

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING
Monday, March 25th, 2024

The Municipal Utilities Board convened in regular session at the Watertown Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday, March 25, 2024, at 12:00 p.m. with President Chris Carter presiding.

Board members present: Chris Carter, Mike Luken, Rich Thomas and Charlie Larkin. Dan Brenden was present via Teams. Board 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, Dan LeVasseur, Sheila Mennenga, Gina Brown, Lisa Pahl and Attorney Vince Foley.

ITEM 7997

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

ITEM 7998

Motion by Larkin with second by Thomas to approve minutes of Regular Board Meeting on February 26th, 2024. Motion carried.

ITEM 7999

Public Comment - None

ITEM 8000

Motion by Luken with second by Thomas to accept the policy changes that were presented at the February 26, 2024, Board Meeting. The accepted changes are: General Policy, which included changes to 1.1, 4.1, and the Schedule of Fee changes. Changes to the Employee Personnel Manual, additions of 105 Media Relations, 111 Pregnant Workers Fairness Act, and 313 Weekly Disability Benefits. Verbiage changes were made to 301, 308, 309, 505, and 701. Changes to the electric which included verbiage changes to 10.3 and 11.4. Water removed 9 and verbiage changes to 1.1, 3.2, 6.5, 8.3, 8.4, and 15.2. Gas verbiage changes to 2.1, 2.8 and 2.10. All policies can be viewed on the Watertown Municipal Utilities website. Motion carried.

ITEM 8001

This being the time and place set for consideration of bids, the following were presented. Bid for Reconstruction of 12th Ave NW. This bid was opened on Wednesday February 28, 2024, by the City of Watertown.

Reconstruction of 12th Ave NW: Three bids were received and upon review and recommendation by Magstadt, motion by Thomas with second by Larkin to award bid to low valid bidder Duininck, Prinsburg, MN, for the amount of \$447,913.00. The bid is in conjunction with the City of Watertown and approved by the SD DENR. Motion carried.

ITEM 8002

Motion by Larkin with second by Luken to authorize General Manager to sign change order adding the installation and furnishing of two 20 inch sleeves for the 3rd Ave NW (Mellette) Watermain Replacement for the amount of \$6,057.51. Motion carried.

ITEM 8003

Motion by Larkin with second by Thomas to give approval for General Manager to sign change orders for reduction of \$950.00 to the Door Size, by adding chemical piping for the amount of \$12,674.73 and fixing of a containment wall crack for the Water Treatment Plant Expansion for the amount of \$1,027.46. Motion carried.

ITEM 8004

Motion by Luken with second by Thomas to authorize the Board President to sign Resolution #8004. Motion carried unanimously upon roll call vote.

RESOLUTION

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, 2023 the balance remaining in the surcharge fund was \$2,141,806.92 (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 2023, surcharge collections, or Borrower's Project Income, totaled \$2,662,864.04 and Borrower's Total Debt Service on project totaled \$1,552,943.75 with the difference being \$1,109,920.29;

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 \$1,109,920.29 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 25th day of March 2024

ITEM 8005

Open: Lehner presented Bill Stuffers Living Safely with Natural Gas and Household Hazardous Waste. Lehner also extended an invitation to the Board to attend the Missouri River Energy Services Annual Meeting May 8 & 9 in Sioux Falls.

ITEM 8006

Magstadt presented the Report on Operations and Projects. Electric Department, Projects Completed this Month: 3 outages for February for a total of 10 unscheduled power outages in 2024. Gas Department, Projects Completed this Month: Toured EEI Meter facility and SD 811 contractor meeting. Water Department, Projects Completed this Month: 0 water main breaks for a total of 8 for the 2024 season, new slaker installed and chlorine room demoed. Engineering Tech, Projects Completed this Month: 134 one call locates for March 1st to 20th, 2024, which is a record for March, water main installation plans HDR/City N. Broadway, 7th & 9th Ave NE.

ITEM 8007

Karst presented the report on Administration and Financial Statements, Purchasing, Accounting and Facilities, Projects in Progress: 2023 FEMA event for spring flood, approved to receive an 85% grant for a \$111K project to construct a new spillway at our Rauville Wellfield, (2) new boilers to be purchased through Johnson Controls, 50% deposit check (\$72,075) in this month's A/P, committee formed to research a new phone system, Making our annual bond payment 2024 (\$1,504,875) in this month's additional A/P. Customer Service Projects Completed this Month: 15,241 Payments collected for a total of \$6,813,713 and 56,655 services billed for a total of \$7,576,894. Human Resources/Risk Management: Organized training "Leaders Who Listen" presentation given by Kim Bellum and attended by WMU department heads and foremen, participated as panelist at the 2nd annual Day of Development Conference held in Watertown. Information Systems working on Cybersecurity, working on new Cyber Security Controls, reviewing and assessing DSU audit, normal monthly IT maintenance and troubleshooting along with Website Stats and top 10 webpages visited.

Statements of Revenue and Expenses and Capital Additions were presented to the Board for review. Year to date net income is \$615,748 above budget for the two months ending February 29, 2024. Total Capital Additions are \$397,446 under budget for the two months ending February 29, 2024.

ITEM 8008

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 March 2024 Plus ACH Payroll Payments \$648,247.59.

Name	Payable Description	Payment Amount
APRIL 1		
ABC EMBROIDERY	SERVICE	\$9.90
ADVANCED ENGINEERING AND ENV. SERVICES, LLC	CAST IRON WATERMAIN REPLACEMENT	\$38,306.66
AFLAC	ACCIDENT	\$1,574.10
AUSTIN, STRAIT, BENSON, THOLE AND KOEHN, LLP	JANUARY LEGAL FEES	\$160.00
AUTO BODY SPECIALTIES	SUPPLIES	\$534.20
AUTO VALUE WATERTOWN	SUPPLIES	\$1,668.03
AUTOMATIC BUILDING CONTROLS	SERVICE	\$1,005.00
BORDER STATES ELECTRIC SUPPLY	SUPPLIES	\$17,747.32
BORNS GROUP	POSTAGE & MAILING	\$10,467.86

BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$178.72
CENTURY LINK	PHONE SERVICE	\$316.06
CHAMBERS, TODD	REIMBURSEMENT EXPENSE	\$1,500.00
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$4,083.61
CHILD SUPPORT PAYMENT CENTER	EMPLOYEE DEDUCTION: CHILD SUPPORT	\$750.00
CODINGTON-CLARK ELECTRIC COOPERATIVE INC	WELLFIELD ELECTRIC SERVICE	\$6,230.96
CONNECTING POINT	SOFTWARE MAINTENANCE	\$859.10
CORE & MAIN LP	SUPPLIES	\$549.52
CREDIT COLLECTIONS BUREAU	COLLECTIONS	\$480.59
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$172.05
DAKOTA DATA SHRED	SHREDDING SERVICE	\$159.71
DAVE'S PLUMBING HEATING & COOLING INC	SUPPLIES	\$3,591.62
DEPARTMENT OF HEALTH	WATER SAMPLES	\$534.00
DSG DAKOTA SUPPLY GROUP	SUPPLIES	\$259.94
EAST RIVER ELEC POWER COOP	2024 SERVICE CONTRACT	\$8,100.00
EDM INTERNATIONAL, INC.	SERVICE	\$290.00
ELEMENT MATERIALS TECHNOLOGY	SERVICE	\$630.00
ENERGY ECONOMICS INC	GAS METER INDEXES	\$8,841.29
ETHANOL PRODUCTS LLC	BULK CO2	\$1,560.60
FASTENAL COMPANY	SUPPLIES	\$66.10
FEDERAL EXPRESS CORP	SERVICE	\$93.71
FIDELITY SECURITY LIFE INSURANCE CO. (EYEMED)	VISION INSURANCE	\$157.50
FOLEY AND FOLEY LAW OFFICE, PC	FEBRUARY LEGAL FEES	\$660.00
GANNETT MEDIA CORP	PUBLISHINGS	\$274.16
GRAINGER	SUPPLIES	\$897.35
GROEBNER	SUPPLIES	\$733.06
HAWKINS, INC.	AZONE 15	\$16,933.36
IBEW LOCAL 426	UNION DUES	\$4,302.00
INGERSOLL RAND COMPANY	COOLANT, SUPPLIES	\$2,623.85
I-STATE TRUCK CENTER	SERVICE - UNIT 39	\$2,723.46
JOHNSON CONTROLS INC	50% DEPOSIT ON BOILER(2) PROJECT	\$75,357.22
JURGENS PRINTING INC	SUPPLIES	\$569.00
JUSTICE FIRE & SAFETY	SERVICE	\$353.00
JUSTIN'S LAWN & TREE SERVICE	SERVICE - STUMPS	\$4,560.00
KOONS GAS MEASUREMENT	METERS PER BID	\$27,409.57
LEHNER, STEVE	REIMBURSEMENT EXPENSE	\$175.44
LINC ENERGY SYSTEMS, INC	REGULATORS	\$5,262.32
LOCKSMITH & MORE LLC	SERVICE	\$233.00
LUNDE, JOHN	REIMBURSEMENT EXPENSE	\$60.28
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$3,206.71
MAC'S HARDWARE	SUPPLIES	\$432.22
MAGSTADT, BERT	REIMBURSEMENT EXPENSE	\$2,182.72
MATHESON TRI-GAS INC	SUPPLIES	\$212.31
MCKEEVER INC	SUPPLIES	\$245.00
MENARDS INC	SUPPLIES	\$991.94
MESEBERG, MASON	REIMBURSEMENT EXPENSE	\$234.00
MET LIFE	LIFE INSURANCE	\$1,676.46
MIDCONTINENT COMMUNICATIONS	INTERNET & CABLE SERVICE	\$203.39
MIDWEST AUTOMOTIVE INC	SUPPLIES	\$160.00
MINSAIT ACS, INC.	SCADA UPGRADE	\$2,532.80

MITZEL & SONS, INC.	WHEEL LOADER	\$95,000.00
MUELLER CO	SUPPLIES	\$1,970.24
MUNICIPAL UTILITIES - PC	REPLENISH PETTY CASH	\$619.64
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND	\$925.96
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCOUNTS	\$10,703.62
NAPA CENTRAL	SUPPLIES	\$853.96
NORTHERN TRUCK EQUIP CORP	SUPPLIES	\$463.36
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$880.64
NOVASPECT, INC.	REGULATORS	\$11,578.50
OFFICE PEEPS	SUPPLIES	\$1,932.46
OVERHEAD DOOR CO OF WTN	SERVICE	\$357.14
PAYMENTUS GROUP INC.	SERVICE	\$69.65
PETE LIEN & SONS	BULK LIME	\$25,056.27
PIPELINE ASSN FOR PUBLIC AWARENESS	2024 DUES	\$710.00
PRINCIPAL FINANCIAL GROUP	DENTAL INSURANCE	\$1,309.90
PRINT 'EM NOW INC	SUPPLIES	\$298.00
PRO LINE INC	SUPPLIES	\$224.55
RELIABANK DAKOTA	FLEX MED	\$6,563.97
RESCO	SUPPLIES	\$633.49
REVOLT ELECTRICAL SERVICES INC.	LTC REPLACEMENT - UPTOWN SUB - #2	\$20,985.00
RICE LAKE WEST	WTP EQUIPMENT REPLACEMENT	\$162,979.56
RODENBURG LAW FIRM	EMPLOYEE DEDUCTION	\$150.00
RON'S SAW SALES	SERVICE	\$166.57
RUNNING'S SUPPLY INC	SUPPLIES	\$104.33
SANFORD WATERTOWN OCCUPATIONAL MEDICINE	SERVICE	\$559.00
SD ONE CALL	LOCATES	\$43.05
SERVICEMASTER OF WATERTOWN	JANITORIAL SERVICE	\$4,120.00
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$5,698.21
STANGL, CHRIS	REIMBURSEMENT EXPENSE	\$1,974.44
STAR LAUNDRY	SERVICE	\$558.25
STUART C IRBY CO	COPPER TRACER WIRE	\$8,674.84
TECHNOLOGY FOR ENERGY CORPORATION	SUPPLIES	\$3,145.40
TEREX USA, LLC	SERVICE - UNIT 28	\$1,835.84
TERRY-DURIN CO.	SUPPLIES	\$2,162.00
TITAN MACHINERY- WTN	SERVICE	\$515.79
TOSHIBA FINANCIAL SERVICES	COPIER LEASE	\$320.00
TRAV'S OUTFITTER	SAFETY CLOTHING	\$428.00
TYNDALE COMPANY INC	SAFETY CLOTHING	\$172.95
USA BLUEBOOK	SUPPLIES	\$1,141.05
WATERTOWN BOX CORP	SUPPLIES	\$101.50
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN UNITED WAY	United Way	\$225.00
WATERTOWN WHOLESALE INC	SUPPLIES	\$1,288.60
WAYTEK INC	SUPPLIES	\$283.15
WESCO DISTRIBUTION INC	WIRE AS PER BID	\$235,632.30
	TOTAL	<u>\$888,188.95</u>

Total March 2024 \$888,188.95; US Bank Nat'l Assoc. \$1,504,875.00, Transfer to City's General Fund \$120,500.00, Muni Utilities Electric Water Gas \$49,498.52; Missouri

River Energy Services Power \$1,914,523.34; BP Canada Energy Marketing Natural Gas \$290,649.16; Dept. of Revenue Sales/Excise Tax \$248,612.31; CPEP #3 Natural Gas \$161,415.45, CPEP #4 Natural Gas \$78,907.84, CPEP #5 Natural Gas \$221,873.93, CPEP #3 Hedge 112,261.70, CPEP #4 36,347.04, City Finance Office Garbage/Sewer 646,587.08.

ITEM 8009

Motion by Larkin with second by Luken 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 25th, day of March, 2024.

ATTEST:

Lisa Pahl
Board Secretary
Municipal Utilities Board

Christine Carter
Board President
Municipal Utilities Department