

AGENDA

**BOARD OF SUPERVISORS' MEETING
POWDER HOUSE PASS
COMMUNITY IMPROVEMENT DISTRICT
10:00 AM MDT August 23, 2022
Powder House Pass Community Building
1283 Powderhouse Trail
Lead, SD 57754**



A) ROLL CALL/CALL TO ORDER

B) HEARING

- 1) Public Meeting for Special Assessments for Wastewater Treatment System
 - a) August 23, 2022, 9:00 AM
 - (i) Powder House Pass Community Improvement District
 - (ii) 11283 Powderhouse Pass Trail, Lead, SD 57754

C) LEGAL AND FINANCE

- 1) Resolution 2022-06 Resolution of Necessity
- 2) Resolution 2022-07 Resolution of Reimbursement

D) ITEMS FROM VISITORS

E) ITEMS FROM BOARD

F) MEETING AND ANNOUNCEMENTS

- 1) Next CID Board Meetings
 - a) **Regular Meeting:** September 1, 2022, 9:00 AM MDT (10:00 AM CDT) PHP Community Building
 - b) **Special Meeting:** September 15, 2022, 9:00 AM MDT (10:00 AM CDT) PHP Community Building (Set Hearing: Special Assessment Rolls)
 - c) **Special Meeting:** September 30, 2022, 9:00 AM MDT (10:00 AM CDT) PHP Community Building (Hearing: Adopt Special Assessments)

G) ADJOURN

PUBLIC HEARING CALL IN INFORMATION:

Phone Number: 916-233-0790

Access Code: 150960#

RESOLUTION 2022-06

RESOLUTION OF NECESSITY

A RESOLUTION BY POWDER HOUSE PASS COMMUNITY IMPROVEMENT DISTRICT, LAWRENCE COUNTY, SOUTH DAKOTA, DECLARING THE NECESSITY THAT LOCAL IMPROVEMENTS BE FINANCED BY A SPECIAL ASSESSMENT

WHEREAS, Powder House Pass Community Improvement District (the “District”), is authorized to make assessments for local improvements on property adjoining or benefitting from the improvements, collect the assessments in the manner provided by law, and to fix, determine, and collect penalties for nonpayment of any special assessments; and

WHEREAS, in 2014, the District imposed a special assessment totaling \$2,575,218 (the “2014 Assessment”) to finance sanitary sewer collection infrastructure and initial costs associated with the wastewater treatment facility; and

WHEREAS, in 2018, the District imposed a special assessment totaling \$2,060,000 (the “2018 Assessment”) to finance completion of construction of the wastewater treatment plant, and to make further improvements to the sanitary sewer collection infrastructure; and

WHEREAS, the Board of Supervisors of the District has determined that it is necessary and in the best interests of the District and its citizens, to develop, design, engineer, and construct the further build-out of the District’s sanitary sewer collection and treatment systems, including an additional expansion of the District’s resource recovery facility to accommodate maximum capacity buildout (the “Improvements”); and

WHEREAS, the District has filed detailed plans and specifications for the Improvements with the District’s finance office; and

WHEREAS, the materials used in the Improvements will be generally consistent with those necessary for a moving bed biological reactor treatment system and wastewater collection system gathering line as described in more detail in the plans and specifications; and

WHEREAS, the Board of Supervisors has estimated that the total cost of the Improvements, together with engineering, legal and related expenses, will not exceed \$7,501,000, as shown on the attached **Exhibit A**; and

WHEREAS, the District has been approved for an American Rescue Plan Act grant in the amount of \$337,500 (the “Grant”) to be applied toward the cost of the Improvements; and

WHEREAS, all property within the District that will benefit from the Improvements, including additional land annexed in the future, will be assessed to cover the cost of improvements and related expenses (net of the Grant) based on an apportionment methodology described on **Exhibit B**;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the District as follows:

1. **Declaration of Necessity**. The Board of Supervisors hereby finds, determines and declares that it is necessary and expedient for the District to make assessments for the Improvements and related expenses with an estimated total of \$7,163,500.

1. Details of Improvements. The proposed Resolution of Necessity and details, plans, and specifications of the Improvements may be reviewed at the Powder House Pass Community Improvement District's office located at 11283 Powderhouse Pass Trail, Lead, SD 57754, during its regular business hours from 9:00 am. – 5:00 p.m. Monday through Friday.

Those voting aye:

Those voting nay:

Motion carried.

Adopted at Powder House Pass Community Improvement District, Lead, South Dakota, this 23rd day of August, 2022.

APPROVED:

ATTEST:

Greg Kaschmitter, CID President

Julie Stone, Secretary

Approved: August 23, 2022

Published Date:

Effective Date

EXHIBIT A

BREAKDOWN OF COSTS

| | |
|-----------------------------|--------------------|
| Construction & Improvements | \$4,000,000 |
| Engineering | \$1,000,000 |
| Administrative | \$100,000 |
| Excise Taxes | \$129,000 |
| Contingencies | <u>\$2,272,000</u> |
| Total | <u>\$7,501,000</u> |

EXHIBIT B

APPORTIONMENT METHODOLOGY

Introduction

A special assessment in 2014 has been used to fund existing sanitary sewer collection system infrastructure, as well as initial construction costs associated with the wastewater resource reclamation facility (WRRF) being constructed in 2018. At the time, the WRRF was designed to provide domestic, commercial and industrial sewer service to the Phase 1 development corridor with additional fixed building items to serve additional units.

The District has experienced steady growth since 2010. In the 2017 Sewer Collection Master Plan, it was assumed the Phase 1 development area will achieve full build-out within the 20-year design life of the WRRF. The ultimate population of the study was calculated as follows:

Phase 1 Ultimate Population = 207 acres x 2.0 units/acre x 2.2 persons/unit = 910 persons.

The estimated population of the study area is based on expected development density and land use. The 2010 Master Plan provided land use and development densities for the study area. This data was used to estimate a total population of the study area for the 20-year development horizon.

The 2014 Assessment supports and secures a State Revolving Fund Loan (“SRF Loan”) in the amount of \$2,575,218 with an interest rate of 3.25% and a term of 30 years. The 2014 Assessment was originally apportioned to parcels within the District based on functional allocations from the engineer of record.

Since the 2014 Assessment was levied, the District has required an additional SRF Loan in the amount of \$2,060,000 (the “2018 SRF Loan”) to help fund necessary design changes and cost increases associated with WRRF. Specifically, it was determined that a moving bed biological reactor package treatment plant and related appurtenances would be required to meet treatment requirements for the District.

Since the 2018 SRF Loan, the District has continued to grow and is in need of additional capacity at the WRRF. A third SRF loan (the “2022 SRF Loan”) has been approved, and will be used to fully build out the existing WRRF to serve its maximum capacity within the existing building footprint that was constructed with previous SRF Loans. The Apportionment Methodology described below is to be used for the full/final buildout of this facility.

The Proposed Special Assessment; Apportionment

The proposed special assessment (the “2022 Assessment”) will support and secure the 2022 SRF Loan in the amount of \$7,163,500 at an interest rate of 2.125% and a term of 30 years to expand the WRRF to full capacity.

Unlike the 2014 and 2018 assessments, the cost and benefit of the treatment system will be spread across the assessment area in a consistent manner. This is due to the assessment reflecting the full buildout of the facility with no specific piece playing into a future project.

WRRF costs and benefits will be assigned on a per development unit basis for both platted and unplatted land. Based on WRRF design parameters, each development unit is anticipated to produce approximately 300 gallons per day of wastewater effluent, resulting in approximately 500 total development units served from the WRRF, including phase 1. Platted single family unit lots will receive one development unit share. Commercial and unplatted land will receive a share of development units consistent with anticipated final use of that land as served by the WRRF.

RESOLUTION 2022-07

A RESOLUTION BY THE BOARD OF SUPERVISORS OF POWDER HOUSE PASS COMMUNITY IMPROVEMENT DISTRICT DECLARING ITS OFFICIAL INTENT TO REIMBURSE CERTAIN EXPENDITURES MADE BY THE DISTRICT THROUGH THE ISSUANCE OF ITS SPECIAL ASSESSMENT BOND

WHEREAS, the Board of Supervisors of Powder House Pass Community Improvement District, South Dakota (the "District") has determined that it is necessary to proceed with the construction of improvements (the "Improvements") to the District wastewater collection and treatment facilities, and to engage engineering and other consultants as necessary to develop specifications for such improvements; and

WHEREAS, the Board of Supervisors intends to impose a special assessment on the owners of land within the District,, and authorize the issuance of a Special Assessment Bond (the "Bond") for the purpose of paying the costs of the Improvements which are estimated to be \$7,163,500, and to pay all costs incurred in connection with the issuance of such Bond; and

WHEREAS, the District desires to declare its official intent to reimburse itself for any costs of the Improvements paid by the District prior to the issuance of the Bond,

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Powder House Pass Community Improvement District, South Dakota makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

1. As of the date hereof, the District reasonably expects to reimburse itself for the expenditures described in paragraph 2 below with proceeds of the Bond.
2. The expenditures described in this paragraph 2 are for the costs of acquiring and constructing the Improvements which were paid subsequent to sixty (60) days prior to the date hereof or which will be paid prior to the issuance of the Bond from funds of the District.
3. The maximum principal amount of obligations expected to be issued for the Improvements, including issuance costs, is \$7,163,500.
4. A reimbursement allocation of the expenditures described in Paragraph 2 above with the proceeds of the borrowing described herein will occur not later than 18 months after the later of (i) the date on which the expenditure is paid, or (ii) the date the Improvements is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid. A reimbursement allocation is an allocation in writing that evidences the District's use of the proceeds of the debt to be issued for the Improvements to reimburse the District for a capital expenditure made pursuant to this resolution.
5. The expenditures described in Paragraph 2 above are "capital expenditures" as defined in Treas. Reg. § 1.150-1(b), which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Treas. Reg. §1.150-2(c)) under general Federal income tax principles as determined at the time the expenditure is paid.
6. All action of the Board, the Board of Supervisors and/or any officers, agents and employees of the Board and the District consistent with the purposes and intent of this resolution, whether taken before or after the adoption hereof, are ratified, confirmed and adopted.
7. This Declaration of Official Intent to Reimburse shall be on file at the finance office located at Powder House Pass Community Center, 11283 Powderhouse Trail, Lead, South Dakota,

57754 and will be available for inspection by the public during its regular business hours from 9:00 a.m. to 5:00 p.m. Monday through Friday, all in accordance with the requirements of South Dakota law and the Treasury Regulations promulgated by the Internal Revenue Service under the Internal Revenue Code of 1986, as amended. Such inspection may be made on any business day until the date of issuance of the Bond.

Those voting aye:

Those voting nay:

Motion carried.

Adopted at Powder House Pass Community Improvement District, Lead, South Dakota, this 23rd day of August, 2022.

APPROVED:

ATTEST:

Greg Kaschmitter, CID President

Julie Stone, Secretary

Approved: August 23, 2022

Published Date:

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