RESOLUTION NO. 2026-3

RESOLUTION AMENDING THE SPRING CREEK COW CREEK SANITARY DISTRICT (SCCCSD) RATE STRUCTURE, PROVIDING A SURCHARGE FOR IMPROVEMENTS OF THE WASTEWATER SYSTEM, FOR PAYMENT OF A REVENUE BORROWER BOND AND YEARLY REVIEW OF RATE

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE SCCCSD AS FOLLOWS:

1. **Surcharge for Borrower Bond.** There shall be charged a monthly surcharge for the services provided by the improvements financed by the CW-02 Conservancy District Loan. The surcharge for each loan shall be segregated from other revenues of the SCCCSD and shall be used for the payment of the of the Borrower Bond CW-02 (the "Borrower Bond"). Provided that such surcharge shall create net income, remaining from time to time after first paying all reasonable and current expenses of maintenance, repairs, replacement and operation, sufficient to fund interest, reserve, and debt service fund annual requirements.
2. **Rates and Collection.** The SCCCSD hereby establishes a special charge or surcharge payable based on usage from the services of the project financed with the Borrower Bond. Rates shall be determined utilizing a base plus usage format with the base surcharge including 5,000 gallons of usage as metered by the water meter. The usage surcharge shall be determined utilizing a cost per thousand gallons beyond the water usage included in the base surcharge.

   Such charge or surcharge shall be set at a level which, assuming a 10% delinquency rate, will produce income at times and in amounts sufficient to pay when due the principal of and interest on the Borrower Bond and the administrative expense surcharge and all other payments as may be required under the loan agreement and Borrower Bond.
3. **Borrower Bond Surcharge.** The following clean water debt service surcharge shall be applicable to all customers served. For the purposes of this Resolution, the term "customers served" shall include all current users with water meters installed with a connection to the sewer system and all future users which have made an application for service and have paid the applicable application fee.

   Borrower Bond CW-02 Surcharge with an effective date of January 1, 2027:

   All customers served shall pay a monthly base surcharge to include 5,000 gallons of usage as metered by the water meter of Forty-One Dollars ($41.00). For customers served using greater than 5,000 gallons of usage as metered by the water meter, for all usage over 5,000 gallons the customer served shall pay an additional Seventeen Dollars ($17.00) per 1,000 gallons calculated on a monthly basis.

   This surcharge shall remain in effect until such time as the revenue bond is paid in full. The initial surcharge shall be collected at the same time as other charges of the system. The surcharge is found to be equitable for the services proved by the improvements.
4. **Segregation.** The debt service surcharge shall be segregated from other income of the system in a separate book keeping account and is pledged to the South Dakota Conservancy District for the payment of loan payments on the Borrower Bond.
5. **Yearly Review.** SCCCSD may review each user's surcharge on an annual basis to assure equity of the surcharge established herein. The charges shall be administratively adjusted, including increases and decreases, to such amounts as may be necessary to pay principal, interest, administrative surcharge, and other charges as may become due and owing under the loan agreement or Borrower Bond.
6. **Billing and Accounting.** The surcharge shall be included in the monthly user bill. Nothing contained herein requires the surcharge to be indicated on the billing, however, the surcharge segregation shall be indicated on the books of the SCCCSD.

7. **Automatic Repeal.** The surcharge for the Borrower Bond shall be automatically repealed when the borrower bond is paid in full.
8. **Precedence over Existing Resolutions.** This Resolution shall supersede all other resolutions setting charges for the repayment of Borrower Loan CW-02.
9. **Partial Invalidity**. If any one or more of the provisions shall be held invalid, illegal, or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision hereof.

(SEAL)
ATTEST

Neal Konda
SCCCSD Board President
Dated November 11, 2026

JJ Linn, SCCCSD Clerk