

HERMOSA TOWN BOARD
WORK SESSION APRIL 14th 7:00PM



1) **WORK SESSION ITEMS:**

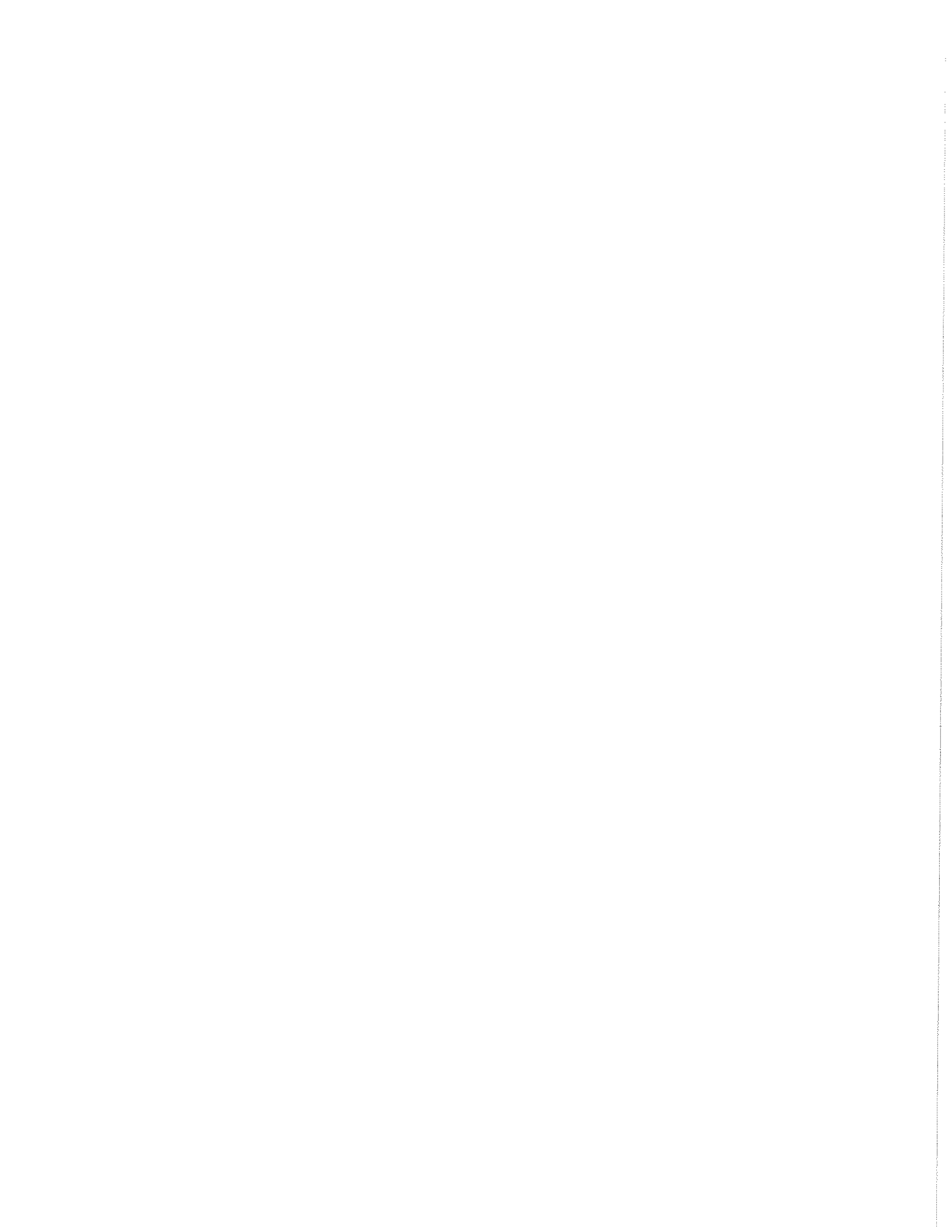
A. Discussion with Preston family

2) **ITEMS FROM CONSTITUENTS:** No action can be taken by the board on any issue related without being first placed on a future agenda, to allow for proper notice.

1. Reserved time for public comment is **15 minutes**.
2. This is a time for citizens of the town of Hermosa or owners of property within town
 - i. Limits to express concerns or discuss issues having relevance to the town.
3. Anyone wishing to address the Town Board during this time shall be asked to stand and
 - i. Identify themselves after being recognized the Board President.
4. Each person will be allotted **3 minutes** to speak.
5. After these time limits are reached, all further commentary shall be made only with the
 - i. Chair's approval.

3) **TRUSTEE INPUT:**

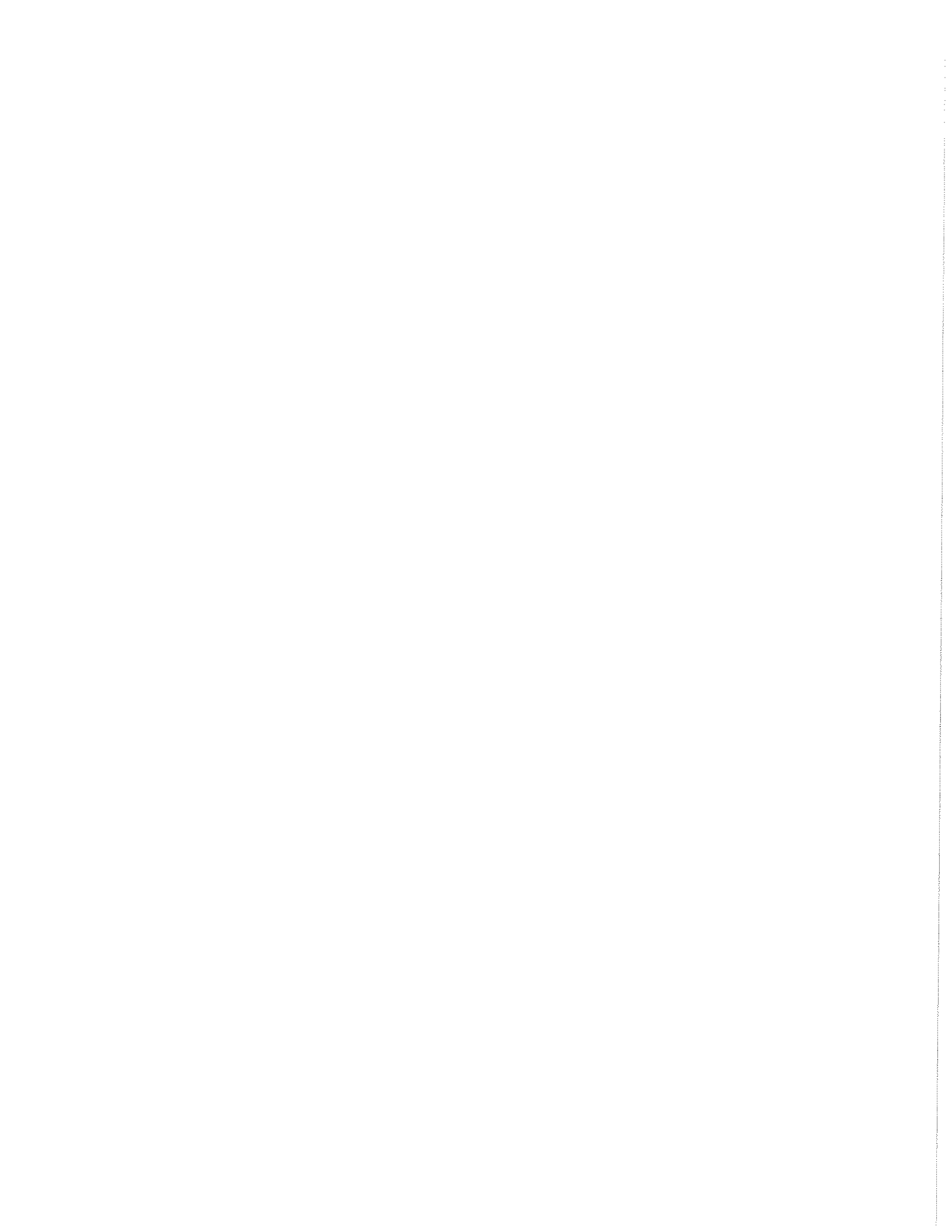
1. Kramer
2. Ferguson
3. Koontz
4. Serviss
5. Matheny



WORK SESSION 4-14-2026

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**TOWN OF HERMOSA
RESOLUTION NO. 07-2021
RESOLUTION OF ANNEXATION**

WHEREAS, pursuant to SDCL §§9-4-1 and 9-4-1.1, D & D Properties, LLC, a South Dakota Limited Liability Company has petitioned the Town of Hermosa Board of Trustees of Hermosa, South Dakota, to annex the following described property subject to certain conditions:

**UTILITY LOT 1 OF HEARTLAND RACEWAY SUBDIVISION
LOCATED IN THE N1/2 OF THE NE1/4 OF SECTION 30, T2S,
R8E, B.H.M., CUSTER COUNTY, SOUTH DAKOTA.**

AND WHEREAS, pursuant to SDCL §§9-4-1 and 9-4-1.1, Heartland Storage Company, LLC, a South Dakota Limited Liability Company has petitioned the Town of Hermosa Board of Trustees of Hermosa, South Dakota, to annex the following described property subject to certain conditions:

**UTILITY LOT 1 OF HEARTLAND STORAGE SUBDIVISION
LOCATED IN THE SE1/4 OF THE NE1/4 OF SECTION 30, T2S,
R8E, B.H.M., CUSTER COUNTY, SOUTH DAKOTA.**

AND WHEREAS, pursuant to SDCL §§9-4-1 and 9-4-1.1, Clifford and Mary Shorb have petitioned the Town of Hermosa Board of Trustees of Hermosa, South Dakota, to annex the following described property subject to certain conditions:

**UTILITY LOT 1 OF THE NE1/4 LOCATED IN SECTION 30, T2S,
R8E, B.H.M., CUSTER COUNTY, SOUTH DAKOTA.**

AND WHEREAS, pursuant to SDCL §§9-4-1 and 9-4-1.1, Preston Family, Inc. a South Dakota Corporation has petitioned the Town of Hermosa Board of Trustees of Hermosa, South Dakota, to annex the following described property subject to certain conditions:

**PRESTON TRACT 1 LOCATED IN SECTION 19, T2S, R8E, BHM,
CUSTER COUNTY, SOUTH DAKOTA**

AND WHEREAS, the Town of Hermosa Board of Trustees held a public hearing concerning the foregoing petitions at its regular meeting held on August 3, 2021;

AND WHEREAS, the Town of Hermosa Board of Trustees set the hearing on the resolution to accept or reject the aforesaid petitions for annexation for August 17, 2021;

AND WHEREAS, the Town of Hermosa Board of Trustees conducted a hearing on the resolution to accept or reject the aforesaid petitions for annexation at its regular meeting on August 17, 2021 at 6:00 o'clock p.m.

AND WHEREAS, the aforesaid petitions for annexation have been signed by not less than three-fourths of the registered voters and by the owners of not less than three-fourths of the value of the territory sought to be annexed;

AND WHEREAS, the territory sought to be annexed is contiguous to the Town of Hermosa's current municipal boundary;

NOW, THEREFORE, BE IT RESOLVED by the Town of Hermosa Board of Trustees

That pursuant to SDCL §§9-4-1 and 9-4-1.1, the petition for annexation submitted by D & D Properties, LLC, a South Dakota Limited Liability Company to the Town of Hermosa to annex the following described property is accepted upon the terms set forth in the petition for annexation:

**UTILITY LOT 1 OF HEARTLAND RACEWAY SUBDIVISION
LOCATED IN THE N1/2 OF THE NE1/4 OF SECTION 30, T2S,
R8E, B.H.M., CUSTER COUNTY, SOUTH DAKOTA.**

BE IT FURTHER RESOLVED that pursuant to SDCL §§9-4-1 and 9-4-1.1, the petition for annexation submitted by Heartland Storage Company, LLC, a South Dakota Limited Liability Company to the Town of Hermosa to annex the following described property is accepted upon the terms set forth in the petition for annexation:

**UTILITY LOT 1 OF HEARTLAND STORAGE SUBDIVISION
LOCATED IN THE SE1/4 OF THE NE1/4 OF SECTION 30, T2S,
R8E, B.H.M., CUSTER COUNTY, SOUTH DAKOTA.**

BE IT FURTHER RESOLVED that pursuant to SDCL §§9-4-1 and 9-4-1.1, the petition for annexation submitted by Clifford and Mary Shorb to the Town of Hermosa to annex the following described property is accepted upon the terms set forth in the petition for annexation:

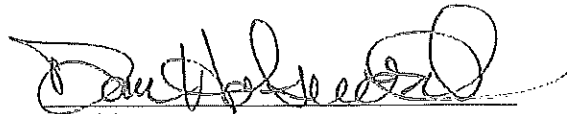
**UTILITY LOT 1 OF THE NE1/4 LOCATED IN SECTION 30, T2S,
R8E, B.H.M., CUSTER COUNTY, SOUTH DAKOTA.**

BE IT FURTHER RESOLVED that pursuant to SDCL §§9-4-1 and 9-4-1.1, the petition for annexation submitted by Preston Family, Inc. a South Dakota Corporation to the Town of Hermosa to annex the following described property is accepted upon the terms set forth in the petition for annexation:


**PRESTON TRACT 1 LOCATED IN SECTION 19, T2S, R8E, BHM,
CUSTER COUNTY, SOUTH DAKOTA**

Dated this 17th day of August, 2021

HERMOSA BOARD OF TRUSTEES:


President

ATTEST:


Finance Officer

**AGREEMENT FOR CONTRIBUTION
OF DEVELOPER FUNDS FOR PUBLIC IMPROVEMENTS**

THIS AGREEMENT FOR CONTRIBUTION OF DEVELOPER FUNDS FOR PUBLIC IMPROVEMENTS (hereinafter "Agreement") is made and entered into this 8 day of December 2021, by and between the Town of Hermosa, a municipal corporation of the state of South Dakota, whose address is PO Box 298, Hermosa, South Dakota 57744 (hereinafter "Town"), and Preston Family Inc., whose address is 22760 Stone Meadow Rd., Rapid City, South Dakota 57702 (hereinafter "Developer" or "Owner").

WHEREAS, Developer owns certain real property which it seeks to voluntarily annex into the Town generally located west of Highway 79 and more specifically described in Exhibit A attached hereto and incorporated herein by this reference (hereinafter "Property"); and

WHEREAS, the Town is continuing with of the extension of its water and sewer system consistent with its multi-phase sewer and water expansion plan started in 2007; and

WHEREAS, Developer in expectation of the Town's water and sewer mains reaching Developer's land, intends to subdivide and/or develop the Property into residential lots, the effect of which will directly impact and generate the need for on-site and off-site improvements; and

WHEREAS, the Developer acknowledges that the public infrastructure improvements (also referred to as the "Improvements") required herein are reasonably attributable to the special impacts that will be generated by the proposed uses of the Property and that the terms and conditions set forth in this Agreement are reasonable, necessary and appropriate; and

WHEREAS, Developer has requested that Town provide sewer and water services and has agreed to participate in the funding of the extension of certain municipal water and sewer mains in order to provide said services to residential lots in future Lone Coyote Subdivision; and

WHEREAS, the Town has the authority to regulate the subdivision of land within its jurisdiction pursuant to SDCL §11-6-27; and

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereby agree as follows:

1. FINANCIAL CONTRIBUTION BY DEVELOPER.

A. Within 30 days of this Agreement Developer hereby agrees to remit \$150,000 to be held by the Town which shall be applied to costs associated with the construction and installation of the subject public Improvements on a 50/50 basis as invoices are received from subcontractors. A \$150,000 irrevocable letter of credit (ILOC) from Black Hills Federal Credit Union will be also simultaneously provided with remittance from which Town may draw upon to pay half of additional invoices. Upon final acceptance by Town of the Improvements, any remaining developer funds shall be refunded to Developer.

(i) Town agrees that Developer's contribution shall not exceed \$300,000. Developer warrants that its \$300,000 contribution will be tendered to the Town and placed into a designated fund for the sole purpose of paying Project costs as described and

illustrated in Exhibit "B" attached hereto and incorporated herein by this reference; said costs may include costs associated with the city engineer review of plans and normal administrative fees associated with the development and the construction of the water and sewer line.

(ii) The anticipated completion date of the Project is March 1, 2022.

B. Developer acknowledges and agrees that additional future sewer connection fees and water tap fees, will be required totaling a combined amount of \$2,000.00 per each connection and which tap fees will be chargeable to the lots who want to hook up to the water and sewer.

C. Town agrees to cooperate with PFI pursuing additional funding sources as permitted by South Dakota Codified Law including but not limited to Tax Assessment Districts and for Tax Increment Financing Districts for certain infrastructure improvements for future phases.

2. PENDING LITIGATION.

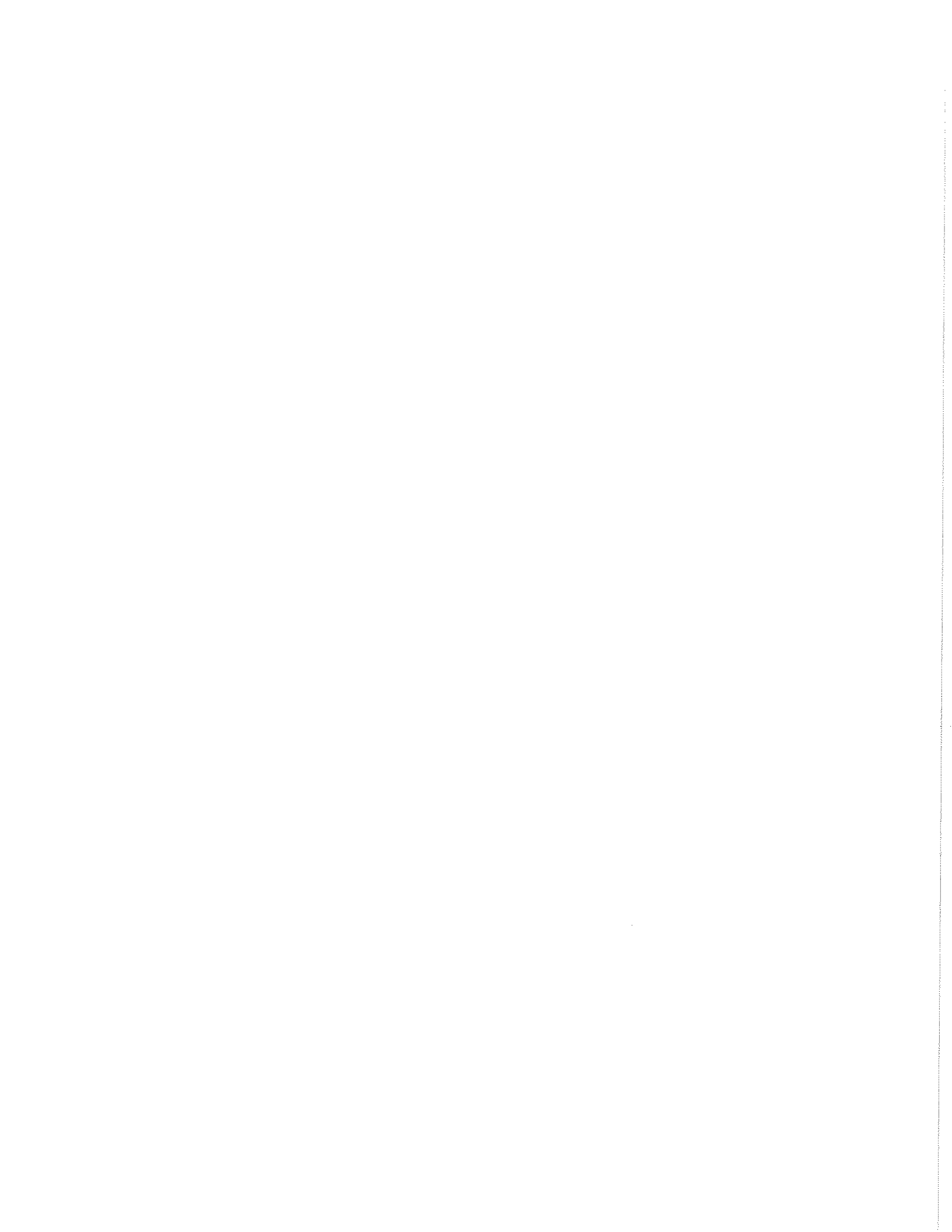
Parties acknowledge that there is a pending legal action between the Town of Hermosa and Southern Black Hills Water System which may result in a Federal Court Order prohibiting to the Town from providing water to Lone Coyote Subdivision; however Developer agrees that with or without Hermosa providing water, sewer service is critical to the development of its subdivision and will release Town from any obligation to provide water regardless of any obligations of Town created herein and the consideration paid by Developer.

3. INDEMNIFICATION.

Developer agrees to indemnify and hold harmless the Town and its officers and employees from and against all liability, claims, demands and expenses, including court costs and attorney fees, resulting from any act on account of any injury, loss or damage, which arise out of or are in any manner connected with the work to be performed under this Agreement if such death injury, loss or damage is caused in whole or in part by the negligent act or omission, error, professional error, mistake, accident or other fault of Developer, any Subcontractor of Developer or any officer, employee or agent of Developer. The obligations of this section shall not apply to the extent the Town becomes liable by final judgment to pay a third party as the result of the negligent act or omission, error, professional error, mistake, accident or other fault of the Town.

Town agrees to indemnify and hold harmless the Developer and its officers, directors and employees from and against all liability, claims, demands and expenses, including court costs and attorney fees, resulting from any act on account of any injury, loss or damage, which arise out of or are in any manner connected with the work to be performed under this Agreement if such death injury, loss or damage is caused in whole or in part by the negligent act or omission, error, professional error, mistake, accident or other fault of Town, any Subcontractor of Town or any officer, employee or agent of Town. The obligations of this section shall not apply to the extent the Developer becomes liable by final judgment to pay a third party as the result of the negligent act or omission, error, professional error, mistake, accident or other fault of the Developer.

4. MISCELLANEOUS PROVISIONS.



Customer/Vendor

23

Search 1361
 Check Name RCS CONSTRUCTION
 Attention
 Address PO Box 9337
 Print Label
 Envelope » Rapid City SD 57709-9337

Status Active Use In Batch Entry One Time Only
 Type
 Phone
 Email
 Website

1099 & Shipping | Recur | Transactions | Checks/Deposits | Invoice/PO | Assets Purchased | Attachment

Display Format Simple Detail Extended

Extended History File

Print

Batch	Posted	Amount	Check No.	Date	Invoice	Account
Cash Payment	6 2022	\$6,838.54	16735	06/16/22		E 604-43200-43300 CAPITAL IMPROVEMENTS
Cash Payment	6 2022	\$6,838.53	16735	06/16/22		E 602-43300-43300 CAPITAL IMPROVEMENTS
Cash Payment	4 2022	\$70,650.92	16663	04/08/22		E 602-43300-43300 CAPITAL IMPROVEMENTS
Cash Payment	4 2022	\$70,650.92	16663	04/08/22		E 604-43200-43300 CAPITAL IMPROVEMENTS
Cash Payment	4 2022	\$16,284.37	16663	04/08/22		E 604-43200-43300 CAPITAL IMPROVEMENTS
Cash Payment	4 2022	\$16,284.36	16663	04/08/22		E 602-43300-43300 CAPITAL IMPROVEMENTS
Cash Payment	3 2022	\$59,720.99	16615	03/16/22		E 604-43200-43300 CAPITAL IMPROVEMENTS
Cash Payment	3 2022	\$59,720.99	16615	03/16/22		E 602-43300-43300 CAPITAL IMPROVEMENTS
Cash Payment	2 2022	\$150,630.26	16576	02/18/22		E 604-43200-43300 CAPITAL IMPROVEMENTS
Cash Payment	2 2022	\$150,630.26	16576	02/18/22		E 602-43300-43300 CAPITAL IMPROVEMENTS
Cash Receipt	12 2021	\$75.00	55924			R 101-32000 LICENSES & MISC PERMITS

Record: 1 of 11 | Unfiltered | Search

« | « | » | » | * | Delete Vendor

Options

Customer/Vendor

Search

1389
 Check Name PRESTON FAMILY INC.
 Attention
 Address 22760 Stone Meadow Rd
Print Label
Envelope * Rapid City SD 57702

Status Use In Batch Entry One Time Only
 Type
 Phone
 Email
 Website

1099 & Shipping | Recur | Transactions | Checks/Deposits | Invoice/PO | Assets Purchased | Attachment

Display Format Simple Detail Extended Extended History File [Print](#)

Batch	Posted	Amount	Check No.	Date	Invoice	Account
Cash Receipt	9 2022	\$5,180.00				R 101-32100 BUILDING PERMIT REVENUE
Cash Receipt	9 2022	\$845.00				R 101-32100 BUILDING PERMIT REVENUE
Cash Receipt	8 2022	\$75.00				R 101-32100 BUILDING PERMIT REVENUE
Cash Receipt	8 2022	\$50.00				R 101-32100 BUILDING PERMIT REVENUE
Cash Receipt	4 2022	\$35,325.46				R 604-38390 OTHER SEWER REVENUE
Cash Receipt	4 2022	\$35,325.46				R 602-38190 OTHER WATER REVENUE
Cash Receipt	3 2022	\$30,175.63		03/31/22		R 604-38390 OTHER SEWER REVENUE
Cash Receipt	3 2022	\$30,175.62		03/31/22		R 602-38190 OTHER WATER REVENUE
Cash Receipt	3 2022	\$75,000.00	486423			R 604-38390 OTHER SEWER REVENUE
Cash Receipt	3 2022	\$75,000.00	486423			R 602-38190 OTHER WATER REVENUE

Record: 1 of 10 Unfiltered Search

* Delete Vendor

[Options](#)

Contractor's Application For Payment No. #01

Application Period: 1/28/2022	
To (Owner): Town of Hiram Town of Hiram - Water & Sewer Extension Project	From (Contractor): R.C.S. Construction
Contract:	Contract #1:
Owner's Contract No.:	Contractor's Project No.: 202149
	Engineer's Project No.: 21-13443
	Engineer's Name: Affordably Creative Engineering Services

Application for Payment

Change Order Summary

Approved Change Orders	Number	Additions	Deductions
1. ORIGINAL CONTRACT PRICE			\$ 564,981.04
2. Net change by Change Orders			\$ -
3. CURRENT CONTRACT PRICE (Line 1 ± 2)			\$ 564,981.04
4. TOTAL COMPLETED AND STORED TO DATE			\$ 334,733.91
(Column F on Progress Estimate)			337,499.21
5. RETAINAGE (6%)		10%	\$ 33,473.39
a. Work Completed			\$ 16,859.36
b. 0% x \$0.00 Stored Material			\$ -
c. Total Retainage (Line 5a + Line 5b)			\$ 33,473.39
6. AMOUNT ELIGIBLE TO DATE (Line 4 - Line 5c)			\$ 531,260.52
7. LESS PREVIOUS PAYMENTS (Line 6 from prior Application)			\$ 320,399.25
8. AMOUNT DUE THIS APPLICATION			\$ 210,861.27
9. BALANCE TO FINISH, PLUS RETAINAGE			\$ 5263,720.52
(Column G on Progress Estimate + Line 8 above)			244,844.79
NET CHANGE BY CHANGE ORDERS			\$ -

Contractor's Certification

The undersigned Contractor certifies that: (1) all previous progress payments received from Owner on account of Work done under the Contract have been applied on account to discharge Contractor's legitimate obligations incurred in connection with Work covered by prior Applications for Payment; (2) title of all Work, materials and equipment incorporated in said Work or otherwise listed in or covered by this Application for Payment will pass to Owner at time of payment free and clear of all Liens, security interests and encumbrances (except such as are covered by a Bond acceptable to Owner indemnifying Owner against any such Liens, security interest or encumbrances); and (3) all Work covered by this Application for Payment is in accordance with the Contract Documents and is not defective.

By: [Signature] 2/1/2022

Payment of _____ is recommended by: [Signature]
 Payment of _____ is approved by: _____
 Approved by: _____

\$ **301,260.52**

(Line 8 or other - attach explanation of other amount)

2/1/22 (Date)

(Owner)

Funding Agency (if applicable)

6

Progress Estimate Contractor's Application #01

Application Period:		Town of Harmons - Water & Sewer Extension Project		Application Number: #01		January 28, 2022					
Bid Item No.	Item	Contract Information			Work Completed			Materials Presently Stored (net in-COFD)	Total Completed and Stored to Date (D+E)	% (F/B)	Balance to Finish (G-F)
		Unit/Prices	Units	Estimated Quantity Installed	Value of Work Installed to Date	Value of Work Completed					
1.	Mobilization	\$ 30,966.36		0.8	\$ 29,572.09	\$	\$	\$	\$	80%	\$7,394.27
2	Miscellaneous and Incidentals	\$ 16,670.31		0.8	\$ 13,336.25	\$	\$	\$	\$	80%	\$3,334.06
3	Erosion and Sediment Control	\$ 5,443.75		0.8	\$ 4,355.00	\$	\$	\$	\$	80%	\$1,088.75
4.	Traffic Control	\$ 3,792.69		0.8	\$ 3,034.15	\$	\$	\$	\$	80%	\$738.54
5.	8" Water Main C-900, DR-15	\$175,752.36		2444.8	\$ 149,389.51	\$	\$	\$	\$	85%	\$26,362.85
6.	6" Water Main C-900, DR-15 (P/LEAD03)	\$2,315.16		21.6	\$ 1,389.10	\$	\$	\$	\$	60%	\$926.06
7.	8" 30' Horiz. Bend	\$1,448.70		4	\$ 3,681.24	\$	\$	\$	\$	0%	\$1,448.70
8.	8" 11.25" Vertical Bend	\$1,448.70		2	\$ 2,765.44	\$	\$	\$	\$	100%	\$0.00
9.	8" 22.5" Vertical Bend	\$2,476.44		2	\$ 4,952.88	\$	\$	\$	\$	100%	\$0.00
10.	8" Gate Valve	\$13,972.26		4.02	\$ 9,381.41	\$	\$	\$	\$	67%	\$4,590.85
11.	8" x 6" x 8" Tee	\$4,985.54		1	\$ 4,985.54	\$	\$	\$	\$	100%	\$0.00
12.	8" Cap	\$408.69		1	\$ 408.69	\$	\$	\$	\$	100%	\$0.00
13.	Bringing of Shorb Road for water and sewer mains	\$30,020.99		1	\$ 30,020.99	\$	\$	\$	\$	100%	\$0.00
14.	Sanitary Sewer Main, 10" PVC	\$171,571.28		725.25	\$ 42,992.82	\$	\$	\$	\$	25%	\$128,578.46
15.	48" PCC Manhole	\$28,690.80		2	\$ 7,162.70	\$	\$	\$	\$	25%	\$21,488.10
16.	Fire Hydrant w/Aux Valve	\$6,477.48		3	\$ 19,432.38	\$	\$	\$	\$	60%	\$12,954.52
17.	Flush Mounted Tracer Wire Access Box	\$2,389.20		3	\$ 19,432.38	\$	\$	\$	\$	100%	\$0.00
18.	Sewer Main Encasement with Insulation	\$17,886.00		200	\$ 17,886.00	\$	\$	\$	\$	100%	\$0.00
19.	Seed, Fertilizer and Mulch	\$5,966.25		0.6	\$ 2,699.44	\$	\$	\$	\$	0%	\$5,966.25
20.	Material Testing	\$4,499.07		0.6	\$ 2,699.44	\$	\$	\$	\$	60%	\$1,799.63
21.	2" Water Service with curb stop location TBD	\$3,288.65		1.0	\$ 3,288.65	\$	\$	\$	\$	0%	\$3,288.65
					\$584,981.04	\$	\$534,733.91	\$	\$	60%	\$220,247.13

The field work only supports the revised bends. A section of water main remains incomplete. Contractor shall submit As-Builts if quantities change or if extra bends were provided.

Town of Hermosa

PO Box 298, Hermosa, SD 57744
605-255-4291

February 16, 2022

Bill To

Preston Family Inc.
22760 Stone Meadow Road
Rapid City, SD 57702

Item Description	Amount
Financial Contribution by Developer (1st Payment)	\$150,000.00

Subtotal	\$150,000.00
Tax Rate	
Other Costs	
Total Cost	\$150,000.00

Please make payable to Town of Hermosa

If you have any questions concerning this invoice, use the following contact information:

CONSTRUCTION DRAW INSPECTION FORM

Member # 1991839 - 801

Member name Preston Family

Address of property inspected Hermosa, SD

Does the work for which payment is requested seem to be completed? No

Details Shared agreement for costs associated with the City of Hermosa obtaining additional water rights and installation from their supplier.

Are there materials stored on site? N/A

Details As of today everything is wet and foggy. I called John Preston and he indicated that gravel has not been placed on the road yet. They need to place some utilities under the road before it will be graveled. It wouldn't be a good idea to drive in there right now. Justine took some pictures for me showing excavation activity north of Hermosa, going under Shorb road and onto Preston property. Appears that RCS Construction is digging in water line now.

Is there any evidence that the percentage of the total job completed is less than the percentage of loan funds disbursed to this point? No

Details _____

Summary Loan Committee approved an increase of \$300,000 on 11/21/2021 to cover unforeseen water delivery that City of Hermosa asked to cost share. This will be the first advance for that expense.

Employee completing inspection Todd Eddy, SBC

Date 3-9-22
Jeff Alphonso, VP 3/10/2022

Contractor's Application For Payment No. #02

To (Owner):	Town of Hermosa	Application Period:	2/26/2022
Project:	Town of Hermosa - Water & Sewer Extension Project	From (Contractor):	R.C.S. Construction
Owner's Contract No.:		Contract:	
		Contractor's Project No.:	202149
		Via (Engineer):	Affordably Creative Engineering Services
		Pay/Application #:	#2
		Engineer's Project No.:	21-1144d

Application for Payment

Change Order Summary


Approved Change Orders	Number	Additions	Deductions
1. ORIGINAL CONTRACT PRICE			\$ 584,981.04
2. Net change by Change Orders			\$ -
3. CURRENT CONTRACT PRICE (Line 1 + 2)			\$ 584,981.04
4. TOTAL COMPLETED AND STORED TO DATE (Column F on Progress Estimate)			\$ 467,447.22
5. RETAINAGE (10%)			\$ 46,744.72
6. AMOUNT ELIGIBLE TO DATE (Line 4 - Line 5c)			\$ 420,702.50
7. LESS PREVIOUS PAYMENTS (Line 6 from prior Application)			\$ 301,260.52
8. AMOUNT DUE THIS APPLICATION			\$ 119,441.98
9. BALANCE TO FINISH, PLUS RETAINAGE (Column G on Progress Estimate + Line 8 above)			\$ 144,278.54
TOTALS			\$ 144,278.54
NET CHANGE BY			\$ 119,441.98
CHANGE ORDERS			\$ 119,441.98

Contractor's Certification

The undersigned Contractor certifies that: (1) all previous progress payments received from Owner on account of Work done under the Contract have been applied on account to discharge Contractor's legitimate obligations incurred in connection with Work covered by prior Applications for Payment; (2) title of all Work, materials and equipment incorporated in said Work or otherwise listed in payment free and clear of all Liens, security interests and encumbrances (except such as are covered by a Bond acceptable to Owner indemnifying Owner against any such Liens, security interest or encumbrances); and (3) all Work covered by this Application for Payment is in accordance with the Contract Documents and is not defective.

Payment of \$ 119,441.98 (Line 8 or other - attach explanation of other amount) is recommended by:

Payment of \$ _____ (Line 8 or other - attach explanation of other amount) is approved by:

By:  (Engineer) (Date) 03/10/22

By: _____ (Owner) (Date) _____

By: _____ (Funding Agency (if applicable)) (Date) _____

Progress Estimate Contractor's Application #02

Application Period		2/28/2022		Application Number: #02		February 28, 2022							
A		B		C		D		E		F		G	
Item		Contract Information		Work Completed		Value of Work Installed to Date		Materials Presently Stored (not in C or D)		Total Completed and Stored to Date (D+E)		Balance to Finish (B-F)	
Bid Item No.	Item	Unit Price	Item Quantity	Estimated Quantity Installed	Total Value of Item (B)	Value of Work Installed to Date	Materials Presently Stored (not in C or D)	Total Completed and Stored to Date (D+E)	% (F/B)	Balance to Finish (B-F)			
1.	Mobilization	\$ 36,966.38	1.0	0.95	\$36,966.38	\$ 36,118.04		\$ 36,118.04	95%	\$1,848.32			
2.	Miscellaneous and Incidentals	\$ 16,670.31	1.0	0.95	\$16,670.31	\$ 15,836.79		\$ 15,836.79	95%	\$833.52			
3.	Erosion and Sediment Control	\$ 5,443.75	1.0	0.95	\$5,443.75	\$ 5,171.56		\$ 5,171.56	95%	\$272.19			
4.	Traffic Control	\$ 3,792.69	1.0	1	\$3,792.69	\$ 3,792.69		\$ 3,792.69	100%	\$0.00			
5.	8" Water Main C-900, DR-18	\$175,752.38	2076.0	2444.8	\$175,752.38	\$ 149,389.51		\$ 149,389.51	85%	\$26,362.85			
6.	6" Water Main C-900, DR-18 (P1 LEADS)	\$ 64.31	35.0	21.6	\$2,351.16	\$ 1,389.10		\$ 1,389.10	60%	\$926.06			
7.	8" 90° Horiz. Bend	\$ 724.35	2.0	1	\$1,448.70	\$ -		\$ -	0%	\$1,448.70			
8.	8" 11.25" Vertical Bend	\$ 813.54	6.0	4	\$5,681.24	\$ 4		\$ 2,454.16	67%	\$1,227.08			
9.	8" 22.5" Vertical Bend	\$ 619.11	4.0	2	\$2,476.44	\$ 1,238.22		\$ 1,238.22	50%	\$1,238.22			
10.	8" Gate Valve	\$ 2,328.71	6.0	4.02	\$13,972.26	\$ 9,361.41		\$ 9,361.41	67%	\$4,610.85			
11.	8" x 6" x 8" Tee	\$ 832.59	6.0	1	\$4,995.54	\$ -		\$ -	0%	\$4,995.54			
12.	8" Cap	\$ 408.69	1.0	1	\$408.69	\$ 408.69		\$ 408.69	100%	\$0.00			
13.	Bringing of Shrub Road for water and sewer mains	\$ 30,020.99	1.0	1	\$30,020.99	\$ 30,020.99		\$ 30,020.99	100%	\$0.00			
14.	Sanitary Sewer Main, 16" PVC	\$ 59.28	2991.0	2501.25	\$171,971.28	\$ 148,274.10		\$ 148,274.10	86%	\$23,697.18			
15.	48" PCC Manhole	\$ 3,581.35	8.0	6	\$28,650.80	\$ 21,488.10		\$ 21,488.10	75%	\$7,162.70			
16.	Fire Hydrant w/Aux Valve	\$ 6,477.46	5.0	3	\$32,387.30	\$ 19,432.38		\$ 19,432.38	60%	\$12,954.92			
17.	Flush Mounted Tower Wire Access Box	\$ 477.84	5.0	4	\$2,389.20	\$ 2,389.20	\$1,911.36	\$ 2,389.20	100%	\$0.00			
18.	Sewer Main Encasement with Insulation	\$ 89.42	200.0	200	\$17,886.00	\$ 17,886.00		\$ 17,886.00	100%	\$0.00			
19.	Seed, Fertilizer and Mulch	\$ 1.95	3225.0	0.95	\$5,966.25	\$ -		\$ -	0%	\$5,966.25			
20.	Material Testing	\$ 4,499.07	1.0	0.95	\$4,499.07	\$ 4,274.12		\$ 4,274.12	95%	\$224.95			
21.	1" Water Service with curb stop location TBD	\$ 3,286.65	1.0	1	\$3,286.65	\$ -		\$ -	0%	\$3,286.65			
					\$554,981.04	\$ 467,925.06		\$ 467,925.06	85%	\$87,055.98			
						\$467,447.22				\$97,533.82			

Preston Family Inc & Town of Hermosa, SD (TOH)

2/11/2022	Contractor's Application for Payment No. 1	\$301,260.52
3/10/2022	Contractor's Application for Payment No. 2	<u>\$119,441.98</u>
		\$420,702.50
3/10/2022	50/50 Share by Preston Inc and TOH	<u>\$210,351.25</u>
3/11/2022	Paid by Preston	<u>\$150,000.00</u>
3/15/2022	Request to Preston Family for additional funds:	<u><u>\$60,351.25</u></u>

Progress Estimate Contractor's Application #03

Application Sheet:		Town of Homers - Water & Sewer Distribution Project		Application Number: 203		March 31, 2022	
A Item		B Contract Payment		C Month Completed		D	
2/d Item No.	Qty	Unit Price	Total Value of Item (B)	Estimated Quantity (Applied)	Date of Work Included in Date	Usable Property Items (per in C-4-3)	Total Contracted and Shown in Date (per in F)
1.	Installation	\$ 31,046.36	\$ 31,046.36	1	3/1/22		\$ 31,046.36
2.	Manhole Sumps and Inlets	\$ 16,870.31	\$ 16,870.31	1	3/1/22		\$ 16,870.31
3.	Break and Settlement Control	\$ 4,421.75	\$ 4,421.75	1	3/1/22		\$ 4,421.75
4.	Traffic Control	\$ 2,792.64	\$ 2,792.64	1	3/1/22		\$ 2,792.64
5.	2" Water Main 6000, 28.18	\$ 81.11	\$ 174,732.36	2155	3/1/22		\$ 174,732.36
6.	3" Water Main 6000, 19.28 (P1-DIG)	\$ 84.31	\$ 1,625.78	19	3/1/22		\$ 1,625.78
7.	3" Water Main 6000, 19.28	\$ 74.05	\$ 1,416.95	19	3/1/22		\$ 1,416.95
8.	3" 21.5" Vertical Man	\$ 70.54	\$ 1,360.26	19	3/1/22		\$ 1,360.26
9.	3" 21.5" Vertical Man	\$ 619.14	\$ 11,763.66	19	3/1/22		\$ 11,763.66
10.	3" 21.5" Vertical Man	\$ 220.31	\$ 4,185.89	19	3/1/22		\$ 4,185.89
11.	3" 21.5" Vertical Man	\$ 501.22	\$ 9,523.18	19	3/1/22		\$ 9,523.18
12.	3" 21.5" Vertical Man	\$ 421.69	\$ 7,992.11	19	3/1/22		\$ 7,992.11
13.	3" 21.5" Vertical Man	\$ 30,020.59	\$ 570,391.23	19	3/1/22		\$ 570,391.23
14.	3" 21.5" Vertical Man	\$ 59.23	\$ 1,125.37	19	3/1/22		\$ 1,125.37
15.	3" 21.5" Vertical Man	\$ 1,587.35	\$ 30,159.65	19	3/1/22		\$ 30,159.65
16.	3" 21.5" Vertical Man	\$ 5,477.42	\$ 104,091.00	19	3/1/22		\$ 104,091.00
17.	3" 21.5" Vertical Man	\$ 477.64	\$ 9,095.16	19	3/1/22		\$ 9,095.16
18.	3" 21.5" Vertical Man	\$ 93.43	\$ 1,775.17	19	3/1/22		\$ 1,775.17
19.	3" 21.5" Vertical Man	\$ 1.65	\$ 31.35	19	3/1/22		\$ 31.35
20.	3" 21.5" Vertical Man	\$ 4,494.57	\$ 85,396.83	19	3/1/22		\$ 85,396.83
21.	3" 21.5" Vertical Man	\$ 2,212.20	\$ 42,031.80	19	3/1/22		\$ 42,031.80
22.	3" 21.5" Vertical Man	\$ 22,562.70	\$ 428,692.26	19	3/1/22		\$ 428,692.26
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John Preston <johnpreston0555@gmail.com>

Pay App 3

Fri, Apr 8, 2022 at 11:52 AM

Gail Boddicker <gail@hermosasd.com>
To: "Preston, John" <johnpreston0555@gmail.com>

John,
Attached is the RCS Construction Pay App 3. According to my records, Preston Family Inc is responsible for \$70,650.92 of this invoice.

Please let me know if you have any questions or concerns.


Thanks, Gail
255-4291

-----Original Message-----

From: scancopier@gmail.com <scancopier@gmail.com>
Sent: Friday, April 8, 2022 8:43 AM
To: Gail Boddicker <gail@hermosasd.com>
Subject: Message from "RNP58387933868C"

This E-mail was sent from "RNP58387933868C" (IM C4500).

Scan Date: 04.08.2022 10:43:12 (-0400)
Queries to: scancopier@gmail.com

 20220408104312383.pdf
1996K



CONSTRUCTION DRAW INSPECTION FORM

Member # 1991839 - 801

Member name Preston Family

Address of property inspected Hermosa, SD

Does the work for which payment is requested seem to be completed? Yes
Details See photos, attached, of completed water line installation up to Preston property line.

Are there materials stored on site? No

Details _____

Is there any evidence that the percentage of the total job completed is less than the percentage of loan funds disbursed to this point? No

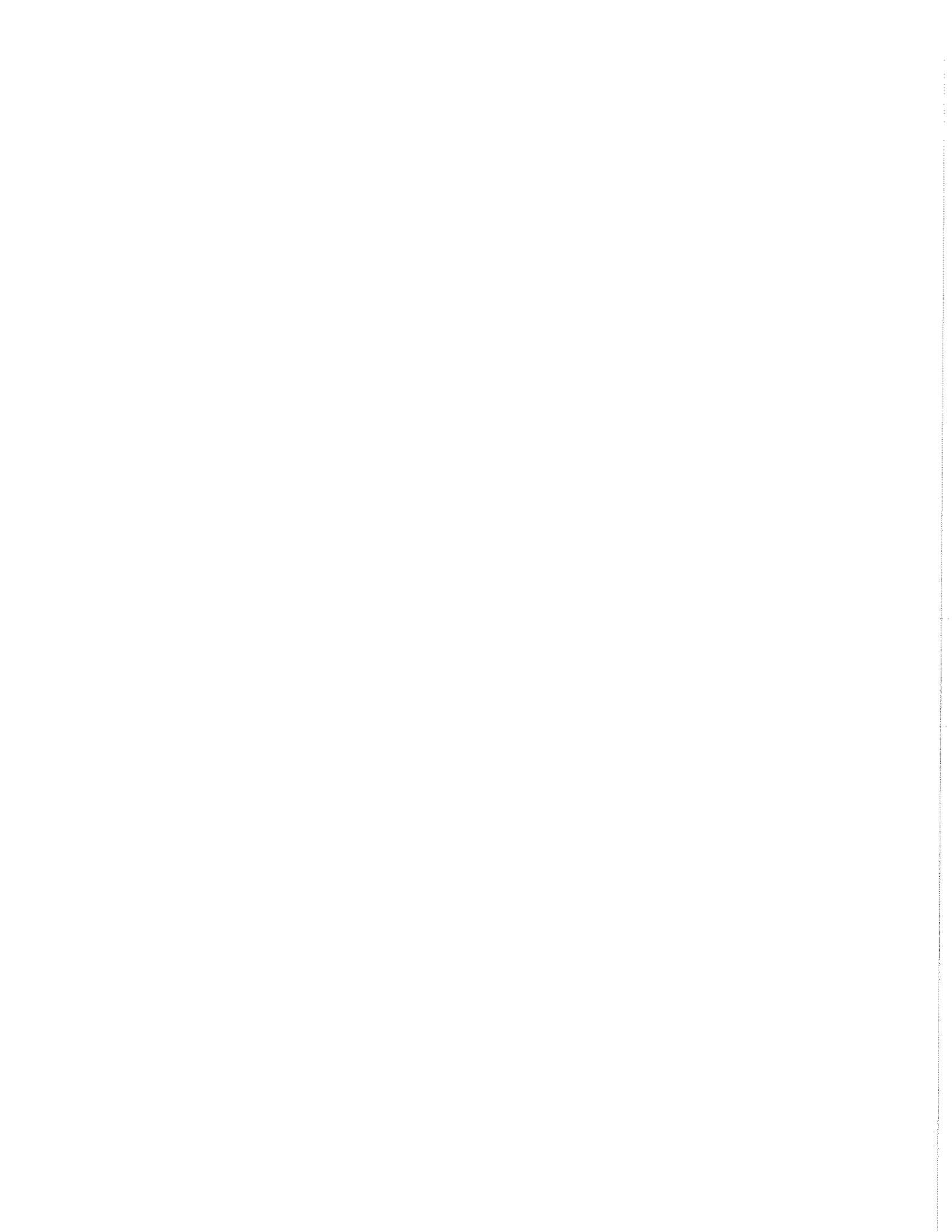
Details _____

Summary Water line stops at Preston property line. Contractor has hydroseeded to that point. Invoice provided was a billing to the City of Hermosa, which they split 50/50 with Preston's.

Employee completing inspection Todd Eddy *Todd Eddy, SBL*

Date 4-14-2022

- Todd Eddy - BLM 4/14/22
Jeff [Signature], VP 4/15/2022





The Service You Are Entitled To

DRAW REQUEST

Request No. 4111
 PTC File No.: P-217375
 Borrower: Preston Family, Inc.
 Property: Property in Pennington and Custer County

This is to request a construction loan draw for the items specified below.

SUBCONTRACTOR/ SUPPLIER	ITEM FURNISHED	AMOUNT OF THIS REQUEST	CHECK: Pickup or Mail	OWNER APPROVED
<u>City of Homestead</u>		<u>70,650.92</u>		
<u>M-D TIE</u>				

TOTAL AMOUNT THIS REQUEST \$ 70,650.92

ADDITIONAL SUBCONTRACTORS/SUPPLIERS ADDED _____

CHANGE ORDERS ADDED YES NO (COPIES ATTACHED)

REQUEST APPROVED: Preston Family Inc. Robert C. Preston, Inc. by K.R. Post Date 9/11/12
 Builder/General Contractor
[Signature] Lender Date _____
[Signature] Owner Date _____

PLEASE SUBMIT REQUEST TO
 Construction@PennTitle.com

HERMOSA TOWN BOARD
TUESDAY, OCTOBER 1, 2024
REGULAR MEETING @ 6:00pm

ROLL CALL: Kramer called the meeting to order on Tuesday, October 1, 2024, at 6:03 pm with the following members present: Ferguson, Kramer, Koontz, Harris and Serviss. Interested citizens and attorney Hagg were also present. Pledge of Allegiance led by Kramer.

CALL FOR CHANGES: Motion made by Ferguson and seconded by Serviss to approve agenda with the change of moving Item 7 Claims to Item 5, Item 8 Law Enforcement moved to Item 7, Item 9 Public Hearing moved to Item 8 and Item 5 Engineer moved to Item 9; vote: all aye, motion carried.

CONSENT CALENDAR: Motion made by Ferguson and seconded by Serviss to approve September 17, 2024, regular meeting minutes; 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.

CLAIMS: Motion made by Ferguson and seconded by Harris to approve Payroll and Claims as presented; vote: all aye, motion carried. AMERICAN LEGAL PUBLISHING, 2-7 supplement pages, \$802.35; BLACK HILLS ELECTRIC COOP, power at lagoon for wastewater treatment system, \$29,872.50; BLACK HILLS LANDSCAPES, sewer line excavate/repair 470 Manning Street, \$2,847.34; CONNIE LEIMER, trap/neuter/release program, \$20.00; DOOR SECURITY PRODUCTS, replace dumpster camera/IC real time/smart IR, \$652.43; DAKOTA SUPPLY GROUP, 8 FLEX CPLG Concxpvc, \$31.38; CHUCK FERGUSON, September 2024 services, \$3,120.00; CHUCK FERGUSON, discharge pipe/pull pump #1/waterline for lagoon, \$3,536.00; GOLDEN WEST TECHNOLOGIES, MFA setup for Administrative Assistant, \$90.00; H2I CKEAR SOLUTIONS, down payment on wastewater treatment system, \$100,000.00; HAGG & HAGG LLP, October retainer/8 billable hours and 98 copies, \$4,724.50; RURAL DEVELOPMENT, RD1 loan-September interest/principal, \$1,278.00, RD2 loan-September interest/principal, \$417.00, RD3 loan-September interest/principal, \$222.00; NORTHWEST PIPE FITTINGS, test ball plug/extension hose for pump/NPT saddle/bushing/PVC sewer, \$545.25; SOUTH DAKOTA DEPARTMENT OF REVENUE, sales tax July and August 2024, \$569.45; Accounts Payable Total: \$ 148,728.20. Utility Deposit Refunds: Brandon/Elizabeth Allen, \$65.04; Nicole/Jared Barlow, \$154.95; Triple J & K Properties, \$200.00. Deposit Refund Total: \$419.99. Payroll related: Total Paid On: 9/30/2024: General, \$3,686.60, Water, \$454.58, Sewer, \$191.29, Promoting City/ BBB, \$63.67, SOUTH DAKOTA RETIREMENT, \$972.54; EFTPS-Electronic Federal Tax, FED/FICA TAX, \$1,100.94; HEALTH POOL OF SOUTH DAKOTA, \$1,969.00; Total Payroll Related Paid: \$8,438.62. REPORT TOTAL: \$157,586.81.

PLANNING & ZONING: Motion made by Kramer and seconded by Serviss to direct Floodplain Administrator to complete hydraulic analysis for Permit #2024-35 – Floodplain Development Application – 259 Donna Street – 10' x 8' wooden shed and to pend permit until next meeting; vote: four aye and one abstain, motion carried. Motion by Serviss and seconded by Ferguson to allow Floodplain Administrator to review Plat for Permit #202-33 – Floodplain Development/Subdivision Plat Application – Parcel 004139 and review at next meeting; vote: all aye, motion carried. Information Permit #2024-38 – Digging/Grading – 500 & 510 Walter Street was presented for information purposes only.

PUBLIC HEARING: Motion made by Ferguson and seconded by Serviss to open public hearing at 7:07 p.m.; vote: all aye, motion carried. Motion by Ferguson and seconded by Serviss to approve the transfer of Malt Beverage License #RB-27834 from Hermosa Community Center LLC to TW Saloon LLC; vote: all aye, motion carried. Motion by Ferguson and seconded by Serviss to approve the new application from TW Saloon LLC for a Retail (on-sale) Liquor License; vote: all aye, motion carried. Motion by Harris and seconded by Ferguson to close the public hearing at 7:08 p.m.; vote: all aye, motion carried.

LAW ENFORCEMENT/ABATEMENTS/COMPLAINTS: There was no Custer County log provided. There are no new current abatements.

ENGINEER: Motion made by Serviss and seconded by Ferguson to approve the cost of smoke testing, unless it was proven there was negligence by the homeowner, for seven sewer customers at \$300 each; vote: four aye and one abstain, motion carried. Motion made by Koontz and seconded by Ferguson to approve the purchase price of \$15,000 and authorize Kramer to sign the land agreement with the Preston family for the North Water Tank once the legal description is received;

vote: all aye, motion carried. Motion made by Kramer and seconded by Koontz to authorize the finance officer to transfer \$140,501.08 from the checking account into a six-month interest-bearing CD at the financial institution offering the best interest rate; vote: all aye, motion carried. This amount represents the amount paid by the Preston family for water tap fees and will be used for sewer development. Motion made by Kramer and seconded by Koontz to approve the proposal with Conifer Construction in the amount of \$149,212.00 for the transport and set-up of the Apple Springs wastewater treatment system; vote: all aye, motion carried. Motion by Harris and seconded by Koontz to approve Ferguson Construction to install a 1,725 foot 1-inch water line to the new Wastewater Treatment Plant at a cost of \$8 per lineal feet and not to exceed the amount of \$13,800; vote: four aye and one abstain, motion carried. Motion made by Ferguson and seconded by Serviss to approve the purchase of 350 lineal feet of 4-inch SDR-35 sewer from the Preston Family for the wastewater treatment plant at a cost of \$5.68 per lineal foot; vote: all aye, motion carried. Neil Putnam, Planner with Benesch joined the meeting by phone to give recommendations for TIF #1 and future TIFs.

BREAK: The board took a 5-minute break and reconvened at 8:30 p.m.

LEGAL: Hagg explained that the project plan for TIF #1 can be amended, and current funds can be used to complete the project identified. Motion by Harris to direct the Town Engineer and Town Attorney to create an amendment to TIF #1 after a work session and be reviewed by the Board of Trustees and present to the county. Motion died for a lack of a second. Motion by Serviss and seconded by Ferguson to dissolve TIF #1; vote, two aye, three nay, motion failed. Motion by Harris and seconded by Koontz to direct the Town Engineer and Town Attorney to create an amendment to TIF #1 and present to the Board of Trustees; vote: three aye, two nay, motion carried.

PUBLIC WORKS: Ferguson provided updates on streets, water, and sewer departments.

FINANCE OFFICE: The bank reconciliation report was presented. The SDML conference will be held in Sioux Falls, South Dakota, October 8th through October 11th. Cornelison will reserve motel rooms for those wishing to attend. The Finance Officer presented the list of volunteers for the Town of Hermosa, which included Trena Matheny for town website design and Dan Holsworth for town street maintenance. Volunteers for the Town of Hermosa for 2024 were recognized and it is the intent of the Hermosa Town Board of Trustees to cover these volunteers for Work Comp purposes. Motion by Harris and seconded by Koontz to approve the Work Comp coverage for the two volunteers listed; vote: four aye and one nay, motion carried.

OLD BUSINESS: Gravel on Tower Road is pending. Motion by Koontz and seconded by Ferguson to approve the payment for two registrations for members of Hermosa Connects to attend the Fuel the Growth conference being held in Rapid City, October 7th through October 10th, with those attending to report back to the Town Board on what they learned at the conference; vote: all aye, motion carried. Motion made by Harris and seconded by Koontz to support a contest for artwork for the new website design; vote: all aye, motion carried.

NEW BUSINESS: Motion by Koontz and seconded by Harris to approve the proposal from Dan Holsworth in the amount of \$2,750.00 for machine time and fuel expenses; Kramer amended the motion and Serviss seconded the amendment to approve the proposal from Holsworth in the amount of \$2,750.00 for street maintenance; vote: four aye and one nay, motion carried. Motion made by Koontz and seconded by Harris to approve the use of electric service from the town office building for the Christmas tree lights on the tree located between the town office building and the post office building; vote: four aye and one nay, motion carried. The street sign height was pending until the next meeting.

ITEMS FROM CITIZENS/TRUSTEE INPUT: Audience and trustees had input.

EXECUTIVE SESSION: Motion made by Harris and seconded by Koontz to enter Executive Session allowable by SDCL 1-25-2.1- Personnel at 11:07 p.m.; vote: all aye, motion carried. Motion made by Harris and seconded by Serviss to exit Executive Session at 11:17 p.m.; vote: all aye, motion carried. There were no motions made from executive session.

ADJOURN: Motion made by Ferguson and seconded by Serviss to adjourn meeting at 11:17 p.m., vote: all aye, motion carried.

ATTEST:

Certificate of Deposit

Closed 10-30-25

Date Opened: 10/25/2024 Term: 12 Months Tax ID: _____ Number: _____

Dollar Amount of Deposit: One Hundred Forty Thousand Five Hundred One Dollars And Eight Cents Account Number: _____ \$ 140,501.08

This Time Deposit is Issued to:

Issuer: FIRST NATIONAL BANK

TOWN OF HERMOSA
KELBURN S KOONTZ
TERESA J CORNELISON
230 MAIN ST
HERMOSA, SD 57744

632 MAIN ST.
RAPID CITY, SD 57701

COPY

Not Negotiable - Not Transferable - Additional terms are below.

By Teresa Cornelison

Additional Terms and Disclosures

This form contains the terms for your time deposit. It is also the Truth-in-Savings disclosure for those depositors entitled to one. There are additional terms and disclosures on page two of this form, some of which explain or expand on those below. You should keep one copy of this form.

Maturity Date. This account matures 10/25/2025
(See below for renewal information.)

Rate Information. The interest rate for this account is 4.45% with an annual percentage yield of 4.50%. This rate will be paid until the maturity date specified above. Interest begins to accrue on the business day you deposit any noncash item (for example, a check). Interest will be compounded Semiannually. Interest will be credited Semiannually.

- The annual percentage yield assumes that interest remains on deposit until maturity. A withdrawal of interest will reduce earnings.
- If you close your account before interest is credited, you will not receive the accrued interest.

The Number of Endorsements needed for withdrawal or any other purpose is: one (1)

Minimum Balance Requirement. You must make a minimum deposit to open this account of \$ 500.00.
 You must maintain this minimum balance on a daily basis to earn the annual percentage yield disclosed.

Withdrawals of Interest. Interest accrued credited during a term can be withdrawn: prior to maturity

Early Withdrawal Penalty. If we consent to a request for a withdrawal that is otherwise not permitted you may have to pay a penalty. The penalty will be an amount equal to: At the bank's option there may be a 4% penalty on the principal amount of the Certificate. We will impose 182 days interest on the amount withdrawn.

Renewal Policy

- Single Maturity.** If checked, this account will not automatically renew. Interest will will not accrue after maturity.
- Automatic Renewal.** If checked, this account will automatically renew on the maturity date. (see page two for terms) Interest will will not accrue after final maturity.

Account Ownership. You have requested and intend the type of account marked below.

- Individual
- Joint Account - With Survivorship (and not as tenants in common)
- Joint Account - No Survivorship (as tenants in common)
- Trust: Separate Agreement Dated _____
- _____

Revocable Trust or Pay on Death Designation as defined in this agreement (Beneficiaries' names and addresses)

TIN: _____

Social Security or Employer's I.D. Number. A correct taxpayer identification number is required for almost every type of account. A certification of this number is also required and is contained on the first copy of this certificate.

Backup Withholding. A certification that you are not subject to backup withholding is necessary for almost all accounts (except for persons who are exempt altogether) - and a certification that the FATCA code (if any) is correct. These certifications are contained on the first copy of this form. Failure to provide these certifications when required will cause us to withhold a percentage of the interest earned (for payments to the IRS). Providing a false certification can result in serious federal penalties.

Endorsements. Sign Only When You Request Withdrawal

X Teresa Cornelison
X _____
X _____

RECEIVED

JAN 30 2026

BY:

BY WHOM PAID DIRECT INQUIRIES TO: 605-399-0990

First National Bank
632 Main Street
RAPID CITY SD 57701

Payer's TIN

1 Interest income

6,395.26

Recipient's TIN

2 Early withdrawal penalty

IMPORTANT TAX RETURN DOCUMENT ENCLOSED
Return Service Requested

PAYER'S RTN (OPTIONAL)

3 Interest on U.S. Savings Bonds and Treasury obligations

CORRECTED (If Checked)

TO WHOM PAID

OMB No.
1545-0112

2
0
2
5

Interest
Income
FORM
1099-INT



TOWN OF HERMOSA
230 MAIN ST
HERMOSA, SD 57744-3330

This is important tax information and is being furnished to the Internal Revenue Services. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

4 Federal income tax withheld

5 Investment expenses

6 Foreign tax paid

Account Number (see instructions)

7. Foreign country or U.S. territory

8 Tax-exempt interest

9 Specified private activity bond interest

10 Market discount

11 Bond premium

12 Bond premium on Treasury obligations

13 Bond premium on tax-exempt bond

14 Tax-exempt and tax credit bond CUSIP no.

FACTA filing requirement

15 State
SD

16 State identification no.

17 State tax withheld

COPY B For Recipient

INTEREST STATEMENT FOR 2025

Keep this copy for your record

TYPE	ACCOUNT NUMBER	INTEREST EARNED	FORFEITURE	FEDERAL TAX WITHHELD
COD - NONPERSONAL	XXXXXXXXXXXX8814	6,395.26		

3-00WS-1991-02 260123
00001-00001-002663 001013322

HERMOSA TOWN BOARD
TUESDAY, NOVEMBER 18, 2025
REGULAR MEETING @ 6:00pm

ROLL CALL: Koontz called the meeting to order on Tuesday, November 18, 2025, at 6:00 p.m. Roll Call was held with Kramer, Ferguson, Koontz and Serviss in attendance. Interested citizens, Town Attorney James and Town Engineer Theodorou were also present. Pledge of Allegiance led by Koontz.

CALL FOR CHANGES: Motion by Koontz and seconded by Kramer to update dollar amounts listed under Item 6B to Water Distribution Model \$3,175, North Water Tank \$36,400, DWSRF Project \$162,840, Wastewater Treatment Plant \$8,260, Lone Coyote Sewer Extension \$9,740, TIF #2 \$6,560, CMOM Update \$3,400 and approve agenda as amended; vote: all aye, motion carried.

CONSENT CALENDAR: Motion by Koontz and seconded by Ferguson to amend minutes from November 4, 2025, consent calendar motion "Motion by Kramer and seconded by Ferguson to approve October 7, 2025, regular meeting minutes as presented" and approve November 4, 2025, regular meeting minutes as amended and approve November 12, 2025, special meeting as presented; 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.

TOWN/FEMA UPDATES: Motion by Kramer to approve Anthony Theodorou and Company for administrative change of FEMA BRIC Scoping Grant. Motion died for a lack of a second. Motion by Kramer and seconded Serviss to change FEMA BRIC Scoping Grant administrative change via RFQ; vote: all nay, motion failed. Motion by Serviss and seconded by Ferguson to direct Town Attorney James to request an advisory opinion letter from Jim Poppen with South Dakota Emergency Management for administration change of the FEMA BRIC Scoping Grant; vote: all aye, motion carried.

ENGINEER: Motion by Ferguson and seconded by Serviss to approve the dismissal of Benesch contracts sans FEMA BRIC Grant. Motion by Koontz and seconded by Serviss to amend the motion to direct Town Attorney James to prepare a letter of notification for the dismissal of Benesch contracts; vote on amendment: all aye, motion carried. Vote on original motion: all aye, motion carried. Motion by Kramer and seconded by Ferguson to approve Anthony Theodorou and Company contracts, including Water Distribution Model \$3,175, North Water Tank \$36,400, DWSRF Project \$162,840, Wastewater Treatment Plant \$8,260, Lone Coyote Sewer Extension \$9,740, TIF #2 \$6,560 and CMOM Update \$3,400. Motion by Koontz and seconded by Serviss to amend the motion to include pending legal review of actual contractual documents; vote on amendment: all aye, motion carried. Vote on original motion: all aye, motion carried.

PLANNING & ZONING: No items presented.

LEGAL: Town Attorney James reviewed the opinion he had provided on operational use of Vaktor truck by private contractor. Operator of the truck must hold a CDL license. Discussion was held on the Brophy Road Water Users Agreement prepared by Town Attorney James. There are currently four residents that use this water system. Allen Bishop, one of the users, presented and requested the current tap be moved to the north side of Highway 40 and rename agreement to East Hermosa Water Users. Motion by Kramer and seconded by Serviss to approve the water user's agreement; vote: all aye, motion carried. Motion by Koontz and seconded by Serviss to update agreement to be named East Hermosa Water Users Agreement; vote: all aye, motion carried. Town Attorney James stated he is also currently working on the extraterritorial agreements for Custer County and proposed for Pennington County as well as issues with booster pumps.

LAW ENFORCEMENT/ABATEMENTS/COMPLAINTS: No Marshal report or Custer County log were presented.

PUBLIC WORKS: Serviss reported on plan to seal rip rap and fill potholes. Ferguson has reported streetlights that need repair and they are currently getting fixed. Discussion was held on town public works employee and a Special Meeting was scheduled for Tuesday, November 25, 2025, at 5:00 p.m. to continue this discussion.

ECONOMIC DEVELOPMENT: No items were presented.

CLAIMS: Motion by Kramer and seconded by Ferguson to approve the Payroll and Claims as presented, excluding the Northwest Pipe Fittings claim for \$93.87; vote: all aye, motion carried. .GOLDEN WEST TECHNOLOGIES, monthly service fee November 2025, \$583.65; KIEFFER SANITATION, monthly sanitation fee October 2025, \$4,158.96; MG OIL, fuel for marshal vehicle October 2025, \$129.95; MT RUSHMORE TELEPHONE, phone and internet November 2025, \$498.47; NORTHWEST PIPE FITTINGS, combination key, \$93.87; RURAL DEVELOPMENT, RD1 Loan-October 2025 interest & principal, \$1,278.00; RD2 Loan-October 2025 interest & principal, \$417.00; RD3 Loan-October 2025 interest & principal, \$222.00; SOUTHERN HILLS PUBLISHING, publishing and legal notices October 2025, \$316.84; STEEN SERVICE & REPAIR, cylinder rebuild vaktor truck, \$1,025.00; **Accounts Payable Total: \$8,723.74.** Payroll related: Total Paid on 11/14/2025; General, \$3,316.85; Water, \$178.06; Sewer, \$106.84; Promoting City/BBB, \$35.61; EFTPS-Electronic Federal Tax, FED/FICA TAX, \$930.56; **Total Payroll Related Paid: \$4,567.92. REPORT TOTAL: \$13,291.66.**

FINANCE OFFICE: Monthly financials will be provided at the next regular meeting. Cornelison reported that Ben Elliott had contacted her and offered a 2-year audit for \$9,000. The board had previously approved the 1-year audit for \$6,000. Motion by Kramer and seconded by Ferguson to approve a 2-year audit for \$9,000. Motion by Koontz and seconded by Kramer to amend the motion to add the 2-year audit deadline of February 15, 2026; vote on amended motion: all aye, motion carried. Vote on original motion: all aye, motion carried. **Motion by Kramer and seconded by Ferguson to approve the re-investment of CD funds of \$140,501.08 into a six-month CD at 3.75% with First National Bank and approve Kelburn Koontz and Teresa Cornelison as authorized signers; vote: all aye, motion carried.** Motion by Koontz and seconded by Serviss to approve the change in vendors for phone and internet services from Mt Rushmore Telephone to Midco and select the 200MB fiber optic monthly cost of \$135, basic phone/fax line monthly cost of \$30 and 5 cent per minute long distance cost; vote: all aye, motion carried. Motion by Kramer and seconded by Serviss to approve the closure of the town office on Friday, November 28, 2025, and allow town staff to use vacation hours for that day; vote: all aye, motion carried. The board will review applicants for the Meter Reader and Administrative Assistant positions at the special meeting on November 25, 2025.

OLD BUSINESS: Motion by Koontz and seconded by Kramer to nominate Trena Matheny for the vacant trustee position; vote: two aye, two nay, motion failed. Motion by Ferguson and seconded by Serviss to nominate Kathy Pillen for the vacant trustee position; vote: two aye, two nay, motion failed. Town Attorney James informed the board that SDCL 9-13-14.1 will change effective January 1, 2026, and require that the town fill the vacant trustee position by appointment or special election. Motion by Serviss and seconded by Ferguson to schedule a special election for Tuesday, January 27, 2026, to fill the vacant trustee position; vote: all aye, motion carried. Motion by Kramer and seconded by Ferguson to rescind motion from 10-21-2025 regular meeting for the \$500 donation to HAHA Santa Village and approve new motion to donate \$500 from BBB funds to HAHA Santa Village with the donation to be used for purchase of gifts for Santa's Village; vote: three aye, Koontz abstained, motion carried. Motion by Kramer and seconded by Ferguson to deny the request to use BBB money to fund prizes for Annual Christmas Lighting Contest, as it does not fit criteria of use of BBB funds; vote: all aye, motion carried.

NEW BUSINESS: The first reading of Ordinance 73: Traffic Schedules was held. The request to use BBB money to fund hanging of light pole Christmas decorations was pended to the special meeting on November 25, 2025.

CITIZENS/TRUSTEE INPUT: Audience and trustees had input. For full verbiage, please see the video recording posted on the town's You Tube channel. A video presentation of the lagoon expansion project was played and will be made available on the town YouTube channel.

EXECUTIVE SESSION: No Executive Session was held.

ADJOURN: Motion made by Kramer and seconded by Ferguson to adjourn meeting at 11:16 p.m., vote: all aye, motion carried.

ATTEST:

Terri Cornelison
Finance Officer

Kelburn Koontz
Town Board President

Certificate of Deposit

Date Opened: 11/24/2025 Term: 6 Months Tax ID: _____ Number: _____

Dollar Amount of Deposit: One Hundred Forty Thousand Five Hundred One Dollars And Eight Cents Account Number: _____ \$ 140,501.08

This Time Deposit is Issued to:

Issuer: FIRST NATIONAL BANK

TOWN OF HERMOSA
KELBURN S KOONTZ
TERESA J CORNELISON
230 MAIN ST
HERMOSA SD 57744

632 MAIN ST.
RAPID CITY, SD 57701

Not Negotiable - Not Transferable - Additional terms are below.

By *Teri Kruepe*

Additional Terms and Disclosures

This form contains the terms for your time deposit. It is also the Truth-in-Savings disclosure for those depositors entitled to one. There are additional terms and disclosures on page two of this form, some of which explain or expand on those below. You should keep one copy of this form.

Maturity Date. This account matures 05/21/2026
(See below for renewal information.)

Rate Information. The interest rate for this account is 3.60% with an annual percentage yield of 3.65%. This rate will be paid until the maturity date specified above. Interest begins to accrue on the business day you deposit any noncash item (for example, a check). Interest will be compounded Quarterly. Interest will be credited Quarterly.

- The annual percentage yield assumes that interest remains on deposit until maturity. A withdrawal of interest will reduce earnings.
- If you close your account before interest is credited, you will not receive the accrued interest.

The Number of Endorsements needed for withdrawal or any other purpose is: one (1)

Minimum Balance Requirement. You must make a minimum deposit to open this account of \$ 500.00.

- You must maintain this minimum balance on a daily basis to earn the annual percentage yield disclosed.

Withdrawals of Interest. Interest accrued credited during a term can be withdrawn: prior to maturity

Early Withdrawal Penalty. If we consent to a request for a withdrawal that is otherwise not permitted you may have to pay a penalty. The penalty will be an amount equal to: At the bank's option there may be a 4% penalty on the principal amount of the Certificate. We will impose 91 days interest on the amount withdrawn.

Renewal Policy

- Single Maturity.** If checked, this account will not automatically renew. Interest will will not accrue after maturity.
- Automatic Renewal.** If checked, this account will automatically renew on the maturity date. (see page two for terms) Interest will will not accrue after final maturity.

Account Ownership. You have requested and intend the type of account marked below.

- Individual
- Joint Account - With Survivorship (and not as tenants in common)
- Joint Account - No Survivorship (as tenants in common)
- Trust: Separate Agreement Dated _____
- _____

Revocable Trust or Pay on Death Designation as defined in this agreement (Beneficiaries' names and addresses)

TIN _____

Social Security or Employer's I.D. Number. A correct taxpayer identification number is required for almost every type of account. A certification of this number is also required and is contained on the first copy of this certificate.

Backup Withholding. A certification that you are not subject to backup withholding is necessary for almost all accounts (except for persons who are exempt altogether) - and a certification that the FATCA code (if any) is correct. These certifications are contained on the first copy of this form. Failure to provide these certifications when required will cause us to withhold a percentage of the interest earned (for payments to the IRS). Providing a false certification can result in serious federal penalties.

Endorsements. Sign Only When You Request Withdrawal

X _____
X _____
X _____

LAND PURCHASE AGREEMENT

This Purchase Agreement ("Agreement") is made and entered into as of November 20, 2024, by and between:

Seller:

Preston Family
22760 Stone Meadow Rd
Rapid City, South Dakota 57702

Buyer:

Town of Hermosa
PO Box 298
230 Main Street
Hermosa, South Dakota 57744

RECITALS

WHEREAS, the Seller owns certain land currently described:
UTILITY LOT 1 OF LONE COYOTE SUBDIVISION (FORMERLY PRESTON TRACT 1 OF LONE COYOTE SUBDIVISION) LOCATED IN SECTION 19, TS2, R8E, CUSTER COUNTY, SOUTH DAKOTA; CONTAINING 0.48 ACRES OF LAND. SUBJECT TO ANY AND ALL EASEMENTS, RESTRICTIONS AND/OR RIGHTS-OF-WAY OF RECORD.

WHEREAS, the Buyer desires to purchase, and the Seller desires to sell, the land under the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. Sale of Assets

The Preston Family agrees to sell the Town of Hermosa a portion of their property as indicated in the attached Exhibit. The property is 0.48 acres (21,015 SF) and is located entirely in the above described lot of the proposed Bison Ridge Subdivision plat. The agreed upon purchase price is \$ 15,000.

Along with the agreed upon purchase price, the town also agrees to set aside an amount of **\$140,501.08** that was paid to the town for water tap and benefit fees, which will be put in a segregated interest-earning account to be used exclusively for the development of the sewer collection system and related infrastructure, including replatting, to connect to the town's sewer trunk line, located at the south property line. Any interest earned will be kept by the town. Related infrastructure can include road improvements where the sewer line is active and present. The funds and accrued interest cannot be used for other purposes and must be used on land that is inside the town of Hermosa town limits. The town will cover the costs of surveying the parcel and the cost of the parcel split for the recorded deeds.

2. Purchase Price

2.1. The total purchase price for the land shall be no more than Fifteen Thousand Dollars (\$15,000.00) (the "Purchase Price").

2.2. The Purchase Price shall be paid by the Buyer to the Seller in the following manner:

2.2.a. \$15,000 paid at the time of Closing.

3. Closing

3.1. The closing of the transaction contemplated by this Agreement (the "Closing") shall take place on November 20, 2024 at the Title Company of Pennington Title, 725 Kansas City Street, Rapid City, South Dakota, or at such other time and place as the parties may mutually agree in writing.

3.2. At the Closing, the Seller shall deliver to the Buyer the following:

- a) A duly executed Deed transferring ownership of the land to the Buyer.
- b) Copies of documents related to the land
- c) Any other documents necessary to complete the transfer of the Assets.

3.3. At the Closing, the Buyer shall deliver to the Seller the following:

- a) \$15,000 dollars in certified funds.
- b) A resolution, order, ordinance or other evidence of approval of the purchase by the Town of Hermosa;
- c) Any other documents required to complete the purchase.

4. Representations and Warranties

4.1. Seller's Representations and Warranties: The Seller represents and warrants to the Buyer that:

- a) The Seller is the sole owner of the Assets and has the full legal right and authority to sell and transfer them.
- b) There are no pending or threatened lawsuits, claims, or proceedings against the Plant.

4.2. Buyer's Representations and Warranties: The Buyer represents and warrants to the Seller that:

- a) The Buyer has the legal authority to purchase the land and the financial capacity to pay the Purchase Price and perform its obligations under this Agreement.
- b) The Buyer has obtained all necessary approvals and authorizations to purchase the Assets.
- c) The buyer would expect a Warranty Deed

5. Disclaimer of Warranties

5.1 Other than as specifically set forth herein, Seller makes no representations or warranties, either express or implied, concerning the land and assets subject to this Agreement.

5.2 Buyer has had the opportunity to inspect and examine the land and has been given access to review each and all documentation Buyer deems necessary to enter into this Agreement. Buyer is not relying upon any representations or warranties of Seller regarding the condition of the land, nor its suitability for Buyer's intended purposes. The land shall be sold to the Buyer "AS IS" and "SUBJECT TO ALL FAULTS."

6. Indemnification

6.1. The Seller agrees to indemnify, defend, and hold harmless the Buyer from and against any and all claims, liabilities, losses, damages, costs, and expenses (including reasonable attorney's fees) arising out of or related to any breach of the Seller's representations, warranties, or covenants in this Agreement.

6.2. The Buyer agrees to indemnify, defend, and hold harmless the Seller from and against any and all claims, liabilities, losses, damages, costs, and expenses (including reasonable attorney's fees) arising out of or related to any breach of the Buyer's representations, warranties, or covenants in this Agreement.

7. Governing Law

7.1. This Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota, without regard to its conflict of laws principles.

8. Dispute Resolution

8.1. Any legal action, suit or proceeding in law or equity arising out of or relating to this Agreement and the transaction contemplated by this Agreement may only be instituted in a state or federal court in the State of South Dakota. If any action or proceeding in law or equity is instituted for the alleged breach of any obligation under this Agreement, then the prevailing party shall be entitled to recover reasonable attorney's fees, expert witness fees, and court costs, in addition to any other remedy afforded by law.

9. Entire Agreement

9.1. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, and negotiations, whether written or oral, between the parties.

10. Amendments

10.1. This Agreement may be amended or modified only by a written agreement signed by both parties.

11. Severability

11.1. If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall remain in full force and effect.

12. Construction

12.1 In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

13. Binding Effect

13.1 This Agreement shall extend to and be binding upon the heirs, administrators, personal representatives, successors, and assigns of the parties hereto.

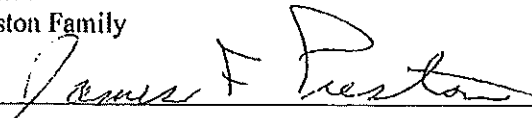
14. Counterparts

14.1. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

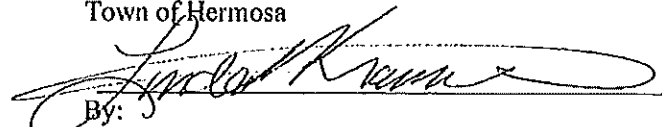
Dated this 20 day of November 2024, effective November 20, 2024.

Seller:
Preston Family


By: _____
Its: Board President.

Dated this 20 day of November, 2024, effective November 20, 2024.

Buyer:
Town of Hermosa


By: _____
Its: _____



Southern Hills Law

Legal Solutions for the Black Hills

J. Scott James
Attorney at Law
Licensed in SD, NY

Gina Ruggieri
Attorney at Law
Licensed in SD

8 W. Mt Rushmore Rd. Custer, SD 57730 tel: 605.673.2503

southernhillslaw@gmail.com

VIA EMAILED DELIVERY TO TOWN CLERK

Hermosa Town Board
230 Main St
Hermosa, SD 57744

February 17, 2026

RE: Legal Opinion on return of funds to Preston Family Inc., from 2021 agreement

Town of Hermosa Legal Opinion No: 2026-5

Dear Members of the Board:

I. You asked me to look at a 2021 agreement between the Town of Hermosa and Preston Family Inc, in which PFI donated money to the Town for water and sewer development. In my inquiries to the Town Office, it is my understanding that water and sewer lines were partially constructed toward the PFI land and that the water and sewer presently extend to their land, but that the town can only offer sewer service due to water service being controlled by Southern Black Hills Water.

The relevant portions of the December 8, 2021 "Agreement for Contribution of Developer Funds for Public Improvements" are listed below:

The Agreement states that "within 30 days of this Agreement Developer hereby agrees to remit \$150,000.00 to be held by the Town which shall be applied to costs associated with the construction and installation of the subject public Improvements on a 50/50 basis as invoices are received from subcontractors...."

(although the Agreement refers to \$150,000.00, it is my understanding that the Prestons actually contributed \$300,000.00 (potentially \$150,000.00 is from the "line of credit" referenced in the agreement) and that \$150,000.00 was supposed to go to the water services, and \$150,000.00 was supposed to go for the sewer services).

The agreement further states that "upon final acceptances by the Town of the Improvements, any remaining developer funds shall be refunded to Developer."

Notably, section 2 “Pending Litigation” states that if the anticipated litigation halts the water development, that the agreement remains effective with respect to sewer development.

No South Dakota statutes govern this arrangement save for the specific power of South Dakota municipalities to receive gifts and to contract:

9-12-1. General corporate powers--Municipal property.

Every municipality has the power:

- (1) To sue and be sued and to contract in its corporate name;
- (2) To acquire by lease, purchase, gift, condemnation, or other lawful means and hold in its corporate name, or use and control as provided by law, both real and personal property and easements and rights of way within or without the corporate limits for all purposes authorized by law or necessary to the exercise of any power granted;
- (3) To provide that supplies needed for the use of the municipality are furnished by contract let to the lowest responsible bidder, except as otherwise provided by law;
- (4) To construct, operate, and maintain an auditorium and all public buildings necessary for the use of the municipality;
- (5) To insure the public property of the municipality;
- (6) To convey, sell, give, dispose of, or lease the personal and real property of the municipality as provided by the laws of this state; and
- (7) To perform all administrative and financial functions for all purposes authorized by law or necessary to the exercise of any power granted.

Source: SDC 1939, § 45.0201 (12)-(15), (17), (18); SL 2002, ch 33, § 3; SL 2014, ch 49, § 1; SL 2025, ch 38, § 59.

Thus, the interpretation of the arrangement between the Town of Hermosa and PFI is purely a matter of contract law. Clearly the contract outlines the conditions for the return of funds. That condition is the “acceptance” by the Town of the Improvements. So, if the Town were to accept the portion of work as concluded or as not possible to be completed, then under the contract terms, remaining funds could be disbursed.

A second consideration is whether public funds were expended on partially completed improvements. The contract anticipates that the contributed funds will be drawn down “as invoices come in” on the project. Thus, if the Town actually expended money on this project, through invoices that were paid, then the Town, as steward of those funds, would rightfully be expected to draw down 50% of those invoiced costs from the Funds before refunding them. The wording of the contract does not condition

*J. Scott James
Attorney at Law
Licensed in SD, NY*

*Gina Ruggieri
Attorney at Law
Licensed in SD*

expenditure of the funds on successful completion of the project, but rather on a pay as you go model.

II. In the course of investigating this matter, I also discovered a second contract entered into on November 20, 2024 titled "Land Purchase Agreement". This agreement was primarily about the Town purchasing rights to real property for the placement of a water tower, but it also contained references to money donated by the Prestons. It is my understanding that this references money for water only which was credited here in this agreement because the Board at the time was not able to provide water service because of the Southern Black Hills Water suit.

Relevantly, the agreement states "Along with the agreed upon purchase price, the town also agrees to set aside an amount of \$140,501.08 that was paid to the town for water tap and benefit fees." After investigation of prior invoices and conversations with former and current Board members, it is my understanding that amounts were invoiced for well over \$600,000.00 for this project by RCS Construction. I also reviewed minutes of an October 1, 2024 Board Meeting in which the Town Engineer explained, prior to a vote, that the money was "for water taps, and since they couldn't use them, this was a way of keeping the funds earmarked for development and then getting their money refunded to them" (approximately 1 hr, 40 minute into recording of 10-1-24 meeting). It appeared that there was some sentiment at that time that the 2021 contract needed to be revisited because the water service was not able to be provided.

The items I was not able to confirm were 1) were funds actually drawn down for water and sewer improvements from either of the \$150,000.00 sources and 2) Why was the amount put into the CD \$140,501.08 instead of \$150,000.00? Did that represent the amount of funds drawn down. It is assumed for the answers below that the \$150,000.00 for sewer was used up or should be drawn down.

Depending on the answer to those questions, the Board could take the position that the contract provides that improvements were to be drawn down as invoices came in, and since the invoices exceeded 200% of the contribution, then there is no money that needs to be refunded and the fund can be applied to the costs already expended by the Town on RCS construction. This is a "hard line" approach that could expose the town to potential litigation, as arguably the 2021 contract does anticipate that "water service" would be provided to PFI, and since that didn't happen, the Town didn't meet its obligation.

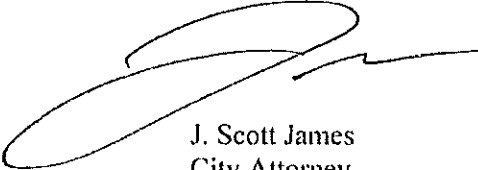
Secondly, the Town could take the position that the 2024 Board essentially already decided this, and that the 2024 agreement supersedes the 2021 agreement and that

the \$150,000.00 (or \$140,501.08) must be used for development purposes inside the development as the 2024 agreement contemplates. This, again is a bit of a hard line, though more moderate than the first position as it gives the landowner more money to use for development.

Third, the Town could certainly decide that the agreement, as it did in 2024, merits further reconsideration, and that, because having PFI develop the community as envisioned in the 2024 agreement is no longer practical, that they should receive a full refund of the \$150,000.00 (or the \$140,501.08), but not for the sewer. This would be a softer position to take, but likely the one with the least legal exposure.

In the end, these three approaches are all policy decisions that the Board can choose what they think is a) fair to the Prestons and b) in the Town's best interest. The contracts themselves did not contain specific language about the refunding process other than what is mentioned above. Certainly, the Prestons got some benefit from the developed infrastructure, though not exactly the benefit that they bargained for. The Town needs to confirm whether any draw down of these funds took place for both the water and sewer and why the \$140,501.08 is less than the contribution of \$150,000.00. If the Town needs further assistance on this matter, please do not hesitate to ask.

Very Truly Yours,

A handwritten signature in black ink, appearing to read 'J. Scott James', with a long horizontal flourish extending to the right.

J. Scott James
City Attorney
Hermosa, South Dakota