

HERMOSA TOWN BOARD  
THURSDAY, FEBRUARY 5, 2026  
REGULAR MEETING @ 6:00 p.m.  
**BOT APPROVED 03-03-2026**

ROLL CALL: Koontz called the meeting to order on Thursday, February 5, 2026, at 6:00 p.m. Roll Call was held with Kramer, Ferguson, Koontz, Serviss and Matheny in attendance. Interested citizens, Tow Attorney James and Town Engineer Theodorou were also present. Pledge of Allegiance led by Koontz.

MEETING RULES: Koontz reviewed the roles and responsibilities of chair and order of meeting. It was suggested that a work session would be needed to review all of Roberts Rules.

CALL FOR CHANGES: Motion by Kramer and seconded by Ferguson to add Item 11B Dealing with threat received by town on February 4, 2026, change Item 10 A to Marshal position update, add Item 11C Review Preston contract, add claim for Independent Audit Services in the amount of \$6,750.00 and approve the agenda as amended; vote: all aye, motion carried.

CONSENT CALENDAR: Motion by Koontz and seconded by Kramer to add to January 20, 2026 meeting minutes under Public Works that Serviss was questioned about rip rap on West Main and approve the January 20, 2026 regular meeting minutes as amended; vote: four aye and one nay, motion carried. Motion by Matheny to pend minutes of the January 27, 2026 special meeting minutes until the next regular meeting; vote: all aye, motion carried.

CONFLICT OF INTEREST DECLARATION: All board members are responsible for refraining from discussion and voting on issues where they may have a conflict of interest. Koontz noted that there will be roll call voting for any agenda items that may have a conflict of interest.

TOWN/FEMA UPDATES: The board reviewed all three of the RFP's received for the 2026 Hermosa Drainage and Sewer Assessment & Improvement Plans for the FEMA BRIC Grant. Motion by Kramer and seconded by Matheny to accept the RFP from ATAC, as it was the lowest cost proposal; vote: all aye, motion carried.

ENGINEER: Engineer Theodorou informed the board that only one bid was received for the Two Man Operator Service for Vactor Truck. This will be addressed at the next regular meeting.

PLANNING & ZONING: Koontz and Town Planner Putnam presented a power point presentation explaining what and how a TIF works. The board and audience had an opportunity to ask questions. Several residents expressed their concern about the new proposed TIF. Motion by Matheny and seconded by Kramer to approve Planning & Zoning Resolution 2026-01. Motion by Serviss to amend the motion to strike approved project plan. Motion failed for a lack of a second. Vote on original motion; four aye and one abstain, motion carried.

**PLANNING & ZONING**  
**RESOLUTION NO. 2026-01**  
**RESOLUTION PROVIDING FOR THE CREATION OF TOWN OF HERMOSA, SOUTH DAKOTA TAX INCREMENTAL DISTRICT NUMBER TWO (2)**

WHEREAS, the Town of Hermosa, South Dakota has the power, pursuant to SDCL 11-9-2, to determine that it is in the best interest of the Town to implement plans that promote economic development and growth in the Town; and

WHEREAS, notice of the hearing before the Town Board of Trustees, sitting as the Town Planning Commission, was provided pursuant to SDCL 11-9-3; and

WHEREAS, the Board of Trustees of Hermosa, South Dakota held a hearing on January 27, 2026, at which any interested parties were afforded a reasonable opportunity to express their view on the proposed creation

HERMOSA TOWN BOARD  
THURSDAY, FEBRUARY 5, 2026  
REGULAR MEETING @ 6:00 p.m.

**BOT APPROVED 03-03-2026**

of a tax incremental district, and has determined that it is in the best interest of the Town to implement plans that promote economic development and growth in the Town; and

WHEREAS, the Board embraces the concept of Tax Increment Financing as a tool to encourage this desirable growth and redevelopment; and

WHEREAS, there has been established the Western Commercial and Sewer Improvement Tax Increment Financing District Number Two (2), Town of Hermosa, South Dakota; and

WHEREAS, the Board of Trustees deems it desirable to promote development and extend infrastructure in the corporate limits of the Town of Hermosa, South Dakota; and

WHEREAS, the Project Plan submitted helps make this development feasible by assisting with the costs of infrastructure; and

WHEREAS, the use of Tax Increment funding to promote this development is in keeping with the statutes adopted by the South Dakota State Legislature; and

WHEREAS, the Project Plan submitted for this Tax Increment Financing District proposes these public improvements; and

WHEREAS, the Board of Trustees has considered the Project Plan prepared by the Town Engineer and determined that the Project Plan for the Western Commercial and Sewer District Tax Increment Financing District Number Two (2), Town of Hermosa, South Dakota, is economically feasible; and

WHEREAS, the Council has further determined that this Project Plan is in conformity with the Town's overall planning and development.

NOW, THEREFORE, BE IT RESOLVED:

1. Pursuant to SDCL 11-9-5, there is hereby created, as of January 27, 2026, The Town of Hermosa, South Dakota Tax Incremental District Number Two (2). TID 2 is legally described as follows:

In Section 30, T2S, R8E, BHM:

**Hermosa Hills Tract Revised (Formerly a pt of Outlot 1) (Containing all of Hermosa Hills Tr)  
Hermosa Town (Parcel ID 015402)**

In Section 30, T2S R8E, BHM:

**Drive In Tract (Formerly a Pt of Outlot 1) within the SE ¼ of Section 30, Township 2 South, Range 8 East of the Black Hills Meridian (Parcel ID 015169)**

In Section 30, T2S R8E, BHM:

**Chapel Hill Subd- Lot Polly, within the SE ¼ of the SE ¼ of Section 30, Township 2 South, Range 8 East of the Black Hills Meridian (Parcel ID 009339)**

In Section 30, T2S R8E, BHM:

**Chapel Hill Subd- North 2.8 AC of Outlot M(R) within the SE ¼ of Section 30, Township 2 South, Range 8 East of the Black Hills Meridian (Parcel ID 012306)**

In Section 30, T2S R8E, BHM:

**Tiki Subd – Lot 1, within the SE ¼ of Section 30, Township 2 South, Range 8 East of the Black Hills Meridian (Parcel ID 011408)**

In Section 30, T2S R8E, BHM:

**Hermosa Hills Addition- Lot 24, within the SE ¼ of Section 30, Township 2 South, Range 8 East of the Black Hills Meridian (Parcel ID 015193)**

In Section 30, T2S R8E, BHM:

**Hermosa Hills Additin- Lot 23, within the SE ¼ of Section 30, Township 2 South, Range 8 East of the Black Hills Meridian (Parcel ID 015192)**

In Section 30, T2S R8E, BHM:

**Park Tract 2, in the NW ¼ of the NW ¼ of the NE ¼ of the SE ¼, and within the Western Half of the NE ¼ of the NW ¼ of the NE ¼ of the SE 1/4 , and within the South Half of the North Half of the NE ½ of the SE ¼ LESS SD HWY 79 ROW, HERMOSA TOWN all within Section 30, Township 2 South, Range 8 East of the Black Hills Meridian (Parcel ID 015895)**

HERMOSA TOWN BOARD  
THURSDAY, FEBRUARY 5, 2026  
REGULAR MEETING @ 6:00 p.m.  
**BOT APPROVED 03-03-2026**

In Section 30, T2S, R8E, BHM

**The North Half of the NE ¼ of the NE ¼ of the SE ¼ AND the East ½ of the NE ¼ of the NW ¼ the NE ¼ of the SE ¼ (Less Wiles Addition- Lot 1 = 1.18 AC) (Including Road Row = .48 AC), all within Section 30, Township 2 South, Range 8 East of the Black Hills Meridian (Parcel ID 011978)**

In Section 30, T2S, R8E, BHM

**Wiles Addition- Lot 1 (Of N ½ of the NE ¼ of the NE ¼ of the SE ¼ AND the East ½ of the NE ¼ of the NW ¼ of the NE ¼ of the SE 1/4) Hermosa, South Dakota (Parcel No. 015566)**

In Section 30, T2S R8E, BHM:

**Chapel Hill Subd- Balance of Outlot M(R) within the SE ¼ of the SE ¼ of Section 30, Township 2 South, Range 8 East of the Black Hills Meridian (Parcel ID 009338)**

In Section 30 T2S R8E, BHM:

**Park Tract 1, In the NW ¼ of the NW ¼ of the NE ¼ of the SE1/4, the W ½ of the NE ¼ of the NW ¼ of the NE ¼ of the SE ¼, and the South ½ of the North ½ of the NE ¼ of the SE ¼ of Section 30, Township 2 S, Range 8 East of the Black Hills Meridian, Town of Hermosa, South Dakota (Parcel ID 004135)**

including the public rights-of-way that are both within the limits of the Town of Hermosa and adjacent and perpendicular to the above-described areas, with a map showing said boundaries included in the Project Plan presented to the Town Board of Trustees on January 27, 2026.

2. A hearing by the Town of Hermosa Board of Trustees, sitting as the Town Planning Commission, concerning the creation and boundaries of TID 2 was held on January 27, 2026.

3. The Town Board of Trustees, in consideration of the project plan, other documentary evidence, and testimony, hereby makes the following findings:

- a. Pursuant to SDCL 11-9-8, not less than fifty percent (50%) by area of the real property within the proposed tax increment district will stimulate and develop the general economic welfare and prosperity of the Town of Hermosa and State of South Dakota through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources;
- b. Further pursuant to SDCL 11-9-8, the improvement of the area is likely to enhance significantly the value of substantially all of the other real property in TID 2;
- c. Pursuant to SDCL 11-9-13, the project plan for TID 2 includes information satisfying each of the five (5) requirements contained therein;
- d. Pursuant to SDCL 11-9-16, the project plan for TID 2 includes information satisfying each of the six (6) requirements contained therein; and
- e. The plan is feasible and in conformity with the master plan of the Town.
- f. The aggregate assessed value of the taxable property in the District, plus all other tax incremental districts does not exceed ten percent (10%) of the total assessed valuation of the Town.
- g. TID 2 will be designated as an Annual Appropriations TIF to ensure that it does NOT count against constitutional debt.

4. Based on the findings in Section 3 above, the Town hereby approves and adopts the project plan and the proposed boundaries as recommended by the Town of Hermosa Board of Trustees, acting as the Town Planning Commission.

5. The Town hereby directs the Town Finance Officer to take such action as is deemed necessary to accomplish SDCL 11-9-20.

6. There is hereby created, pursuant to SDCL 11-9-31, the Tax Incremental District Number Two Fund

(TID 2 Fund).

7. All tax increments collected pursuant to TID 2 shall be deposited into the TID 2 Fund.

**BOT APPROVED 03-03-2026**

8. All funds in the TID 2 Fund shall be used solely for the purposes expressly stated and reasonably inferred in SDCL 11-9.

9. The Town finds that the aggregate assessed value of the taxable property in the district plus the tax incremental base of all other existing districts does not exceed ten percent (10%) of the total assessed value of the taxable property in the Town.

10. The project plan is on file with the Town of Hermosa Finance Officer.

11. A Developer's Agreement consistent with the provisions of this Resolution and the Project Plan shall be approved by separate action of the Town Board of Trustees.

Adopted by the Hermosa, South Dakota Board of Trustees in regular session this 27th day of January, 2026, with:

   four votes cast in favor of adoption,

   no votes cast against adoption, and

   one vote abstaining.

TOWN OF HERMOSA

---

By: Kelburn Koontz

President of the Board of Trustees

ATTEST:

---

Teri Cornelison

Finance Officer

Motion by Serviss and seconded by Ferguson to table Resolution #2026-03 Resolution Approving the Project Plan for the Western Commercial and Sewer District Tax Increment Financing District Number Two (2), Town of Hermosa, South Dakota, until the next regular meeting; vote: two aye, three nay, motion failed. Motion by Koontz and seconded by Kramer to approve Resolution #2026-03; vote: three aye and two nay, motion carried.

**RESOLUTION NO. 2026-03 RESOLUTION  
APPROVING THE PROJECT PLAN FOR THE WESTERN COMMERCIAL AND SEWER  
DISTRICT TAX INCREMENT FINANCING DISTRICT NUMBER TWO (2), TOWN OF  
HERMOSA, SOUTH DAKOTA**

WHEREAS, the Board of Trustees of Hermosa, South Dakota has determined that it is in the best interest of the Town to implement plans that promote economic development and growth in the Town; and

WHEREAS, the Board embraces the concept of Tax Increment Financing as a tool to encourage this desirable growth and redevelopment; and WHEREAS, there has been established the Western Commercial and Sewer Improvement Tax Increment Financing District Number Two (2), Town of Hermosa, South Dakota; and WHEREAS, the Board of Trustees deems it desirable to promote development and extend infrastructure in the corporate limits of the Town of Hermosa, South Dakota; and WHEREAS, the Project

Plan submitted helps make this development feasible by assisting with the costs of infrastructure; and WHEREAS, the use of Tax Increment funding to promote this development is in keeping with the statutes adopted by the South Dakota State Legislature; and WHEREAS, the Project Plan submitted for this Tax Increment Financing District proposes these public improvements; and WHEREAS, the Board of Trustees has considered the Project Plan prepared by the Town Engineer and determined that the Project Plan for the

Western Commercial and Sewer District Tax Increment Financing District Number Two (2), Town of Hermosa, South Dakota, is economically feasible; and WHEREAS, the Council has further determined that this Project Plan is in conformity with the Town's overall planning and development. NOW, THEREFORE,

BE IT RESOLVED, by the Town of Hermosa, South Dakota that the Project Plan of the Western

HERMOSA TOWN BOARD  
THURSDAY, FEBRUARY 5, 2026  
REGULAR MEETING @ 6:00 p.m.

**BOT APPROVED 03-03-2026**

Commercial and Sewer Improvement District Tax Increment Financing District Number Two (2), City of Hermosa, South Dakota, be and hereby is approved as submitted by the Town Engineer. Page 2 of 2

DATED this 5th day of February, 2026.  
TOWN OF HERMOSA

\_\_\_\_\_  
By: Kelburn Koontz  
President of the Board of Trustees  
ATTEST:

\_\_\_\_\_  
Teri Cornelison  
Finance Officer

BREAK: The board took a break and reconvened at 8:00 p.m.

PLANNING & ZONING CONTINUED: Discussion was held on Information Permit #2026-03, 495 Vilas Street, Parcel #009204. Joan Harris stated anything over 160 square feet or changing the footprint of the structure requires a building permit. The office staff will review the ordinances to determine if this requires a building permit.

CLAIMS: Motion by Kramer and seconded by Ferguson to approve Payroll for January 30, 2026, and claims for February 5, 2026; roll call vote: Kramer, Ferguson, Koontz and Serviss aye, Matheny abstained, motion carried. A & B BUSINESS, monthly printer/fax fee, \$554.45; ACTION MECHANICAL, remove booster pump/reconnect pipes, \$325.00; BANK WEST, classic web banking fee, \$25.00; BANK WEST CREDIT CARD, Christmas decorations/stamps/office supplies/adobe software, 3,347.29; BLACK HILLS ELECTRIC COOP, utilities street/water/sewer/general, \$1,932.82; BATTLE CREEK FIRE DEPARTMENT, Oct/Nov/Dec 2025 TIF #1 taxes, \$2,836.15; Custer County Auditor, Oct/Nov/Dec 2025 TIF #1 taxes, \$9,141.75; CUSTER COUNTY SCHOOL, Oct/Nov/Dec 2025 TIF #1 taxes, \$33,466.52; CUSTER COUNTY SHERIFF, dispatch contract February-April 2026, \$2,000.00; CHUCK FERGUSON, contract services water/sewer/streets, \$3,120.00; INDEPENDENT AUDIT SERVICES, audit draft for 2024-2025, \$6,750.00; KEL KOONTZ, reimburse four bags ice melt, \$23.36; MIDCONTINENT TESTING LABS, water and lagoon testing, \$1,421.25; RURAL DEVELOPMENT, RD1 Loan-January 2026 interest & principal, \$1,278.00; RD2 Loan-January 2026 interest & principal, \$417.00; RD3 Loan-January 2026 interest & principal, \$222.00; SOUTH DAKOTA DEPARTMENT OF REVENUE, sales tax November/December 2025, \$890.70; SDML WORKER'S COMP, work comp/BOT/volunteer/law/FO/admin, \$1,387.00; US BANK, quarterly SRF loan payment, \$1,493.23; VONDA BELT, reimburse cleaning supplies, \$23.02; **Accounts Payable Total: \$69,844.54.** Payroll related: Total Paid on 1/30/2026; Legislative, Financial Administration, \$5,287.82, Water, \$530.98, Sewer, \$206.97, Promoting City/BBB, \$80.59, EFTPS-Electronic Federal Tax, \$1,554.47, South Dakota Retirement, \$1,530.26, Health Equity, 62.50, Health Pool of South Dakota, \$886.46; **Total Payroll Related Paid: \$10,140.05.**  
**REPORT TOTAL: \$80,794.59.**

LAW ENFORCEMENT/ABATEMENTS/COMPLAINTS: Motion by Kramer and seconded by Matheny to recognize the resignation of Alias as Town Marshal; vote: all aye, motion carried. No Custer County log was provided. Motion by Serviss and seconded by Ferguson to approve Law Enforcement Committee with a \$3,000.00 discretionary vehicle budget and vehicle transport authority; vote: all aye, motion carried.

LEGAL: Motion by Koontz and seconded by Serviss to table Open Meetings Laws Review until the February 17, 2026 regular meeting with the understanding to shift Legal to item 6 on the agenda; vote: all aye, motion carried. Attorney James reviewed a recent threat the town had received. Motion by Kramer and seconded by

HERMOSA TOWN BOARD  
THURSDAY, FEBRUARY 5, 2026  
REGULAR MEETING @ 6:00 p.m.

**BOT APPROVED 03-03-2026**

Serviss to allow Town Attorney to prepare Notice of Trespass warning from town property and in-person attendance at town meetings to be served to the individual by the County Sheriff's Office; vote: all aye, motion carried. Jim Preston was in attendance to the meeting and the Preston family is requesting the \$140,501.08 paid for water tap fees be returned to the family. The board instructed the town attorney to research this request and report back at the next meeting.

**PUBLIC WORKS:** Serviss gave an update on current work being done on town roads. Koontz requested the rip rap on West Main be addressed and to be more mindful not to create more issues on the roads when making repairs. Ferguson gave an update on street light repairs. There are still some street lights in need of repair and Ferguson is coordinating with company to get the repairs done. The water leak on the corner of 5<sup>th</sup> Street and Manning has been repaired. Ferguson stated the issue was not due to any previous work done by the contractor and that the town would be responsible for the cost of the repair. Koontz stated the residents had been notified prior to the repair, but the repair actually took longer to repair than originally anticipated and advised to be mindful making sure proper notice is given. Ferguson reported that samples had been taken from the lagoon. He is also working on updating the test site addresses for the monthly water sampling. Open work orders were provided in the packet. Motion by Serviss and seconded by Matheny to approve collecting water samples by water meter reader upon completion of required training; vote: one aye, two nay and one abstained, motion failed. Motion by Kramer and seconded by Matheny to table Item 12 F Approve draft and posting of job description for public works town employee; vote: three aye and two abstained, motion carried. Motion by Serviss and seconded by Kramer to remove Item 12G Approve Knowledge & Equipment Support Agreement from the agenda; vote: all aye, motion carried. Motion by Koontz and seconded by Ferguson to remove all water and sewer charges, except surcharges, from the Hermosa Arts & History Association utility bill. Motion was amended by Koontz and seconded by Matheny to include as long as consumption remains 150 gallons or less. Vote on amendment; four nay and one abstain, motion failed. Vote on original motion; all nay, motion failed. Motion by Koontz and seconded by Matheny to approve water and sewer bill relief for Hermosa Arts & History Association only charging surcharges for water and sewer as long as usage stays below 150 gallons and only valid until water rate structure rewritten; vote: four aye and one abstain, motion carried. Motion by Matheny and seconded by Koontz to approve Hermosa Booster Pump Proposal from Krohmer Plumbing in the amount of \$2,417.00. Motion was amended by Koontz and seconded by Matheny to contractor must purchase contractor license from town office. Vote on amendment: all aye, motion carried. Vote on original motion; four aye and one abstain, motion carried.

**ECONOMIC DEVELOPMENT:** Motion by Kramer and seconded by Matheny to dismiss Item 13 A Approve Resolution 02-2026 Establishing the Hermosa Economic Development Committee; vote: four aye and one abstain, motion carried.

**FINANCE OFFICE:** Monthly financial reports will be provided at the next regular meeting. The board acknowledged the resignation of Vonda Belt as the town office cleaner.

**OLD BUSINESS:** No old business was presented.

**NEW BUSINESS:** Motion by Serviss and seconded by Ferguson to approve \$1,000.00 donation from BBB funds to rebuild playground equipment at Our Savior Lutheran Church; vote: one aye, three nay and one abstain, motion failed. Motion by Serviss and seconded by Koontz to table for further investigation; vote: all aye, motion carried.

**ITEMS FROM CONSTITUENTS:** Deb Holsworth asked about when repairs will be made on the street light on Manning and 4<sup>th</sup> Street. Ferguson stated it is on the list to be repaired. Dan Holsworth commented that when posts are made on Facebook to make sure to get the correct facts before posting.

HERMOSA TOWN BOARD  
THURSDAY, FEBRUARY 5, 2026  
REGULAR MEETING @ 6:00 p.m.  
**BOT APPROVED 03-03-2026**

TRUSTEE INPUT: Serviss reported more information will be provided concerning the history of Roy's Drive Inn.

EXECUTIVE SESSION: Motion by Serviss and seconded by Kramer to enter Executive Session allowable by SDCL 1-25-2 – Personnel and Security at 10:02 p.m.; vote: all aye, motion carried. Motion made by Matheny and seconded by Ferguson to exit Executive Session at 10:47 p.m.; vote: all aye, motion carried. Motion by Serviss and seconded by Ferguson to approve a budget of \$1,500.00 for secure storage under the Law Enforcement budget; vote: all aye, motion carried.

ADJOURN: Motion made by Koontz and seconded by Kramer to adjourn meeting at 10:48p.m., vote: all aye, motion carried.

ATTEST:

\_\_\_\_\_  
Terri Cornelison  
Finance Officer

\_\_\_\_\_  
Kelburn Koontz  
Town Board President

Published once at the approximate cost of \_\_\_\_\_.