an interim financing rate of 2.0 percent for up to five years.

Disadvantaged communities were eligible to receive an interest rate below the base rate. To qualify as disadvantaged, the water system's monthly residential water bill must be at least \$30 per 5,000 gallons usage for municipalities and sanitary districts or \$55 per 7,000 gallons usage for all other community water systems.

Additionally, the median household income of a disadvantaged community must be below the statewide median household income (MHI). Communities with a household income less than the MHI but greater than 80 percent of the MHI were eligible for a 30-year term loan at 2.25 percent interest. Communities with a household income between 60 percent and 80 percent of the MHI were eligible for a 30-year term loan at 2.0 percent interest and a 10-year loan at 1.0 percent interest. An average household income less than 60 percent of the MHI is necessary to be eligible for a 30-year term loan at zero percent interest.

The federal fiscal year 2018 appropriations bill for the Drinking Water SRF program extended several of the requirements set forth in the American Recovery and Reinvestment Act and subsequent SRF appropriation bills. These requirements involve 1) applying Davis-Bacon wage rates to all projects awarded in fiscal year 2018; 2) requiring that a portion of the 2018 capitalization grant be made available as additional subsidy; and 3) requirements for American Iron and Steel products to be used for all projects awarded on or after January 17, 2014.

The board uses principal forgiveness as the method to provide the additional subsidy. Municipalities and sanitary districts with monthly residential water rates of \$30 per month (based on 5,000 gallons usage) were eligible to receive principal forgiveness. Other applicants were required to have residential water rates of \$55 per month (based on 7,000 gallons usage) to be eligible to receive principal forgiveness.

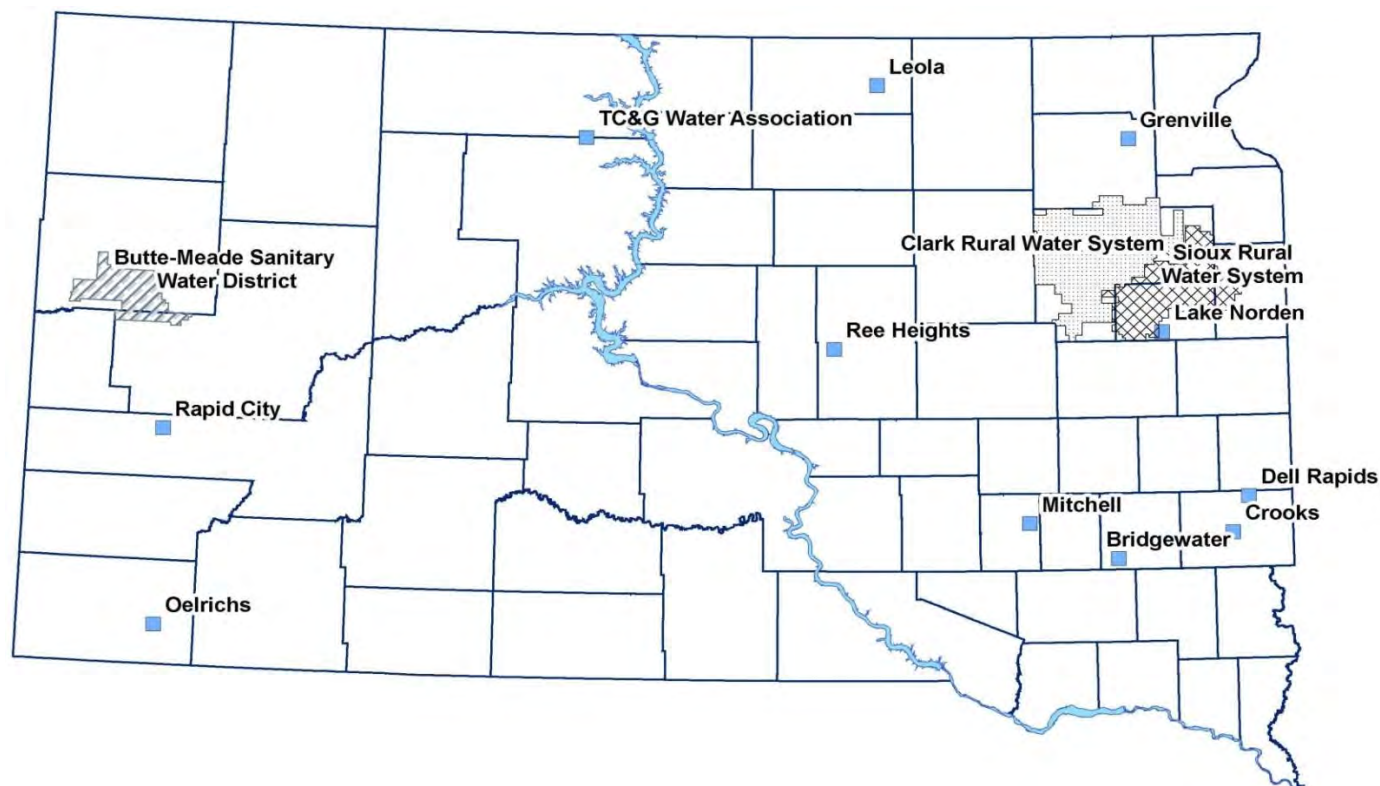
Table 2 – 2018 Drinking Water State Revolving Fund Loan Awards

<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Bridgewater (DW-02)	Water Meter Replacement	\$243,000		1.0%	10
Butte-Meade Sanitary Water District (DW-02)	Water Line Replacement	\$413,000		2.25%	20
Clark Rural Water System (DW-01)	Connections to Willow Lake and Bradley and System Improvements	\$2,950,000	\$1,270,000	2.0%	30
Crooks (DW-02)	Palmira Collection and Distribution	\$1,214,000		2.5%	30
Dell Rapids (DW-07)	Southeast and Railroad Water Improvements	\$2,486,000		2.5%	30
Grenville (DW-01)	Water Meters and Valve Replacement	\$352,000	\$282,000	2.0%	30
Lake Norden (DW-01)	Water Supply and Treatment Improvements	\$1,477,000		2.0%	20
Leola (DW-01)	Water System Improvements	\$1,891,000	\$1,615,000	2.0%	30

<u>Sponsor</u>	<u>Description</u>	<u>Total Award</u>	<u>Principal Forgiveness</u>	<u>Interest Rate</u>	<u>Term</u>
Mitchell (DW-03)	Sanborn Boulevard Water Improvements	\$821,000		2.25%	20
Oelrichs (DW-01)	Water System and Meter Improvements	\$447,000	\$357,600	2.25%	30
Rapid City (DW-04)	East Rapid City Water Expansion	\$500,000	\$375,000	2.0%	20
Ree Heights (DW-01)	Distribution System Replacement	\$430,000	\$430,000	0%	0
Sioux Rural Water System (DW-02)	Water System Improvements	\$9,821,000		2.25%	20
TC&G Water Association (DW-01)*	Water System Improvements	\$500,000		2.25%	30
Total		\$23,545,000	\$4,329,600		

*Amendment to prior year Drinking Water SRF Award

Map 2 – 2018 Drinking Water State Revolving Fund Recipients



Consolidated Water Facilities Construction Program

The 2018 State Legislature appropriated \$7.5 million for the Consolidated Water Facilities Construction Program to provide grants and loans for water development projects on the State Water Facilities Plan. Additionally, prior year funding and reversions were available for award in 2018.

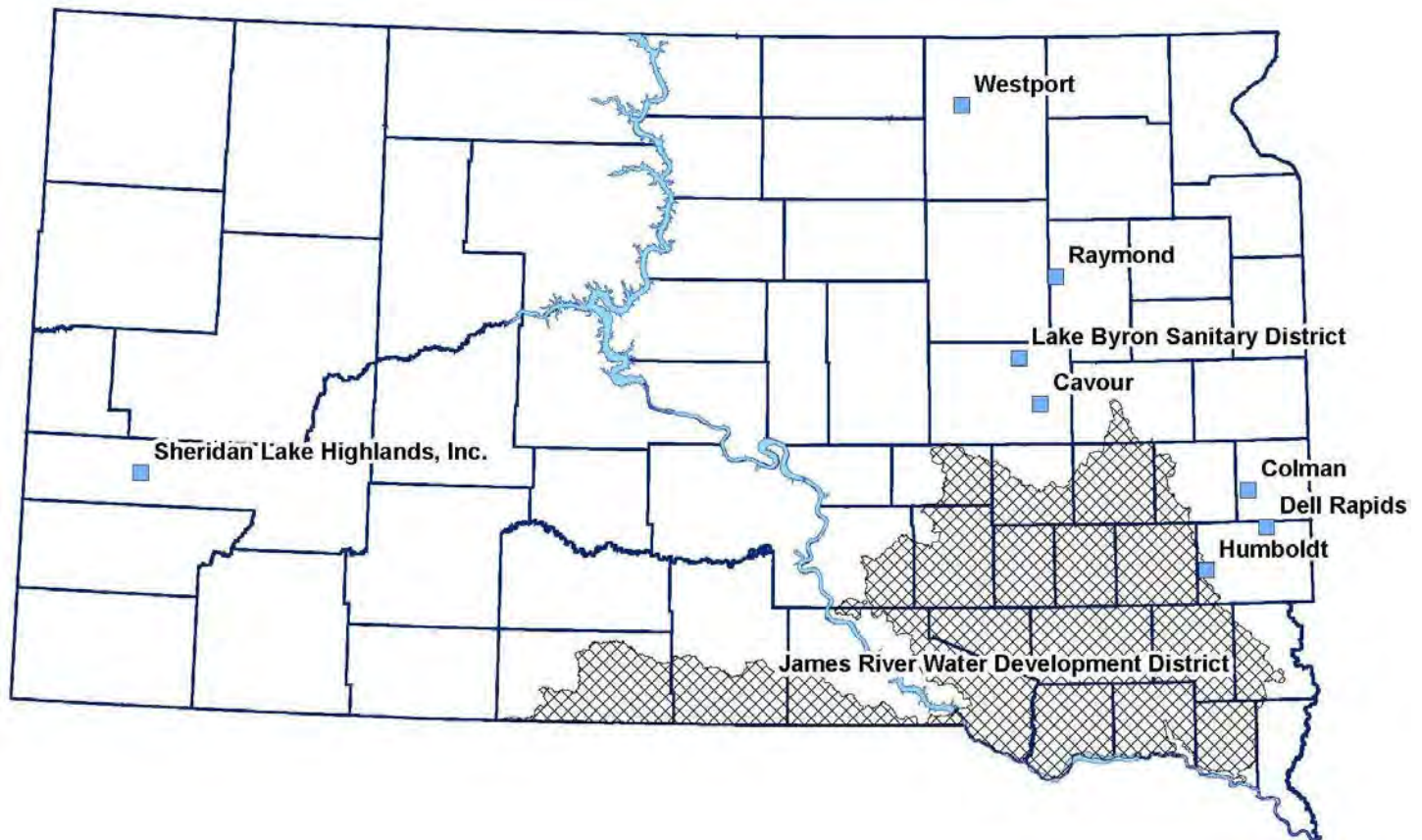
The board awarded seven grants, three loans, and one grant amendment totaling more than \$7.7 million (Table 3). The 2018 awards leveraged more than \$19.3 million in total project activities.

Table 3 – 2018 Consolidated Awards

<u>Sponsor</u>	<u>Description</u>	<u>Grant Amount</u>	<u>Loan Amount</u>	<u>Total Project</u>
Cavour	Wastewater Collection System Improvements	\$764,000		\$956,000
Colman*	Water Main and Tower Replacement	\$23,000		\$1,223,000
Dell Rapids	Southeast and Railroad Wastewater Improvements	\$2,000,000		\$4,324,000
Humboldt	Wastewater Collection Improvements	\$2,000,000		\$3,876,000
James River WDD	South Central Watershed Implementation	\$275,000		\$1,833,333
Lake Byron Sanitary District	Wastewater Collection and Treatment System Construction	\$2,000,000		\$5,475,000
Raymond	Lift Station and Wastewater Treatment Facility Improvements		\$60,000	\$1,011,225
Sheridan Lake Highlands, Inc.	Water System Improvements	\$90,000	\$211,700	\$301,700
Westport	Lift Station Replacement	\$30,000	\$270,000	\$300,000
Total		\$7,182,000	\$541,700	\$19,300,258

*Amendment to prior year Consolidated Grant Award

Map 3 – 2018 Consolidated Program Grant/Loan Recipients



State Revolving Fund Programs – Grant Assistance

In 2018, the board allocated additional funds under both the Clean Water and Drinking Water State Revolving Fund programs for planning, technical assistance, construction activities, and management of the regulatory Public Water System Supervision program. The board's 2018 intended use plans approved the use of \$3,772,140 in Clean Water and Drinking Water funds for grants (Table 4).

Table 4 – 2018 State Revolving Fund Grant Allocations

<u>Activity</u>	<u>Source</u>	<u>Amount</u>
Water Quality Grants	Clean Water SRF Admin Surcharge (CWSRF WQ)	\$900,000
Drinking Water Construction Grants	Drinking Water SRF Admin Surcharge (DWSRF CG)	\$1,500,000
Public Water System Supervision Program	Drinking Water SRF Set-Aside and Drinking Water SRF Admin Surcharge	\$600,000

<u>Activity</u>	<u>Source</u>	<u>Amount</u>
Small System Technical Assistance Grants	Drinking Water SRF Set-Aside, Drinking Water Admin Surcharge, and Clean Water Admin Surcharge	\$397,140
SRF Application Preparation and Administration	Clean Water SRF and Drinking Water SRF Admin Surcharge	\$300,000
Drinking Water Operator Certification Training	Drinking Water SRF Admin Surcharge	\$75,000
Total		\$3,772,140

During 2018, the board approved 24 Water Quality or Technical Assistance awards totaling nearly \$2.1 million (Table 5). The narrative sections below describe the general categories of the State Revolving Fund programs assistance and provide updates for on-going activities supported by this funding.

Water Quality Watershed/Construction Grants: The board provided additional grant assistance from Clean Water Administrative Surcharge fees to supplement the Consolidated and Section 319 grant awards. The construction of wastewater treatment, collection, or conveyance projects and watershed restoration projects are eligible uses for these fees, and its use allows additional projects to be completed.

Water Quality Planning Grants: The Small Community Planning Grant Program was established to encourage proactive planning by small communities and systems. Grants are available for the preparation of a wastewater or stormwater engineering study for systems serving populations of 2,500 or less. For engineering studies, participating systems are reimbursed 80 percent of the cost, up to \$10,000.

Drinking Water Construction Grants: The board provided additional grant assistance from Drinking Water Administrative Surcharge fees to supplement the Consolidated grant awards. The construction of water treatment, source, distribution, storage, or meter projects are eligible uses for these fees, and its use allows additional projects to be completed.

Public Water System Supervision Program: Insufficient federal funds have been allocated from the Performance Partnership Grant for South Dakota's Public Water System Supervision (PWSS) program to complete all tasks and activities identified in DENR's workplan with EPA. The PWSS program is managed by DENR's Drinking Water program and ensures all public water systems in the state are maintaining compliance with the requirements of the Safe Drinking Water Act. A total of \$600,000 was allocated from the State Program Management set-aside in federal fiscal year 2018.

Technical Assistance Grants: Small Community Planning Grants are also available for the preparation of a drinking water engineering study for systems serving populations of 2,500 or less. Participating systems are reimbursed 80 percent of the cost, up to \$8,000, for engineering studies.

The board continued its technical assistance contract with the South Dakota Association of Rural Water Systems (SDARWS) in 2018. SDARWS provides assistance to small drinking water systems serving populations of 10,000 or less with compliance, permitting, and operational issues. In 2018, the Midwest Assistance Program conducted capacity assessments and follow-up reviews to assist the department in ensuring that all borrowers demonstrate the required technical, financial, or managerial capacity to access Drinking Water SRF loan assistance. Midwest Assistance Program was awarded an additional contract to provide technical assistance to wastewater funding applicants with capacity issues.

In 2018, the board provided \$75,000 for operator certification training. These funds are provided to SDARWS and used for operator certification training of drinking water system operators. During state fiscal year 2018, 340 operators received training.

The board continued to offer grants to assist very small systems in violation of the Safe Drinking Water Act to come into compliance. These funds are limited to community systems with 50 or less connections and not-for-profit, non-transient, non-community water systems. Funds will be provided for infrastructure projects as 100 percent grants up to a maximum of \$50,000 and for total project costs less than \$100,000. In calendar year 2018, the first Very Small System Compliance grant was awarded to Cedar Gulch Sanitary and Water District. The grant was awarded for \$50,000 on a total project cost of \$66,093 to install water treatment units at each residence to remove radionuclides and install a new well pump and variable frequency drive controls.

The board continued to provide assistance to the state's six planning districts for preparation of applications and ongoing loan administration activities to include Davis-Bacon wage rate compliance. The planning districts are all under existing five-year joint powers agreements to receive up to \$9,000 per loan for application and loan administration duties and up to \$1,100 per loan for Davis-Bacon wage rate compliance. No additional funds were placed under agreement with the planning districts in 2018.

Table 5 – 2018 State Revolving Fund Programs Grant Awards
Watershed /Wastewater/Water Construction Grant Awards

<u>Sponsor</u>	<u>Project</u>	<u>Grant Amount</u>	<u>Source of Funds</u>
Cedar Gulch Sanitary and Water District	Drinking Water Compliance Improvements	\$50,000	VSSC Grants
James River WDD	South Central Watershed Implementation	\$500,000	CWSRF WQ
Sioux Rural Water System	Water System Improvements	\$1,100,000	DWSRF CG
		Total	\$1,650,000

Map 4 –2018 Watershed/Construction Grant Recipients

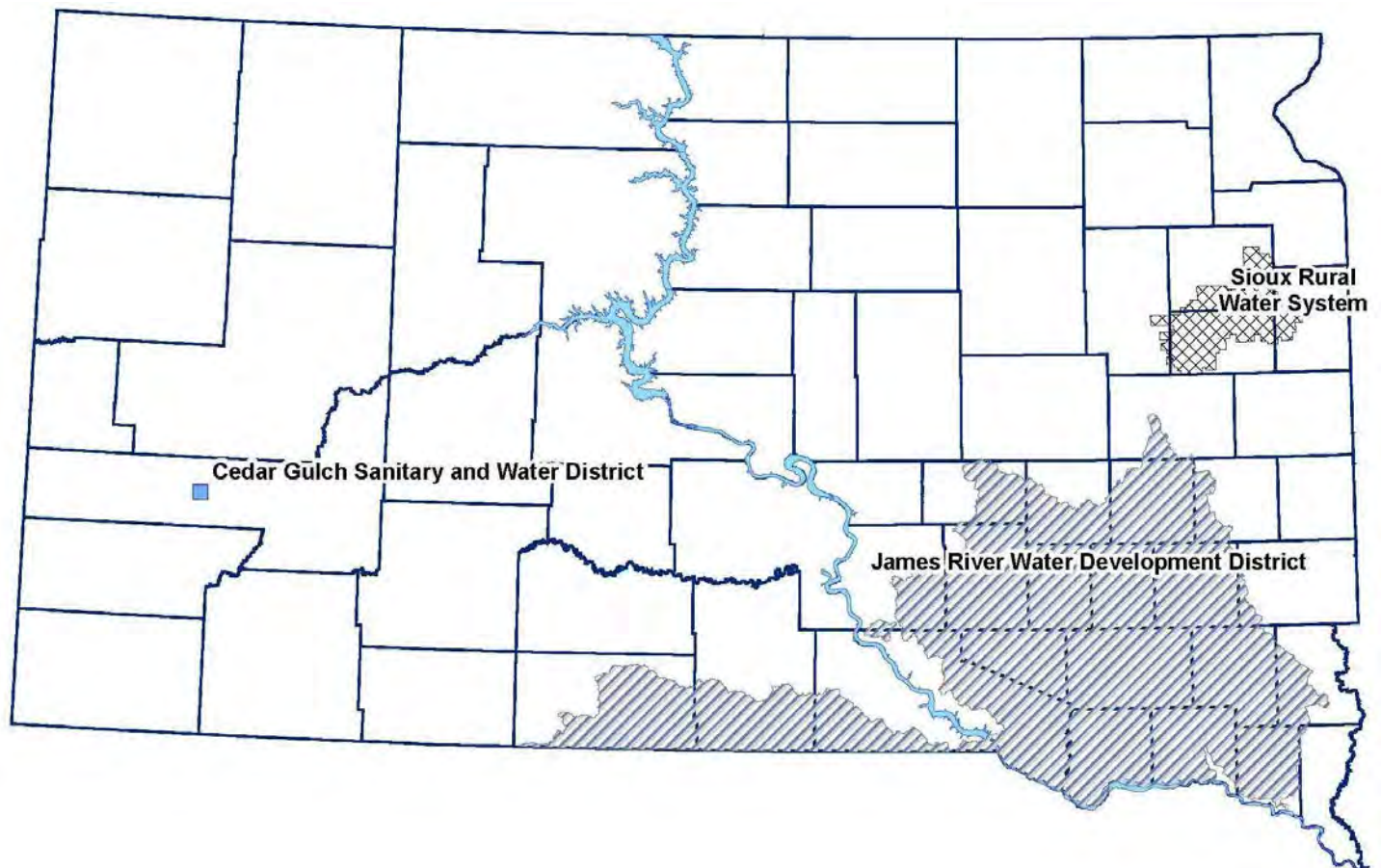


Table 5 (continued)*Small Community Planning Grant Awards*

<u>Sponsor</u>	<u>Project</u>	<u>Grant Amount</u>
Alexandria	Drinking Water Engineering Study	\$8,000
Avon	Wastewater Engineering Study	\$10,000
Baltic	Wastewater Engineering Study	\$10,000
Britton	Storm Sewer Engineering Study	\$10,000
Bryant	Drinking Water Engineering Study	\$8,000
Crooks	Storm Sewer Engineering Study	\$10,000
Ethan	Storm Sewer Engineering Study	\$10,000
Green Valley Sanitary District	Wastewater Engineering Study	\$9,976
Oldham	Drinking Water Engineering Study	\$8,000
Owanka Rural Water System	Drinking Water Engineering Study	\$8,000
Pierpont	Wastewater Engineering Study	\$10,000
Roscoe	Wastewater Engineering Study	\$10,000
Roscoe	Drinking Water Engineering Study	\$8,000
Sheridan Lake Highlands Homeowners Association, Inc.	Drinking Water Engineering Study	\$8,000
Volin	Wastewater Engineering Study	\$10,000
Webster	Drinking Water Engineering Study	\$8,000
Willow Lake	Drinking Water Engineering Study	\$7,222
Total		\$153,198

Map 5 –2018 Small Community Planning Grant Awards

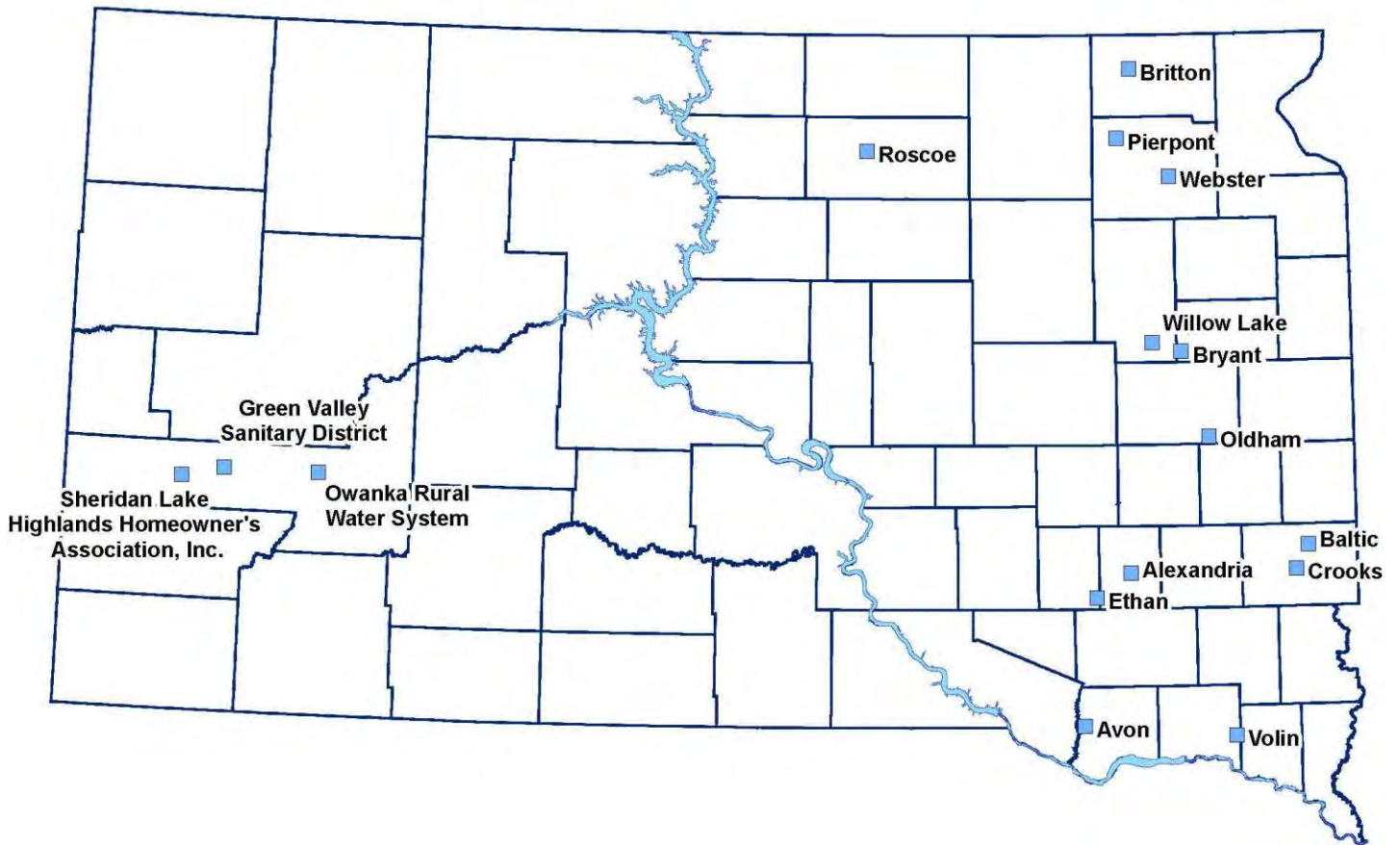


Table 5 (continued)

Technical Assistance Awards

<u>Sponsor</u>	<u>Project</u>	<u>Award</u>
Department of Environment and Natural Resources	Drinking Water Operator Certification Training	\$75,000
Midwest Assistance Program	Drinking Water Small Systems Capacity Assessments	\$75,000
Midwest Assistance Program	Small Systems Wastewater Capacity	\$25,000
SD Association of Rural Water Systems*	Small System Technical Assistance	\$120,000
Total		\$295,000

* Amendment to prior year Technical Assistance award.

State Water Resources Management System

No new funds were appropriated in the 2018 Omnibus Bill (House Bill 1098) for the State Water Resources Management System (SWRMS) list. There remained \$103,080 from prior year appropriations available for award in 2018. Information on individual SWRMS project accomplishments and activities is provided in the State Water Plan section (pages 35-53). During the year, the board placed the following amount under agreement (Table 6).

Table 6 – 2018 State Water Resources Management System Awards

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Type</u>
Department of Environment and Natural Resources	High Resolution Hydrographic Study in the Lower Big Sioux River Basin	\$10,000	Grant

Watershed Protection Program – EPA Section 319 Grants

The South Dakota Watershed Protection Program is designed to assess nonpoint water pollution sources and to reduce or eliminate their impact on water quality throughout the state. Nonpoint source refers to the polluted run-off from urban, agriculture, and forest lands. The program provides technical and financial assistance to local watershed project sponsors in the planning and management of assessment and implementation projects. Additionally, the program administers state and federal grants, monitors the effectiveness of implementation projects, and funds information and education activities. Applications for Section 319 grants must be approved by the board prior to submission to EPA. In 2018, the board recommended that EPA award \$1.864 million in federal fiscal year 2018 Section 319 grant funds to watershed projects (Table 7).

Table 7 - 2018 EPA Section 319 Grants

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Total Project</u>
Belle Fourche Watershed Partnership	Belle Fourche River Watershed Implementation	\$650,000	\$1,088,500
Day Conservation District	Northeast Glacial Lakes Watershed Protection	\$250,000	\$483,710
South Dakota Discovery Center	South Dakota Nonpoint Source Information and Education	\$200,000	\$418,950
James River Water Development District*	South Central Watershed Implementation	\$464,000	\$7,634,618

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Total Project</u>
South Dakota Grasslands Coalition	Grassland Management and Planning	\$200,000	\$405,400
South Dakota Soil Health Coalition	Soil Health Improvement and Planning	\$100,000	\$275,400
Total		\$1,864,000	\$10,306,578

* Amendment to prior year 319 award

Throughout the year, the department works with EPA to reallocate deobligated prior year funds. Table 8 contains a list of grants that were awarded to existing project sponsors during the calendar year 2018.

Table 8 - 2018 EPA Section 319 Grant Amendments

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>	<u>Total Project</u>
Belle Fourche Watershed Partnership	Belle Fourche River Watershed Implementation	\$18,500	\$2,516,900
James River Water Development District	South Central Watershed Implementation	\$45,452	\$7,634,618
South Dakota Grasslands Coalition	Grassland Management and Planning	\$26,365	\$778,715
Total		\$90,317	\$10,930,233

Solid Waste Management Program

The 2018 State Legislature appropriated \$2,500,000 for the Solid Waste Management Program (SWMP). These appropriations, combined with reverted and unobligated prior year funding, resulted in more than \$3.99 million being available for grants and loans for recycling, waste tire, and solid waste disposal projects.

These programs are supported by three funding sources – a \$0.75 per ton landfill surcharge on municipal solid waste, a \$0.25 per tire vehicle registration fee, and principal and interest payments from past solid waste loan awards.

The board awarded five grants and two loans in 2018, totaling nearly \$1.8 million (Table 9). Of these awards, three were for recycling and four were for solid waste disposal. SWMP awards helped leverage more than \$7.6 million in total project activities.

Table 9 - 2018 Solid Waste Management Awards

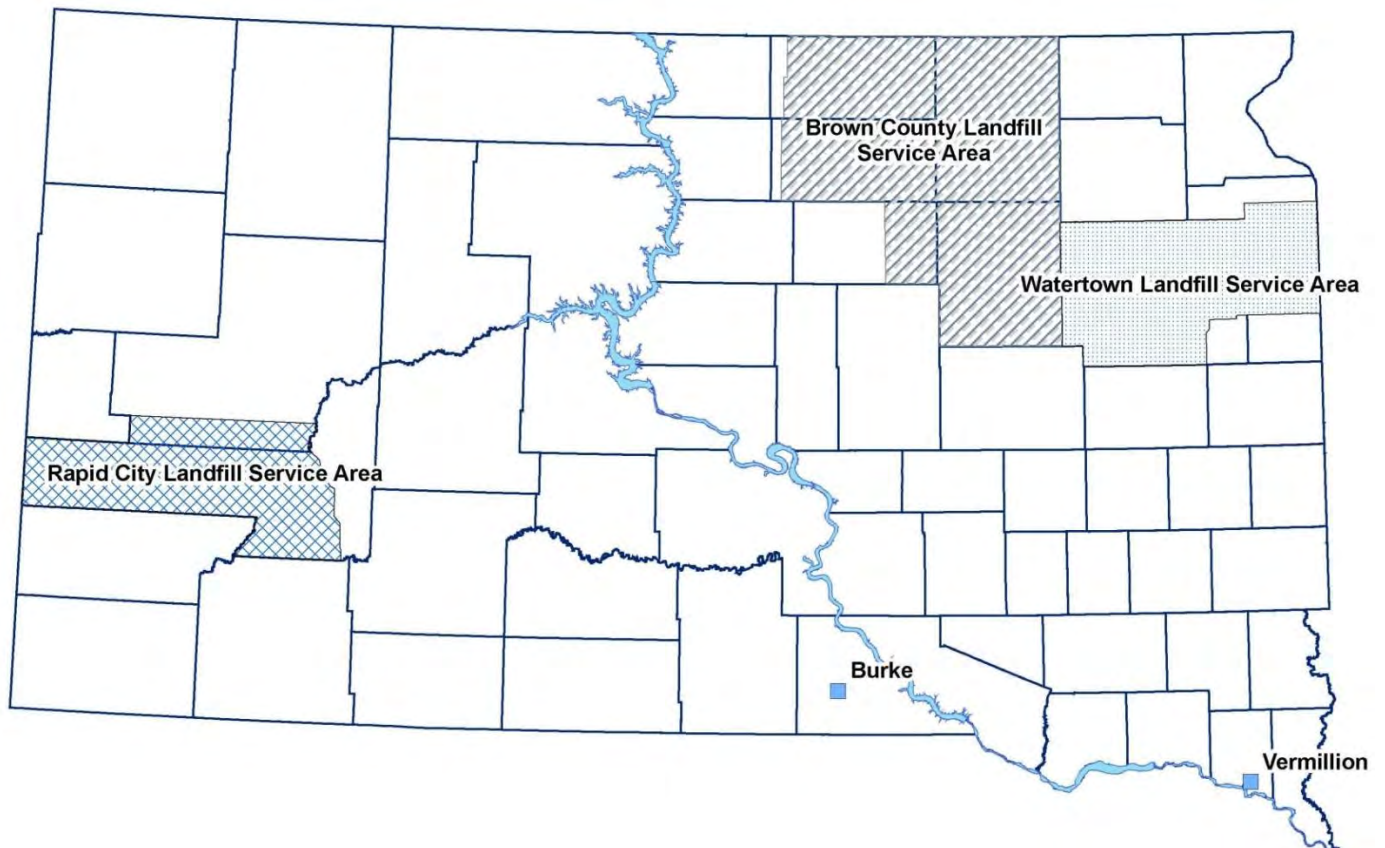
Disposal

<u>Sponsor</u>	<u>Description</u>	<u>Loan Amount</u>	<u>Grant Amount</u>	<u>Total Project</u>
Brown County	Landfill Cell #3 Construction		\$490,000	\$2,474,350
Rapid City	Cell 18 Construction		\$1,000,000	\$4,556,944
Watertown	Landfill Stormwater Improvements	\$108,000	\$162,000	\$540,000
Total		\$108,000	\$1,652,000	\$7,571,294

Recycling

<u>Sponsor</u>	<u>Description</u>	<u>Loan Amount</u>	<u>Grant Amount</u>	<u>Total Project</u>
Burke	Recycling Drop off Trailer Purchase		\$7,000	\$14,125
Vermillion	Recycling Collection Trailer Purchase	\$10,000	\$10,000	\$22,800
Total		\$10,000	\$17,000	\$36,925

Map 6 – 2018 Solid Waste Management Program Grant/Loan Recipients



Brownfields Revitalization and Economic Development Program

The 2004 South Dakota Legislature followed the federal Brownfields Act and established a state Brownfields Revitalization and Economic Development Program within the Department of Environment and Natural Resources (the department). The purpose of Brownfields program is to complete environmental assessments and cleanups so that local governments can put contaminated lands back into productive, beneficial use and complete projects that are necessary to revitalize local economies. The 2004 bill created two subfunds: a Brownfields revolving loan subfund and a Brownfields assessment and cleanup subfund. The board approves annual work plans for both subfunds. The department agreed to use existing staff to administer this program.

While the department has made application for federal funding, the U.S. Environmental Protection Agency has not awarded South Dakota any federal funds for the Brownfields revolving loan subfund. Therefore, there has been no activity in this subfund. EPA has advised the department that until potential applicants are identified, the department will not be eligible for federal revolving loan funds.

The department has used both federal Brownfields grants and federal Leaking Underground Storage Tank Trust Funds to complete environmental assessments and cleanups of Brownfields projects statewide. Projects are limited by federal Brownfields law to \$200,000 for Assessment and \$200,000 for Clean Up unless a waiver is granted by EPA. Brownfields projects are nominated by local project sponsors and approved by the board. Table 10 contains a list of all the Brownfields projects approved by the board in calendar year 2018. The Brownfields process is an extremely useful tool to help assess and clean up contaminated lands statewide and move economic development projects forward that are a high local priority.

Table 10 - 2018 Brownfields Assessment and Cleanup Projects

<u>Applicant</u>	<u>Site Name and Location</u>	<u>Activity</u>	<u>Land After Cleanup</u>	<u>Amount*</u>
City of Pierre	Beck Property, Pierre	Assessment and Cleanup	Residential	\$1,498
City of Crooks	CHS	Assessment	Public	\$36,421
City of Wall	Glenn Street Property	Assessment	Commercial	\$6,556
Viborg Development	Proposed Industrial Park	Assessment	Commercial	\$3,868

<u>Applicant</u>	<u>Site Name and Location</u>	<u>Activity</u>	<u>Land After Cleanup</u>	<u>Amount*</u>
City of Rapid City	Future Ascent Innovation (Ulland Outlot)	Assessment	Commercial/ Public	\$16,668
Sturgis Economic Development	Langin Autos	Assessment	Commercial	\$3,195
Southern Hills Economic Development Corporation	Abandoned water fill station, Hot Springs	Assessment	Residential	\$12,508
City of Spearfish	Former McLaughlin Sawmill	Assessment	Commercial, Residential and Public	\$32,060
Dakota State University	Convent Building	Assessment	Public	\$0
City of Salem	Salem Armory	Assessment	Public	\$0
				<hr/>
				Total \$112,774

* Accumulative costs as of September 30, 2018

2018 State Water Development Legislation

On February 8, 2018, Governor Daugaard signed House Bill 1098, the Omnibus Water Funding Bill. The 2018 Omnibus Bill contained the following appropriations:

Appropriations from the Water and Environment Fund

- Consolidated Water Facilities Construction Program – \$7,500,000 to provide grants and loans for community drinking water, wastewater, and watershed improvement projects;
- Solid Waste Management Program – \$2,500,000 to provide grants and loans for recycling, solid waste disposal, and waste tire projects.

Appropriations from WEF Subfunds and Other Sources

- Section 3 of the bill appropriated \$1,000,000 from the Clean Water State Revolving Fund program subfund for the purpose of providing water quality grants;
- Section 4 of the bill appropriated \$150,000 from the Clean Water State Revolving Fund program subfund for the preparation of loan applications and administration of loans;
- Section 5 of the bill appropriated \$200,000 from the Drinking Water State Revolving Fund program subfund for the preparation of loan applications and administration of loans and to provide supplemental funds for planning grants;
- Section 6 of the bill appropriated \$1,500,000 from the Drinking Water State Revolving Fund program subfund for the purpose of providing drinking water construction grants;
- Section 7 of the bill appropriated \$150,000 from the Drinking Water State Revolving Fund program subfund for small system technical assistance grants;

2019 State Water Plan

2019 State Water Plan

Overview

The 1972 State Legislature established the State Water Plan to ensure the optimum overall benefits of the state's water resources for the general health, welfare, safety, and economic well-being of the people of South Dakota through the conservation, development, management, and use of those resources. The Legislature placed the responsibility for this plan with the Board of Water and Natural Resources (the board).

The State Water Plan, as established in SDCL 46A-1-2, consists of two components – the State Water Facilities Plan and the State Water Resources Management System. To be considered for the State Water Facilities Plan, projects must meet criteria established by the board. These eligibility criteria are used as guidelines by the board and the Department of Environment and Natural Resources (the department) when considering a project for inclusion on the State Water Facilities Plan. Additions to or deletions from the State Water Resources Management System can only be made by the State Legislature.

State Water Facilities Plan

The State Water Facilities Plan (Facilities Plan) is a list of potential water projects. The Facilities Plan includes projects such as rural, municipal, and industrial water supply, wastewater collection and treatment facilities, storm sewers, groundwater protection, and watershed restoration. The board is responsible for approving the placement of projects on the Facilities Plan. The board can provide direct assistance to projects on the plan and placement on the plan may influence federal and other state agency funding decisions.

In November 2018, the board considered 31 applications requesting placement on the State Water Plan. The board placed all 31 projects on the Facilities Plan, bringing the total number of projects on the 2019 State Water Facilities Plan to 177 (Table 11 and Table 12).

The projects in Table 11 have received either partial or full funding. Projects that have received funding from the board remain on the Facilities Plan until project completion and remain eligible to request additional funding.

The projects in Table 12 had not received funding as of December 31, 2018. Projects placed on the plan in November 2017 or that were amended onto the plan during calendar year 2018 remain on the Facilities Plan through December 2019. The 31 projects placed on the plan in November 2018 remain on the Facilities Plan through December 2020.

Additional projects may be placed on the Facilities Plan during the year. Projects placed on the Facilities Plan through the amendment process remain on the plan for the balance of the calendar year and the following year. Once a project is removed from the Facilities Plan, the project sponsor must submit a new State Water Plan application to be eligible to seek assistance.

Table 11 - 2019 State Water Facilities Plan Funded Projects

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Big Sioux Community Water System	Connection to Minnehaha Community Water Corporation and City of Madison	\$3,014,000	\$3,014,700
Big Sioux Community Water System	Water Meter System	\$900,000	\$900,000
Bison	Wastewater Treatment and Sanitary Sewer Collection	\$419,000	\$419,000
Blunt	Wastewater Treatment and Lift Station Improvements	\$710,000	\$710,000
Box Elder	Ghere Reservoir and Well	\$3,562,950	\$3,562,950
Brandon	Drinking Water System Improvements	\$12,425,000	\$12,425,000
Bridgewater	Water Meter Replacement	\$243,000	\$243,000
Britton	Water Distribution System Improvements	\$1,444,000	\$4,656,000
Butte-Meade Sanitary Water District	Water Line Replacement	\$413,000	\$413,000
B-Y Water District	Water Storage Reservoir	\$4,700,000	\$4,700,000
Canistota	Main Street Utility Improvements	\$96,000	\$96,000
Canova	Water Meter Replacement	\$52,000	\$52,590
Canton	Dakota Street Sewer Improvements	\$1,648,000	\$1,648,000
Canton	Dakota Street Water Improvements	\$760,000	\$760,000
Canton	Well Replacement	\$1,550,000	\$1,550,000
Cavour	Lift Station and Force Main Improvements	\$795,000	\$845,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Cavour	Collection System Improvements	\$956,000	\$956,000
Centerville	Storm Sewer Improvements	\$240,000	\$240,000
Chancellor	Sanitary Sewer Improvements	\$574,000	\$574,000
Clark	Wastewater Treatment Facility Construction	\$6,485,000	\$7,000,000
Clark Rural Water System	Willow Lake and Bradley Regionalization and System Improvements	\$2,950,000	\$2,950,000
Colman	Phase 3 Water Mains and Tower Replacement	\$1,223,000	\$1,223,000
Colton	Water Distribution Improvements	\$2,158,000	\$2,158,000
Colton	Sanitary Sewer Improvements	\$2,774,000	\$2,774,000
Conde	Water Distribution and Storage Improvements	\$2,333,000	\$2,333,000
Crooks	Palmira Wastewater Collection Improvements	\$2,052,000	\$2,052,000
Crooks	Palmira Water Distribution Improvements	\$1,214,000	\$1,214,000
Dell Rapids	Sequencing Batch Reactor Construction	\$5,758,000	\$5,758,000
Dell Rapids	2016 Wastewater Improvements	\$1,037,000	\$1,037,000
Dell Rapids	2016 Water Improvements	\$705,000	\$705,000
Dell Rapids	Southeast Phase 1 and Railroad Wastewater Improvements	\$4,661,700	\$4,661,700
Dell Rapids	Southeast Phase 1 and Railroad Water Improvements	\$2,486,000	\$2,486,000
Dimock	Wastewater Improvements	\$528,000	\$568,000
Doland	Water Meter Replacement	\$150,000	\$150,000
Eagle Butte	Sanitary and Storm Sewer Improvements	\$3,080,000	\$3,080,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Eagle Butte	Water Distribution System Improvements	\$1,245,000	\$1,245,000
Edgemont	Water System Upgrades	\$4,337,000	\$4,337,000
Elk Point	Rose Street Wastewater Improvements	\$235,000	\$235,000
Elk Point	Rose Street Water Improvements	\$564,000	\$564,000
Emery	Citywide Watermain Replacement	\$2,355,000	\$2,355,000
Emery	Citywide Wastewater Collection Replacement	\$3,084,000	\$3,084,000
Faulkton	Wastewater System Improvements	\$500,000	\$5,151,000
Garretson	Water Replacement	\$1,279,000	\$1,279,000
Garretson	Sewer Replacement	\$1,160,000	\$1,160,000
Grant-Roberts Rural Water System	Milbank Service Area Improvements	\$4,500,000	\$4,500,000
Gregory	Felton Street Sanitary Sewer Replacement	\$260,000	\$260,000
Grenville	Water Meters and Valve Replacement	\$352,000	\$352,000
Hartford	Mickelson Road Sanitary and Storm Sewer	\$1,482,000	\$1,482,000
Hermosa	Water Source and Distribution Improvements	\$199,000	\$199,000
Humboldt	Wastewater Collection Improvements	\$3,876,000	\$3,876,000
Humboldt	Water Meter Replacement	\$290,000	\$290,000
James River Water Development District	South Central Watershed Implementation	\$500,000	\$15,797,092
Keystone	Well Retrofit	\$98,000	\$98,000
Keystone	Wastewater System Improvements	\$431,000	\$431,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Lake Byron Sanitary District	Wastewater Collection and Treatment System Construction	\$5,475,000	\$5,475,000
Lake Norden	Wastewater Collection System Improvements	\$1,606,000	\$1,606,800
Lake Norden	Water Supply and Treatment Improvements	\$1,477,000	\$1,477,000
Lake Poinsett Sanitary District	Wastewater System Expansion	\$1,917,000	\$1,917,000
Langford	Water Line and Storage Improvements	\$1,371,000	\$1,921,000
Lead	Water Meter Replacement	\$427,000	\$427,000
Lennox	Storm and Sanitary Sewer Improvements	\$2,433,000	\$2,733,000
Lennox	Central Basin Sewer Improvements	\$3,766,000	\$3,766,000
Lennox	Central Basin Watermain Improvements	\$912,000	\$912,000
Leola	Water System Improvements	\$1,891,000	\$1,891,000
Marion	Water Meter Replacement	\$522,000	\$522,000
Martin	4th & 5th Avenue Water Main Improvements	\$633,000	\$633,000
Miller	Water Infrastructure Improvements	\$4,511,000	\$5,611,000
Miller	Wastewater Infrastructure Improvements	\$4,875,000	\$10,292,866
Mina Lake Sanitary District	Wastewater Improvements	\$559,000	\$559,000
Oelrichs	Water System and Meter Improvements	\$447,000	\$447,000
Onida	Water System Improvements	\$1,850,000	\$2,305,000
Onida	Wastewater Collection Improvements	\$2,400,000	\$2,400,000
Parker	Wastewater Improvements	\$731,000	\$731,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Parker	Water Improvements	\$697,000	\$697,000
Philip	Storm Sewer System Improvements	\$536,000	\$536,000
Philip	Wastewater System Improvements	\$605,000	\$605,000
Pierre	Wastewater Treatment Facility Improvements	\$3,821,000	\$3,821,000
Pierre	Hilger's Gulch Sanitary Sewer	\$1,450,000	\$1,450,000
Pine Cliff Park Water & Maintenance Inc.	Water System Improvements	\$463,000	\$463,000
Plankinton	Water Meter Replacement	\$240,000	\$240,000
Platte	Wastewater System Improvements	\$2,300,000	\$2,300,000
Powder House Pass Community Improvement District	Wastewater Treatment and Collection Construction	\$2,060,000	\$2,060,000
Prairie Meadows Sanitary District	Wastewater Collection System Rehabilitation	\$1,388,000	\$1,388,000
Presho	Collection System Improvements	\$4,048,000	\$4,048,000
Rapid City	East Rapid City Water Expansion	\$6,126,000	\$7,626,000
Raymond	Wastewater Improvements	\$900,000	\$900,000
Ree Heights	Distribution System Replacement	\$430,000	\$430,000
Salem	Watermain Improvements	\$802,000	\$802,000
Salem	Sanitary Sewer Improvements	\$2,556,000	\$2,556,000
South Dakota Game Fish and Parks	Canyon Lake Sediment Removal	\$155,000	\$415,000
Sheridan Lake Highlands, Inc.	Water System Improvements	\$301,700	\$301,700
Sioux Falls	Outfall Sewer Replacement	\$26,060,000	\$26,060,000

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Sioux Falls	Basin 14D Sanitary Sewer Extension	\$9,287,000	\$9,287,000
Sioux Falls	Primary Digester Mixing Improvements	\$11,559,125	\$11,559,125
Sioux Falls	Terry Avenue and 43rd Street Improvements	\$8,829,000	\$8,829,000
Sioux Falls	Brandon Road Lift Station Parallel Force Main	\$11,400,000	\$11,400,000
Sioux Rural Water System	Water System Improvements and System Expansion	\$4,515,000	\$4,564,600
Sioux Rural Water System	Water System Improvements-2018	\$10,921,000	\$11,321,000
Sturgis	Wastewater Treatment System Improvements	\$16,647,000	\$16,647,000
Summerset	Wastewater Treatment Facility Improvements	\$2,769,000	\$2,769,000
TC&G Water Association	Water System Improvements	\$2,875,000	\$2,875,000
Terry Trojan Water Project District	Water System Rehabilitation	\$812,000	\$812,000
Tyndall	Maple Street Sewer	\$374,000	\$374,000
Tyndall	Water Distribution and Storage Upgrades	\$1,570,000	\$1,570,000
Vermillion	Prentis Street Lift Station	\$812,000	\$812,000
Viborg	Sewer Improvements	\$105,000	\$105,000
Viborg	Water Improvements	\$606,000	\$606,000
Viewfield Rural Water Association Inc.	Water Treatment Improvements	\$250,000	\$250,000
Volga	Wastewater Treatment Facility Improvements	\$2,819,000	\$2,819,000
Wakonda	Distribution System Upgrades and Water Tower Rehabilitation	\$1,930,000	\$1,930,000
Waubay	Wastewater Treatment Facility Improvements	\$2,170,000	\$3,344,400

<u>Sponsor</u>	<u>Project Description</u>	<u>Amount Funded</u>	<u>Total Project</u>
Westport	Lift Station Replacement	\$300,000	\$300,000
Yankton	Water Treatment Plant Construction	\$37,000,000	\$37,000,000
Yankton	East Highway 50 Lift Station	\$3,330,000	\$3,330,000
Total		\$324,465,475	\$359,439,523

Table 12 - 2019 State Water Facilities Plan Unfunded Projects

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Projected State Funding</u>	<u>Total Project</u>
Alexandria	Water System Improvements	2020	\$1,450,000	\$1,453,970
Aurora	Wastewater Treatment Improvements	2020	\$4,200,000	\$4,200,000
Aurora-Brule Rural Water System	System Capacity Improvements	2019	\$4,500,000	\$4,500,000
Avon	Main Street Infrastructure Improvements	2020	\$310,000	\$1,425,226
Belle Fourche	Day Street Lift Station Replacement	2020	\$1,836,000	\$1,836,000
Blunt	Storm Water Drainage Improvements	2020	\$920,000	\$920,000
Blunt	Water System Improvements	2019	\$645,000	\$645,000
Bowdle	Main Street Sewer Improvements	2019	\$355,000	\$355,000
Bowdle	Main Street Water Improvements	2019	\$395,000	\$395,000
Box Elder	Well #10 Construction	2020	\$1,841,681	\$2,911,681
Bryant	Wastewater and Storm Sewer Replacement	2019	\$4,812,000	\$5,582,000
Bryant	Water Main Replacement	2019	\$1,151,000	\$1,921,000
Claremont	Wastewater System Improvements	2020	\$1,831,446	\$1,831,446
Colome	Water System Improvements	2019	\$1,220,360	\$1,220,360

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Projected State Funding</u>	<u>Total Project</u>
Eagle Butte	Water Tower Rehabilitation	2020	\$350,000	\$350,000
Elk Point	Douglas Street Utility Improvements	2019	\$788,000	\$788,000
Elkton	Water System Improvements	2020	\$4,600,000	\$4,600,000
Elkton	Wastewater System Improvements	2020	\$8,412,000	\$8,412,000
Faith	Wastewater System Improvements	2020	\$1,315,821	\$1,830,821
Fort Pierre	Wastewater Treatment Facility Improvements	2020	\$3,930,000	\$3,930,000
Frederick	Wastewater Improvements	2019	\$2,988,000	\$2,988,000
Gayville	Water Meter Replacement	2019	\$46,205	\$46,205
Geddes	Water Storage and Meter Improvements	2019	\$1,927,488	\$1,927,488
Groton	Water System Improvements	2020	\$2,077,700	\$2,077,700
Harrisburg	Highway 115 Watermain Loop	2020	\$1,340,088	\$1,340,088
Hot Springs	North 24th Street Sewer	2020	\$638,525	\$638,525
Hot Springs	North River Street Utility Replacement	2020	\$1,091,950	\$1,091,950
Hot Springs	Houston Ave Sewer Main Replacement	2019	\$197,000	\$197,000
Hot Springs	Water System Supply and Storage	2019	\$3,850,000	\$3,850,000
Huron	Wastewater Treatment Facility Improvements Phase 1	2019	\$5,709,000	\$5,709,000
Irene	Phase II Utility Improvements	2020	\$4,043,000	\$5,323,801
Lake Norden	Wastewater Lagoon Improvements	2020	\$1,723,700	\$1,723,700
Lake Poinsett Sanitary District	Wastewater System Expansion	2019	\$10,000,000	\$10,000,000
Lake Preston	Wastewater Collection System Improvements	2019	\$4,200,000	\$4,200,000
Lake Preston	Water Distribution System Improvements	2020	\$8,405,000	\$8,405,000

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Projected State Funding</u>	<u>Total Project</u>
Lead	Houston Street Utility Improvements	2020	\$208,091	\$208,091
Marion	Broadway Avenue Utility Improvements Phase I	2020	\$3,843,218	\$3,843,218
McIntosh	Wastewater System Improvements	2019	\$2,005,000	\$2,005,000
Mitchell	Water Improvements	2019	\$14,300,232	\$14,300,232
Mitchell	East Central Drainage Improvements	2019	\$2,698,000	\$2,998,470
Montrose	Water Storage Improvements	2020	\$187,000	\$338,500.00
Newell	Water Main Replacement	2020	\$314,924	\$629,847
Oldham	Water Distribution System Improvements	2020	\$1,245,000	\$1,289,000
Philip	Water Meter Replacement	2020	\$340,000	\$340,000
Piedmont	Central Wastewater System	2019	\$4,500,000	\$4,500,000
Piedmont	Water Tower and Well	2019	\$2,200,000	\$2,200,000
Pierpont	Wastewater System Improvements	2020	\$1,333,000	\$1,933,000
Pierre	Wastewater Treatment Facility Improvements	2020	\$11,300,000	\$11,300,000
Pierre	Water Treatment System Construction	2019	\$36,800,000	\$36,800,000
Pukwana	Sewer System Improvements	2019	\$1,742,555	\$1,742,555
Randall Community Water District	System Improvements and Geddes Consolidation	2020	\$460,000	\$4,628,749
Roscoe	Sanitary Sewer Improvements	2020	\$4,334,469	\$4,334,469
Roscoe	Water system Improvements	2020	\$2,261,790	\$2,261,790
Salem	Water Treatment Plant Improvements	2019	\$1,144,000	\$1,144,000
Springfield	Water & Waste System Improvements	2019	\$10,506,948	\$11,162,000
Tea	1st Street Water and Sewer Extension	2019	\$1,653,000	\$1,653,000

<u>Sponsor</u>	<u>Project Description</u>	<u>On Plan Through</u>	<u>Projected State Funding</u>	<u>Total Project</u>
Tea	85th Street Water Meter Station	2019	\$1,500,000	\$1,500,000
Tea	93rd Street Sanitary Sewer Extension	2019	\$2,285,000	\$2,285,000
Tea	Brian Street Water and Sewer Extension	2019	\$3,042,000	\$3,042,000
Tulare	Drinking Water Improvements	2019	\$1,374,800	\$2,124,800
Watertown	Wastewater Facility Administration and Operations Building Construction	2019	\$5,665,000	\$5,665,000
Watertown	Kittelson Addition Sanitary Sewer Extension	2020	\$832,896	\$832,896
		Total	\$211,745,887	\$224,255,578

State Water Resources Management System

The State Water Resources Management System (SWRMS) identifies large, costly water projects that require specific state or federal authorization and financing. These projects are placed on the list when recommended by the board and approved by the Governor and the Legislature. The SWRMS list (Table 13) serves as the preferred priority list to optimize water resources management in the state. Once a project is placed on the SWRMS list, it remains on the list until removed by legislative action.

Table 13 – State Water Resources Management System Projects

<u>Project</u>	<u>Description</u>
Belle Fourche Irrigation Upgrade Project	Irrigation Project – Belle Fourche Region
Big Sioux Flood Control Study	Watertown Flood Control
CENDAK Irrigation Project	Irrigation Project - Central SD
Gregory County Pumped Storage Site	Multi-Purpose Water Utilization
Hydrology and Water Management Studies	Statewide Water Resources
Lake Andes-Wagner/Marty II Irrigation Unit	Irrigation - Charles Mix County
Lewis & Clark Rural Water System	Bulk Water System - Southeastern SD

Project**Description**

Sioux Falls Flood Control Project

Increased Flood Protection

Southern Black Hills Water System

Rural Water System - Southern Hills

Vermillion Basin Flood Control Project

Flood Control on Vermillion River

SWRMS Project Status

A brief summary of each project and its status is presented on the following pages. The year in the title indicates when the project was placed on the State Water Resources Management System (SWRMS).

Belle Fourche Irrigation Upgrade Project - 2012

- The 2012 Omnibus Bill added the Belle Fourche Irrigation District upgrade project to the SWRMS list. The project was for the construction of a \$5,000,000 Belle Fourche irrigation upgrade project to include replacement of the Indian Creek siphon, the Horse Creek siphon, the north canal control house, the south canal control house, repair of the Belle Fourche River siphon, and removal of sediment from the south canal intake for the purpose of stabilizing crop and forage production in central western South Dakota to offset the effects of drought conditions which naturally devastate South Dakota's economic viability.
- South Dakota Codified Law 46A-1-13.12 authorized a state cost share commitment of up to \$2,500,000 in grant and \$2,500,000 in loan assistance to provide funding for the Belle Fourche Irrigation District upgrade project.
- The appropriations for 2012 included a \$1,250,000 grant and a \$1,250,000 loan for engineering design, preconstruction, and construction of the facilities associated with the Belle Fourche irrigation upgrade project.
- During calendar years 2012 and 2013, engineering design of siphons and the canal gatehouse was ongoing.
- The appropriations for 2013 included a \$750,000 grant and a \$750,000 loan for engineering design, preconstruction, and construction of the facilities associated with the Belle Fourche irrigation upgrade project.
- The appropriations for 2014 included a \$500,000 grant and a \$500,000 loan for engineering design, preconstruction, and construction of the facilities associated with the Belle Fourche irrigation upgrade project. This completed the state cost share commitment to the upgrade project.
- Bids were opened and awarded for the Indian Creek and Horse Creek siphons in 2013, and construction started in October of 2013. The Indian Creek siphon was completed in 2014 and was operational for the 2014 irrigation season. The Horse Creek siphon was completed in 2015 and was operational for the 2015 irrigation season.

- Bids were opened and awarded for the canal gatehouse upgrade in 2015, and construction started in the fall of 2015. The canal gatehouse upgrade was completed in the spring of 2016 and was operational for the 2016 irrigation season.
- In May 2014, bids were opened for dredging of the reservoir intake structure. Dredging operations were approximately 10 percent complete prior to 2016 when the contractor experienced difficulties with their methods to hydraulically dredge the reservoir. The dredging contractor returned to the site in late summer of 2016 with larger equipment to resume dredging operations. Dredging of the intake was completed in the spring of 2017.
- The final portion of the Belle Fourche irrigation upgrade project was an assessment of the Belle Fourche River siphon. The work was bid during the 2017 construction season, and the work was completed in the spring of 2018.
- With all proposed work complete the Board of Water and Natural Resources took action to certify the project complete as of November 1, 2018. As a result of this action the Belle Fourche Irrigation District will begin making loan payments on November 1, 2019.

Big Sioux Flood Control Study (Watertown & Vicinity) – 1989

- The Corps of Engineers completed a reconnaissance report titled “Flood Control for Watertown and Vicinity.” The study concluded the best alternative for flood protection for Watertown, Lake Kampeska, and Pelican Lake was a \$16 million dry dam on the Big Sioux River at the Mahoney Creek site.
- The Corps of Engineers, in cooperation with Watertown, East Dakota Water Development District, Codington County, Lake Kampeska Water Project District, and the Department of Environment and Natural Resources, initiated a feasibility study in 1988. State appropriations of \$150,000 were provided to help meet the nonfederal cost share.
- The final draft feasibility report was distributed in June 1994 for public review and comment. A public hearing in July 1994 in Watertown presented findings of the report and gathered comments. City and county elections were held, and residents voted against further local participation in the project.
- The project regained momentum after severe spring flooding in 1997 forced 5,000 residents from their homes. The Watertown City Council scheduled an election in February 1998, calling for a citywide vote on the proposed Mahoney Creek Dam. The record turnout of voters again rejected the proposed dam.
- In June 2001, the residents of Watertown called for a citywide vote on the proposed Mahoney Creek Dam project. The voters approved the project. City officials proceeded with updating the original Corps of Engineers feasibility study and obtaining support and financing for the project.
- After the affirmative vote, Watertown began negotiations with the Corps of Engineers to complete a General Re-evaluation Report of the city’s flood control alternatives. Negotiations continued in 2003, and the scope of work to be reviewed by the report

continued to be evaluated. The cost of the re-evaluation report was estimated at \$2.8 million.

- In 2003, Watertown returned \$450,000 of state funds appropriated in 2003 for local participation during the General Re-evaluation process. Because of cost share and scope of work issues, Watertown decided to step back from participation in the re-evaluation and turned over all work to the Corps of Engineers.
- The Corps of Engineers received \$246,000 in 2003, \$473,000 in 2004, \$176,000 in 2005, and \$344,000 in 2008 to continue with the General Re-evaluation Report. Alternatives to be considered included the Mahoney Creek Dry Dam, three to five medium sized dams, 800 small dams, and a diversion between Lake Kampeska and Lake Pelican.
- A stakeholder's group consisting of representatives from the Lake Pelican and Kampeska water project districts, the Corps of Engineers, the city of Watertown, Codington County Commissioners, and landowners was created in 2010. The group held several public meetings to discuss and develop a flood control plan.
- The U.S. Army Corps of Engineers has indicated that the most cost-effective solution is the Mahoney Creek Dry Dam. The city of Watertown voted to support the Mahoney Creek Dry Dam for flood protection. The cost-benefit study of the dam is anticipated to take two years once started, and the total project cost is estimated at \$40 million dollars.
- In 2015, the city of Watertown indicated its intent to partner with the Corps of Engineers to conduct a feasibility level study update to investigate flood risk management solutions for Watertown.
- In 2016, the \$225,125 in grant funds appropriated by the 2016 legislature was placed under agreement with the city of Watertown. This grant will fund half of the nonfederal cost share for the flood control feasibility study to be completed by the Corps of Engineers.
- In 2018, no work was completed on the study. The Corps of Engineers needs to receive funding for the study and prioritize it in their list of projects before any work will begin. The city of Watertown met with the Corps in 2018 to discuss how to best move the study forward, but funding is still needed prior to beginning work.

CENDAK Irrigation Project – 1982

- This proposed irrigation project would supply Missouri River water to 474,000 acres in Hughes, Hyde, Hand, Spink, Beadle, and Faulk counties in central South Dakota. South Dakota will pursue development of the project when federal policies are more supportive of large-scale irrigation projects. No activity occurred on the project in 2018.

Gregory County Pumped Storage Project - 1981

- The Gregory County Pumped Storage Project is a proposed peak generation hydroelectric facility in northern Gregory County. The Water Resources Development Act of 1986 (Public Law 99-662) authorized the construction of a \$1.3 billion hydroelectric pumped storage facility by the Corps of Engineers. The Act also authorized up to \$100 million for construction of the associated Gregory Unit of the Pick-Sloan Missouri Basin Program.

- After extensive geotechnical and environmental studies of the site, the Corps was forced to abandon the investigation when its mission was altered and hydroelectric development projects were no longer federally funded.
- Hydroelectric Component – The South Dakota Conservancy District authorized a feasibility study to determine if the state of South Dakota should sponsor a continuation of the project with nonfederal funding. To protect the site during these studies, the District applied for and received a 3-year Preliminary Permit from the Federal Energy Regulatory Commission (FERC) effective August 1, 1988. The state's preliminary permit expired August 1, 1991.
- Water Supply Component – The project has the potential to provide water for irrigation and municipal, rural, and industrial purposes using the hydroelectric project's upper bay as a water supply source. The Bureau of Reclamation completed a *Special Report on the Gregory Unit of the Pick-Sloan Missouri Basin Program, South Dakota* in 1992.
- On June 20, 2001, Dakota Pumped Storage, LLC, a Minnesota corporation, filed a FERC Preliminary Permit application for a pumped storage hydroelectric facility in Gregory County. On September 25, 2001, South Dakota filed a Motion to Intervene and a Notice of Intent to File Competing Application for Preliminary Permit by the State of South Dakota. An Application for Preliminary Permit for the Gregory County Pumped Storage Hydroelectric Facility was filed with FERC by the South Dakota Conservancy District on October 12, 2001.
- The FERC issued a 3-year Preliminary Permit to the South Dakota Conservancy District on August 12, 2002. FERC denied the application by Dakota Pumped Storage, LLC.
- The 2002 Omnibus Bill appropriated \$100,000 to the South Dakota Department of Environment and Natural Resources to complete preliminary permit and full permit applications to FERC. The department solicited Requests for Proposals from firms interested in providing the research to support the FERC permit. Four proposals were received. Black & Veatch was selected.
- The Black & Veatch study was completed in 2004 and determined that it was not cost-effective to pursue the pumped storage project at that time. These findings were presented to the Board of Water and Natural Resources in June 2004. The state's preliminary permit expired in 2005.
- In 2010, South Dakota Energy, LLC submitted a preliminary permit application prepared by Symbiotics, LLC to FERC to study the feasibility of the South Dakota Energy Hydroelectric Project located on the Missouri River in Gregory County, South Dakota. On July 21, 2010, the Commission issued a preliminary permit to South Dakota Energy. The preliminary permit issued to South Dakota Energy expired on July 1, 2013.
- On July 3, 2013, Gregory County, with Schulte Associates, LLC as its designated agent filed a preliminary permit application to study the feasibility of the proposed Gregory County Energy Project.
- On July 30, 2013, Western Minnesota Municipal Power Agency, a municipal corporation and political subdivision of the state of Minnesota, filed a preliminary permit application to study the feasibility of the proposed Gregory County Pumped Storage Project. Western

Minnesota Municipal Power Agency finances the construction and acquisition of the generation and transmission facilities for members of Missouri River Energy Services.

- On December 19, 2013, FERC released an order issuing a Preliminary Permit and Granting Priority to File License Application for the project to Western Minnesota Municipal Power Agency. The preliminary permit expired in December 2016.
- On December 1, 2016, the Missouri Basin Municipal Power Agency, doing business as Missouri River Energy Services, applied to FERC for a preliminary permit to study the feasibility of the 1,200-MW Gregory County Pump Storage Project.
- On February 14, 2017, FERC issued a deficiency letter for the Missouri River Energy Services application requesting that revisions be filed within 45 days and informing the applicant that failure to provide this information may result in the application being rejected.
- In a letter dated April 18, 2017, FERC informed Missouri River Energy Services that due to its failure to file a response to FERC's February 14, 2017, letter, the preliminary permit application for the Gregory County Pump Storage Project was rejected pursuant to section 4.32(g) of the Commission's regulations. No activity occurred on the project in 2018.

Hydrology and Water Management Studies – 2015 to Present

Black Hills Hydrology and Water Management Study – 1982 to 2015

- The hydrology study compiled water resource data to assess the quantity, quality, and distribution of surface and groundwater resources in the Black Hills area. These resources have been stressed by increasing population, periodic drought, and developments related to expansion of mineral, timber, agricultural, recreational, municipal and urban needs. The U.S. Geological Survey provided \$3.4 million from federal fiscal years 1988 through 2001 to establish the hydrologic monitoring system, collect the data, and complete data analysis.
- The hydrology study entered Phase II in federal fiscal year 1997 and was completed in 2002. The study emphasis during Phase I was data collection. The emphasis shifted to analytical activities and publication of maps and reports during Phase II.
- The hydrology study produced 31 technical reports including a lay reader summary, a comprehensive report on the hydrology of the Black Hills area, and a comprehensive lay reader atlas of water resources in the Black Hills area.
- The water management study provided interested parties with the tools needed to assist in making informed management decisions about development of water resources. Data gathered during the hydrology study was used in the water management study. Congress appropriated funds in federal fiscal year 1991 to initiate the Federal Black Hills Water Management Study by the Bureau of Reclamation.
- The Black Hills Water Management Study was completed in federal fiscal year 2003. The study focused on needs assessment, management alternatives, and a final report.
- The 2004 Omnibus Bill appropriated \$100,000 for the development, evaluation, and review of studies related to development of regional water supply systems in or near the Black

Hills. The Fall River Water User District sponsored a regional water supply study for an area that included all of Custer and portions of Fall River and southern Pennington counties.

- The 2005 Omnibus Bill appropriated \$100,000 for the development, evaluation, and review of studies related to development of regional water supply systems in or near the Black Hills. The Southern Black Hills Water System, Inc., a nonprofit corporation, was formed to continue the feasibility study of a regional water system in Custer, Fall River, and southern Pennington counties. The Southern Black Hills Water System requested additional funds to continue activities begun by the Fall River Water User District. In June 2005, the board awarded \$50,000 for these activities.
- The 2006 Omnibus Bill amended the State Water Resources Management System to add the Southern Black Hills Water System to its list of preferred, priority objectives for South Dakota. The bill also provided an initial appropriation of \$125,000 to allow the Southern Black Hills Water System to continue activities begun by the Fall River Water User District.
- In December 2006, the Lead-Deadwood Sanitary District submitted a request for the remaining \$50,000 of SFY 2006 Black Hills Water Management Study funding placed under agreement with the District to conduct a regional water study in the Lead, Deadwood, and Central City area. The funding was awarded in January 2007, and the sanitary district selected an engineer in June 2007. The Lead-Deadwood Area Water Study Final Report was issued on July 18, 2008. The study provided an analysis of the Lead-Deadwood Sanitary District intake and water treatment plant, a review of the Lead and Deadwood distribution systems, an analysis of the development in the surrounding area, and analyzed the ability of the Lead-Deadwood Sanitary District to serve them.
- The 2009 Omnibus Bill appropriated \$65,000 for hydrology studies. These funds were awarded to West Dakota Water Development District to cost share the United States Geological Survey groundwater aquifer study in the Black Hills.
- Several microgravity surveys were completed during 2010 and 2011 at three study sites in the Black Hills. Collected data was analyzed spatially to help characterize the heterogeneity of the Madison and Minnelusa aquifers and possibly the transition zone between the two aquifers. Time-series data was analyzed at each of the three study sites and correlated with water levels in Madison aquifer wells. This analysis helps characterize vertical heterogeneity and effective porosity at selected sites.
- A report entitled “Microgravity Methods for Characterization of Groundwater-Storage Changes and Aquifer Properties in the Karstic Madison Aquifer in the Black Hills of South Dakota” was completed in 2012.
- The 2015 Omnibus Bill appropriated \$250,000 for statewide hydrology and water management studies. In June 2015, the Department of Environment and Natural Resources was awarded a \$47,000 grant to conduct aquifer isotope analysis in eastern South Dakota. The department’s Geological Survey program conducted this work and the final report was issued in September 2017.

- The 2016 Omnibus Bill appropriated \$750,000 for the development of a Big Sioux River Basin Hydrologic model. In March 2016, the appropriation was placed under agreement with the Department of Environment and Natural Resources to hire a consulting firm to develop the hydrologic model for the Lower Big Sioux River Basin.
- In May 2016, DENR issued a Request for Proposals to consulting firms to develop the hydrologic and hydraulic model. Nine firms submitted proposals for review. In August 2016, after review by all involved state agencies and interviews of several firms, RESPEC was selected as the consulting firm to complete the hydrologic and hydraulic models.
- The 2017 Omnibus Bill appropriated an additional \$450,000 for the development of a Big Sioux River Basin Hydrologic model. In March 2017, the appropriation was placed under agreement with the Department of Environment and Natural Resources to increase the contract with RESPEC to \$1,300,000 to complete development of the models for the Lower Big Sioux River Basin.
- Using the new models, the Big Sioux River Flood Information System is currently being developed. A majority of the effort in 2017 has focused on developing a basin wide hydrologic model as well as hydraulic models for the cities of Watertown, Brookings, Dell Rapids, Sioux Falls, and North Sioux City. Concurrently, a web user interface is being created that will allow access to model predictions, stream gauge data, and precipitation data. The project team has met several times with the local authorities to gain feedback on model results and user interface.
- In 2017 and 2018, new stream gauges were installed to improve the stream gauge network available for the Flood Information System.
- The beta version of the Flood Information System was operational in the spring of 2018. The beta version was used to help predict river elevations and flood inundation during flooding in June 2018. The model predictions matched very closely to the actual flood levels observed. Entities that were along the river where flooding occurred were able to accurately predict if any infrastructure would be impacted due to the flood waters and prepare accordingly.
- The Flood Information System is on schedule and will be complete by December 2018. With the completion of the model, federal, state, county, and local community authorities will be able to use the Flood Information System to evaluate flood scenarios and prepare appropriately for flood response.
- In June 2018, an additional \$10,000 from the remaining funds of the 2017 Omnibus Bill appropriation was placed under agreement with the Department of Environment and Natural Resources. These funds will be used to cost share on a United States Geological Survey high resolution hydrographic mapping study in the Lower Big Sioux River Basin. Other entities contributing to the project include US Geological Survey (\$20,000), SD Department of Transportation (\$20,000), city of North Sioux City (\$3,333), Dakota Dunes

Community Improvement District (\$3,333), and Union County (\$3,333). The primary goal of the project is to determine more accurate flow routes for flood waters and runoff from heavy precipitation events. The area under study has a complex drainage pattern through a heavily developed area. The project will give state and local authorities a better understanding of potential impacts from severe drainage events in the area.

Lake Andes-Wagner/Marty II Irrigation Unit – 1975

- The 45,000-acre Lake Andes-Wagner Irrigation project and 3,000-acre Marty II Irrigation project are federally authorized Pick-Sloan Missouri Basin Units in Charles Mix County (Public Law 102-575). Estimated construction costs are \$175 million and \$24 million, respectively.
- In 1990, a plan of study was developed for a 5,000-acre research demonstration program to determine best management practices for irrigating glacial till soils containing selenium.
- The 1992 State Legislature authorized the construction of the Lake Andes-Wagner/Marty II project and provided a state loan cost share commitment of \$7 million. Both the state and federal project authorizations are contingent upon the successful completion of the 5,000-acre research demonstration program.
- In 1995, Congress approved \$250,000 for the research program. State and federal agencies revised the 1990 plan of study to re-scope the demonstration program and identify the specific issues and research components that are of national significance. A nine-year, \$11.3 million effort was projected.
- In 1999, the Bureau of Reclamation (BoR) received \$150,000 to prepare an environmental assessment for the demonstration program.
- The BoR completed the environmental assessment and issued a Finding of No Significant Impact for the demonstration program in 2000. Significant federal funding must be secured before the demonstration program can proceed.
- The Board of Water and Natural Resources placed \$15,000 in 2002 and \$50,000 in 2003 under agreement. The Lake Andes-Wagner Irrigation district continued to seek federal funding for the demonstration program.
- The 2009 Omnibus Bill appropriated \$35,000 for the Lake Andes-Wagner/Marty II research demonstration program. These funds were awarded to the project sponsor to continue its efforts to get this project moving forward.
- During 2010, the sponsor worked to assemble information and research data from multiple resources. Discussions with BoR continued regarding the possibility of funding and placing the project into the BoR's program proposal.
- The 2011 Omnibus Bill appropriated \$55,500 for the Lake Andes-Wagner/Marty II research demonstration program. However, these funds will not be awarded unless the federal government makes the decision to begin funding the project at levels that will ensure project completion in a reasonable timeframe.

- In June 2012, a portion of South Central Water Development District's future use permit reserving water from the Missouri River was transferred to the Lake Andes-Wagner Irrigation District. The District's transfer was for the reservation of 96,000 acre-feet of water annually from the Missouri River for future development including irrigation, municipal, stock watering, fire protection, industrial, and public recreation use. The seven-year review of this permit, as required by statute, was conducted in October 2013 before the Water Management Board, and the permit was allowed to remain in effect for 96,000 acre-feet annually, subject to the required fee being submitted. No activity occurred on the project in 2018.

Lewis & Clark Regional Water System – 1989

- The Lewis & Clark Regional Water System is a bulk delivery system providing treated Missouri River water to communities and existing rural water systems in southeastern South Dakota, northwestern Iowa, and southwestern Minnesota. South Dakota membership includes eight communities and three rural water systems. Approximately 155,000 South Dakotans will receive water from Lewis & Clark.
- President Clinton signed Public Law 106-246 on July 13, 2000, authorizing the federal construction of the Lewis & Clark Regional Water System. The federal legislation also approved a federal appropriation of \$600,000 to continue project engineering and begin construction. The Board of Water and Natural Resources placed \$200,000 of state funding under agreement in 2000 to assist with these same project activities.
- Iowa and Minnesota sponsors provided funding support for project development in proportion to their service capacity needs. The Iowa and Minnesota State Legislatures authorized the project for construction and completed their cost share commitments.
- The South Dakota Legislature authorized Lewis & Clark's South Dakota project features (\$200 million) in 1993. In 2002, the state cost share commitment of \$18,585,540 in 1993 dollars was established for the Lewis & Clark Regional Water System.
- The 2002 Omnibus Bill appropriated \$750,000 for the project. These funds, combined with federal and other local sources, completed the federal environmental review, the final engineering report, and initiated construction. Lewis & Clark Regional Water System's final engineering report completed its initial required 90-day congressional review on September 8, 2002. The federal Office of Management and Budget (OMB) determined that Lewis & Clark could not submit its final engineering report to Congress until OMB had approved it. Lewis & Clark worked with OMB to get its final engineering report approved and resubmitted to Congress. Lewis & Clark held its groundbreaking on August 21, 2003.
- In 2005, Lewis & Clark agreed to provide Sioux Falls an additional 17 million gallons of water per day, bringing the total delivered capacity to 45 million gallons per day. Sioux Falls financed the cost of the additional capacity.
- In May 2007, Lewis & Clark elected to change the project's name from "Rural" to "Regional". The project will be doing business as the Lewis & Clark Regional Water System.

- In May 2008, Lewis & Clark began operating its first segment of pipeline – a nine-mile emergency connection between Sioux Center and Hull, Iowa. Until Lewis & Clark water arrives, Lewis & Clark is purchasing water from Sioux Center and reselling it to Hull.
- Through June 30, 2008, the South Dakota Legislature had appropriated, and the Board of Water and Natural Resources had placed under agreement, \$19,275,000 toward South Dakota’s cost share commitment.
- In July 2008, a \$20.8 million contract was awarded for the first phase of the water treatment plant, which included a three million-gallon underground reservoir, high capacity pumps, electrical building, and two standby generators. This infrastructure is separate from the main treatment plant building.
- In July 2008, work was completed on a \$5.5 million contract that included one mile of river bank stabilization southwest of Vermillion to protect Lewis & Clark’s main well field from erosion, as well as two well houses, four valve vaults, and various piping. Utilizing a permanent easement, Lewis & Clark’s main well field is located on land owned by the SD Department of Game, Fish & Parks (Frost Game Production Area).
- In September 2008, Lewis & Clark began operating its second segment of pipeline, a 12-mile emergency connection for Tea and Harrisburg. Until Lewis & Clark water arrived, Lewis & Clark purchased water from Sioux Falls and re-sold it to Tea and Harrisburg.
- The 2009 Omnibus Bill appropriated \$6.3 million for the engineering design, preconstruction activities, and construction.
- In April 2009, Lewis & Clark was approved to receive \$56.5 million from the Bureau of Reclamation as part of the American Recovery and Reinvestment Act.
- In May 2009, a \$64.1 million contract was awarded for Phase II of the water treatment plant. In July 2009, Phase II construction of the water treatment plant commenced.
- In July 2009, a \$5.04 million contract was awarded for the construction of the 85th Street Tower, which has a three million-gallon storage capacity, located in Sioux Falls.
- In August 2009, a \$9.5 million contract was awarded for the construction of two above-ground reservoirs to be built near Tea. These two reservoirs along with the 85th Street tower serve as Lewis & Clark’s primary storage facilities.
- In September 2009, a \$3.7 million contract was awarded for the first segment of the “Minnesota Transmission Line.” This segment is a five-mile pipeline constructed in South Dakota and serves Minnehaha Community Water Corporation, all Minnesota users, and Rock Rapids, Iowa.
- In September 2009, a \$2.8 million contract was awarded for construction of the Parker and Centerville service lines. These service lines included almost fourteen miles for the Parker service line and five miles for the Centerville service line.
- Lewis & Clark received \$10 million in federal funding in 2009 under the 2010 Energy and Water Appropriation bill.

- In November 2009, the last section of the treated water pipeline, which is the main trunk between the water treatment plant and the city of Sioux Falls, was completed.
- A contract for five new wells was awarded in April 2010 for \$6.8 million. The five new wells will provide Lewis & Clark with an estimated 10 million gallons a day of additional capacity. Including the six previously drilled wells, Lewis & Clark's total well capacity will be 28 million gallons per day.
- A \$4.2 million bid was awarded in May 2010 for the treated water pipeline - segment 11. This five-mile segment connected Beresford to the main truck line. This is the first segment of the "Iowa Transmission Line." Eventually this line will connect to Sioux Center, Hull, and Sheldon.
- In June 2010, the \$6.3 million approved by the 2010 Legislature was put under agreement. This completed the State's cost share commitment to the project.
- In October 2010, Lewis & Clark was awarded approximately \$3.5 million in reprogrammed American Recovery and Reinvestment Act funding through the Bureau of Reclamation.
- In October 2010, a \$7.55 million contract was awarded for the Minnesota – segment 1 pipeline, which runs along the South Dakota - Iowa border from just west of the Big Sioux River to a point six miles west of Rock Rapids.
- Lewis & Clark received \$1,996,000 in federal funding through the Bureau of Reclamation in FFY 2011. Lewis & Clark was also allocated an additional \$306,000 in funding for FFY 2011 in reprogrammed funds.
- In May 2011, Lewis & Clark awarded a \$1.6 million dollar contract for the pipeline commissioning. This contract provided for testing, disinfecting, and cleaning 85 miles of pipes from the water treatment plant near Vermillion to Sioux Falls.
- Lewis & Clark received \$5.5 million in federal funds for FY 2012. Lewis & Clark initiated operation of its water treatment plant and began to serve water to eleven of its twenty members in July 2012.
- The 20 members and three states have prepaid 100 percent of the nonfederal cost share. Because the prepayments made by the 20 members and three states, which total just under \$154 million, have been fully utilized, the schedule to connect the remaining nine members is entirely dependent upon future federal funding.
- In 2014, Lewis & Clark was provided \$22 million in advance federal funding from Minnesota. These funds will be used to construct transmission lines to Luverne and Magnolia.
- In 2014, Lewis & Clark received a \$1 million reimbursable grant for advance federal funding from South Dakota. These funds were made available by the Joint Appropriations Committee in Senate Bill 53. These funds will be used to acquire easements and pay for engineering costs for two of the five segments of the Madison service line.
- In 2015, Lewis & Clark was provided \$19 million in advance federal funding from Minnesota. These funds will be used to connect the Lincoln Pipestone Rural Water System, construct a

4 million-gallon storage reservoir southwest of Luverne, install a booster station southeast of Luverne, acquire easements, and complete design for the pipeline between Adrian and Worthington.

- In 2015, Lewis & Clark received a \$7.7 million loan for advance federal funding from South Dakota. These funds were made available by Senate Bill 173. These funds were used to construct segments one and five of the Madison service line. Madison was the only South Dakota member system not yet connected; however, construction of segments 1 and 5 does not get a drop of water to Madison. In 2016, the agreement was amended to include engineering design and easement acquisition of segments 2 through 4 and is estimated to cost more than \$22 million for final construction.
- DENR worked with three regional water systems and the city of Madison to develop a wheeling option as an alternative to providing federal fund advances to construct the balance of the Madison service line. The wheeling option builds on the construction of segments 1 and 5. Segment 1 provides Minnehaha Community Water Corporation (MCWC) with its second Lewis & Clark connection a mile west of Crooks. That connection increases the delivery of Lewis & Clark water to MCWC to 1.1 million gallons per day and with \$1.8 million in wheeling upgrades, and frees up water from MCWC's water treatment plants to feed its Tower 3B near Colton. Tower 3B feeds water into a new 12-inch Big Sioux Community Water line going north and west to connect with Lewis & Clark's segment 5 to deliver 1 million gallons of water per day to Madison costing \$3 million to construct. The wheeling option saves the state more than \$17 million in federal fund advances.
- In 2015, Lewis & Clark delivered water to 12 of the 20 members.
- In January 2016, the first of several contracts for the wheeling option to provide water to Madison was awarded. The contract was awarded by MCWC, and construction of the additional lines to free capacity elsewhere within MCWC's distribution system was completed in the fall of 2016. This work was funded partially by a \$900,000 Consolidated grant.
- In May and July of 2016, the Big Sioux Community Water System awarded bids for their portion of the Madison wheeling option. The work includes construction of new water distribution line to connect MCWC to a new Lewis & Clark line east of Madison and a new pump station to provide the pressure needed to move the water. Construction was completed early 2017. This work was funded by a \$2,000,000 Consolidated grant and a \$1,014,000 Drinking Water SRF loan.
- In April 2016, Lewis & Clark awarded the contract for construction of the Madison meter building and Crooks meter building/pump station. These buildings supply metering and pressure for water to get to Madison. Construction was completed in late 2016.
- In June 2016, the final bids for the Madison wheeling project were awarded by Lewis & Clark for construction of segments 1 and 5 of the Lewis & Clark lines and connections to Minnehaha CWC and Big Sioux CWS. Construction of this work was completed early 2017.

- In 2016, Lewis & Clark delivered water to 13 of the 20 members, with Luverne being connected in March 2016. Water demand has increased and the treatment plant is now staffed 24 hours per day 7 days a week.
- From 2015 through 2017, Lewis & Clark has been provided \$44.5 million in advance federal funding from Minnesota. This federal funding advance allows all the Lewis & Clark members in Minnesota to be connected and begin receiving water.
- In May 2017, Lewis & Clark received \$2.25 million in advance federal funding from Iowa. These funds will be used to pay for engineering services and easement acquisition for the pipeline and meter building to Sioux Center. The bill passed by Iowa's legislature also committed \$4.75 million for use in the next fiscal year.
- In 2017, Lewis & Clark delivered water to 14 of the 20 members, with Lincoln Pipestone Rural Water system being connected in November 2017.
- In May 2017, the joint projects of Lewis & Clark, Big Sioux CWS, Minnehaha CWC, and the city of Madison were fully completed. With the completion of the projects Madison now has access to 1 million gallons of water per day from a regional system supplier. All South Dakota members of Lewis and Clark are now directly or indirectly connected to the system.
- In May 2018, Lewis & Clark received \$4.75 million in advance federal funding from Iowa. These funds, along with a \$2.25 million advance last year from Iowa will be used to construct pipeline starting at Sioux Center and going approximately 6 miles west towards the Big Sioux River.
- In June 2018, Lewis & Clark awarded a contract for the purchase of an emergency generator for the Tea Pump Station. Without this generator 93 percent of the water produced by the system cannot be delivered to its customers if power is lost. A portion of the remaining funds from the \$7.7 million federal fund advance from South Dakota in 2015 will be used for the procurement of this generator.
- After 2018, Lewis & Clark will be able to provide 16 of its 20 members with access to their full allocation of water with Worthington anticipated to be connected in November 2018. The Lewis & Clark system construction is estimated to be 75 percent complete and anticipates being at 80 percent complete with the construction planned for 2019 and 2020.
- Through FY 2017, the federal government has appropriated \$249.15 million for the project. Recent federal funding levels include \$14.875 million in FY 2018; however, only \$100,000 was included for FY 2019 in the proposed White House budget. It is hoped that the House and Senate budgets will include a substantial increase from that proposed number.

Sioux Falls Flood Control Project – 1989

- In 1961, the Corps of Engineers completed a channelization, levee, and diversion system to provide 100-year flood protection on the Big Sioux River and Skunk Creek.
- Because of subsequent flooding events on the Big Sioux River and Skunk Creek, the Corps of Engineers reanalyzed the flood criteria in the early 1980s and determined that the 1 percent chance of flood occurrence was greater than previously established. The Corps then

recommended that the levee system be upgraded so that it would continue to provide Sioux Falls with 100-year flood protection on the Big Sioux River and Skunk Creek. Project upgrades included constructing a dam on the Big Sioux River just above the confluence of Skunk Creek as well as raising the levees along the Big Sioux River from Skunk Creek to Interstate 229, raising the levees along Skunk Creek from Marion Road to the Big Sioux River, raising the levees above and along the diversion channel, modifying the spillway chute, replacing the stilling basin, and modifying some bridges.

- The 1992 State Legislature authorized project construction and a state cost share commitment of \$4.55 million. Federal authorization was completed as part of the 1996 Water Resources Development Act on October 12, 1996 (Public Law 104-303). The Act authorizes a \$34.6 million construction project under the Corps of Engineers.
- In 1999, a \$2.2 million federal appropriation was provided to the Corps of Engineers. A Project Cooperation Agreement between the Department of the Army and the city of Sioux Falls for final design work was executed.
- Construction of Phase 1A of the Big Sioux River/Skunk Creek Flood Control Project was completed in 2001 and addressed the spillway and stilling basin area at the outfall of the diversion channel. Later that year bids were accepted on Phase 1B of the project addressing the levees adjacent to Morrell's downstream to Cliff Avenue.
- Sioux Falls continued to work with the Corps of Engineers on final design and construction of the project from 2001 to 2007. Sioux Falls continued to secure required easements and properties for the project.
- Construction of Phase 2A of the project continued in 2007. Phase 2A work included improvements to the levees on the Big Sioux River from 49th Street to Interstate 229.
- Phase 2B of the project was completed in 2008. This work included the levee and associated structures on the east side of the Big Sioux River from 41st Street to 49th Street. The city advanced sufficient funds to the US Army Corps of Engineers to complete Phase 2 work in the next two years. This was an ambitious schedule, but reduced the high cost of flood insurance for many properties now being placed in Flood Zone A of the National Flood Insurance Program.
- Phase 2C raised two miles of existing levees approximately two to five feet in order to provide 100-year flood protection along the Big Sioux River within the city of Sioux Falls. In October 2009, the Corps of Engineers accepted proposals for this phase of the project. Phase 2C of the Sioux Falls Flood Control project was awarded in February 2011 for approximately \$12 million. The project was completed by the end of calendar year 2011.
- In December 2009, the city issued \$27 million in taxable revenue bonds; \$17 million of the total was advanced to the Corps of Engineers for levee and dam construction. The balance was to pay for the 41st Street Bridge project.
- As part of the 2010 Energy and Water Appropriation bill, \$1.84 million was appropriated to the Corps of Engineers for the Sioux Falls Flood Control Project.

- In March 2010, the city of Sioux Falls reconstructed the existing 41st Street bridge in order to raise the levee system. The project was substantially completed in September 2010.
- The 2011 Omnibus Bill appropriated \$3.31 million for project design and construction.
- Phase 3 was awarded at \$8.8 million, and work began above the diversion dam and on the diversion channel where the levees were raised two to four feet. Phase 3 was completed by the end of calendar year 2012 and is the final phase of construction.
- The Corps of Engineers is in the process of preparing documents for certification of the remaining uncertified levees within the city. Once these documents are complete, FEMA will begin the process of revisiting the flood insurance rate maps within the city limits. Upon completion of the new rate maps, the Sioux Falls Flood Control Project will be complete.
- In 2013, the project reached substantial completion. The new levee system building was built, and all of the gates and posts for the closure structures were received. Testing of the controls for the dam was conducted, and the operation of the gates was successfully completed. The Corps of Engineers awarded and completed a project to replace a deficient drainage structure through the levee next to the Sioux Falls zoo.
- In 2015, the major work on the levee system was completed; the Corps of Engineers submitted the application to FEMA for a physical map revision. The FEMA review and eventual issuing of new flood insurance rate maps should result in 1,500 properties in Sioux Falls being taken out of the floodplain.
- In 2016, the \$2,036,375 in grant funds appropriated by the 2016 legislature was placed under agreement with the city of Sioux Falls. This funding provides the final portion of the state's cost share commitment to provide half of the nonfederal cost share to the city, and all necessary work has been completed.
- In 2017 and 2018, Sioux Falls continued to work with the Corps of Engineers to complete property appraisals for city-owned land that was not previously appraised. Once this work is completed and accepted by the Corps, the city will be able to submit final reimbursement for the state's cost share commitment.

Southern Black Hills Water System – 2006

- The 2006 Omnibus Bill amended the State Water Resources Management System to add the Southern Black Hills Water System to the list of preferred, priority objectives for South Dakota. The bill also provided an initial appropriation of \$125,000 to allow the Southern Black Hills Water System to continue activities begun under the Black Hills Hydrology and Water Management Study.
- The project objective is to construct a rural regional water system capable of delivering quality drinking water to rural residents and area communities in Custer, western Fall River, and southern Pennington counties. Communities involved include Custer, Edgemont, Hermosa, Hill City, Hot Springs, Keystone, and Pringle.

- Project sponsors worked with representatives from the Department of Agriculture Rural Development Program to secure funding for the construction of the North Hot Springs service area. In 2007, negotiations with the city of Hot Springs for a permanent water source failed to produce a contract.
- Local support continued to be strong for the project with area-wide rural signups near 500 individual homes. Additionally, strong interest continues to be expressed by the Custer State Park, the Mount Rushmore National Park, the Crazy Horse Foundation, and the various area communities for water service from the system.
- In 2009, Southern Black Hills Water System secured an initial water source and received a water permit for a future well site. Southern Black Hills Water Systems secured easements for construction of pipeline and a storage reservoir.
- In 2009, Southern Black Hills Water System secured funding through Department of Agriculture Rural Development Program for Phase I construction.
- The 2010 Omnibus Bill appropriated \$350,000 for the engineering design, preconstruction activities, and construction. The Bill also established the state cost share commitment at \$12 million.
- In 2010, Southern Black Hills opened bids and awarded three contracts for Phase I of the project. Phase I consisted of a water treatment plant, an underground reservoir, and approximately 30 miles of distribution pipeline. Southern Black Hills received more than \$4.5 million in Rural Development loan and grant funding to assist with Phase I.
- The 2011 Omnibus Bill appropriated \$2,000,000 for the engineering design, preconstruction activities, and construction. These funds were awarded to the project sponsor to continue Phase I construction, Phase II engineering design and preconstruction, and the Cascade Area engineering design and preconstruction.
- In September 2011, a portion of Phase I was completed and approximately 200 customers received water.
- The 2012 Omnibus Bill appropriated \$4,000,000 for the engineering design, preconstruction activities, and construction. These funds were awarded to the project sponsor to continue Phase I construction, Phase II engineering design and preconstruction, and the Cascade Area engineering design and preconstruction.
- Final plans and specifications for Phase II of the project were completed in 2012. Phase II serves approximately 230 customers, consists of 72 miles of pipes, a booster station, and a water storage tank.
- Southern Black Hills was issued a Forest Service Special Use Permit in September 2012. This allows construction and installation of the water transmission pipeline associated with Phase II to cross 2.7 miles of National Forest System lands in the Black Hills National Forest.
- The 2013 Omnibus Bill appropriated \$3,800,000 for the engineering design, preconstruction activities, and construction. These funds were awarded to the project sponsor to continue

Phase II engineering design, preconstruction and construction, and the Cascade Area engineering design and preconstruction.

- In May 2013, bids were opened for the Phase II distribution project and the Junction storage tank with construction on both projects starting in September 2013.
- Construction continued in 2014 for both the Phase II distribution project and the Junction storage tank. The Phase II distribution project added the Red Canyon sub-development to the project. This portion of the project was completed in August of 2015.
- In 2016, Southern Black Hills continued efforts to acquire wells and provide regional water to the town of Hermosa and surrounding developments. In 2017, Hermosa decided not to connect to Southern Black Hills. Discussions of providing water in the Cascade Road area south of Hot Springs have also taken place with local residents to gauge interest levels in a potential project.
- In August 2016, Southern Black Hills Water System purchased Spring Creek Acres (aka Heartland Country Ranchettes) water system for \$125,480. Spring Creek Acres is located approximately 4 miles north and 2 miles east of Hermosa, SD. The system is comprised of a 100 gpm Inyan Kara aquifer well with 62 current users and the potential for 26 additional users in the development. SCADA system upgrades have been made along with installation of a temporary generator at the well house.
- In September 2016, Southern Black Hills Water System purchased the Paramount Point Subdivision water system for \$25,580. The Paramount Point Subdivision is located approximately 1 mile north and ½ mile west of Hermosa, SD. The system is comprised of a 50 gpm Inyan Kara aquifer well with 12 current users and the potential for 12 additional users in the development. The current distribution system will be replaced to increase system pressure and better serve the customers. Bids were opened in June 2017 with a low bid of \$170,965, with the work to be completed during 2017. The system holds a water right for up to 150, gpm and Southern Black Hills Water System plans to drill an additional well to increase the capacity. There is the potential to connect the Spring Creek Acres and Paramount Point Systems to serve additional users and provide a redundant source of water.
- In January 2017, Southern Black Hills opened bids for the purchase of back-up generators at all well sites and the treatment plant. These generators will ensure water supply for the users of the system in the event of a power outage. The bid amount for the generators was \$151,032, with the work planned to be completed during 2017.
- In July 2017, Southern Black Hills drilled a monitoring well near their existing treatment plant. This well will help to assess current drawdown levels of the groundwater from the existing water production well to provide factual evidence of actual aquifer drawdown if additional water supply is needed. The new monitoring well has the potential to be used as a water production well in the future if approved.
- In September 2017, Southern Black Hills Water System purchased the Rushmore Ranch water system for \$80,567. Rushmore Ranch is located just north of SD Hwy 40

approximately halfway between Hermosa and Keystone, SD. The system is comprised of a 150 gpm Madison aquifer well with 52 current users with the distribution system in place for 36 additional homes in an adjacent development. The location of this system is near several other small developments near SD Hwy 40 and there is the potential for additional connections.

- In 2018, Southern Black Hills Water System continued to connect and solicit potential new users. Letters were sent to potential customers along SD Hwys 36 and 40 west of Hermosa in the area around Rushmore Ranch and on SD Hwy 79 north of Hermosa to Spring Creek Acres. The System also constructed a new well in the Paramount Point subdivision and the increased supply will allow them to interconnect systems and serve some of the potential new customers in the areas listed. An additional 10 new users were connected during the year in the areas of Phase 1 and 2 original system construction.
- In 2018, a four day pump test was conducted on the well near the treatment plant known as the Casey Well. Utilizing the monitoring well drilled in 2017 drawdown levels within the aquifer were able to be determined and provide factual evidence for a water right permit application. Southern Black Hills applied for a 300 gallon per minute water right at the Casey Well site and in July 2018 was approved.

Vermillion Basin Flood Control Project – 1987

- The project objective is to address the severe flooding problems in the Vermillion River Basin. The basin covers 2,697 square miles in parts of 14 counties and is about 150 miles long with an average width of about 20 miles.
- In 1993, the Corps of Engineers completed The *Vermillion Basin Flood Control Reconnaissance Report* but failed to identify a feasible federal project. The project sponsors re-evaluated project alternatives for nonfederal development. Local project sponsors submitted a pre-application notification for a Federal Emergency Management Agency (FEMA) Hazard Mitigation grant for a *Feasibility Study of Flood Control Alternatives* for the basin. In 1994, more than 70 technical experts met to develop a multi-objective plan to reduce flooding impacts in the Vermillion River Basin. The National Park Service compiled the group's issues and suggestions and formulated the multi-objective plan.
- The Vermillion River Watershed Authority was incorporated in December 1997 and is comprised of representatives from the Clay, Miner, Turner, McCook, and Lake county commissions. The Authority proposed to use FEMA Hazard Mitigation grant funds to widen the channel at the outlet of Lake Thompson and construct a control structure to retain the natural outlet elevation, channel maintenance along 19 miles of the Vermillion River and its tributaries, and wetland restoration and development throughout the basin. The cost benefit ratio for the outlet of Lake Thompson was found to be in error. The ratio was actually less than one; consequently, all FEMA Hazard Mitigation funds were withdrawn. The Authority withdrew its request to set the outlet elevation on Lake Thompson and moved to dissolve after financial records are completed. No activity occurred on the project in 2018.

Recommendations to the Governor and State Legislature

In November 2018, the board conducted a public meeting on the State Water Resources Management System (SWRMS) projects. The board adopted Resolution #2018-XX recommending that all current projects be retained on the SWRMS list. The board also adopted Resolution #2018-XX providing its recommendations to the Governor and the Legislature for the Water and Environment Fund (WEF) and WEF subfunds fiscal year 2020 appropriation levels. A summary of the board's recommendations are below. Full resolutions are in Appendix B.

Table 14 – Board of Water and Natural Resources Funding Recommendations

Appendix A

Water and Environment Fund Special Condition Statement

WATER AND ENVIRONMENT FUND
Special Condition Statement
As of 6/30/2018

Cash Balance as of 6/30/2018		24,278,396
Projected SFY 2019 Revenues		
Capital Construction Fund	9,900,000	
Contractors' Excise Tax	25,000	
Investment Interest (Earned '18 deposited '19)	286,025	
Loan Principal & Interest Payments (Water)	400,000	
Loan Principal & Interest Payments (Solid Waste)	650,000	
Solid Waste Fees	<u>1,775,000</u>	
		13,036,025
FY2019 Transfer (Per SDCL 1-40-32)		
Environment & Natural Resources Fee Fund	<u>(600,000)</u>	
		(600,000)
Board of Water and Natural Resources Commitments as of 6/30/2018		
Consolidated Water Facilities Construction Program	(23,717,381)	
Solid Waste Management Program	(2,301,389)	
SWRMS Grants/Loans - Major Projects		
Belle Fourche Irrigation District	(44,613)	
DENR - Big Sioux River Flood Information System	(171,181)	
Lewis & Clark Regional Water System	(2,419,464)	
Sioux Falls Flood Control	(911,375)	
Southern Black Hills Water System	(500,082)	
Watertown Big Sioux Flood Control Study	<u>(225,125)</u>	
		(30,290,610)
Remaining Special Appropriation Authority as of 6/30/2018		
Consolidated Water Facilities Construction Program	(2,253,807)	
Solid Waste Management Program	(3,466,493)	
SWRMS Grants/Loans - Major Projects		
Hydrology and Water Management Studies	<u>(93,080)</u>	
		(5,813,380)
Projected Surplus/(Shortfall) for preparation of 2019 Omnibus Bill		<u>610,431</u>

Appendix B

Board of Water and Natural Resources Resolutions

STATE OF SOUTH DAKOTA
BOARD OF WATER AND NATURAL RESOURCES
RESOLUTION NO. 2018-XX

PROVIDING TO THE SOUTH DAKOTA LEGISLATURE AND GOVERNOR, THE BOARD OF WATER AND NATURAL RESOURCES' RECOMMENDATIONS FOR STATE WATER RESOURCES MANAGEMENT SYSTEM DESIGNATION.

STATE OF SOUTH DAKOTA
BOARD OF WATER AND NATURAL RESOURCES
RESOLUTION NO. 2019-XX

PROVIDING TO THE SOUTH DAKOTA LEGISLATURE AND GOVERNOR, THE BOARD OF WATER AND NATURAL RESOURCES' RECOMMENDATIONS FOR WATER AND ENVIRONMENT FUND FISCAL YEAR 2020 APPROPRIATION LEVELS.

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