

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING

Monday, August 28, 2023

The Municipal Utilities Board convened in regular session at the Watertown August 28, 2023, at 12:00 p.m. with President Chris Carter presiding.

Board members present: Chris Carter, Mike Luken, Dan Brenden, Rich Thomas, and Charlie Larkin. Liaison, member of City Council, Mike Danforth absent. Staff members present: Steve Lehner, Adam Karst, Bert Magstadt, Wayne Lovelis, John Lunde, Brian Benson, Mark Meier, Kevin Kruiter, Dan LeVasseur, Gina Brown, Sheila Mennenga, Lisa Pahl and Attorney Vince Foley. Chris Clifton and Craig Glogowski from the Watertown Development Company.

ITEM 7904

Motion by Luken with second by Brenden to approve the agenda with Item 6, Approve General Manager to sign Gas Supply Agreement with BP, being moved to Executive Session. Motion carried.

ITEM 7905

Motion by Larkin with second by Thomas to approve the minutes of Regular Board Meeting from July 31, 2023. Motion carried.

ITEM 7906

Public Comment - None

ITEM 7907

Motion by Larkin with second by Brenden to authorize Board President to sign and approve Resolution with Central Plains Energy Project (CPEP #4). Motion carried unanimously upon roll call vote.

RESOLUTION OF THE WATERTOWN MUNICIPAL UTILITIES BOARD ("GAS PURCHASER") AUTHORIZING GAS PURCHASER TO EXECUTE AN AMENDMENT TO ITS GAS SUPPLY AGREEMENT WITH CENTRAL PLAINS ENERGY PROJECT ("CPEP") IN CONNECTION WITH THE RESET OF THE AVAILABLE DISCOUNT IN CPEP'S GAS PREPAYMENT PROJECT AND RELATED MATTERS

WHEREAS, CPEP has acquired long-term natural gas supplies from J. Aron & Company LLC ("J. Aron"), pursuant to a Prepaid Natural Gas Sales Agreement (the "Prepaid Agreement"), dated as of November 16, 2018, for resale to Gas Purchaser and certain other public gas distribution systems and joint action agencies that elected to contract with CPEP for a portion of the gas purchased from J. Aron (the "Prepaid Project"); and

WHEREAS, in order to fund the prepayment of gas supplies in connection with the Prepaid Project, CPEP has issued its Gas Project Revenue Bonds, Series 2018 (the "Series 2018 Bonds"); and

WHEREAS, Gas Purchaser and CPEP are parties to that certain Gas Supply Agreement dated as of November 1, 2018 (the "Supply Agreement") providing for the sale and purchase of gas supplies from the Prepaid Project, and capitalized terms used and not defined in this resolution shall have the meanings assigned to them in the Supply Agreement; and

WHEREAS, the Supply Agreement provides for the periodic re-calculation of the Available Discount for Reset Periods subsequent to the Initial Rate Period pursuant to procedures and parameters set forth in a Re-Pricing Agreement between CPEP and J. Aron; and

WHEREAS, the Initial Rate Period expires on December 31, 2023, and pursuant to the Re-Pricing Agreement the amount of the Available Discount and the length of the Reset Period during which the Available Discount will be in effect will be determined; and

WHEREAS, CPEP is in discussions with J. Aron in connection with the optimal approach to structuring the refunding of the Series 2018 Bonds and is considering different options which affect the Available Discount for the Reset Period, including (a) different option for the term, volumes, and discount to be available during the Reset Period; and (b) the novation by J. Aron of its right, title and interest in the Prepaid Agreement to a transaction-specific Delaware limited liability company set up by J. Aron & Company ("Prepay LLC"), effective as of the refunding of the Series 2018 Bonds; and

WHEREAS, certain of those options may require an Amendment to the Supply Agreement, while others may not;

NOW, THEREFORE, be it hereby resolved by the Watertown Municipal Utilities Board that:

1. The General Manager is hereby authorized to (a) respond to all notices provided by CPEP with respect to the estimated Available Discount, the final Available Discount and the Reset Period, including the Remarketing Election Notice, pursuant to Section 5.3 of the Supply Agreement, and (b) enter into an amendment to the Supply Agreement between Gas Purchaser and CPEP, if necessary and appropriate, to reflect such changes to the Supply Agreement as shall be necessary or desirable in structuring the best resolution of the Reset Period options that may be available to CPEP under the Re-Pricing Agreement, as described in the following section of this resolution.

2. The Authorized Officer is hereby delegated full authority to effectuate a continuation of the transaction for the Reset Period from among the options that may be available, including but not limited to: (i) accepting an Available Discount for the next Reset Period (as determined under the Re-Pricing Agreement) that is less than the Minimum Discount specified in the Supply Agreement, but in no case less than \$0.01 cents per MMBtu to Gas Purchaser, including the Monthly Discount and the projected Annual Refund; (ii) increasing the daily contract quantities purchased under the Supply Agreement through Year 30 of the Delivery Period (as defined in the Supply Agreement) with such quantities not to exceed 2,613 MMBtu per day; and (iii) Prepay LLC acting as the prepaid gas supplier

3. The Resolution shall take effect immediately upon its adoption and shall be effective for all decisions that may be made for the upcoming Reset Period under the Supply Agreement between Gas Purchaser and CPEP, and for the finalization of any amendments to the Supply Agreement in order to effectuate the refunding of the Series 2018 Bonds.

4. All Resolutions or portions thereof inconsistent with this Resolution are hereby repealed and superseded.

ITEM 7908

This being the time and place set for consideration of bid, the following was presented. Bid for Transformers. The Transformers were open on Thursday, August 24, 2023, at 1:30 PM by the Watertown Municipal Utilities Staff as authorized by the Board.

Transformers: One bid was received upon review and recommendation by Magstadt, motion by Thomas with second by Luken to reject bids due to not meeting specs and allow staff to negotiate with suppliers per South Dakota bid law. Motion carried.

ITEM 7909

Open: Bill Stuffer - Sump Pump Variance

ITEM 7910

Old Business: Reminder that September's Board Meeting will be Friday, September 29, 2023, at noon.

ITEM 7911

Magstadt presented the Report on Operations and Projects. Electric: 11 new electric outages for the month for a total of 40 unscheduled outages for 2023, wrecked out single-phase enclosures to complete Bogue Ave. primary replacement, installed and energized new single-phase primary at Kampeska Dunes and Kaylee Court. Gas Department: Cut out and fixed a cracked 3 inch valve. Water Department: Completed two road patches on Hwy 20, Thein Well verified well #39 at Rauville has a collapsed casing or a large joint separation which has filled the well casing with rock, sand, and clay. This destroyed the pump/motor. Engineering Tech: 221 one-call locates from August 1st to 15th, 2023, 504 one-call locates for July 2023, staking and locating projects.

ITEM 7912

Karst presented the report on Administration and Financial Statements, Purchasing, Accounting and Facilities, Projects Completed this Month: Completed all our asphalt patching in the parking lot, streets and alleys. Projects in Progress: Water Rate Study, researching ideas and costs for a new telephone system, Dalsin Inc. Sioux Falls are in the process of reroofing the operations building. Upcoming Projects: Nova Fire Protection to fix a leak in our Fire line which was found in their last inspection. Customer Service Projects Completed this Month: 15,141 Payments collected for a total of \$5,781,958 and 56,904 services billed for a total of \$5,221,717. Human Resources/Risk Management: Attended FEMA planning meeting and completing FEMA payroll information, assisting Watertown Development Company with wage and benefit analysis, completed summer temp exit interviews: Dillion Feltsch 8/11/2023, Lucas Bertsch 8/16/2023, Emma Duenwald 8/17/2023, Waylin Sime 8/18/2023. Information Systems: Cybersecurity, working on items from the assessment and investigating vulnerability notifications, Website statistics.

Statements of Revenue and Expenses and Capital Additions were presented to the Board for review. Year to date net income is \$3,050,474 above budget for the seventh months ending July 31, 2023. Total Capital Additions are \$4,605,633 below budget for the seven months ending July 31, 2023.

ITEM 7913

Motion made by Luken with second by Larkin to approve the following verified salary claims and bills. Motion carried unanimously upon roll call vote. Total Watertown Municipal Utilities Net Payroll for August 2023 Plus ACH Payroll Payments \$633,304.82. Change: W. Berner 34.69 effective 7/30/2023.

Name	Payable Description	Payment Amount
SEPTEMBER 1, 2023		
ABC EMBROIDERY	SAFETY CLOTHING	\$9.90

ACTIVE HEATING INC	SERVICE	\$1,142.50
ADVANCED ENG. AND ENVIRONMENTAL SERVS, LLC	WTP EQUIPMENT REPLACEMENT	\$23,262.23
AFLAC	CANCER PT	\$1,449.67
ANDOR INC	ENERGY INCENTIVE REBATE	\$200.00
A-OX WELDING SUPPLY INC	SUPPLIES	\$106.05
AQUA-PURE INC	TRIPOLYPHOSPHATE, SUPPLIES	\$5,000.00
ARGUS LEADER MEDIA	SUPPLIES	\$35.00
AUTO VALUE WATERTOWN	SUPPLIES	\$719.07
BORDER STATES ELECTRIC SUPPLY	TRANSFORMERS	\$26,251.89
BORNS GROUP	POSTAGE & MAILING	\$10,990.67
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$149.53
CARTNEY BEARING & SUPPLY	SUPPLIES	\$23.70
CENTURY LINK	PHONE SERVICE	\$627.75
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$1,890.65
CHILD SUPPORT PAYMENT CENTER	EMPLOYEE DED: CHILD SUPPORT	\$750.00
CODINGTON-CLARK ELECTRIC COOPERATIVE INC	WELLFIELD ELECTRIC SERVICE	\$7,220.96
CONNECTING POINT	SOFTWARE MAINTENANCE	\$793.90
CORE & MAIN LP	SUPPLIES	\$1,108.44
CREDIT COLLECTIONS BUREAU	COLLECTIONS	\$195.25
DAKOTA DATA SHRED	SHREDDING SERVICE	\$78.21
DE NORA WATER TECHNOLOGIES	SUPPLIES	\$66.98
DEPARTMENT OF HEALTH	WATER SAMPLES	\$577.00
DIAMOND VOGEL PAINT CENTER	SUPPLIES	\$122.61
DITCH WITCH OF SOUTH DAKOTA, INC	SUPPLIES	\$1,007.63
DSG DAKOTA SUPPLY GROUP	SUPPLIES	\$4,179.15
DTN, LLC	SUBSCRIPTION	\$546.00
DUTTON-LAINSON COMPANY	WATER METERS AS PER BID	\$19,600.00
ELEMENT MATERIALS TECHNOLOGY	SERVICE	\$575.00
ENGELSTAD ELECTRIC COMPANY	SERVICE	\$14,186.77
ERICKSON, STEVE	REIMBURSEMENT EXPENSE	\$168.79
ETHANOL PRODUCTS LLC	BULK CO2	\$1,614.54
FASTENAL COMPANY	SUPPLIES	\$323.55
FEDERAL EXPRESS CORP	SERVICE	\$50.26
FIDELITY SECURITY LIFE INSURANCE CO. (EYEMED)	VISION INSURANCE	\$146.07
FOLEY AND FOLEY LAW OFFICE, PC	JULY LEGAL FEES	\$1,740.00
GRAF SIGN PRO OF WATERTOWN LLC	SUPPLIES	\$31.50
GROEBNER	SUPPLIES	\$1,372.42
HARTWIG HEATING	SERVICE	\$90.00
HAWKINS, INC.	SUPPLIES	\$4,321.96
HEATH CONSULTANTS INC	SERVICE	\$486.84
HY-VEE FOODS	SUPPLIES	\$43.12
IBEW LOCAL 426	UNION DUES	\$4,038.00
INTERSTATE ALL BATTERY CENTER	SUPPLIES	\$160.80
J H LARSON COMPANY	SUPPLIES	\$3,458.15
JOE MEDANICH ASPHALT SERVICES	ASPHALT REPAIRS	\$65,292.97
JOHNSON CONTROLS INC	SERVICE	\$4,019.82
JURGENS PRINTING INC	SUPPLIES	\$766.00
JUSTICE FIRE & SAFETY	SERVICE	\$397.00
JUSTIN'S LAWN & TREE SERVICE	SERVICE	\$180.00
KARST, ADAM	REIMBURSEMENT EXPENSE	\$165.00
KEROTEST MANUFACTURING CORP	SUPPLIES	\$1,958.44
KRUITER, KEVIN	REIMBURSEMENT EXPENSE	\$167.54
LEHNER, STEVE	REIMBURSEMENT EXPENSE	\$160.17
LINDE GAS & EQUIPMENT INC.	CYLINDER RENTAL	\$212.01
LOCATORS & SUPPLIES INC	SUPPLIES	\$2,003.77
LOVELIS, WAYNE	REIMBURSEMENT EXPENSE	\$34.06

LUNDE, JOHN	REIMBURSEMENT EXPENSE	\$2,060.65
LYLE SIGNS INC	SUPPLIES	\$1,009.80
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$211.36
MAC'S HARDWARE	SUPPLIES	\$669.70
MAGSTADT, BERT	REIMBURSEMENT EXPENSE	\$142.79
MARCO	COPIER LEASE	\$345.50
MARCO	COPIER LEASE	\$171.33
MATHESON TRI-GAS INC	SUPPLIES	\$269.14
MCKEEVER INC	SUPPLIES	\$438.00
MEIER, MARK	REIMBURSEMENT EXPENSE	\$76.24
MENARDS INC	SUPPLIES	\$1,455.53
MENNENGA, SHEILA	REIMBURSEMENT EXPENSE	\$294.19
MET LIFE	LIFE INSURANCE	\$1,525.48
METERING & TECHNOLOGY SOLUTIONS	WATER METERS AS PER BID	\$75,402.00
MIDCONTINENT COMMUNICATIONS	INTERNET & CABLE SERVICE	\$183.39
MILBANK WINWATER WORKS	SUPPLIES	\$1,176.80
MINNESOTA MUNICIPAL UTILITIES ASSN	TRAINING EXPENSE	\$1,695.00
MINSAIT ACS, INC.	SCADA UPGRADE	\$8,235.18
MINSAIT ACS, INC.	SUPPLIES	\$230.72
MINSAIT ACS, INC.	SERVICE CONTRACT	\$9,381.00
MUELLER CO	SUPPLIES	\$587.88
MUNICIPAL UTILITIES - PC	REPLENISH PETTY CASH	\$452.71
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND	\$1,498.71
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCOUNTS	\$14,373.93
NAPA CENTRAL	SUPPLIES	\$570.87
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$111.36
OFFICE PEEPS	SUPPLIES	\$390.28
O'REILLY AUTOMOTIVE INC	SUPPLIES	\$95.49
PETE LIEN & SONS	BULK LIME	\$30,313.61
PIPEHORN LOCATING TECHNOLOGY	SERVICE	\$413.00
POLLARD WATER	SUPPLIES	\$1,045.00
POMP'S TIRE SERVICE, INC.	SUPPLIES	\$68.90
PRINCIPAL FINANCIAL GROUP	DENTAL INSURANCE	\$1,189.77
PRINT 'EM NOW INC	SUPPLIES	\$53.00
PRO LINE INC	SUPPLIES	\$764.61
REDLINGER BROS PLUMBING & HEATING	SUPPLIES	\$58.73
RELIABANK DAKOTA	FLEX MED	\$6,807.64
RESCO	SUPPLIES	\$1,627.22
RODENBURG LAW FIRM	EMPLOYEE DEDUCTION	\$150.00
RON'S SAW SALES	SERVICE	\$149.86
RUNNING'S SUPPLY INC	SUPPLIES	\$459.05
SCHAEFFER MFG CO	SUPPLIES	\$3,078.90
SD MUNICIPAL LEAGUE	TRAINING EXPENSE	\$225.00
SD ONE CALL	LOCATES	\$554.40
SERVICEMASTER OF WATERTOWN	JANITORIAL SERVICE	\$4,120.00
SHERWIN WILLIAMS CO	SUPPLIES	\$222.88
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$7,791.90
SPEE-DEE DELIVERY SERVICE INC	SERVICE	\$109.20
STAN HOUSTON EQUIP CO	RENTAL	\$1,365.29
STAR LAUNDRY	SERVICE	\$563.79
STATE UNIVERSITY OF IOWA	SERVICE	\$1,110.00
SUTTON LAWN & SNOW LLC	LAWN CARE	\$2,493.00
TAECKER PLUMBING & HEATING	SUPPLIES	\$527.50
TERRY-DURIN CO.	SUPPLIES	\$617.99
TITAN MACHINERY- WTN	SERVICE	\$312.04
TOSHIBA FINANCIAL SERVICES	COPIER LEASE	\$320.00

TRAFFIC SOLUTIONS INC.	SIGNAGE SERVICE	\$1,995.00
TRAV'S OUTFITTER	SAFETY CLOTHING	\$865.00
TRILOGY CONSULTING, LLC	WATER RATE STUDY	\$2,790.00
TWO WAY SOLUTIONS, INC.	SUPPLIES	\$1,800.00
US BANK NATIONAL ASSOCIATION	BANKING FEE	\$1,200.00
VERMEER HIGH PLAINS	SUPPLIES - UNIT 121	\$5,897.64
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$386.88
WATERTOWN UNITED WAY	United Way	\$263.00
WATERTOWN WHOLESALE INC	SUPPLIES	\$469.10
WESCO DISTRIBUTION INC	WIRE AS PER BID	\$189,264.50
	TOTAL	<u>\$619,457.72</u>

Total August 2023 \$619,457.72; Transfer to City's General Fund \$118,125.00, Muni Utilities Electric Water Gas \$73,551.65; Missouri River Energy Services Power \$2,380,328.55; BP Canada Energy Marketing Natural Gas \$22,393.59; Dept. of Revenue Sales/Excise Tax \$127,121.74; CPEP #3 Natural Gas \$7,833.70, CPEP #4 Natural Gas \$9,462.75, CPEP #5 Natural Gas \$18,309.38, CPEP #3 HEDGE Natural Gas \$10,016.72, City Finance Office Garbage/Sewer \$622,593.55.

ITEM 7914

Pursuant to SDCL 1-25-2(3) Luken moved with second by Thomas to move to Executive Session. To consult with or review communications from legal counsel, about proposed or pending litigation or contractual matters and for the purpose of updating the Board on Cyber Security. The Board does expect to take-action when they reconvene to the regular session. Motion carried.

Board President Carter declared Executive Session done and they reconvened to regular session.

Motion by Thomas with second by Larkin to approve General Manager to sign Gas Supply Agreement with BP. Motion carried.

Motion by Luken with second by Thomas to adjourn. Motion carried.

The Watertown Municipal Utilities does not discriminate in employment opportunities or provision of services on-the basis of race, color, religion, sex, national origin, age, disability, or any other characteristic protected by law.

Dated at Watertown, South Dakota this 28th, day of August 2023.

ATTEST: _____

Lisa Pahl
Board Secretary
Municipal Utilities Board

Christine Carter
Board President
Municipal Utilities Board

