

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING

Wednesday May 28, 2014

The Municipal Utilities Board convened in regular session at the Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Wednesday May 28th, 2014 at Noon with President Mike Luken presiding.

Board members present: Mike Luken, Ernie Wight, Wayne Schultz, Dave Strait and Dustin Padgett. Board Liaison Member of City Council Don Roby. Staff Members present: Steve Lehner, Adam Karst, Jeff DeVille, Doug Enstad, Rich Schmidt, Mark Meier, Mark Haider, Kevin Kruiter, Sheila Mennenga, Stephanie Ries, Lisa Pahl. Press: Don Eggert, KXLG Radio.

ITEM 6504

Motion by Strait with second by Padgett to approve the Agenda with the correction of Item 12 to read Approve Accounts Payable and Payroll for May 2014 not April 2014. Motion carried.

ITEM 6505

Motion by Strait with second by Schultz to approve minutes of the regular Board meeting on April 28th, 2014. Motion carried.

ITEM 6506

Motion by Strait second by Wight to approve Board President to sign Resolution #6506. Motion carried unanimously upon roll call vote.

RESOLUTION PROVIDING FOR THE PREPAYMENT OF A PORTION OF THE OUTSTANDING PRINCIPAL BALANCE OF THE WATER SYSTEM REVENUE BOND SERIES 2008

WHEREAS the Utilities Board adopted Resolution No. 5632 on April 28, 2008 establishing a water rate surcharge and amendment to the rate schedule applicable to users of the City's drinking water system to assist in the financing of substantial improvements to the system; and

WHEREAS in order to pay a portion of the cost of the improvements to the drinking water system, the City, on October 31, 2008, issued its Water System Revenue Bond in the principal amount of \$23,760,000 to the South Dakota Conservancy District and entered into a Loan Agreement dated October 31, 2008 with the South Dakota Conservancy District providing for an administrative expense surcharge as well as quarterly principal and interest payments; and

WHEREAS the water rate surcharge has generated and continues to generate funds in excess of the amounts necessary to pay the administrative expense surcharge as well as the principal and interest on the Bond; and

WHEREAS the terms of the Water System Revenue Bond allow for prepayment of outstanding principal with the written consent of the South Dakota Conservancy District; and

WHEREAS the Utilities Board has been advised that the South Dakota Conservancy District has provided its written consent to allow for such prepayment

NOW, THEREFORE, BE IT RESOLVED by the Watertown Municipal Utilities Board that the General Manager of Watertown Municipal Utilities is authorized and directed to transfer the sum of \$1,500,000 (One Million Five Hundred Thousand Dollars) from water rate surcharge fund to the First National Bank in Sioux Falls to prepay that amount of the outstanding principal balance of the Water System Revenue Bonds Series 2008.

ITEM 6507

Deville, Water Superintendent, gave an overview of the 2013 Annual Water System Quality Report. He noted that there were no substances detected in our water that violated regulations set by the Federal Government or the State of South Dakota.

ITEM 6508

The Wages and Personnel Committee, along with Steve Lehner, met on April 29, 2014 for the General Managers performance review. They discussed goals and accomplishments of 2013.

ITEM 6509

Open: Bill stuffer is the 2013 Annual Water System Quality Report. Also, Lehner gave an update of the Missouri River Energy Service annual meeting. There were several keynote speakers that discussed topics on global issues, MRES initiatives, hot topics for public power systems, election analysis, strategic vision, duck chart with load demands and school programs.

ITEM 6510

Lehner presented the report on Operations and Projects: Electric Department, Projects Completed this Month: Energized one of three transformers at Titan Machinery. Projects in Progress: Terminating underground wire installed by Engelstad Electric at Burger King, Working with CEG on future load study for electric system, Working with CEG on 3rd Ave and 11th Street overhead rebuild projects and Key Contracting starting 3rd Ave overhead rebuild project per contract. Projects Starting Next Month: Working with Key Contracting transferring load from old overhead line and connecting to new overhead line on 21st Street NW and 11th Street SE, Terminating underground primary wire at Airport Industrial Park. Gas Department, Projects Completed this Month: Completed one day of inspections by state and federal pipeline inspectors on May 8th. Projects in Progress: Working on completing Operator Qualifications,

rebuilding and testing of residential gas meters. Water Department, Projects Completed this Month: Reconnected the main at 19th St & 8th Ave NE, this was clean up from winter main breaks. The up flow cone has been completely repainted. Projects in Progress: Reinstalling pump in well 3A. Projects to Start Next Month: Moving hydrants on 3rd Ave for the street project, Start replacing hydrants and setting new hydrants along Highway 212 from Tractor Supply Company to the new Titan. Engineering Tech Department: Projects Completed this Month: 464 One-Call locates May 1-22rd, 2014, 480 One-Call locates total for April, 2014, 11 Emergency locates (8 private contractors & 3 Watertown Utilities), Projects in Progress: Staking Prairie's Edge Estates for underground natural gas main. Next Month: Between 500 One-Call Locates in June.

ITEM 6511

Karst presented the report on Administration and Financial Statements: Building/Grounds and Purchasing, Projects in Progress: Received five new trucks from Boyer Trucks, Cut out and replaced concrete around the floor drains in warehouse because the concrete was breaking. Projects in Progress: Spraying our properties for weed control, Cleaning up properties, Continue to receive items from our bids. Wire, Transformers and Water Pipe. Office, Projects Completed This Month: 13,465 Payments collected with a total of \$4,928,334; Total of 51,633 services billed for a total of \$4,062,301. Projects in Progress: Met with Dave Berg Consulting regarding the 2014 natural gas rate study, working and testing processes with our upgraded Northstar billing software. Human Resources/Risk Management, Personnel changes, New hire: Andrew Schultz - Apprentice Lineman 5/19/14, New Position: Mike Andrews - Equipment Operator, transition date to be determined, 9 summer temps have started. We are currently advertising for Water Plant Foreman. Completed drug testing program audit by Office of Pipeline Safety, no discrepancies found. Information Systems: Normal monthly IT maintenance and troubleshooting, setting up new hardware and software.

Statements of Revenue and Expenses and Capital Additions were presented to the Board for review. Year to date net income is \$1,435,854 under budget for the four months ending April 30th, 2014. Total Capital Additions are \$854,984 under budget for the four months ending April 30th, 2014.

ITEM 6512

Motion made by Schultz with second by Padgett to approve the following verified salary claims and bills. Motion carried unanimously upon roll call vote. Total Municipal Utilities Dept Net Payroll for May, 2014 Plus ACH Payroll Payments 371,267.34. Info: S. Witt 18.99/hr effective 4/28/2014, A. Schultz 24.00/hr effective 5/19/2014, D. Brinkman 13.00/hr effective 4/28/2014, T. Gully 10.50/hr, A. Ireland 11.50/hr, P. McKee 13.75/hr, J. Rudebusch 13.00/hr, A. Fjeldheim 11.00/hr, M. Mennenga 11.00/hr, S. Strait 10.50/hr all effective 5/12/2014, M. Waite 13.75/hr 4/21/2014.

Name	Payable Description	Payment Amount
June 2, 2014		
ADVANCED ENGINEER. & ENVIRON. SRVS	SIDE 3 AERATOR CONTROLS	\$2,458.86

ADVANTAGE RVS & CONVERSIONS	TOPPER BOX	\$4,245.00
AFLAC	CANCER PT	\$2,173.71
AMERICAN FENCE COMPANY INC	SUPPLIES	\$153.07
AMERICAN PUBLIC POWER ASSOCIATION	SUPPLIES	\$50.50
A-OX WELDING SUPPLY INC	SUPPLIES	\$130.50
AP & SONS CONSTRUCTION INC	WATERMAIN BREAK EXCAVATION	\$1,228.80
APPLIED INDUSTRIAL TECH INC	SUPPLIES	\$739.07
AVANTI FEDERAL CREDIT UNION	CREDIT UNION	\$15,196.52
BATTERIES UNLIMITED	SUPPLIES	\$44.00
BENDIX IMAGING INC	SUPPLIES	\$252.96
BORDER STATES ELECTRIC SUPPLY	SUPPLIES	\$60,997.47
BORNS GROUP	POSTAGE & MAILING	\$8,869.70
BOYER TRUCKS SIOUX FALLS, INC	UNIT 10 TRUCK PER BID	\$160,789.46
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$55.08
BUSINESS TELEPHONE CO INC	MAINTENANCE	\$233.89
CARQUEST #2197	SUPPLIES	\$239.84
CARTNEY BEARING & SUPPLY	SUPPLIES	\$900.59
CASHWAY LUMBER INC	SUPPLIES	\$32.64
CHAMBERS, TODD	REIMBURSEMENT EXPENSES	\$306.92
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$2,731.50
CODINGTON COUNTY REGISTER OF DEEDS	WATER ANNEXATION AGREEMENTS	\$241.00
CODINGTON-CLARK ELECTRIC COOP. INC	ELECTRIC SERVICE-WELLFIELD	\$4,074.86
CONCRETE DAKOTA REDI-MIX INC	DENSITY FILL	\$900.00
CONNECTING POINT	UPGRADE	\$1,395.00
CONSTRUCTION SIGNING CORPORATION	SUPPLIES	\$2,664.80
CONSULTING ENGINEERS GROUP INC	LONG RANGE PLAN	\$13,370.00
COTEAU SHOPPER	PUBLISHINGS	\$440.40
CREDIT BUREAU OF WATERTOWN INC	COLLECTIONS	\$851.71
DAKOTA DATA SHRED	SHREDDING SERVICE	\$111.81
DAKOTA PUMP & CONTROL CO	SUPPLIES	\$2,905.00
DAKOTA RIGGERS & TOOL	SUPPLIES	\$907.63
DAVE'S PLUMBING HEATING & COOLING INC	MAINTENANCE	\$137.76
DE VILLE, JEFF	REIMBURSEMENT EXPENSES	\$498.52
DEPARTMENT OF REVENUE	WATER SAMPLES	\$390.00
DITCH WITCH OF SOUTH DAKOTA, INC	SUPPLIES	\$69.99
DSG DAKOTA SUPPLY GROUP	WATER PIPE AS PER BID	\$100,870.40
DUECO INC	SUPPLIES	\$402.57
ENSTAD, DOUG	REIMBURSEMENT EXPENSES	\$122.00
FARNAMS GENUINE PARTS	SUPPLIES	\$714.66
FARWEST LINE SPECIALTIES, LLC	SUPPLIES	\$2,248.87
FASTENAL COMPANY	SUPPLIES	\$535.93
FOCUS WATERTOWN	2014 PLEDGE	\$50,000.00
GCR TIRE CENTER	SUPPLIES	\$137.00
GREAT WESTERN BANK	TASC MED	\$6,564.61
GROEBNER	TOOLS	\$5,784.96
HARRIS COMPUTER SYSTEMS	NORTHSTAR SOFTWARE UPGRADE	\$13,413.75
HAWKINS, INC.	SUPPLIES	\$3,215.52
HD SUPPLY WATERWORKS, LTD	SUPPLIES	\$7,286.30
HELMS & ASSOCIATES	CONSTRUCTION STAKING	\$950.95
HM CRAGG	BATTERY INSPECTIONS	\$1,817.00
IBEW LOCAL 426	UNION DUES	\$3,206.00
INTERSTATE ALL BATTERY CENTER	SUPPLIES	\$79.96
ITRON INC	HARDWARE MAINTENANCE	\$5,177.01
J H LARSON COMPANY	SUPPLIES	\$4,396.19
KARST, ADAM	REIMBURSEMENT EXPENSES	\$189.04
KEY CONTRACTING INC	OVERHEAD LINE REBUILD	\$54,000.00

KILLORAN, JOHN	REIMBURSEMENT EXPENSES	\$61.00
KOONS GAS MEASUREMENT	SUPPLIES	\$639.51
LAKE CITY FIRE EQUIPMENT LLC	SUPPLIES	\$1,867.65
LARRY'S LUMBER INC	SUPPLIES	\$832.95
LEHNER, STEVE	REIMBURSEMENT EXPENSES	\$203.84
LIGHT & SIREN	SUPPLIES	\$2,015.00
LOCATORS & SUPPLIES INC	SUPPLIES	\$563.97
M & T FIRE & SAFETY INC	SUPPLIES	\$81.50
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$362.82
MAC'S INC	SUPPLIES	\$263.38
MAHOWALD'S HARDWARE & RENTAL	SUPPLIES	\$78.91
MARCO INC	MAINTENANCE AGREEMENT	\$46.69
MARCO INC	MAINTENANCE AGREEMENT	\$324.92
MC KEEVER INC	SUPPLIES	\$276.67
MEL DAHLE TIRE CO	SUPPLIES	\$1,368.00
MENARDS INC	SUPPLIES	\$654.84
MENNENGA, SHEILA	REIMBURSEMENT EXPENSES	\$156.67
MET LIFE	LIFE INSURANCE	\$1,070.73
METERING & TECHNOLOGY SOLUTIONS	SUPPLIES	\$6,802.13
MIDCONTINENT COMMUNICATIONS	INTERNET SERVICE	\$105.00
MIDWEST UNDERGROUND SUPPLY	SUPPLIES	\$339.91
MILBANK COMMUNICATIONS INC	SUPPLIES	\$386.22
MISSOURI RIVER ENERGY SERVICES	INFRARED INSPECTION SERVICES	\$4,379.60
MUNICIPAL UTILITIES - PC	PETTY CASH	\$731.99
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND #2194-11	\$281.19
MUNICIPAL UTILITIES-REFUND ACCT	REFUND OVERPYMT OF FINAL BILLS	\$4,453.82
NEW PIG CORP	SUPPLIES	\$89.02
NEW YORK LIFE INS.	LIFE INSURANCE	\$181.00
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$1,530.54
NOVASPECT, INC.	SUPPLIES	\$845.00
OFFICE PEEPS	SUPPLIES	\$401.14
O'REILLY AUTOMOTIVE INC	SUPPLIES	\$87.40
PEDERSON, MIKE	REIMBURSEMENT EXPENSES	\$61.00
PETE LIEN & SONS	SUPPLIES	\$5,860.40
PRAXAIR DISTRIBUTION INC	CYLINDER RENTAL	\$129.21
PRINT-EM-NOW INC	SUPPLIES	\$250.00
REDLINGER BROS PLUMBING & HEATING	SUPPLIES	\$31.90
RESCO	TRANSFORMERS AS PER BID	\$91,278.40
RISING STAR HYDRAULICS INC	SUPPLIES	\$36.40
RON'S SAW SHOP	SUPPLIES	\$30.88
RUNNING'S SUPPLY INC	SUPPLIES	\$174.69
SANFORD WATERTOWN OCCUPATIONAL MEDICINE	DRUG SCREENS	\$330.00
SD ELECTRICAL COMMISSION	2014 RENEWAL	\$40.00
SD GOVERNMENTAL FINANCE OFFICERS' ASSOC.	2014 MEMBERSHIP DUES	\$30.00
SD GOVERNMENTAL HUMAN RESOURCE ASSOC.	2014 MEMBERSHIP DUES	\$25.00
SD ONE CALL	LOCATES	\$553.35
SDRS SPECIAL PAY PLAN	401a VAC	\$34,658.60
SERVICEMASTER	JANITORIAL SERVICE	\$3,120.00
SHEEHAN CYCLE	REPAIRS	\$68.00
SHERMAN CANVAS	SUPPLIES	\$16.00
SHERWIN WILLIAMS CO	SUPPLIES	\$435.90
SIGN PRO	SUPPLIES	\$24.30
SLUMBERLAND FURNITURE	ENERGY INCENTIVE REBATE	\$1,608.00
STANLEY, JUSTIN	REIMBURSEMENT EXPENSES	\$61.00
STAR LAUNDRY INC	SERVICES	\$340.55
STUART C IRBY CO	SUPPLIES	\$2,110.74

SWANSON FLO-SYSTEMS CO.	SUPPLIES	\$1,041.71
T & R ELECTRIC SUPPLY COMPANY INC	SUPPLIES	\$10,194.00
TERMINAL SUPPLY CO.	SUPPLIES	\$272.25
THOMPSON MECHANICAL INC	ENERGY INCENTIVE REBATE	\$2,400.00
TITAN MACHINERY- WTN	TRUCK MAINTENANCE	\$543.00
TRAV'S OUTFITTER	SUPPLIES	\$930.00
TSCHAKERT, MERLE	CARQUEST BUILDING LEASE	\$100.00
UPS	SHIPPING	\$319.02
WALMART COMMUNITY	SUPPLIES	\$277.79
WATERTOWN BOX CORP	SUPPLIES	\$70.00
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$2,160.79
WATERTOWN UNITED WAY	United Way	\$359.50
WATTHOUR ENGINEERING CO., INC	METER TEST BENCH PER BID	\$37,735.00
WELLMARK BLUE CROSS/BLUE SHIELD	HEALTH INSURANCE	\$64,416.49
WESCO DISTRIBUTION INC	WIRE AS PER BID	\$20,434.09
WHEELCO	SUPPLIES	\$184.58
TOTAL		\$874,786.83

Total April, 2014 874,786.83; Transfer to City's General Fund 95,700; Muni Utilities Electric Water Gas 37,571.88; Northern Natural Gas 2,273.20; Missouri River Energy Services Power 1,369,247.95; BP Canada Energy Marketing Natural gas 374,580.00; Dept of Revenue Sales/Excise Tax 174,927.61; CPEP Natural Gas 51,719.48, City Finance Office Garbage Sewer 378,846.52.

ITEM 6513

Pursuant to SDCL 1-25-2(1) Schultz moved with second by Padgett to move to Executive Session for discussion of personnel issues. No Board action is expected. Motion carried.

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

Motion by Schultz with second by Padgett to adjourn. Motion carried.

The Watertown Municipal Utilities Department does not discriminate in employment opportunities or provision of services 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 May, 2014

ATTEST: _____

Lisa Pahl
Executive Secretary
Municipal Utilities Board

Michael V. Luken
President
Municipal Utilities Board