

**MINUTES OF MUNICIPAL UTILITIES BOARD MEETING**

**Monday, March 30, 2026**

The Municipal Utilities Board convened in regular session at the Watertown Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday, March 30, 2026, at 12:00 p.m. with President Dan Brenden presiding.

Board members present: Dan Brenden, Rich Thomas, Charlie Larkin, Chris Carter, and Mike Luken (Via Teams). Board Liaison, member of City Council, Kyle Peters was absent. Staff members present: Steve Lehner, Adam Karst, Bert Magstadt, Wayne Lovelis, Brian Benson, Aaron Erickson, Mark Meier, Rod Sutton, Dan LeVasseur, Zeke Hilmoie, Cheryl Mack, Gina Brown, Lisa Pahl and Attorney Vince Foley. Guests: Alan Stager City Manager, Kelli Fritz, PIO for the City of Watertown, Mayor Reid Holien, and Media: Roger Whittle, Watertown Current.

**ITEM 8325**

Motion by Carter with second by Thomas to approve the agenda.

**ITEM 8326**

Motion by Thomas with second by Carter to approve minutes of Regular Board Meeting on February 27, 2026. Motion carried.

**ITEM 8327**

Public Comment - None

**ITEM 8328**

Motion by Carter with second by Larken to approve General Policies 3.2 by adding The Watertown Current as a designated official newspaper for publication, 4.4 accepting commercial and industrial letters of reference in lieu of deposits, and a small verbiage change to 4.8. Motion carried.

Motion by Thomas with second by Carter to keep Schedule of Fees 16.1 Delinquent Service Fee at \$40. This motion was put to a roll-call vote Brenden, Thomas, Carter, and Luken, Aye, and Larkin Nay. Motion carried by roll call vote of 4-1.

Motion by Thomas with second by Carter to approve the schedule of fee changes to residential non-heating and heating deposits, disconnect and

reconnect charges, water tapping fees, fire protection charges and fees for gas fuel runs. Motion carried.

Motion by Thomas with second by Carter to accept Employee Manual changes to 106 Employment of Relatives (Nepotism), 503 by adding Vaping to Worksite smoking policy, 512 adding Bring Your Own Device Policy for Outlook and Microsoft Authenticator and changes to 114 Residency Requirements changing requirements from a 10 mile radius to a 30 minute response time to the Watertown Municipal Utilities. Motion carried.

Motion by Thomas with second by Carter to approve changes to the Water Policy by adding 14.5 verbiage saying developer is responsible for purchasing hydrants for private streets that meet department specifications and by adding 14.14 requiring an Engineer's Opinion of Probable Cost. Motion carried.

#### **ITEM 8329**

This being the time and place set for consideration of bids, the following were presented. Bids for Sodium Hypochlorite and Quick Lime Chips. These bids were opened Thursday, March 26, 2026, at 1:30 PM by the Watertown Municipal Utilities Staff as authorized by the Board.

Sodium Hypochlorite: Two bids were received and upon review and recommendation by Magstadt, motion by Larkin with second by Carter to award bid to low valid bidder, Aqua-Pure Inc., Sioux Falls, SD for a total of \$3.97 for summer months and \$4.42 for winter months. Motion carried.

Quick Lime Chips: Three bids were received and upon review and recommendation by Magstadt, motion by Larkin with second by Thomas to award bid to low valid bidder, Pete Lien, Rapid City, SD in the amount of \$294.59 per ton. The other two bids did not meet specs. Motion carried.

#### **ITEM 8330**

Motion by Carter with second by Larkin to move item number 7 Authorize Board President to sign Termination and Settlement Agreement with Northwestern Energy Public Service Corporation to Executive Session. Motion carried.

#### **ITEM 8331**

Motion by Larkin with second by Thomas to authorize the Board President to sign Resolution #8330. Motion carried unanimously upon roll call vote.

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, 2025 the balance remaining in the surcharge fund was \$2,499,059.32 (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 2025, surcharge collections, or Borrower's Project Income, totaled \$2,418,781.44 and Borrower's Total Debt Service on project totaled \$951,608.75 with the difference being \$1,467,172.69.

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 \$1,467,172.69 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 30<sup>th</sup> day of March 2026

#### **ITEM 8332**

Motion by Thomas with second by Carter to declare as surplus a) Asset #1269 2018 Ringomatic 550 Vac Machine b) Asset #1157 2015 Ford F250 Super Cab 4 x 4  $\frac{3}{4}$  ton pickup. Motion carried.

#### **ITEM 8333**

Open: Lehner presented two bill stuffers to the Board, a) Living Safely with Natural Gas b) WMU online setup. Luken and Larkin both gave an update on the APPA Legislative Rally they attended in February. They got to meet with the state aides. Some talking points were Municipal Tax Issues, Federal Programs, FEMA Reform and talk on Nuclear Energy.

#### **ITEM 8334**

Old Business: After review of last month's request of time of sample mailings there was a motion by Carter with second by Thomas to approve the 8  $\frac{1}{2}$ " x 14" with color Bid proposal from InfoSend, Inc., Downers Grove, IL for \$368,928.00 that was tabled from last month board meeting. Motion carried with Mike Luken abstaining.

Lehner reminded the Board of the MRES Annual Meeting in Sioux Falls, SD, May 6-7.

**ITEM 8335**

Magstadt presented the Report on Operations and Projects. Electric, Projects Completed this Month: Had 5 outages for March for a total of 8 unscheduled power outages in 2026. Gas Department, Projects Completed this Month: Removed the valves and reliefs/stacks from the propane tanks. Water Department, Projects Completed this Month: 3 water main breaks for a total of 7 for the season, Projects Starting next Month: Cast Iron Main project starts April 1st. Engineering Tech, Projects in Progress: Milsoft Electric Program & Training.

**ITEM 8336**

Karst presented the report on Administration and Financial Statements, Purchasing, Accounting and Facilities, Projects in Progress: 2025 Financial Statement Audit is currently in progress. Upcoming Projects: Purple Wave surplus auction. Customer Service, Projects Completed this Month: Completed catch-up work and training during the conversion window, completed interviews with the newspaper Current and radio interviews with KXLG and KWAT, Projects in Progress: Review/approve reports and dollar amounts with Matthew at Tyer. Upcoming Projects: Process/print/mail April bills, Target Customer receipt: April 15<sup>th</sup> or earlier. 15,745 Payments collected for a total of \$7,095,027 and 57,947 services billed for a total of \$6,659,433. Human Resources/Risk Management: Rehire of Monty Waite-PT meter reading and maintenance, new hire Scott Leitheiser PT meter reading and maintenance, Customer Service Summer Intern -5 applicants interviewed with an offer made and accepted, Safety: Coordinated meeting with the SDML Workers' Compensation fund and City staff to review safety practices, claims history, and improvement opportunities. Information Systems, working with Tyler Technologies on new utility billing package. 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 \$362,297 below budget for the two months ending February 28, 2026. Total Capital Additions are \$180,493 under budget for the two months month ending February 28,2026.

**ITEM 8337**

Motion made by Luken with second by Carter to approve the following verified salary claims and bills. Motion carried unanimously upon roll call vote. Total Watertown Municipal Utilities Net Payroll for March 2026 Plus ACH Payroll Payments \$704,721.97. Change: L. Redlin \$41.70/hr. effective 3/01/2026, T. Pahl \$51.49/hr. effective 3/19/2026. Rehire: M. Waite \$24.25/hr. effective 3/18/2026.

Name	Payable Description	Payment Amount
APRIL 1, 2026		
ABC EMBROIDERY	SERVICE	\$14.40
ACTIVE HEATING INC	SERVICE - WTP BOILERS	\$4,830.37
ADVANCE PRODUCTS & SYSTEMS, LLC	SUPPLIES	\$2,185.34
ADVANCED ENGINEER. AND ENVIRONMENTAL SERVICES, LLC	UNIDIRECTIONAL FLUSHING PROGRAM	\$17,286.25
AFLAC	ACCIDENT	\$1,900.92
AMARIL UNIFORM COMPANY	SAFETY CLOTHING	\$229.80
A-OX WELDING SUPPLY INC	SUPPLIES	\$941.44
APPLICANT PRO	SERVICE	\$236.00
AUTO VALUE WATERTOWN	SUPPLIES	\$20.80
AUTOMATIC BUILDING CONTROLS	SERVICE	\$300.00
BORDER STATES ELECTRIC SUPPLY	8" GAS VALVES	\$18,211.15
BORNS GROUP	POSTAGE & MAILING	\$14,910.54
BRISTOL, INC.	SERVICE	\$432.00
BUTLER MACHINERY CO	RENTAL	\$5,870.81
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$9,533.43
CODINGTON-CLARK ELECTRIC COOPERATIVE INC	WELLFIELD ELECTRIC SERVICE	\$6,427.96
COLOURS, INC.	SUPPLIES	\$67.66
COMMERCIAL CLEANING SERVICES INC.	JANITORIAL SERVICE	\$3,975.00
CORE & MAIN LP	HYD EXT KIT, SUPPLIES	\$5,386.37
CREDIT COLLECTIONS BUREAU	COLLECTIONS	\$128.32
DAKOTA BODIES LLC	SUPPLIES	\$345.00
DAKOTA DATA SHRED	SHREDDING SERVICE	\$113.33
DATA CENTER WAREHOUSE LLC	TABLETS	\$3,637.25
DELTA DENTAL OF SD	DENTAL INSURANCE	\$1,568.80
DEPARTMENT OF HEALTH	WATER SAMPLES	\$624.00
DGR ENGINEERING	115 KV TRANSMISSION LINE REBUILD	\$18,460.00
DIESEL MACHINERY INC	TRAILER MOUNTED AIR COMP. PER SOURCEWELL	\$48,966.00
DITCH WITCH OF SOUTH DAKOTA, INC	SUPPLIES	\$132.11
DSG DAKOTA SUPPLY GROUP	VT PACKS FOR 3PHASE APPLICATIONS	\$5,609.25
DTN, LLC	SUBSCRIPTION	\$584.61
EAST RIVER ELEC POWER COOP	SERVICE	\$250.00
EQUITABLE	VISION INSURANCE	\$207.26
ERICKSON, AARON	REIMBURSEMENT EXPENSE	\$46.00
ETHANOL PRODUCTS LLC	BULK CO2	\$771.06
FASTENAL COMPANY	SUPPLIES	\$1,156.47
FEDERAL EXPRESS CORP	SERVICE	\$10.78
FOLEY AND FOLEY LAW OFFICE, PC	FEBRUARY LEGAL SERVICES	\$2,665.00
FRANZ REPROGRAPHICS, INC.	SUPPLIES	\$819.59
G & R CONTROLS INC.	DESIGO VERSION UPGRADE	\$6,069.05
GRAINGER	SUPPLIES	\$890.76
HAWKINS, INC.	AZONE 15, HYDROFLUOSILICIC ACID	\$8,677.43
HILMOE, ZEKE	REIMBURSEMENT EXPENSE	\$77.18
IBEW LOCAL 426	UNION DUES	\$4,888.00
J H LARSON COMPANY	SUPPLIES	\$134.38
JURGENS PRINTING INC	SUPPLIES	\$1,376.00
KLJ SOLUTIONS HOLDING CO.	SERVICE	\$1,966.22
LANO EQUIPMENT INC.	BANDIT 15XP WOODCHIPPER PER SOURCEWELL	\$85,360.00
LEHNER, STEVE	REIMBURSEMENT EXPENSE	\$368.65
LUKEN, MIKE	REIMBURSEMENT EXPENSE	\$1,711.49
MACK, CHERYL	REIMBURSEMENT EXPENSE	\$119.20
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$2,873.93
MAC'S HARDWARE	SUPPLIES	\$334.87
MADISON NATIONAL LIFE INSURANCE CO. INC.	LIFE INSURANCE - STAFF	\$52.00

MAGSTADT, BERT	REIMBURSEMENT EXPENSE	\$982.67
MATHESON TRI-GAS INC	SUPPLIES	\$182.72
MCKEEVER INC	SUPPLIES	\$561.00
MENARDS INC	SUPPLIES	\$2,033.07
MESA PRODUCTS INC	SUPPLIES	\$389.72
MET LIFE	LIFE INSURANCE	\$1,435.79
MIDCONTINENT COMMUNICATIONS	INTERNET, CABLE & PHONE SERVICE	\$1,901.17
MIDWEST UNDERGROUND SUPPLY, LLC	RINGOMATIC JET VAC 550	\$84,400.00
MILBANK WINWATER WORKS	SUPPLIES	\$632.47
MILLERBERND MFG CO	LIGHT POLES	\$11,259.00
MINNESOTA MUNICIPAL UTILITIES ASSN	TRAINING EXPENSE	\$2,055.00
MUELLER CO	1" NON-INSULATED METER VALVES - GAS	\$6,066.18
MUNICIPAL UTILITIES - PC	REPLENISH PETTY CASH	\$402.49
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND	\$2,533.53
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCOUNTS	\$4,879.62
NAPA CENTRAL	SUPPLIES	\$1,228.84
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$1,802.52
NOVASPECT, INC.	2" FLANGED REGULATORS	\$5,120.77
OFFICE OF ENERGY ASSISTANCE	REFUND OF CREDIT ON ACCOUNT	\$377.88
OFFICE PEEPS	SUPPLIES	\$506.27
P4 MANUFACTURING	SERVICE	\$985.00
PAHL, TIMOTHY A	REIMBURSEMENT EXPENSE	\$290.00
PAYMENTUS GROUP INC.	SERVICE	\$39.80
PETE LIEN & SONS	BULK LIME	\$33,708.58
PIPELINE ASSN FOR PUBLIC AWARENESS	ANNUAL DUES	\$725.00
POMP'S TIRE SERVICE, INC.	SERVICE	\$152.10
PRINT 'EM NOW INC	SUPPLIES	\$60.00
PYE-BARKER FIRE & SAFETY LLC	SERVICE	\$1,045.00
RELIABANK DAKOTA	FLEX DC	\$7,381.53
RON'S SAW SALES	SUPPLIES	\$271.43
RUNNING'S SUPPLY INC	SUPPLIES	\$576.67
SCHAEFFER MFG CO	SUPPLIES	\$1,539.45
SCHWEITZER ENGINEERING LABORATORIES, INC.	SUPPLIES	\$225.66
SD ONE CALL	LOCATES	\$37.80
SD RETIREMENT SYSTEM	2025 ADDITIONAL CONTRIBUTIONS	\$4,485.75
SECOND STREET STATION	CALL BEFORE YOU DIG BANQUET	\$1,599.79
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$4,320.63
STAN HOUSTON EQUIP CO	RENTAL	\$497.47
STAR LAUNDRY	SERVICE	\$575.68
STUART C IRBY CO	SUPPLIES	\$2,939.00
TITAN MACHINERY-SF	SERVICE UNIT 301	\$1,902.88
TOSHIBA FINANCIAL SERVICES	COPIER LEASE	\$473.68
TRAV'S OUTFITTER	SAFETY CLOTHING	\$1,384.50
TWO WAY SOLUTIONS, INC.	SUPPLIES	\$245.94
TWOTREES TECHNOLOGIES	SOFTWARE MAINTENANCE	\$1,218.75
TYLER TECHNOLOGIES	BILLING SOFTWARE	\$6,595.00
USA BLUEBOOK	SUPPLIES	\$673.26
USA TODAY MEDIA CORP	PUBLISHINGS	\$257.88
UTILITY SERVICE CO., INC	WATER TOWER MAINTENANCE	\$250,353.15
VAN DIEST SUPPLY COMPANY	HERBICIDE	\$7,592.00
WATER RIGHTS PROGRAM	PERMITS	\$285.00
WATERTOWN CURRENT LLC	PUBLISHINGS	\$168.22
WATERTOWN DEVELOPMENT COMPANY	2026 GROW WATERTOWN	\$60,000.00
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN UNITED WAY	United Way	\$217.50

WAYTEK INC	SUPPLIES	\$64.54
WELD-IT-ALL	SERVICE	\$852.72
WESCO DISTRIBUTION INC	WIRE AS PER BID	\$142,808.40
	TOTAL	\$967,744.70

Total March 2026 \$967,744.70; US Bank Nat'l Assoc. \$1,526,487.50, US Bank \$10,517.71, US Bank Nat'l Assoc. \$13,650.65, Transfer to City's General Fund \$127,841.00, Muni Utilities Electric Water Gas \$51,410.59; Missouri River Energy Services Power \$2,187,743.75; BP Canada Energy Marketing Natural Gas \$332,839.18; Dept. of Revenue Sales/Excise Tax \$281,330.88; CPEP #3 Natural Gas \$420,386.40, CPEP #4 Natural Gas \$218,056.86, CPEP #5 Natural Gas \$983,232.25, CPEP #3 Hedge \$64,537.26, CPEP #4 Hedge \$12,967.52, City Finance Office Garbage/Sewer \$921,928.95.

**ITEM 8338**

The Board set date of Wednesday, May 27, 2026, at noon for May Board Meeting.

Pursuant to SDCL 1-25-2 (3) Larkin moved with second by Carter to move to Executive Session. Action is expected when coming out of Executive Session. Motion carried.

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

Motion by Carter with second by Larkin to set the wheeling fee in Exhibit G of the Termination and Settlement Agreement with Northwestern Energy Public Service Corporation at 0.0063 per kwh effective April 16, 2026. Motion carried.

Motion by Larkin 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 30<sup>th</sup>, day of March, 2026.

ATTEST: \_\_\_\_\_

Lisa Pahl

Dan Brenden

Board Secretary  
Municipal Utilities Board

Board President  
Municipal Utilities Department