

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING

Thursday, March 31, 2022

The Municipal Utilities Board convened in regular session at the Watertown Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Thursday, March 31, 2022, at 12:00 p.m. with President Lisa Carrico presiding.

Board members present: Lisa Carrico, Chris Carter, Mike Luken, Dan Brenden and Rich Thomas. Board Liaison, member of City Council, Mike Danforth. Staff members present: Steve Lehner, Adam Karst, Bert Magstadt, Wayne Lovelis, John Lunde, Brain Benson, Mark Haider, Dan LeVasseur, Mark Meier, Kevin Kruiter, Sheila Mennenga, Gina Brown, Lisa Pahl and Attorney Vince Foley. Media Juli Richter, KXLG Radio.

ITEM 7675

Motion by Carter with second by Luken to approve the agenda. Motion carried.

ITEM 7676

Motion by Luken with second by Carter to approve minutes of regular Board Meeting on held February 28, 2022. Motion carried.

ITEM 7677

Public Comment - None

ITEM 7678

Motion by Thomas with second by Brenden to accept the policy changes that were presented on February 28, 2022, Board Meeting. The accepted changes were to the following: General Policy which included 24.1 and the Schedule of Fees changes. Also changes to the Employee Personnel Manual, verbiage changes were made to 303, 305, 307, 315, 316, 319, 503 and 505. Changes to the electric which included 7.1.4 and 19.2, water 1.2, 3.8, 8.7, 9.1, 15.5, 15.13, 15.14, 16.1, 16.2, 16.3 and 17.2 and to the Gas 2.8, 3.5, 3.9, 9.7 and 12.2. All policies can be viewed on the Watertown Municipal Utilities website. Motion carried.

ITEM 7679

Motion by Luken second by Carter to authorize Board President to sign Resolution #7679. Motion carried unanimously upon roll call vote.

RESOLUTION 7679

RESOLUTION OF THE CITY OF WATERTOWN, SOUTH DAKOTA MUNICIPAL UTILITIES BOARD TO APPROVE THE USE OF EXCESS WATER SYSTEM SURCHARGE FUNDS TO PAY CERTAIN EXPENSES OF

OPERATING AND MAINTAINING IMPROVEMENTS PREVIOUSLY FINANCED THROUGH THE ISSUANCE OF A BOND SECURED BY THE SURCHARGE

WHEREAS, in 2008 the City of Watertown Municipal Utilities Board (the "Utilities Board") undertook a project to make substantial improvements to the City's drinking water system; and

WHEREAS, in contemplation of financing such improvements, on April 28, 2008 the Utilities Board adopted Resolution No. 5632 (the "Surcharge Resolution") to approve an amendment to the rate schedule applicable to users of the City's drinking water system, including the adoption of a surcharge pursuant to SDCL 9-40-15 (the "Act") to be pledged as security for and to be used as the source of repayment for such financing; and

WHEREAS, in order to pay for a portion of the cost of the improvements to the drinking water system and associated costs, including engineering costs, legal and financing costs, and other related costs, the City on October 31, 2008 issued its Water System Revenue Bond in the principal amount of \$23,760,000 (the "Bond") to the South Dakota Conservancy District and in connection with the issuance of the Bond, the City entered into a Loan Agreement dated October 31, 2008 (the "Loan Agreement") with the South Dakota Conservancy District; and

WHEREAS, the surcharge has generated and continues to generate funds in excess of the amounts necessary to pay principal and interest on the Bond, and as a result, after paying principal and interest on the Bond, as of December 31, 2021 the balance remaining in the surcharge fund was \$1,931,886.63 (the "Excess Surcharge Funds"); and

WHEREAS, as required by the Loan Agreement, the surcharge rate currently in effect is reasonably expected to generate during each calendar year not less than 115% of the principal and interest due on the Bond during such year; and

WHEREAS, it has been proposed that some of the Excess Surcharge Funds be used to pay a portion of the expenses of operating and maintaining the improvements financed with the proceeds of the Bond; and

WHEREAS, the Surcharge Resolution contemplates the use of Excess Surcharge Funds for other purposes as permitted under the Act, and the Act permits the surcharge to be used for the services of the facilities financed with the proceeds of the Bond; and

WHEREAS, the Utilities Board has been advised by the City's bond counsel that the Loan Agreement does not prohibit the use of surcharge revenues to pay expenses of operating and maintaining the improvements financed with the proceeds of the Bond if adequate provision has been made for the timely payment of principal and interest on the Bond and the City has otherwise complied with the terms of the Loan Agreement; and

WHEREAS, the Utilities Board has determined that it is in the best interests of the City and the users of the City's drinking water system to use a portion of the Excess Surcharge Funds for the payment of a portion of the expenses of operating and maintaining the improvements financed with the proceeds of the Bond; and

WHEREAS, during calendar year 2021, surcharge collections, or Borrower's Project Income, totaled \$2,602,291.35 and Borrower's Total Debt Service on project totaled \$1,199,245.00 with the difference being \$1,403,046.35;

NOW, THEREFORE, BE IT RESOLVED by the City of Watertown Municipal Utilities Board, as follows:

1. The General Manager of Watertown Municipal Utilities is authorized and directed to transfer the sum of \$900,000.00 from the DWSRF Loan #1 Surcharge Fund to the DWSRF Loan #1 O&M Fund and to use such funds to pay a portion of the expense to be incurred during each calendar year for operating and maintaining the improvements financed with the proceeds of the Bond.

2. In preparation of the Annual Certification of Compliance with Rate Covenant, the Excess Surcharge Funds transferred in 1. above will not be subtracted from or added to Borrower's Project Income for any calendar year.
Dated at Watertown, South Dakota, this 31st day of March 2022

ITEM 7680

Motion by Luken with second by Carter to approve Board President to sign a T-Mobile Amendment for equipment modifications on the South Lake Tower. Motion carried.

ITEM 7681

Motion by Luken with second by Brenden to approve Board President to sign a T-Mobile Amendment for equipment modifications on the Larson Tower contingent on a RF study. Motion carried.

ITEM 7682

This being the time and place set for consideration of bids, the following was presented. Bid for Installation of Water Main for the Water Department was opened Thursday, March 24, 2022, at 1:30 pm by the Watertown Municipal Utilities Staff as authorized by the Board.

Installation of Water Main: Three Bids were received and upon review and recommendation by Magstadt, motion by Brenden with second by Thomas to award bid to low valid bidder, to LL & Sons Excavating, Inc., Hazel, SD, for a total of \$863,888.98. Motion carried.

ITEM 7683

Open: Lehner presented the bill stuffer Living Safely with Natural Gas. Lehner also gave an invite to the Board to the Missouri River Energy Services Annual Meeting in Sioux Falls, SD on May 11-12. Karst attended a WAPA webinar on March 11 and they discussed plans to increase power supply rates effective January 1, 2023. The WAPA rate increase plan includes a 2% base and a 14% drought adder. A drought adder helps recover the cost of power purchased to meet customer allocations during drought conditions. The drought adder is subject to change. Final determinations will be made in November 2022.

ITEM 7684

Magstadt presented the Report on Operations and Projects. Electric, Projects completed this month: 6 outages in March for a total of 11 outages in 2022, Projects in Progress: MRES coming back to re-scan repaired issues after Annual Infrared Inspection of Distribution System, Powell Warranty Repaired Doors & Breaker Shaft Alignment - Uptown Sub. Gas, Projects completed this month: helped water department with water main breaks, passed State DOT Pipeline 1st Quarter inspections. Water,

Projects Completed this Month: 4 water main breaks for a total of 6 for the 2021-2022 season. Engineering, Projects in Progress: Finishing up coordinating all the projects coming up.

ITEM 7685

Karst presented the report on Administration and Financial Statements, Purchasing, Accounting and Facilities, Projects in Progress: Ordering, receiving, and stocking material, William Neale & Co. audit of WMU 2021 financials. Customer Service: 14,575 payments collected for a total of \$5,820,018 and 55,153 services billed for a total of \$5,338,558, Projects Starting Next Month, re-evaluating customers budget bill amounts. Human Resources/Risk Management: Completed payroll-related documentation for annual SPP Form 412, Met with insurance broker, Marsh & McLennan representatives, to begin strategizing for our insurance renewal in October, Approximately 20 employees and their family members helped pack 484 food sacks for Water Area PACH (People Against Child Hunger) Information Systems: Succession training and handoff, Normal monthly IT maintenance and troubleshooting.

Statements of Revenue and Expenses and Capital Additions were presented to the Board for review. Year to date net income is \$27,521 under budget for the two months ending February 28th, 2022. Total Capital Additions are \$36,900 over budget for the two months ending February 28th,2022.

ITEM 7686

Motion made by Carter with second by Thomas to approve the following verified salary claims and bills. Motion carried unanimously upon roll call vote. Total Watertown Municipal Utilities Net Payroll for March 2022 Plus ACH Payroll Payments \$582,590.98. New: D. LeVasseur 7,500/mo. effective 3/21/2022, Add: S. Erickson 36.45/hr. effective 2/28/2022, Change: M. McLaughlin 36.45/hr. effective 3/5/2022.

Name	Payable Description	Payment Amount
APRIL 1, 2022		
ABC EMBROIDERY	SERVICE	\$14.85
ACTIVE HEATING INC	ENERGY INCENTIVE REBATE	\$100.00
ADVANCED ENGINEERING AND ENVIRONMENTAL SERVICES, LLC	STUDY & REPORT	\$16,164.25
AFLAC	CANCER PT	\$1,566.32
A-OX WELDING SUPPLY INC	SERVICE	\$508.05
APPLIED INDUSTRIAL TECH INC	SUPPLIES	\$1,134.35
AUTO VALUE WATERTOWN	SUPPLIES	\$251.63
AUTOMATIC BUILDING CONTROLS	SERVICE	\$240.00
BENDIX IMAGING INC	SUPPLIES	\$59.50
BORDER STATES ELECTRIC SUPPLY	METERS	\$20,507.59
BORNS GROUP	POSTAGE & MAILING	\$9,800.87
BRANDRIET, BRIAN	ENERGY INCENTIVE REBATE	\$1,626.00
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$136.64
CENTURY LINK	PHONE SERVICE	\$313.59
CERTIFIED ENERGY CONSULTANTS, LLC	ENERGY INCENTIVE REBATE	\$2,961.00
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$6,160.50
CHILD SUPPORT PAYMENT CENTER	EMPLOYEE DEDUCTION: CHILD SUPPORT	\$750.00
CODINGTON-CLARK ELECTRIC COOPERATIVE INC	WELLFIELD ELECTRIC SERVICE	\$5,421.04
CONNECTING POINT	COMPUTERS	\$20,501.00
CONSULTING ENGINEERS GROUP INC	SERVICE	\$1,612.50
CONTROL EQUIPMENT SALES, INC	CORRECTORS FOR LARGE GAS METERS	\$14,858.44
CORE & MAIN LP	30" CASING	\$16,694.70
CREDIT COLLECTIONS BUREAU	COLLECTIONS	\$517.34
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$1,871.55

DAKOTA DATA SHRED	SHREDDING SERVICE	\$73.44
DEPARTMENT OF HEALTH	WATER SAMPLES	\$427.00
DSG DAKOTA SUPPLY GROUP	WATER METERS AS PER BID	\$2,641.07
DTN, LLC	SUBSCRIPTION	\$541.00
EDM INTERNATIONAL, INC.	PHASE TRACKER	\$7,950.00
ELEMENT MATERIALS TECHNOLOGY	WELDER QUALIFICATION	\$450.00
ENERGY LABORATORIES INC	WATER TESTING	\$1,616.00
ETHANOL PRODUCTS LLC	BULK CO2	\$1,197.78
FARNAMS GENUINE PARTS	SUPPLIES	\$325.39
FASTENAL COMPANY	SUPPLIES	\$447.20
FEDERAL EXPRESS CORP	SERVICE	\$465.52
FERGUSON ENTERPRISES, LLC	HYDRANTS	\$146,842.00
FIDELITY SECURITY LIFE INSURANCE CO. (EYEMED)	VISION INSURANCE	\$421.43
FOLEY AND FOLEY LAW OFFICE, PC	FEBRUARY LEGAL FEES	\$300.00
FRANZ REPROGRAPHICS, INC.	SUPPLIES	\$735.53
FRONTIER PRECISION INC	GIS MAPPING EQUIPMENT	\$3,495.70
GRAF SIGN PRO OF WATERTOWN LLC	SUPPLIES	\$50.00
GRAINGER	SUPPLIES	\$267.35
GROEBNER	SUPPLIES	\$1,011.38
HACH COMPANY	SUPPLIES	\$29.11
HAWKINS, INC.	HYDROFLUOSILICIC ACID	\$2,394.35
HEIMAN FIRE EQUIPMENT, INC	SCBA MASKS, SUPPLIES	\$9,960.00
HUMAN SERVICE AGENCY	EAP SERVICES	\$45.00
IBEW LOCAL 426	UNION DUES	\$3,337.00
INTERSTATE ALL BATTERY CENTER	SUPPLIES	\$137.60
I-STATE TRUCK CENTER	SUPPLIES	\$66.41
J & J EARTHWORKS	HWY 212 WATER MAIN REPLACEMENT	\$150,012.72
JOHNSON FEED, INC	BULK SOLAR CRYSTALS	\$5,027.01
KEISER, BRIAN	REIMBURSEMENT EXPENSE	\$333.20
LAKE AREA DOOR	SERVICE/SUPPLIES	\$4,036.29
LEHNER, STEVE	REIMBURSEMENT EXPENSE	\$527.79
LIGHT & SIREN	SUPPLIES	\$448.00
LINDE GAS & EQUIPMENT INC.	CYLINDER RENTAL	\$205.47
LUKEN, MIKE	REIMBURSEMENT EXPENSE	\$207.05
LUNDE, JOHN	REIMBURSEMENT EXPENSE	\$808.37
MACK, ROBIN	REIMBURSEMENT EXPENSE	\$127.91
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$208.16
MAC'S HARDWARE	SUPPLIES	\$481.84
MAGSTADT, BERT	REIMBURSEMENT EXPENSE	\$694.86
MARCO	COPIER LEASE	\$476.21
MATHESON TRI-GAS INC	SUPPLIES	\$199.42
MCKEEVER INC	SUPPLIES	\$104.95
MENARDS INC	SUPPLIES	\$589.61
MET LIFE	LIFE INSURANCE	\$1,408.05
MIDCONTINENT COMMUNICATIONS	INTERNET & CABLE SERVICE	\$229.86
MIDWEST UNDERGROUND SUPPLY, LLC	SUPPLIES	\$1,366.40
MILBANK WINWATER WORKS	WATER PIPE AS PER BID	\$136,461.99
MISSOURI RIVER ENERGY SERVICES	INFRARED INSPECTION SERVICE	\$7,652.88
MUELLER CO	METER VALVES	\$2,759.72
MUNICIPAL UTILITIES - PC	REPLENISH PETTY CASH	\$631.07
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND	\$217.87
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCOUNTS	\$10,166.66
NELSON TECHNOLOGIES INC	SUPPLIES	\$1,055.34
NORTHERN TRUCK EQUIP CORP	SUPPLIES	\$1,012.99
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$1,341.43
OFFICE OF ENERGY ASSISTANCE	REFUND OF OVERPAYMENT	\$351.62
OFFICE PEEPS	SUPPLIES	\$508.44
O'REILLY AUTOMOTIVE INC	SUPPLIES	\$77.25
PETE LIEN & SONS	BULK LIME	\$14,814.65
PETERSON, DELORES	REIMBURSEMENT EXPENSE	\$1,750.00
PHEASANTLAND INDUSTRIES	SAFETY CLOTHING	\$197.87
PIPELINE ASSN FOR PUBLIC AWARENESS	2022 ANNUAL DUES	\$695.00
POMP'S TIRE SERVICE, INC.	SERVICE	\$26.50
PRINCIPAL FINANCIAL GROUP	DENTAL INSURANCE	\$1,233.11
RC FIRST AID	SUPPLIES	\$59.50
RELIABANK DAKOTA	FLEX MED	\$7,543.38
RESCO	SUPPLIES	\$339.60
RIES, STEPHANIE	REIMBURSEMENT EXPENSE	\$768.21
RODENBURG LAW FIRM	EMPLOYEE DEDUCTION	\$150.00
RONKE, SHANE	REIMBURSEMENT EXPENSE	\$2,771.05
RON'S SAW SALES	SUPPLIES	\$3,093.49
ROST, MICHAEL	REIMBURSEMENT EXPENSE	\$173.74
RUNNING'S SUPPLY INC	SUPPLIES	\$288.37
SANFORD WATERTOWN OCCUPATIONAL MEDICINE	SCREENS	\$885.00
SCHAEFFER MFG CO	SUPPLIES	\$1,323.30
SCHOOL BOARD OF ED	ENERGY INCENTIVE REBATE	\$1,490.94
SD MUNICIPAL ELECTRIC ASSN	TRAINING EXPENSE	\$900.00
SD ONE CALL	LOCATES	\$16.80
SECOND STREET STATION	CALL BEFORE YOU DIG BANQUET	\$2,194.80
SENSIT TECHNOLOGIES LLC	GAS DETECTORS	\$5,275.12
SERVICEMASTER OF WATERTOWN	JANITORIAL SERVICE	\$4,120.00
SETTJE, JOEY	REIMBURSEMENT EXPENSE	\$4,252.95

SIoux VALLEY CO-OP	FUEL, SUPPLIES	\$6,029.25
SNAP-ON INCORPORATED	SUPPLIES	\$283.97
SOUTH DAKOTA TRAILER CO	TRAILER	\$3,979.00
STAN HOUSTON EQUIP CO	SUPPLIES	\$135.95
STANGL, CHRIS	REIMBURSEMENT EXPENSE	\$1,116.56
STAR LAUNDRY INC	SERVICE	\$516.39
STUART C IRBY CO	SERVICE	\$3,795.22
TECHNOLOGY FOR ENERGY CORPORATION	SUPPLIES	\$1,326.62
TITAN MACHINERY- WTN	SUPPLIES	\$342.31
TITAN MACHINERY-SF	SUPPLIES	\$1,757.82
TRAV'S OUTFITTER	SAFETY CLOTHING	\$130.00
UPS	SERVICE	\$58.08
USA BLUEBOOK	SUPPLIES	\$165.33
VAN DIEST SUPPLY COMPANY	GRANULAR HERBICIDE	\$6,300.00
VERIFIED CREDENTIALS	SERVICE	\$319.06
WARBORG, BRYAN	REIMBURSEMENT EXPENSE	\$486.32
WARD, MARK	REIMBURSEMENT EXPENSE	\$84.00
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN PUBLIC OPINION	PUBLISHINGS & ADVERTISEMENTS	\$260.60
WATERTOWN UNITED WAY	United Way	\$385.00
WATERTOWN WHOLESALE INC	SUPPLIES	\$227.25
WAYTEK INC	SUPPLIES	\$674.66
WELD-IT-ALL	SERVICE	\$207.50
WESCO DISTRIBUTION INC	TRANSFORMERS AS PER BID	\$34,822.50
WW TIRE SERVICE INC	SERVICE	\$136.25
	TOTAL	<u>\$765,322.42</u>

Total March \$765,322.42; Transfer to City's General Fund \$114,675.00, Muni Utilities Electric Water Gas \$48,150.29; Missouri River Energy Services Power \$1,925,010.36; BP Canada Energy Marketing Natural Gas \$349,965.84; Dept. of Revenue Sales/Excise Tax \$248,400.77; CPEP #3 Natural Gas \$279,858.60, CPEP #4 Natural Gas \$139,042.89, Sequent Energy Mgmt. Natural Gas \$459,971.25, City Finance Office Garbage/Sewer \$512,870.57.

ITEM 7687

The Board set date of Wednesday, April 27th, 2022, at noon for April Board Meeting.

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 31st, day of March 2022.

ATTEST: _____

Lisa Pahl
Board Secretary
Municipal Utilities Board

Lisa Carrico
Board President
Municipal Utilities Department