

Minutes of the  
Board of Water and Natural Resources Meeting  
Matthew Training Center  
523 East Capitol  
Pierre, South Dakota

March 27-28, 2014

MARCH 27, 2014 – 1:00 P.M. CDT

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

BOARD MEMBERS PRESENT: Brad Johnson, Paul Gnirk, Paul Goldhammer, Todd Bernhard, Gene Jones, and Jerry Soholt.

BOARD MEMBERS ABSENT: Jackie Lanning.

OTHERS PRESENT: See attached attendance sheets.

APPROVE AGENDA: Mike Perkovich noted that the only change to the posted agenda was that Jon Peschong, rather than Elayne Lande, would present Item 13.

Chairman Johnson approved the agenda.

APPROVE MINUTES OF JANUARY 10, 2014, MEETING: Motion by Gnirk, seconded by Bernhard, to approve the minutes of the January 10, 2014, Board of Water and Natural Resources meeting. Motion carried.

PUBLIC HEARING TO ADOPT THE FFY 2014 DRINKING WATER SRF INTENDED USE PLAN: Chairman Johnson opened the public hearing at 1:05 p.m. CST.

Mr. Perkovich explained that following the board's January 10, 2014, public hearing to adopt the FFY 2014 Drinking Water State Revolving Fund (SRF) Intended Use Plan (IUP), staff learned that one of the newspapers the public notice was sent to for publication did not do so. Because it was published in two newspapers, rather than the required three newspapers, the Attorney General's Office informed the department that the public hearing needed to be re-noticed.

The purpose of the hearing was to receive public input and adopt the FFY 2014 IUP for the Drinking Water SRF program.

Mike Perkovich presented the FFY 2014 Drinking Water SRF IUP and discussed changes from previous years.

The IUP describes how the board intends to use available funds to meet the objectives of the Safe Drinking Water Act. The IUP outlines 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 IUP. Projects seeking a Drinking Water SRF loan must be included on the priority list.

The hearing was advertised in accordance with applicable state and federal requirements. No written comments were submitted.

Chairman Johnson requested public comments regarding the Drinking Water SRF IUP. No one offered comments.

Motion by Jones, seconded by Gnirk, to approve the Federal Fiscal Year 2014 Drinking Water State Revolving Fund Intended Use Plan, as presented. Motion carried.

AMENDMENTS TO STATE WATER FACILITIES PLAN AND 2014 CLEAN WATER SRF IUP: Mr. Perkovich reported that water projects that will require state funding or need state support for grant or loan funding must be on the State Water Plan. The Board of Water and Natural Resources annually approves projects for placement onto the State Water Facilities Plan at its November meeting and provides for amendment of projects onto the plan on a quarterly basis.

Placement of a project on the State Water Plan provides no guarantee of funding. The projects placed onto the plan at this meeting will remain on the facilities plan through December 2015.

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

Mr. Perkovich presented the nine applications that requested amendment onto the State Water Plan. Those projects to be placed on the Clean Water SRF priority list were also identified at this time.

Brandon requested amendment onto the facilities plan for a wastewater improvements project. The estimated total project cost is \$23,123,000. The project will be placed on the Clean Water SRF IUP with 17 project priority points and an estimated loan amount of \$23,123,000 at 3 percent interest for 20 years.

Brandon requested amendment onto the facilities plan for a drinking water system improvements project. The estimated total project cost is \$15,811,000. This project was placed on the Drinking Water SRF IUP with 47 project priority points and an estimated loan amount of \$15,811,000 at 3 percent interest for 20 years.

Brown County requested amendment onto the facilities plan for the Crow Creek control structure replacement project. The estimated total project cost is \$300,000. This project is not eligible for SRF funding.

Canyon Springs Sanitary and Water District requested amendment onto the facilities plan for water system improvements. The estimated total project cost is \$1,093,000. The project was placed on the Drinking Water SRF IUP with 17 project priority points and an estimated loan amount of \$900,000 at 3 percent interest for 20 years.

Freeman requested amendment onto the facilities plan for wastewater treatment facility improvements. The estimated total project cost is \$1,445,000. The project will be placed on the Clean Water SRF IUP with 15 project priority points and an estimated loan amount of \$1,455,000 at 3 percent interest for 20 years.

Mid-Dakota Rural Water System, Inc. requested amendment onto the facilities plan for an automatic meter reading project. The estimated total project cost is \$2,700,000. The project was placed on the Drinking Water SRF IUP with 155 priority points and an estimated loan amount of \$2,700,000 at 2.25 percent interest for 10 years.

Rapid City requested amendment onto the facilities plan for the construction of a new trickling filter pump station. The estimated total project cost is \$8,930,000. The project will be placed on the Clean Water SRF IUP with 20 project priority points and an estimated loan amount of \$6,000,000 at 3 percent interest for 20 years.

Saint Lawrence requested amendment onto the facilities plan for lagoon repairs. The estimated total project cost is \$372,300. The project will be placed on the Clean Water SRF IUP with four project priority points and an estimated loan amount of \$372,300 at 3.25 percent interest for 30 years.

South Shore requested amendment onto the facilities plan for water system improvements. The estimated total project cost is \$2,400,000. The project was placed on the Drinking Water SRF IUP with 168 priority points and an estimated loan amount of \$2,400,000 at 3 percent interest for 30 years.

Staff recommended amending the following projects onto the facilities plan:

Brandon – Wastewater  
Brandon – Water  
Brown County  
Canyon Springs Sanitary and Water District  
Freeman  
Mid-Dakota Rural Water System  
Rapid City  
Saint Lawrence  
South Shore

Motion by Goldhammer, seconded by Gnirk, to amend the nine projects listed above onto the 2014 State Water Facilities Plan. Motion carried.

Staff recommended that the following projects be added to Attachment I – Project Priority List of the 2014 Clean Water SRF IUP:

<b>Priority Points</b>	<b>Loan Recipient</b>	<b>Estimated Loan Amount</b>	<b>Expected Loan Rate And Term</b>
20	Rapid City	\$6,000,000	3.0%, 20 years
17	Brandon – Wastewater	\$23,123,000	3.0%, 20 years
15	Freeman	\$1,455,000	3.0%, 20 years
4	Saint Lawrence	\$372,300	3.25%, 30 years

Motion by Jones, seconded by Bernhard, to amend the four projects listed above onto the 2014 Clean Water SRF Project Priority List. Motion carried.

AMEND FY2012 DRINKING WATER SRF IUP: The FY 2012 Drinking Water SRF IUP was approved by the Board of Water and Natural Resources in November 2011 and amended in March and June 2012, September 2013, and January 2014.

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

Mike Perkovich stated that the department proposed amending Attachment I - Project Priority List of the FY 2012 Drinking Water IUP by adding the following:

<b>Priority Points</b>	<b>Loan Recipient</b>	<b>Project Description</b>	<b>Est. Loan Amount</b>	<b>Expected Loan Rate &amp; Term</b>
84	Canistota	<i>Problem:</i> much of the existing cast iron water mains are corroded with interior encrustations reducing the effective diameter of the mains. <i>Project:</i> replace approximately 3,800 feet of water main	\$1,095,000	3.0%, 30 yrs.
18	Bristol	<i>Problem:</i> approximately 40 percent of the city’s distribution system consists of cast iron and asbestos cement pipe that is old and in need of replacement. <i>Project:</i> install approximately 11,000 feet of PVC pipe to replace the cast iron and asbestos cement pipe and loop dead ends.	\$1,979,000	3.0%, 30 yrs.
8	Irene	<i>Problem:</i> a portion of the town’s distribution system consists of undersized cast iron pipe. <i>Project:</i> replace 13 blocks of 4-inch cast iron lines with 6 PVC pipes.	\$1,546,000	3.0%, 30 yrs.

Motion by Gnirk, seconded by Bernhard, to amend the FY 2012 Clean Water SRF Intended Use Plan, as presented. Motion carried.

**SANITARY/STORM SEWER FACILITIES FUNDING APPLICATIONS:** Mr. Perkovich provided a summary of available funds for the Consolidated Water Facilities Construction program, Drinking Water SRF program, and Clean Water SRF program.

Mr. Perkovich presented the applications and staff recommendations for funding. A map showing the location of the applications was included in the board packet.

Clark requested \$1,000,000 for the construction of a new wastewater treatment facility. The estimated total project cost is \$4,940,000.

This application was presented to the board at its January 2014 meeting, and the board deferred it until the March 2014 meeting.

Currently the discharges from the Clark wastewater treatment facility enter an unnamed tributary and flow about two miles before entering an unnamed wetland. This wetland is adjacent to Antelope Lake and Indian Springs Lake. Under normal flow conditions the wetland flows to Antelope Lake and during wet years the wetland discharges both lakes. The DENR Surface Water Quality Program has conducted an analysis of the tributary, wetland, and both lakes. As a result, DENR proposes to classify Antelope Lake and Indian Springs Lake as warm water semi-permanent fishable lakes. Because of this classification, Clark will no longer be allowed to discharge at the existing location, so they propose to construct a total retention lagoon facility rather than treat and discharge elsewhere. The city is under a compliance schedule issued by DENR to eliminate that discharge by April 1, 2017.

The city is proposing to replace its mechanical treatment facility with a total retention wetland-type system.

Mr. Perkovich noted that the city has received a \$515,000 Community Development Block Grant and will request the remaining funds from USDA Rural Development.

Clark's current rate is \$26 for 5,000 gallons, and the rate is expected to be \$41.50 or higher for 5,000 gallons upon project completion.

Staff recommended approval of a consolidated grant for 20.3 percent of eligible project costs not to exceed \$1,000,000.

Jackie Luttrell, Clark finance officer, and Don Weigel, Clark Engineering, discussed the project and answered questions from the board.

Sinai requested \$1,500,000 for wastewater treatment system improvements. The estimated total project cost is \$1,500,000.

The community currently utilizes a small mechanical wastewater treatment facility. This treatment facility is not structurally sound, and the facility has also experienced permit violations. The community has been issued a compliance schedule issued by DENR to replace the treatment facility by October 1, 2017.

Sinai is seeking funding to construct a total retention lagoon system and to demolish the existing mechanical wastewater facility. The project also includes replacing the main lift station and the force main to the treatment facility. Sinai plans to bid the project in September 2014 with a project completion date of December 2015.

Sinai currently has a \$35 flat rate.

Staff recommended approval of a \$500,000 Clean Water SRF loan at 3.25 percent for 30 years with up to 20 percent principal forgiveness not to exceed \$100,000 and to award a consolidated grant for 66.7 percent of the eligible project costs not to exceed \$1,000,000.

The security being pledged is a project surcharge. The operation and maintenance of the facility is estimated to be approximately \$5 to \$6 per month per user, and a surcharge of \$35 per month will be needed to provide the required 110 percent coverage on the \$400,000 loan. This will result in monthly rates of \$40 to \$41 per user.

Staff recommended the SRF loan be 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.

Brad Mitchell, town of Sinai, and Scott Mohror, Banner Associates, discussed the project and answered questions from the board.

Brown County requested \$1,732,000 for the construction of a new landfill cell. The estimated total project cost is \$1,732,019.

Andy Bruels reported that Brown County is proposing to construct a new solid waste cell at the existing landfill. The new cell will increase capacity and is estimated to facilitate the growing service population through 2021.

The project will include excavating and grading the new cell, installation of a compacted clay liner, and connecting the new cell to the existing leachate piping system.

Brown County plans to bid the project in April 2014 with a project completion date of October 2014.

Brown County's rate for municipal solid waste disposal is \$38 per ton. While the county has submitted a sanitary storm sewer facilities application, the administrative rules allow the board to consider it for Solid Waste Management Program funding.

Board of Water and Natural Resources  
March 27-28, 2014, Meeting Minutes

Staff recommended approval of a \$1,385,600 Clean Water SRF loan at 2.25 percent interest for 10 years and to award a 20 percent Solid Waste Management program grant not to exceed \$346,400.

Brown County has pledged landfill tipping fees for repayment of the loan. Staff analysis indicated that the county's current tipping fees are sufficient to provide the 110 percent debt coverage for the loan.

Mike Scott, Brown County, discussed the project and answered questions from the board.

Lake Poinsett Sanitary District requested \$3,729,000 to continue its efforts to provide wastewater services to all of the residences around the lake. The estimated total project cost is \$3,729,000.

The project will add an additional 100 users and requires the construction of the collection system and a total retention facility.

Mr. Perkovich provided a map showing the areas around Lake Poinsett where wastewater services have been completed, the area proposed to be completed with this funding application, and areas slated for future construction.

The sanitary district's current rate for residences using the system is a flat rate of \$49.33 per month.

Staff recommended approval of a \$1,917,000 Clean Water SRF loan at 3.25 percent interest for 30 years, a consolidated grant for 26.9 percent of eligible project costs not to exceed \$1,000,000, and a water quality grant for 21.8 percent of eligible project costs not to exceed \$812,000.

The sanitary district is pledging wastewater revenues for repayment of the loan. Repayment of the \$1,917,000 loan will require a \$20 increase in wastewater rates to provide the 110 percent debt coverage, which will bring monthly wastewater rates to more than \$69.

Staff recommended the award be contingent upon the borrower adopting a bond resolution and the resolution becoming effective, and contingent upon the borrower increasing rates to a level sufficient to provide the required coverage.

Larry Furney, Lake Pointsett Sanitary District, and Scott Mohror, Banner Associates, discussed the project and answered questions from the board.

Lake Byron Watershed District requested \$3,693,000 for wastewater collection and treatment system construction. The estimated total project cost is \$3,694,000.

This application was presented to the board at its January 2014 meeting, and the board deferred it until the March 2014 meeting.

The watershed district proposes to construct a centralized wastewater collection and treatment system to serve the homes on Lake Byron. Each property is currently served by individual on-site systems.

The Lake Byron Watershed District was established in 1984. At that time a project to pump water into Lake Byron from the James River during times of high flows was the only project identified in the general improvement plan that was adopted by the district.

The district has evaluated the feasibility of constructing a centralized wastewater collection and treatment system as early as 1992. The project to construct a treatment system had been placed on the State Water Plan periodically since then, but the project did not progress to construction.

Mr. Perkovich noted that this funding application from Lake Byron's is the first sanitary sewer facilities application the department has received from a watershed district.

Mr. Perkovich stated that watershed districts have unique powers and authorities that are quite different from municipalities and sanitary districts, which creates some unique challenges in funding the Lake Byron project.

Based on advice from Harold Deering with the Office of the Attorney General, the general improvement plan will need to be amended since the sanitary sewer system was not specifically identified in the general improvement plan that was approved by the district in 1984. The district will also be required to hold an election to approve any debt that is incurred for the project.

Originally, the district intended to use both special assessments and wastewater fees for debt service on the loans and the operation and maintenance (O&M) of the system. The district's bond counsel has informed DENR staff that watershed districts do not have the authority to charge monthly wastewater fees or surcharges for either O&M expenses or principal and interest payments. Watershed district may only pledge their special assessments or a tax levy. Mr. Deering agrees with this determination.

Staff recommended approval of a \$1,843,000 Clean Water SRF loan at 3.25 percent interest for 30 years and a consolidated grant for 13.6 percent of eligible costs not to exceed \$500,000.

Mr. Perkovich noted that the total cost of the project is \$3,694,000 and the staff's funding recommendation totals \$2,343,000. In the proposal from the Lake Byron Watershed District, there was an upfront cost of \$6,000 to each landowner and there are 225 landowners, which equates to \$1,350,000. The application proposed that the \$1,350,000 was to be used as the initial debt payment. Staff believes it would be better to use that \$1,350,000 upfront as a local contribution, which leaves the amount of financing needed at \$2,343,000.

Regarding the monthly charges, the district will have to do this through a tax levy or a special assessment. The district is proposing to take the debt service and apply that to all 225 landowners, which equates to approximately \$39.30 per month. The O&M would go only to the 173 landowners who are actually hooked up to the system. This would equate to approximately \$18.80, which would leave a total monthly fee of \$58.10 to operate and pay debt service.

Staff recommended the loan be contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a special assessment sufficient to provide the required debt coverage, contingent upon the borrower amending its General Improvement Plan by April 1, 2015, contingent upon the borrower holding an election to approve the loan and the levying of a special assessment of \$6,000 per landowner by April 1, 2015, and the grant be awarded contingent upon the Consolidated Water Facilities Construction Program grant becoming effective upon the date of Clean Water State Revolving Fund loan C461052-01 closing.

Mr. Perkovich stated that staff strongly recommends that the watershed district consider forming a sanitary district before constructing this project.

Mr. Perkovich answered questions from the board regarding the staff recommendation and contingencies for funding the project.

Todd Sorenson, Lake Byron Watershed District, discussed the project and answered questions from the board. He noted that the watershed district is prepared to proceed with forming a sanitary district.

Lead requested \$489,000 for Phase III of a sanitary and storm sewer separation project. The estimated total project cost is \$489,000.

The project involves replacing sewer lines in conjunction with a Department of Transportation (DOT) project to reconstruct Lead's main street. The project also includes installing a small amount of storm and sanitary sewer on Blue Street, which is not part of the DOT project. DOT is in the process of getting this project bid with a project completion date of September 2015.

Lead residents pay a flat rate of \$20 per month to the Lead-Deadwood Sanitary District for wastewater treatment and a \$10 flat rate to the city of Lead to operate and maintain the collection system for a total rate of \$30.

Staff recommended approval of a \$489,000 Clean Water SRF loan at 3 percent for 20 years.

The city is pledging its wastewater revenues for repayment of the loan. Staff analysis indicates that the \$10 flat fee collected by the city provides coverage of 140 percent, which exceeds the required 110 percent debt coverage requirement.

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

Mike Stahl, Lead city administrator, discussed the project and answered questions from the board.

Beresford requested \$605,000 for a SD Highway 46 sanitary sewer improvements project. The estimated total project cost is \$605,000.

The project involves replacing approximately 6,800 feet of sanitary sewer line in conjunction with a DOT project on Highway 46. DOT anticipates bidding the project during the winter of 2014 with completion in November 2015.

Beresford's current wastewater rate is \$22 for 5,000 gallons.

Staff recommended approval of a \$605,000 Clean Water SRF loan at 3.25 percent for 30 years.

The city is pledging a project surcharge for repayment of the loan. Repayment of the \$605,000 SRF loan will require a surcharge of \$3.07 and will bring the city's current wastewater rate to \$25.07 for 5,000 gallons.

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

Canistota requested \$1,381,000 for Phase II of a wastewater improvements project. The estimated total project cost is \$1,381,000.

This project involves replacing clay sewer lines within the community. The lines experience excessive infiltration and need to be replaced. Canistota anticipates bidding the project in January 2015 with project completion in October 2015.

Canistota's rate is currently \$32.49 based on 5,000 gallons usage.

Staff recommended approval of a \$381,000 Clean Water SRF loan at 3.25 percent for 30 years and a consolidated grant for 72.5 percent of eligible costs not to exceed \$1,000,000.

The city is pledging a project surcharge for repayment of the loan. A surcharge of \$6.50 per user per month is necessary to provide the 110 percent required debt coverage. This will result in residential rates of approximately \$39.

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

Kathy Townsend, finance officer, and a Mitch Mergen, Stockwell Engineering, discussed the project and answered questions from the board.

Clear Lake requested \$700,000 for wastewater collection system improvements. The estimated total project cost is \$3,200,000.

The city has had permit violations as a result of the wastewater treatment facility being hydraulically overloaded. Clear Lake has been issued a construction schedule by DENR to correct these violations. Part of the problem has also been sanitary sewer overflows.

Clear Lake has chosen to achieve compliance at the wastewater treatment facility by decreasing the inflow and infiltration within the system. The city proposes to use a cured-in-place pipe lining of approximately 30,000 feet of wastewater lines throughout the city. There will also be some spot repairs where they cannot use the lining method.

The city anticipates bidding the project in February 2015 with project completion in November 2015.

Clear Lake has \$200,000 in local cash to commit to the project and the city will request the remaining funds needed for the project from USDA Rural Development.

Clear Lake's current flat rate is \$25 and the rate is expected to be \$39 upon project completion.

Staff recommended approval of a consolidated grant for 21.9 percent of the eligible costs not to exceed \$700,000.

Karen Harford, finance officer, thanked the staff for its recommendation for funding.

Mr. Perkovich answered questions from Dr. Gnirk regarding cured-in-place pipe lining.

Irene requested \$1,656,000 for Phase I wastewater improvements on the south side of town. The estimated total project cost is \$1,913,500.

The project includes the rehabilitation of approximately 21 blocks of aging clay sewer lines. Twelve blocks of the sewer pipe will be replaced, and nine blocks will be rehabilitated by means of the pipe relining method.

The city intends to design the project in 2014, open bids early next year, and complete the project in the fall of 2015.

Mr. Perkovich noted that the city has received a \$515,000 Community Development Block Grant. Half of that grant will be applied to the wastewater portion and the other half will be applied to the water portion of the project.

Irene's current rate is \$22 based on 5,000 gallons usage. In reviewing the application, staff discovered the Irene's current rate is insufficient to cover its existing debt and operation and maintenance (O&M), and staff believes the city will need to increase the rate an additional \$2.50 per month to cover that shortfall.

Staff recommended approval of a \$656,000 Clean Water SRF loan at 3.25 percent for 30 years and a consolidated grant for 52.3 percent of eligible project costs not to exceed \$1,000,000.

Irene is pledging a project surcharge for repayment of the loan. Staff determined that the project surcharge needed to cover the loan will need to be \$15.35 per user per month. The current rate does not provide sufficient revenue to cover O&M; therefore, approximately a \$2.50 per month

increase is needed. With this and the surcharge of \$15.35, monthly rates are expected to be \$39.85 per month per customer.

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

Linda Bak, Irene city council, thanked the staff for its recommendation for funding. She answered questions from the board.

Lennox requested \$2,290,000 for storm sewer and sanitary sewer improvements. The estimated total project cost is \$2,590,000.

Lennox intends to replace or repair sanitary and storm sewer in the southwest part of the city due to aging infrastructure and capacity issues. The city intends to bid the project in the fall of 2014 with the project being completed in December of 2015.

Lennox intends to provide \$300,000 in local cash for this project.

The city's rate is currently \$43.34 based on 5,000 gallons usage.

Staff recommended approval of a \$1,290,000 Clean Water SRF loan at 3.25 percent for 30 years and a consolidated grant for 38.7 percent of eligible project costs not to exceed \$1,000,000.

The city is pledging a project surcharge for repayment of the loan. Staff analysis indicated that with the grant recommendation of \$1,000,000, a surcharge of \$6.40 will be needed to meet the 110 percent debt coverage requirement. The addition of this surcharge would bring the city's rate to just under \$50 for 5,000 gallons; however, staff believes that Lennox could reduce its current rate by \$4-\$4.50 per month to offset the rate increase associated with this project. Based on the recommended funding, Lennox's rates would be \$45 per month at a minimum.

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

Greg Stack, public works director, discussed the project and thanked DENR for its funding recommendation. Mr. Stack answered questions from the board.

Highmore requested \$448,000 for a Highway 47 utility replacement project. The estimated total project cost is \$448,000.

The project involves the relocation of portions of the water distribution system and sanitary sewer collection system along Highway 47 due to the installation of the storm sewer as part of the DOT highway reconstruction project. This project also includes the replacement of additional sanitary sewer main within the city limits to address deficiencies identified during the cleaning and televising of the system.

Construction is expected to begin in April 2014 with substantial completion in August 2014.

The current wastewater rate is a \$20 flat rate.

Staff recommended approval of a \$448,000 Clean Water SRF loan at 3.25 percent for 30 years.

Highmore is pledging wastewater revenue for repayment of the loan. Staff analysis indicated that the city's current rate is sufficient to provide the required 110 percent debt coverage.

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

Vikki Day, mayor, and Camden Hofer, SPN Associates, discussed the project and answered questions from the board.

Bristol requested \$1,343,000 for wastewater improvements. The estimated total project cost is \$1,343,000.

The project involves the replacement of sanitary and storm sewer in the northwest portion of the community. The new sanitary sewer will replace aging infrastructure and reduce inflow and infiltration into the system. The storm sewer project is the first phase of a two-phase project to correct storm water deficiencies in that area.

Bristol anticipates bidding the project in August 2014 and completing the project in June 2015.

Bristol currently has a \$22 per month flat sewer rate.

Staff recommended approval of a \$1,000,000 Clean Water SRF loan at 3.25 percent for 30 years and a consolidated grant for 25.6 percent of eligible costs not to exceed \$343,000.

The community is pledging a project surcharge for repayment of the loan. The \$1,000,000 SRF loan will require a \$28 surcharge. Bristol's current \$22 rate includes a \$12 surcharge for a National Rural Water loan, which is scheduled to be repaid in full in 2016. When that loan is repaid, the Bristol residents will have wastewater rates of approximately \$38 per month.

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

Josh Atherton, town board president, thanked the staff for its funding recommendation and answered questions from the board.

Chancellor requested \$574,000 for wastewater improvements. The estimated total project cost is \$986,000.

The town has secured a \$412,000 CDBG for this project.

Chancellor's wastewater treatment is hydraulically overloaded, which has resulted in permit violations. The town has been issued a compliance schedule by DENR to correct those violations. Chancellor intends to address the hydraulic overloading by decreasing inflow and infiltration into the system.

The project involves the replacement of portions of the collection system in those areas where high infiltration has been identified. The project also includes a lift station that is in poor condition.

Chancellor anticipates bidding the project in September 2014 and completing the project in November 2015.

Chancellor currently has a \$22 per month flat rate.

Staff recommended approval of a \$574,000 Clean Water SRF loan at 3.25 percent for 30 years.

The community is pledging a project surcharge for repayment of the loan.

Mr. Perkovich stated that a \$20.15 monthly surcharge will be needed to meet the 110 percent debt coverage requirement. Staff believes Chancellor can restructure its current rate and have a total rate of less than \$40 per month.

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

Dennis Weiker, town president, and Dan Severson, trustee, discussed the project and answered questions from the board.

Turton requested \$596,000 for wastewater improvements. The estimated total project cost is \$596,000.

The community proposes to make repairs to the treatment facility by converting cells #2 and #3 to wetlands and installing riprap on cell #1, replacing the lift station, purchasing a standby generator, and cleaning and televising the entire sewer system.

Turton plans to begin construction in the fall of 2014 with project completion by July 1, 2015.

Turton currently has a \$22 per month flat rate.

Staff recommended approval of a \$262,000 Clean Water SRF loan at 3.25 percent for 30 and a consolidated grant for 56.1 percent of eligible costs not to exceed \$334,000.

The community is pledging a project surcharge for repayment of the loan.

Mr. Perkovich noted that staff analysis indicated that a surcharge of \$27 will be needed to meet the 110 percent debt coverage requirement. Staff believes Turton can restructure its current rate and cover O&M and debt service with a total rate of less than \$40 per month.

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

Alan Hausvik, trustee, and Bob Babcock, Helms and Associates, discussed the project and answered questions from the board.

This concluded presentation of the Sanitary/Storm Sewer Facilities funding applications. The board made its funding decisions the following day.

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

Lead requested \$440,000 for Phase III of a water main replacement project. The estimated total project cost is \$440,000.

The project will replace 3,300 feet of water main and related appurtenances along Main Street and Blue Street. This project will be done in conjunction with a sanitary and storm sewer replacement project and a SD DOT resurfacing project on Highway 85.

The project will be bid in April 2014 with completion in September 2015.

Lead's current rate for 5,000 gallons is \$37.15.

The system is pledging system revenue for repayment of the loan. At the current water rate, Lead has 240 percent debt coverage on the full loan amount.

Staff recommended approval of a \$440,000 Drinking Water SRF loan at 3 percent for 20 years contingent upon the borrower adopting a bond resolution and the resolution becoming effective.

Mike Stahl, city administrator, discussed the project and answered questions from the board.

Canistota requested \$1,095,000 for Phase II of a water improvements project. The estimated total project cost is \$1,095,000.

The project involves replacing 3,800 linear feet of cast iron water lines with PVC in a portion of the community. The current system is experiencing significant water loss. The project is being done in conjunction with a wastewater improvements project.

In January 2014, the city increased water rates to \$47.90 for 5,000 gallons.

Canistota is eligible for the disadvantaged community term of 3 percent interest for 30 years.

The community is pledging a project surcharge for repayment of the loan.

Staff recommended approval of a \$1,095,000 Drinking Water SRF loan at the disadvantaged community rate of 3 percent for 30 years with 56.3 percent principal forgiveness not to exceed \$616,000.

The staff analysis showed that on a \$479,000 loan an \$8 surcharge will be required in order for the community to meet the 110 percent debt coverage requirement. Staff believes the \$8 is available within Canistota's current water rate with some restructuring.

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

Cathy Townsend, finance officer, thanked the staff for its funding recommendation.

Tripp County Water Users District requested \$11,750,000 for an internal improvement and expansion project. The estimated total project cost is \$11,794,759. The district is contributing \$44,759 in local cash for the project.

The district is upgrading a large portion of its distribution system. The project will include installing more than 93 miles of new and parallel mains to increase capacity and system pressures, increasing pump sizes or constructing new booster stations to provide needed pressure, replacing 202 existing water meters with new radio read meters, providing water service for up to 34 new users, constructing a new Burke water tower to provide capacity and pressure, and constructing a new Fairfax tower as the existing tower is beyond its useful life.

Mr. Feeney noted that in June 2012, the board approved funding for a Fairfax tower project. At that time Tripp County Water Users District decided not to close the loan as they were anticipating this larger project, so that is being addressed at this time.

The district is eligible for a disadvantaged rate and term of 2.25 percent for 30 years. The district's current rate is \$55.10 per 7,000 gallons.

The staff recommended approval of an \$11,750,000 Drinking Water SRF loan at 2.25 percent for 30 years.

Staff analysis shows that the district will need a 5 percent increase in their net revenues to meet the 110 percent debt coverage requirement on this loan, bringing the district's rural domestic rate to just under \$58.

Staff recommended that the loan be contingent upon the borrower increasing rates to provide 110 percent coverage.

Russ Phillips, Tripp County Water Users District, discussed the project and requested that the board consider approving grant funds or principal forgiveness funds for this project, if possible. Mr. Phillips answered questions from the board.

Big Sioux Community Water System requested \$900,000 for water system improvements. The estimated total project cost is \$900,000.

The water system intends to replace all water meters with radio read meters. This includes flow meters and radio transmitters at each service location. Data will be transmitted to three antennas located on existing water towers which will relay the data to the central server at the Big Sioux office.

In December 2013, the water system increased the water rate to \$61.30 for 7,000 gallons.

Mr. Feeney stated the Big Sioux Community Water System requested a rate and term of 3 percent for 15 years, pledging system revenues. He noted that to date, all of the meter projects the board has funded have been 10-year terms. However, Big Sioux Community Water System submitted documentation regarding the meters they were considering, and DENR staff is comfortable that the useful life is such that the 15-year term requested should be considered. At the existing rate, the debt coverage is just under 115 percent.

Staff recommended approval of a \$900,000 Drinking Water SRF loan at 3 percent for 15 years contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of system revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, and contingent upon an Intercreditor Agreement being approved and executed.

Martin Jarrett, manager of the water system, discussed the project and answered questions from the board.

Bristol requested \$1,979,000 for drinking water improvements. The estimated total project cost is \$1,979,000.

The project involves replacement of all existing cast iron and asbestos concrete water lines throughout the community. Bristol purchases water from WEB Water and the system is experiencing a 44 percent loss in the current system.

Bristol is eligible for the disadvantaged community term of 30 years at 3 percent, and is pledging a project surcharge for repayment of the loan.

Staff recommended approval of a \$1,979,000 Drinking Water SRF loan at 3 percent for 30 years with 76.6 percent principal forgiveness not to exceed \$1,514,000.

The community's current water rate is \$32.50 for 5,000 gallons. For the \$465,000 loan, the surcharge will need to be \$12.50, bringing Bristol's water rate to \$45.00 per 5,000 gallons. It is

hoped that with the reduction in water loss, that rate can be adjusted downward when the community starts realizing significantly less of the loss and the expense of purchasing the water.

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

Josh Atherton, town board president, thanked the staff for its funding recommendation. He and Mitch Mergen, Stockwell Engineering, discussed the project and answered questions from the board.

Beresford requested \$745,000 for SD Highway 46 drinking water system improvements. The estimated total project cost is \$745,000.

The project involves replacing water lines and appurtenances in conjunction with a SD DOT project on SD Highway 46.

Beresford's water rate is \$42.92 per 5,000 gallons.

The city is eligible for the disadvantaged community term of 3 percent for 30 years, and the city is pledging a project surcharge for repayment of the loan.

Staff recommended approval of a \$745,000 Drinking Water SRF loan at 3 percent for 30 years with 50.4 percent principal forgiveness not to exceed \$375,000. For the \$370,000 loan, a surcharge of \$1.84 per month per user will be needed to meet the 110 percent debt coverage requirement. Staff believes Beresford's current rate can be restructured to provide the surcharge without raising the current water rate.

Staff recommended that the loan be made contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage.

Highmore requested \$225,000 for the Highway 47 utility replacement project. The estimated total project cost is \$225,000.

The project involves the relocation of portions of the water distribution system and the sanitary sewer collection system along Highway 47 due to the installation of the storm sewer as part of the DOT highway reconstruction project. This project will also include the replacement of water main within the Highmore city limits to address identified deficiencies.

Highmore's current water rate is \$35.95 for 5,000 gallons.

The project will be bid this spring with substantial completion in the fall of 2014.

Staff recommended approval of a \$225,000 Drinking Water SRF loan at the disadvantaged term of 3 percent for 30 years.

The city is pledging a project surcharge for repayment of the loan. Staff analysis indicates a monthly surcharge of \$2.25 per user per month is needed, increasing Highmore's rate to \$38.20 for 5,000 gallons.

Staff recommended that the loan be made contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage.

Vikki Day, mayor, discussed the project and answered questions from the board.

Irene requested \$1,546,000 for Phase I of water improvements on the south side of Highway 46. The estimated total project cost is \$1,800,000.

The city has received a \$515,000 Community Development Block Grant. Half of that grant will be applied to the wastewater portion and the other half will be applied to the water portion of the project.

Phase 1 of the project will replace 13 blocks of cast iron water mains with 6-inch PVC pipe and loop water lines to increase pressure south of Highway 46. The project will also include the purchase and installation of new water meters throughout the entire city. The water main replacement project is being completed in conjunction with the Phase 1 sewer collection system rehabilitation.

Irene is pledging a project surcharge for repayment of the loan. The community is eligible for the disadvantaged community term of 3 percent for 30 years.

Staff recommended approval of a \$1,546,000 Drinking Water SRF loan at the disadvantaged term of 3 percent for 30 years with 75.4 percent principal forgiveness not to exceed \$1,165,000.

On the \$381,000 loan, in order to provide the 110 percent required debt coverage, a monthly surcharge of \$8.60 per customer will be needed, bringing the rate to just over \$43 per month for 5,000 gallons.

Staff recommended that the loan be made contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage.

This concluded presentation of the Drinking Water Facilities funding applications. The board made its funding decisions the following day.

SMALL WATER FACILITIES FUNDING APPLICATIONS: Mr. Perkovich presented the applications and staff recommendations for funding.

Ethan requested \$178,000 to install new radio read water meters and software. The estimated total project cost is \$178,000.

Ethan anticipates bidding the project in June 2014 with completion of the project in January 2015.

The water rate is \$45 for 5,000 gallons.

Staff recommended approval of a \$75,000 consolidated loan at 2.25 percent for 10 years and a consolidated grant for 57.9 percent of eligible costs not to exceed \$103,000.

Ethan is pledging water system revenues for repayment of the loan. Staff analysis showed that with the subsidy provided, the debt coverage would be slightly above the 100 percent required for coverage on a consolidated loan.

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

Brett Scott, water system operator for Ethan, discussed the project and answered questions from the board.

Geddes requested \$151,000 to install new radio read water meters and software. The estimated total project cost is \$151,000.

Geddes anticipates bidding the project in spring or summer of 2014 with completion of the project in December 2015.

The water rate is \$36 for 5,000 gallons.

Staff recommended approval of a \$151,000 consolidated loan at 2.25 percent for 10 years.

The community is pledging water system revenue for repayment of the loan. Staff analysis indicated that at the current water rate, debt coverage will be 112 percent, which exceeds the 100 percent requirement.

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

Chancy Schrake, Brosz Engineering, discussed the project and answered questions from the board.

Parker requested \$100,000 for the north lift station force main replacement project. The estimated total project cost is \$100,000.

Mr. Perkovich stated that last March, Parker was awarded a Clean Water SRF loan to replace the north sanitary sewer lift station. As work on the lift station progressed, it became apparent that the force main was in unsatisfactory condition and should be replaced.

Parker anticipates bidding the project in May of 2014 with a completion date of November 2014.

The city's water rate is \$30.20 for 5,000 gallons.

The city currently has several SRF loans. The water rate is inadequate to provide the coverage on the older SRF loans and will need to be raised by \$5 to meet the debt coverage requirement.

Staff recommended approval of a \$100,000 consolidated loan at 3 percent for 20 years.

Parker is pledging a project surcharge for repayment of the loan. Staff analysis indicated that a surcharge of \$1.20 will be required to meet the 100 percent debt coverage requirement. This, coupled with the \$5 increase to cover the debt service, brings the rate to less than \$37.

Staff recommended the loan be contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage, and contingent upon the borrower raising its wastewater rate sufficient to provide the required debt coverage for Clean Water SRF loan #C461026-01.

Jeanne Duchscher, finance officer, discussed the project and answered questions from the board.

This concluded presentation of the Small Water Facilities funding applications. The board made its funding decisions the following day.

SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATIONS: Andy Bruels reviewed available funds for the Solid Waste Management Program.

The board may award grant and loan funds for the purpose of solid waste planning and management under the program. In accordance with the administrative rules, the board must make its funding decisions within 120 days after the applications are presented.

The department received four new applications for Solid Waste Management Program funding by the January 1, 2014, deadline. Mr. Bruels presented the applications and staff recommendations for funding.

Dependable Sanitation, Inc. requested \$340,000 for a Watertown recycling facility upgrade to single-stream processing. The estimated total project cost is \$393,000.

In accordance with SDCL 46A-1-98 any documentary material or data made or received by the board or DENR for the purpose of furnishing financial assistance to a business to the extent that the material or data consists of trade secrets or commercial or financial information regarding the operation of such business is not public record and is exempt from disclosure.

Mr. Bruels stated that any discussion or consideration of trade secrets or commercial or financial information by the board may be done in executive session.

In 2013 the city of Watertown began collecting residential recycling as a single stream. Dependable Sanitation has a contract with the city to sort process and market the recyclables. Dependable Sanitation currently uses manual labor to sort and process all material which is time consuming and expensive. This project would purchase a fiber sort screen and conveyors to separate cardboard and paper products from the other materials and purchase a new baler to allow Dependable to more quickly process the sorted materials to send to markets.

Staff recommended approval of a Solid Waste Management Program recycling grant at 14.8 percent not to exceed \$50,000 and a Solid Waste Management Program recycling loan in the amount of \$290,000 at 2.25 percent interest for 10 years.

Dependable Sanitation has pledged revenue for repayment of the loan. Based on the information supplied by the applicant, coverage on the loan will exceed the 100 percent requirement.

Staff recommended the award be contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, and contingent upon the borrower approving a personal guaranty agreement and providing a key man life insurance policy not less than the face value of the promissory note naming the borrower as the beneficiary with the proceeds payable to the Board of Water and Natural Resources to the extent of the outstanding balance of the loan.

Mike Erickson, owner/president, Dependable Sanitation, discussed the project and requested approval of funding. He answered questions from the board.

Mr. Bruels noted that the department received a letter of support from Michael Boerger, city of Watertown superintendent of wastewater and solid waste.

Lebanon requested a \$46,854 grant and an \$11,714 loan for a rubble site closure project. The estimated total project cost is \$58,568.

The town's rubble site is no longer permitted to accept waste, and the town has been working with staff in DENR's Waste Management Program to close the site. The town will cover the existing exposed areas of the rubble site with two feet of soil cover and plant grass to provide erosion control. This will fully close the site and allow Lebanon to remain in compliance with DENR's Waste Management Program.

Lebanon intends to complete the closure by the end of fall 2014.

The town is pledging general revenue for repayment of the loan.

One quote has been received for closure of the rubble site, which is under the \$50,000 maximum amount to require bidding of the project. However, staff believes Lebanon should attempt to get two additional quotes for the work. Staff also recommends that Lebanon request that the first quote be itemized and ensure that proper seeding of the site is included within the quote.

Staff recommended awarding a Solid Waste Management Program grant up to 80 percent of the total project cost not to exceed \$46,800. Based on the financial information provided, it appears Lebanon has funds available to cover the difference between the grant funds being provided and the remaining project costs.

Staff recommended the following special conditions be placed on the grant: 1) Lebanon obtain three quotes with itemized costs to include the proper seeding of the soil cover, and 2) the quotes must be supplied to DENR for review and concurrence prior to construction activities beginning.

Ted Dickey, Northeast Council of Governments, discussed the project and answered questions from the board.

Rapid City requested \$3,050 to develop an event recycling program. The estimated total project cost is \$3,050.

The project would purchase fifty 35-gallon recycling containers that the city would own. The containers could then be loaned to events in the area such as races, fairs, or motorcycle shows. This would allow recyclable materials at these events to be collected and diverted from the landfill. The containers would be provided free of charge for all events, and the event organizers would be responsible for pickup and drop off of the containers.

Staff recommended awarding a Solid Waste Management Program recycling grant for 49.2 percent of the project costs not to exceed \$1,500.

Beth-Anne Ferley, recycling educator for the city of Rapid City, discussed the project and answered questions from the board.

Sioux Falls requested \$19,088 for recycling efforts enhancements. The estimated total project cost is \$38,176.

The city is proposing to purchase 600 solid waste container lids and 600 recycling container lids for the city's park system and signage to inform park users of what materials are recyclable. The city currently utilizes donated 55-gallon steel drums without covers for recycling and solid waste collection within the parks system. This project will add lids to the containers to help reduce the amount of precipitation mixed with the materials and will make the containers more visible for users to identify for proper disposal. These changes will improve functionality and appearance within the park system.

Mr. Bruels noted the purchase of lids for solid waste containers does not advance the state's solid waste management hierarchy, and staff does not believe funding is appropriate for the solid waste container lids.

Staff recommended approving a Solid Waste Management Program recycling grant for 48.6 percent of the total project costs not to exceed \$10,000, based on a total project cost of \$20,600

for the recycling container lids and decals. Staff recommendation was based on project costs for the 600 recycling container lids and decals to educate the citizens.

Jamison Reginek, city of Sioux Falls sustainability coordinator, discussed the project and requested approval of funding. He answered questions from the board.

This concluded presentation of the Solid Waste Management Program funding applications. The board made its funding decisions the following day.

BELLE FOURCHE IRRIGATION DISTRICT SWRMS FUNDING AGREEMENTS: Mr. Feeney presented the grant and loan agreement amendment requests.

Mr. Feeney stated that the State Water Plan has two components: the State Water Facilities Plan and the State Water Resources Management System (SWRMS). The Board of Water and Natural Resources may place projects on the State Water Facilities Plan. Placement of a project on the SWRMS requires legislative action.

In 2012, the Board of Water and Natural Resources recommended that the Belle Fourche Irrigation District upgrade project be placed on the SWRMS component of the State Water Plan.

SDCL 46A-1-13.12 authorizes the construction of the \$5 million Belle Fourche irrigation upgrade project and authorizes the Board of Water and Natural Resources to provide \$2.5 million in grants and \$2.5 million in loans for the upgrade project. The 2012 Legislature appropriated \$2.5 million for the project. In March 2012, the board placed \$1,250,000 in grant and \$1,250,000 in loan assistance under agreement.

Senate Bill 189 was approved by the 2013 State Legislature and signed by the Governor on March 6, 2013. Section 2 of Senate Bill 189 appropriated \$750,000 in grant and \$750,000 in loan assistance for the upgrade project.

Senate Bill 87 was approved by the 2014 State Legislature and is expected to be signed by the Governor. Section 1 of Senate Bill 87 appropriated \$500,000 in grant and \$500,000 in loan assistance for the upgrade project.

The department received a letter from the Belle Fourche Irrigation District requesting the board place the remaining \$1,000,000 authorized by the 2014 State Legislature under agreement for the project. To place the funding under agreement, the Second Amendment to Grant Agreement and the Second Amendment to Loan Agreement have been prepared with assistance from the Attorney General's office. The amendments have been reviewed by the irrigation district's legal and bond counsel.

Mr. Feeney reported that the funds will be used to replace the south and north canal gate houses at the Belle Fourche Reservoir, dredging of the reservoir, and replacement of the Indian Creek and Horse Creek siphons. The siphon projects have been bid, and construction has been initiated on Indian Creek.

Staff recommended the board approve the resolutions authorizing the Chairman to execute the State Water Resources Management System Second Amendment to Grant Agreement and Second Amendment to Loan Agreement.

Bill Anderson, manager of the irrigation district, discussed the project and requested approval of funding. He answered questions from the board.

Motion by Gnirk, seconded by Goldhammer, to adopt Resolution #2014-13 approving the second amendment to South Dakota Water and Environment Fund grant agreement between the Board of Water and Natural Resources and the Belle Fourche Irrigation District approving an additional \$500,000 in grant funds and authorizing the chairman of the Board of Water and Natural Resources to execute the grant agreement amendment, and to adopt Resolution #2014-14 approving the second amendment to South Dakota Water and Environment Fund loan agreement, revenue bond and loan documents between the Board of Water and Natural Resources and the Belle Fourche Irrigation District approving an additional \$500,000 in loan funds and authorizing the chairman of the Board of Water and Natural Resources to execute the loan agreement amendment. Motion carried.

PERKINS COUNTY RURAL WATER SYSTEM REQUEST TO AMEND DRINKING WATER SRF LOAN (DW-01) FUNDING PACKAGE: Mr. Bruels presented the loan amendment request.

In June 2012, Perkins County Rural Water System was awarded a \$131,000 Drinking Water SRF loan with 100 percent principal forgiveness for the construction of a booster station to increase system pressures.

Perkins County RWS has just over \$5.1 million in SWRMS loans, which will begin repayment one year from the date the Board of Water and Natural Resources declares this booster station project complete. The booster station project is the last remaining portion of the federally authorized project, and the SWRMS loan repayment at project completion is based on the booster station project being completed.

Staff anticipates the project will be declared complete at the June 2014 Board of Water and Natural Resources meeting.

Perkins County RWS rates for rural residents are currently \$102.83 for 7,000 gallons, which is required in order for the system to meet their debt service.

Project costs for the booster station came in higher than the original estimate, and the Perkins County Rural Water System has considered the option of removing their supervisory control and data acquisition (SCADA) controls at the new booster station and installing only manually operated controls. The difference between the costs to install the booster station with the SCADA controls compared to installing only manual controls is a \$20,000 increase.

The rural water system has requested additional funds to install automated booster station controls.

Staff recommended amending the existing Drinking Water SRF loan increasing it by \$20,000, making the loan amount \$151,000 with 100 percent principal forgiveness. Staff recommended the amended loan be contingent upon the borrower adopting the amended borrower resolution.

Motion by Goldhammer, seconded by Gnirk, to adopt Resolution #2014-15 amending Resolution #2012-102 and to approve the form of the first amendment to the loan agreement. Motion carried.

CLAY RURAL WATER SYSTEM REQUEST TO AMEND ITS INTERCREDITOR AGREEMENT AMONG COBANK, RURAL DEVELOPMENT, AND THE SOUTH DAKOTA CONSERVANCY DISTRICT: Jon Peschong reported that Clay RWS has several loans with the SD Conservancy District that were obligated between June 2005 and September 2011. The loans have intercreditor agreements that are secured by the same collateral that secures the outstanding loans with CoBank and US Department of Agriculture acting through its Rural Utility Service, otherwise known as Rural Development or RD.

Clay RWS is working with CoBank on two additional loans, one of which is to consolidate several of its Rural Utility Service loans. Staff has evaluated the projected debt service on the new and current debt and determined Clay RWS coverage exceeds the 110 percent debt service requirement.

Staff recommended the fifth amended and restated intercreditor agreement be approved and that the chairman and secretary of the board be authorized to execute the same with such changes to final form of the agreement as chairman, upon consultation with counsel for the district, may be approved.

Motion by Bernhard, seconded by Gnirk to approve the fifth amended and restated intercreditor agreement among CoBank, US Department of Agriculture acting through its Rural Utility Service, and the South Dakota Conservancy District. Motion carried.

SFY 2015 MEETING SCHEDULE: Mr. Perkovich presented the tentative FY 2015 meeting schedule.

Jay Gilbertson, East Dakota Water Development District, invited the board to hold its September meeting in Watertown.

Motion by Gnirk, seconded by Jones, to adopt the following meeting schedule for FY 2015:

September 25-26, 2014 in Watertown  
November 6, 2014  
January 8-9, 2015  
March 26-27, 2015  
June 25-26, 2015

Motion carried.

This concluded board action on agenda items for March 27.

Representatives of the Tripp County Water Users District requested that they be allowed to address the board regarding the staff recommendations for funding their project. The district requested that the board approve grant funding for the project rather than the recommended \$11,750,000 loan funding.

RECESS: Chairman Johnson declared the meeting in recess until the following day.

MARCH 28, 2014 – 8:15 A.M.

Chairman Johnson called the meeting back to order. A quorum was present.

LEGISLATIVE UPDATE: DENR Secretary Steve Pirner provided an update on 2014 legislation and answered questions from the board.

SANITARY AND STORM SEWER FACILITIES: Mr. Perkovich discussed available funding and reviewed the applications and staff recommendations.

Motion by Goldhammer, seconded by Jones, to adopt Resolution #2014-16 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the city of Clark for up to 20.3 percent of approved total project costs not to exceed \$1,000,000 for a wastewater treatment facility project. Motion carried.

Motion by Jones, seconded by Soholt, to adopt Resolution #2014-17 approving the Clean Water State Revolving Fund loan up to a maximum committed amount of \$500,000 at 3.25 percent interest for 30 years with up to 20 percent principal forgiveness not to exceed \$100,000 to the city of Sinai wastewater treatment improvement project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage. Motion carried.

Motion by Bernhard, seconded by Gnirk, to adopt Resolution #2014-18 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the city of Sinai for up to 66.7 percent of approved total project costs not to exceed \$1,000,000 for a wastewater treatment improvements project. Motion carried.

Motion by Gnirk, seconded by Jones, to adopt Resolution #2014-19 approving the Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,385,600 at 2.25 percent interest for 10 years to Brown County for construction of a new solid waste disposal cell; 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. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective. Motion carried.

Motion by Gnirk, seconded by Soholt, to adopt Resolution #2014-20 approving the South Dakota Solid Waste Management Program grant agreement between the Board of Water and Natural Resources and Brown County for up to 20 percent of approved total project costs not to exceed \$346,400 for construction of a new solid waste disposal cell. Motion carried.

Motion by Bernhard, seconded by Jones, to adopt Resolution #2014-21 approving the Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,917,000 at 3.25 percent interest for 30 years to the Lake Poinsett Sanitary District for a wastewater expansion project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower increasing rates to a level sufficient to provide the required debt coverage. Motion carried.

Motion by Goldhammer, seconded by Soholt, to adopt Resolution #2014-22 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the Lake Poinsett Sanitary District for up to 26.9 percent of approved total project costs not to exceed \$1,000,000 for a wastewater expansion project. Motion carried.

Motion by Jones, seconded by Soholt, to adopt Resolution #2014-23 approving the State Revolving Fund Water Quality grant agreement between the state and the Lake Poinsett Sanitary District for up to 21.8 percent of approved total project costs not to exceed \$812,000 for a wastewater expansion project. Motion carried.

Motion by Bernhard, seconded by Goldhammer, to adopt Resolution #2014-24 approving the Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,843,000 at 3.25 percent interest for 30 years to the Lake Byron Watershed District for a wastewater collection and treatment system project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a special assessment sufficient to provide the required debt coverage, contingent upon the borrower amending its General Improvement Plan by April 1, 2015, and contingent upon the borrower holding an election to approve the loan and the levying of a special assessment of \$6,000 per landowner by April 1, 2015. Motion carried.

Motion by Jones, seconded by Soholt, to adopt Resolution #2014-25 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the Lake Byron Watershed District for up to 13.6 percent of approved total project costs not to exceed \$500,000 for a wastewater collection and treatment system project with the special condition that the Consolidated Water Facilities Construction Program grant funds are contingent upon Clean Water State Revolving Fund loan C461052-01 closing. Motion carried.

Motion by Gnirk, seconded by Bernhard, to adopt Resolution #2014-26 approving the Clean Water State Revolving Fund loan up to a maximum committed amount of \$489,000 at 3 percent interest for 20 years to the city of Lead for a sanitary and storm sewer separation 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. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective. Motion carried.

Motion by Goldhammer, seconded by Jones, to adopt Resolution #2014-27 approving the Clean Water State Revolving Fund loan up to a maximum committed amount of \$605,000 at 3.25 percent interest for 30 years to the city of Beresford for a SD Highway 46 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. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage. Motion carried.

Motion by Jones, seconded by Soholt, to adopt Resolution #2014-28 approving the Clean Water State Revolving Fund loan up to a maximum committed amount of \$381,000 at 3.25 percent interest for 30 years to the city of Canistota for Phase II of 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. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage. Motion carried.

Motion by Soholt, seconded by Bernhard, to adopt Resolution #2014-29 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the city of Canistota for up to 72.5 percent of approved total project costs not to exceed \$1,000,000 for Phase II of a wastewater improvements project. Motion carried.

Motion by Gnirk, seconded by Jones, to adopt Resolution #2014-30 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the city of Clear Lake for up to 21.9 percent of approved total project costs not to exceed \$700,000 for wastewater collection system improvements. Motion carried.

Motion by Jones, seconded by Goldhammer, to adopt Resolution #2014-31 approving the Clean Water State Revolving Fund loan up to a maximum committed amount of \$656,000 at 3.25 percent interest for 30 years to the city of Irene for Phase I wastewater improvements on the south side of town; 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. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage. Motion carried.

Motion by Goldhammer, seconded by Jones, to adopt Resolution #2014-32 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the city of Irene for up to 52.3 percent of approved total project costs not to exceed \$1,000,000 for Phase I of water and wastewater improvements on the south side of town. Motion carried.

Motion by Gnirk, seconded by Soholt, to adopt Resolution #2014-33 approving the Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,290,000 at 3.25 percent interest for 30 years to the city of Lennox for storm sewer and sanitary sewer improvements; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage. Motion carried.

Motion by Gnirk, seconded by Jones, to adopt Resolution #2014-34 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the city of Lennox for up to 38.7 percent of approved total project costs not to exceed \$1,000,000 for storm sewer and sanitary sewer improvements. Motion carried.

Motion by Bernhard, seconded by Goldhammer, to adopt Resolution #2014-35 approving the Clean Water State Revolving Fund loan up to a maximum committed amount of \$448,000 at 3.25 percent interest for 30 years to the city of Highmore for a Highway 47 utility replacement project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan

approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective. Motion carried.

Motion by Sohlt, seconded by Jones, to adopt Resolution #2014-36 approving the Clean Water State Revolving Fund loan up to a maximum committed amount of \$1,000,000 at 3.25 percent interest for 30 years to the town of Bristol for wastewater improvements; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage. Motion carried.

Motion by Jones, seconded by Goldhammer, to adopt Resolution #2014-37 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the town of Bristol for up to 25.6 percent of approved total project costs not to exceed \$343,000 for wastewater improvements. Motion carried.

Motion by Bernhard, seconded by Goldhammer, to adopt Resolution #2014-38 approving the Clean Water State Revolving Fund loan up to a maximum committed amount of \$574,000 at 3.25 percent interest for 30 years to the town of Chancellor for wastewater improvements; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage. Motion carried.

Motion by Sohlt, seconded by Jones, to adopt Resolution #2014-39 approving the Clean Water State Revolving Fund loan up to a maximum committed amount of \$262,000 at 3.25 percent interest for 30 years to the town of Turton for wastewater improvements; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage. Motion carried.

Motion by Jones, seconded by Bernhard, to adopt Resolution #2014-40 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the town of Turton for up to 56.1 percent of approved total project costs not to exceed \$334,000 for wastewater improvements. Motion carried.

DRINKING WATER FACILITIES FUNDING DECISIONS: Mr. Feeney discussed available funding and reviewed the applications and staff recommendations for funding.

Motion by Gnirk, seconded by Jones, to adopt Resolution #2014-41 approving a Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$440,000 at 3 percent for 20 years to the city of Lead for Phase III of a water main replacement project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective. Motion carried.

Motion by Bernhard, seconded by Jones, to adopt Resolution #2014-42 approving a Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$1,095,000 at 3 percent for 30 years with 56.3 percent principal forgiveness not to exceed \$616,000 to the city of Canistota for Phase II of a water improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage. Motion carried.

Motion by Bernhard, seconded by Gnirk, to adopt Resolution #2014-43 approving a Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$11,750,000 at 2.25 percent for 30 years to the Tripp County Water Users District an internal improvement and expansion project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the borrower increasing rates to provide 110 percent coverage. Motion carried. Jones abstained from voting.

Motion by Soholt, seconded by Bernhard, to adopt Resolution #2014-44 approving a Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$900,000 at 3 percent for 15 years to the Big Sioux Community Water System for a radio read meter 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. The loan is contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of system revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, and contingent upon an Intercreditor Agreement being approved and executed. Motion carried.

Motion by Jones, seconded by Goldhammer, to adopt Resolution #2014-45 approving a Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$1,979,000 at 3 percent for 30 years with 76.6 percent principal forgiveness not to exceed \$1,514,000 to the town of Bristol for a drinking water improvements project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage. Motion carried.

Motion by Goldhammer, seconded by Soholt, to adopt Resolution #2014-46 approving a Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$745,000 at 3 percent for 30 years with 50.4 percent principal forgiveness not to exceed \$375,000 to the city of Beresford for SD Highway 46 drinking water system improvements; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage. Motion carried.

Motion by Bernhard, seconded by Jones, to adopt Resolution #2014-47 approving a Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$225,000 at 3 percent for 30 years to the city of Highmore for the Highway 47 utility replacement project; and authorizing the execution of the loan agreement, the acceptance of the Local Obligation, the assignment of the Local Obligation to the Trustee, and the execution and delivery of such other documents and the performance of all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage. Motion carried.

Motion by Soholt, seconded by Jones, to adopt Resolution #2014-48 approving a Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$1,546,000 at 3 percent for 30 years with 75.4 percent principal forgiveness not to exceed \$1,165,000 to the city of Irene for Phase I of water improvements on the south side of Highway 46; 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. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective and contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage. Motion carried.

SMALL WATER FACILITIES: Mr. Perkovich reviewed the application and the staff recommendations for funding.

Motion by Jones, seconded by Goldhammer, to adopt Resolution #2014-49 approving the South Dakota Consolidated Water Facilities Construction Program loan agreement between the Board of Water and Natural Resources and the town of Ethan for a loan not to exceed \$75,000 at 2.25 percent interest for 10 years to install new radio read water meters and software. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective. Motion carried.

Motion by Soholt, seconded by Jones, to adopt Resolution #2014-50 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the Board of Water and Natural Resources and the town of Ethan for up to 57.9 percent of approved total project costs not to exceed \$103,000 to install new radio read water meters and software. Motion carried.

Motion by Bernhard, seconded by Soholt, to adopt Resolution #2014-51 approving the South Dakota Consolidated Water Facilities Construction Program loan agreement between the Board of Water and Natural Resources and the city of Geddes for a loan not to exceed \$151,000 at 2.25 percent interest for 10 years to install new radio read water meters and software. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective. Motion carried.

Motion by Goldhammer, seconded by Jones, to adopt Resolution #2014-52 approving the South Dakota Consolidated Water Facilities Construction Program loan agreement between the Board of Water and Natural Resources and the city of Parker for a loan not to exceed \$100,000 at 3 percent interest for 20 years for the north lift station force main replacement project. The loan is contingent upon the borrower adopting a bond resolution and the resolution becoming effective, contingent upon the borrower establishing a surcharge sufficient to provide the required debt coverage, and contingent upon the borrower raising its wastewater rate sufficient to provide the required debt coverage for Clean Water SRF loan #C461026-01. Motion carried.

SOLID WASTE MANAGEMENT PROGRAM FUNDING DECISIONS: Mr. Bruels reviewed available funds, the applications, and staff recommendations.

Motion by Gnirk, seconded by Bernhard, to adopt Resolution #2014-53 approving the South Dakota Solid Waste Management Program recycling loan agreement between the Board of Water and Natural Resources and Dependable Sanitation, Inc. not to exceed \$290,000 at 2.25 percent for 10 years for upgrades to the Watertown recycling facility. The loan is contingent upon the borrower adopting a resolution approving the form of the loan agreement, the promissory note, and the pledge of revenues for repayment of the loan, contingent upon the borrower approving a security agreement and mortgage, and contingent upon the borrower approving a personal guaranty agreement and providing a key man life insurance policy not less than the face value of the promissory note naming the borrower as the beneficiary with the proceeds payable to the Board of Water and Natural Resources to the extent of the outstanding balance of the loan. Motion carried.

Motion by Gnirk, seconded by Jones, to adopt Resolution #2014-54 approving the South Dakota Solid Waste Management Program recycling grant agreement between the Board of Water and Natural Resources and Dependable Sanitation, Inc. for up to 14.8 percent of approved total project costs not to exceed \$50,000 for upgrades to the Watertown recycling facility. Motion carried.

Motion by Jones, seconded by Gnirk, to adopt Resolution #2014-55 approving the South Dakota Solid Waste Management Program grant agreement between the South Dakota Board of Water and Natural Resources and the town of Lebanon for up to 80 percent of the total project costs not to exceed \$46,800 for a rubble site closure project with the following special conditions: 1) Lebanon obtain three quotes with itemized costs to include the proper seeding of the soil cover, and 2) the quotes must be supplied to DENR for review and concurrence prior to construction activities beginning. Motion carried.

Motion by Goldhammer, seconded by Gnirk, to adopt Resolution #2014-56 approving the South Dakota Solid Waste Management Program recycling grant agreement between the Board of Water and Natural Resources and the city of Rapid City for up to 49.2 percent of approved total project costs not to exceed \$1,500 to develop an event recycling program. Motion carried.

Motion by Goldhammer, seconded by Soholt, to adopt Resolution #2014-57 approving the South Dakota Solid Waste Management Program recycling grant agreement between the Board of Water and Natural Resources and the city of Sioux Falls for up to 48.6 percent of approved total project costs not to exceed \$10,000 to purchase recycling container lids and signage. Motion carried.

DISCUSSION OF 2014 BOND ISSUE: Mr. Perkovich reported on the upcoming 2014 bond issue.

Bond proceeds have typically been used to provide the state match for federal capitalization grants. The state is required to match \$1 to every \$5 the federal government contributes. Throughout the history of both SRF programs bond proceeds have typically been used for state match. The last couple of years in the Drinking Water SRF program administrative surcharge funds have provided the state match.

Mr. Perkovich stated that, currently, the state does not have sufficient bond proceeds for to match the 2014 Clean Water SRF Capitalization Grant.

Projections for state match for the next three years for projects on the state water plan are \$3,900,000 for the Clean Water SRF program and \$5,100,000 for the Drinking Water SRF programs for a total of \$9,000,000 needed to match the next three years of capitalization grants.

Staff met with Public Financial Management (PFM) in February to discuss a State Match only bond issue and competitive sale of short-term, taxable bonds to avoid Tax Increment Prevention and Reconciliation Act spend-down requirements.

Board of Water and Natural Resources  
March 27-28, 2014, Meeting Minutes

Mr. Perkovich reviewed the potential leveraged funds that will be needed for projects in the future and the size of the potential bond issue. He noted that there is potential for the new bond issue to be \$60,000,000.

Staff intends to hold meetings with Brandon and Sioux Falls in mid-April to gauge the seriousness of the communities to proceed with their projects and determine the timing of the applications.

The staff will ask PFM to prepare the underwriter Request for Proposal (RFP) and develop preliminary schedule.

At the June meeting, the board will be asked to approve distribution of the RFP, assign a board sub-committee for underwriter selection, and authorize staff to negotiate contracts with Bond Counsel and Trustee.

A special BWNR meeting will be held in early August 2014 for underwriter selection and approval of contracts with Bond Counsel and Trustee. The bond closing is planned for September or October 2014.

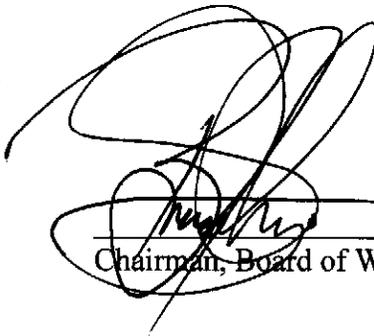
Mr. Perkovich and Mr. Feeney answered questions from the board regarding the bond issue.

NEXT MEETING: The next regularly scheduled meeting is June 26-27, 2014.

ADJOURN: Motion by Jones, seconded by Gnirk, that the meeting be adjourned. Motion carried.

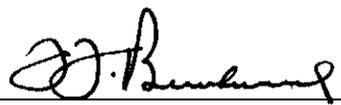
Approved this 26<sup>th</sup> day of June, 2014.

(SEAL)



Chairman, Board of Water and Natural Resources

ATTEST:



Secretary, Board of Water and Natural Resources

BOARD OF WATER AND NATURAL RESOURCES  
ATTENDANCE SHEET

DATE 3-27-14

LOCATION Matthew Training Center, Pierre

Name (PLEASE PRINT)	Address	Representing
<u>PAUL GNIRK</u>	<u>NEW UNDERWOOD</u>	<u>BWNR</u>
<u>Mike Scott</u>	<u>Aberdeen</u>	<u>Brown County</u>
<u>Paul BROWHAMMER</u>	<u>WALL</u>	<u>BWNR</u>
<u>Kathy Townsend</u>	<u>Canistota</u>	<u>Canistota City</u>
<u>Linda Bak</u>	<u>Irone</u>	<u>City of Irone</u>
<u>Daniel Seversow</u>	<u>Chancellor</u>	<u>City of Chancellor</u>
<u>Brad Mitchell</u>	<u>Sivai</u>	<u>Town of Sivai</u>
<u>Jay Koch</u>	<u>Aberdeen</u>	<u>Helms &amp; Assoc.</u>
<u>Michael Erickson</u>	<u>Aberdeen</u>	<u>Dependable Sanitation</u>
<u>GLENN JAMES JR.</u>	<u>SF</u>	<u>BWNR</u>
<u>Jerry Scholt</u>	<u>Sioux Falls</u>	<u>BWNR</u>
<u>Jeanne Duchscher</u>	<u>Parker City</u>	<u>Parker City</u>
<u>Jon Peschang</u>	<u>Pierre</u>	<u>staff</u>
<u>Karen Harford</u>	<u>Clear Lake</u>	<u>City</u>
<u>Scott Mohror</u>	<u>Brookings</u>	<u>Clear Lake</u>
<u>Greg Maag</u>	<u><del>1st District</del> WYN</u>	<u>1st District</u>
<u>TED HAENER</u>	<u>WATER TOWN</u>	<u>FIRST DISTRICT</u>
<u>Rick Ideker</u>	<u>Lake Poinsett</u>	<u>L.P.S.D.</u>
<u>Mark Janitz</u>	<u>Brookings - by an</u>	<u>BSCWS</u>
<u>Jay Gilbertson</u>	<u>Brookings</u>	<u>East Dakota WPD</u>
<u>Andy Bruehl</u>	<u>Pierre</u>	<u>DENR</u>

BOARD OF WATER AND NATURAL RESOURCES  
ATTENDANCE SHEET

DATE 3/27/2014

LOCATION Pierre

Name (PLEASE PRINT)	Address	Representing
Mike Perkovich	Pierre	DENR
Lolly Putney	Lake Poinsett	L.P. Sanitary
Beth-Anne Ferley	Rapid City	Rapid City Solid Waste
Todd Sorensen	Huron	Lake Byron
Jackie Luttrell	Clark	City of Clark
Mitch Mergen	Sioux Falls	Lemay
Camden Hofer	Mitchell	SPN and Associates
David Ruhmke	Pierre	DENR
James Feeney	Pierre	DENR
Vikki Day	Highmore	Highmore
Al Hankula	Trenton	City of Trenton S.D.
Russ Phillips	Winnon	TCWVO
Louis L. Kuhn	St Charles	TCWVO
Lyle Schuman	Milledge	Barthel & West Inc.
Tom Fischbeck	Warren	Brown Co
Joshua Aflunden	Bristol	Bristol
Jamison Reginek	Sioux Falls	City of SF <sup>Parks &amp; Rec</sup> <sub>Public Works</sub>
TODD BERNHARD	FORT PIERRE	BWNR
Fed Dickey	Abbeeden	NFCOG
<del>BRAD</del>		
BRAD PREHEIM	Coudersville	VBWDD

BOARD OF WATER AND NATURAL RESOURCES  
ATTENDANCE SHEET

DATE 3-27-14

LOCATION Pierre

Name (PLEASE PRINT)	Address	Representing
<u>Don Weibel</u>	<u>PO Box 20</u>	<u>CLARK ENGINEERING</u>
<u>Jim Anderson</u>	<u><del>ABERDEEN</del> Pierre</u>	<u>DENR</u>
<u>Marlene Knutsen</u>	<u>Pierre</u>	<u>CSD ED</u>
<u>Draw Huisken</u>	<u>Pierre</u>	<u>DENR</u>
<u>Sonya Hespe</u>	<u>Ethan</u>	<u>mun FD of Ethan</u>
<u>Brett Scott</u>	<u>Ethan</u>	<u>town of Ethan</u>
<u>Bill Lass</u>	<u>Repid City</u>	<u>B.H. Council</u>
<u>Candy DuBray</u>	<u>R.C.</u>	<u>B.H. Council</u>
<u>Mike Stahl</u>	<u>Lead</u>	<u>Lead</u>
<u>ALI DEMERSSAMU</u>	<u>RC</u>	<u>BH C</u>
<u>Greg Stack</u>	<u>Lennox</u>	<u>Lennox</u>
<u>Jennifer Sielken</u>	<u>NCCOG</u>	
<u>CLAIRE PESCHONG</u>	<u>DENR</u>	<u>DENR</u>
<u>Mary Duvall</u>	<u>Box 453</u>	<u>legislative Oversight</u>
<u>Shiloh Baysinger</u>	<u>PO Box 160</u>	<u>PCRWS</u>
<u>Donald Melling</u>	<u>Hettinger Wyo</u>	<u>DeRWS</u>
<u>Eric Eric</u>	<u>Hamill, SD</u>	<u>Tripp County Rural water</u>
<u>Brian Alderman</u>	<u>Valdora</u>	<u>POD III</u>
<u>John Clem</u>	<u>"</u>	<u>District III</u>
<u>Chonacey Shrake</u>	<u>PIERRE</u>	<u>Bross Engineering</u>
<u>William J Anderson</u>	<u>Newell</u>	<u>Bellefourche Irrigation District</u>

BOARD OF WATER AND NATURAL RESOURCES  
ATTENDANCE SHEET

DATE 3-27-14

LOCATION Pierre

Name (PLEASE PRINT)

Address

Representing

Bryant Herman

Newell

Bellefouche Irr. Dist

Bob Bebeck

Aberdeen

Helms + Associates

BROOKE EDGAR

ABERDEEN

HELMS 3 ASSOCIATES

Branden Smid

Aberdeen

Helms + Associates

