

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING

Monday, September 28, 2020

The Municipal Utilities Board convened in regular session at the Watertown Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday, September 28, 2020 at 12:00 p.m. with President Greg Solum presiding.

Board members present: Greg Solum and Chris Carter. Board members via teleconference Mike Luken, Lisa Carrico and Dan Brenden. Board Liaison, member of City Council, Glen Vilhauer via teleconference. Staff members present: Adam Karst, Bert Magstadt, Mark Haider, Mark Meier and Lisa Pahl. Staff members via teleconference Steve Lehner, Jeff DeVille, John Lunde, Doug Enstad, Kevin Krutter, Sheila Mennenga, Gina Brown and Attorney Vince Foley. Guests via teleconference Roger Foote, Project Coordinator for the Upper Big Sioux River Watershed Project, Mayor Sarah Caron, City Engineer Heath Voneye and Troy VanDusen, KXLG Radio.

ITEM 7405

Motion by Carter with second by Luken to approve the Agenda. Motion carried unanimously upon roll call vote.

ITEM 7406

Motion by Carter with second by Carrico to approve minutes of regular Board Meeting on August 31, 2020. Motion carried unanimously upon roll call vote.

ITEM 7407

Public Comment - None

ITEM 7408

Roger Foote, Project Coordinator for the Upper Big Sioux River Watershed Project gave a presentation. Discussion on past and current projects and current project goals for 2021. Foote also gave an overview of the education programs that they offer and are a part of. COVID issues have prevented any gatherings, but Foote hopes to get back into this as soon as possible.

ITEM 7409

Motion by Carter with second by Luken to approve Resolution 7409 approving Watertown Municipal Utilities to enter into Natural Gas Hedges with CPEP with a change to paragraph three by adding Watertown Municipal Utilities as project participant. This will allow the Watertown Municipal Utilities

to lock-in our gas price supply. Motion carried unanimously upon roll call vote.

RESOLUTION NO. 7409

A RESOLUTION OF WATERTOWN MUNICIPAL UTILITIES AUTHORIZING ENTRY INTO NATURAL GAS PRICE HEDGES WITH CENTRAL PLAINS ENERGY PROJECT; APPROVING THE EXECUTION AND DELIVERY OF A HEDGING AGREEMENT AND OTHER DOCUMENTS RELATING THERETO; AND ADDRESSING RELATED MATTERS

WHEREAS, Central Plains Energy Project ("CPEP") is a separate legal entity and a public body corporate and politic (including a not-for-profit corporation) organized under the laws of the State of Nebraska and an instrumentality of its members pursuant to the provisions of the Nebraska Interlocal Cooperation Act (Chapter 13, Article 8, Reissue Revised Statutes of Nebraska, as amended (the "Act")); and

WHEREAS, CPEP was formed, among other reasons, for the purpose of acquiring, financing, and managing secure and economically priced supplies of natural gas for sale to its members and other public gas distribution systems and joint action agencies inside and outside the State of Nebraska pursuant to the provisions of the Act; and

WHEREAS, CPEP has successfully planned and developed projects to acquire long-term gas supplies from J. Aron & Company LLC, a New York limited liability company, and its affiliates of The Goldman Sachs Group, Inc., pursuant to Prepaid Natural Gas Sales Agreements (the "Prepaid Projects"), to meet a portion of the gas requirements of its members and other project participants (the "Project Participants"), of which Watertown Municipal Utilities is one; and

WHEREAS, CPEP has entered into an ISDA Master Agreement and a related Schedule thereto in order to be able to enter into natural gas price risk hedging arrangements, on behalf of the Project Participants, with J. Aron, associated with the purchase of gas from the Prepaid Projects, and has offered each of the Project Participants the opportunity to enter into a Hedging Agreement with CPEP to enable each such Project Participant to hedge a portion of its purchases from CPEP under the Prepaid Projects; and

WHEREAS, Watertown Municipal Utilities is a municipal utility established pursuant to the laws of South Dakota; and

WHEREAS, Watertown Municipal Utilities has determined that it is in the best interest of its customers to enter into a Hedging Agreement with CPEP in order to be able to hedge the price at which it will purchase a portion of its gas requirements from CPEP under the Prepaid Projects; and

WHEREAS, under the Hedging Agreement, Watertown Municipal Utilities will agree to pay an agreed-upon fixed price to CPEP for a quantity of gas to be designated by such Project Participant and will receive payment of a floating price from CPEP for such quantity, whereby the Project Participant will realize a fixed price for a portion of its purchases from CPEP while retaining the existing discount for such purchases under its applicable supply agreement with CPEP; and

WHEREAS, in order to authorize the entry by Watertown Municipal Utilities into the Hedging Agreement with CPEP and to approve the execution of the Hedging Agreement, the Watertown Municipal Utilities Board adopts this Resolution.

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

SECTION 1: The Watertown Municipal Utilities (the "Hedging Participant") is authorized to enter into a Hedging Agreement with CPEP, pursuant to which the Hedging Participant will be authorized to enter into natural gas price hedging transactions with CPEP pursuant to the terms of the Hedging Agreement.

SECTION 2: The Hedging Agreement shall be in substantially the form submitted and attached hereto as Exhibit A, which such form is hereby approved, with such completions, deletions, insertions, revisions, and other changes as may be approved by the officer or officers executing same with the advice of counsel, their execution to constitute conclusive evidence of their approval of any such changes.

SECTION 3: The Board President (the "Authorized Officer") is hereby authorized to execute and deliver the Hedging Agreement and the Board Secretary (the "Attesting Officer") is hereby authorized to attest the Hedging Agreement.

SECTION 4: The following individuals are hereby authorized to enter into specific hedging transactions pursuant to the Hedging Agreement without further action of the Governing Body, and each and every hedging transaction so entered into shall be the official action of Watertown Municipal Utilities and shall be binding upon Watertown Municipal Utilities.

SECTION 5: All acts and doings of the officers and employees of Watertown Municipal Utilities or any other agent or representative of Watertown Municipal Utilities which are in conformity with the purposes and intent of this Resolution and in furtherance of the execution and delivery of, and performance under, the Hedging Agreement shall be and the same hereby are in all respects approved and confirmed, including without limitation the execution and delivery by the officers of

Watertown Municipal Utilities of all certificates and documents as they shall deem necessary in connection with the Hedging Agreement.

SECTION 6: If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

SECTION 7: All other resolutions or orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed and this Resolution shall be in immediate effect from and after its adoption.

SECTION 8: This Resolution shall take effect immediately upon its adoption.

Adopted and approved this 28th day of September 2020.

ITEM 7410

Motion by Carter with second by Carrico to approve Board President to execute Hedge agreement between CPEP and Watertown Municipal Utilities. Motion carried unanimously upon roll call vote.

ITEM 7411

Motion by Luken with second by Carrico to approve General Manager to sign Interruptable Contract with Northern Natural Gas. The Utilities will use Northern Natural Gas while we do the tie-in with Northern Border Pipeline on Oct. 6. Motion carried unanimously upon roll call vote.

ITEM 7412

Motion by Carter with second by Brenden to approve Board President to sign Watertown Municipal Utilities Joint Powers Maintenance and Financial Agreement with the SD Department of Transportation. Motion carried unanimously upon roll call vote.

ITEM 7413

Open: a) Lehner presented the Living Safely with Natural Gas flyer. b) Lehner also gave an update of the Midwest Electric Consumer Association Board Meeting. The first day they had a resolutions committee meeting and Board Meeting. Some Vacancies were filled. Had the presenters the next day. C) Board Member Luken addressed the Board to thank Lehner for his appointment as the new Secretary/Treasurer on the Missouri River Energy Board.

ITEM 7414

New Business: Lehner wanted to make note to the Board that Watertown Municipal Utilities have not yet declared WMU employees as Essential at this time. We may need to do that if we get more cases within the Utilities in order to have enough staff to continue services. Management can make this decision administratively we just wanted to give the Board notice.

ITEM 7415

Magstadt presented the Report on Operations and Projects. Electric, Projects Completed this Month: There was 4 outages this month for a total of 63 unscheduled power outages in 2020, installed a temporary 115 kV transmission line from MRES to Uptown substation for MRES to replace circuit breakers that normally feed the Uptown substation. Gas, Projects Completed this Month: Set regulators and line heater in place for Interconnect. Projects in Progress: Installing gas services. Water, Projects Completed this Month: Shut down main to eliminate a 10" cross at intersection of 2nd St & 10th Ave NW. This is for the 2nd St main replacement project. Engineering Tech Department: Locating and staking. Northern Border Tap: Projects Completed this Month: All welding done and passed x-rays except the tie-in welds, Pressure testing completed and all pipes and facilities passed, Regulator and relief valve set, Line heater delivered and set. Projects in Progress: Make final tie-in weld on October 6th.

ITEM 7416

Karst presented the report on Administration and Financial Statements, Purchasing, Accounting and Facilities, Projects in Progress: Working on 2021 budget, planning tentative Finance Committee/Board Meeting the week of November 9th. Upcoming Projects: Fall spraying our WMU properties. Customer Service, Projects Completed this Month: 452 payments collected at the front counter, a lot of people using the drive up, 224 Customers on the shut off list. Human Resources/Risk Management: Preparing payroll data information for COVID reimbursement through the South Dakota Cares Act, Continue to attend webinars on COVID and working with employees who have tested positive or have been quarantined due to direct exposure, New hire: Steven Koehn, Apprentice Lineman, effective 10/5/2020 to replace Dave Meseberg who is retiring 10/20/2020 after 33 ½ years. IT: Normal monthly IT maintenance and troubleshooting along with Website Stats and top 10 webpages visited, Northstar server migration.

Statements of Revenue and Expenses and Capital Additions were presented to the Board for review. Year to date net income is \$670,677 above budget for the seven months ending July 31st, 2020. Total Capital Additions are \$787,622 under budget for the seven months ending July 31st,2020.

ITEM 7417

Motion made by Carter with second by Luken to approve the following verified salary claims and bills. Motion carried unanimously upon roll call vote. Total Watertown Municipal Utilities Net Payroll for September 2020 Plus ACH Payroll Payments \$525,882.85. Change: J. Settje 30.18/hr. effective 8/27/2020, C.Stangl 35.52/hr. effective 9/16/2020.

Name	Payable Description	Payment Amount
October 1, 2020		
ABC EMBROIDERY	SERVICE	\$4.95
ACTIVE HEATING INC	ENERGY INCENTIVE REBATE	\$100.00
ADVANCED CONTROL SYSTEMS INC.	SERVICE CONTRACT	\$9,288.00
ADVANCED ENGINEERING & ENVIRONMENTAL SERVICES	I&C SYSTEM SERVICES	\$2,756.65
AFLAC	SHORT TERM DISABILITY	\$1,882.18
AMARIL UNIFORM COMPANY	SAFETY CLOTHING	\$224.92
AMERICAN ENGINEERING TESTING INC	NBPL SERVICE	\$4,130.00
A-OX WELDING SUPPLY INC	SUPPLIES	\$184.54
AUSTIN, HOPPER, STRAIT, BENSON & THOLE LLP	JULY & AUGUST LEGAL FEES	\$3,160.00
AUTOMATIC TRANSMISSION & GEAR	SERVICE	\$2,075.10
BENDIX IMAGING INC	SUPPLIES	\$66.99
BORDER STATES ELECTRIC SUPPLY	ENCLOSURES	\$44,381.69
BORNS GROUP	POSTAGE & MAILING	\$8,657.38
BURCHATZ CONSTRUCTION COMPANY INC	NBPL SERVICE	\$6,750.01
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$107.10
CARLSON & STEWART REFRIGERATION, INC.	SERVICE	\$1,323.94
CARTNEY BEARING & SUPPLY	SUPPLIES	\$51.69
CE POWER ENGINEERED SERVICES, LLC	RELAY UPLOADS & TESTING	\$4,350.00
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$2,735.20
CHILD SUPPORT PAYMENT CENTER	EMPLOYEE DEDUCTION: CHILD SUPPORT	\$750.00
CLIMATE SYSTEMS INC	SUPPLIES	\$556.90
CODINGTON COUNTY REGISTER OF DEEDS	EASEMENT	\$35.00
CODINGTON-CLARK ELECTRIC COOPERATIVE INC	WELLFIELD ELECTRIC SERVICE	\$6,841.30
CONSOLIDATED READY MIX	SUPPLIES	\$322.00
CONSULTING ENGINEERS GROUP INC	ELECTRIC LOAD ANALYSIS AGREEMENT	\$14,525.00
CORE & MAIN LP	SUPPLIES	\$5,650.52
CREDIT COLLECTIONS BUREAU	COLLECTIONS	\$343.36
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$1,966.20
DAKOTA DATA SHRED	SHREDDING SERVICE	\$68.45
DAKOTA RIGGERS & TOOL	SUPPLIES	\$32.44
DAKOTA UNDERGROUND CONSTRUCTION LLC	INSTALLATION OF UNDERGROUND	\$17,577.00
DSG DAKOTA SUPPLY GROUP	SUPPLIES	\$4,417.29
DTN, LLC	SUBSCRIPTION	\$489.00
DUININCK INC	CRUSHED CONCRETE & DIRT	\$696.78
ELEMENT MATERIALS TECHNOLOGY	WELDER QUALIFICATION	\$225.00
ENERGY LABORATORIES INC	WATER TESTING	\$1,298.00
ENGELSTAD ELECTRIC COMPANY	SERVICE	\$534.29
ENSTAD, DOUG	REIMBURSEMENT EXPENSE	\$180.55
ETHANOL PRODUCTS LLC	BULK CO2	\$1,275.00
EVOLUTION POWERSPORTS	SERVICE	\$1,959.99
FARNAMS GENUINE PARTS	SUPPLIES	\$562.93
FASTENAL COMPANY	SUPPLIES	\$750.66
FASTENER SOLUTIONS INC	SUPPLIES	\$323.68
FEDERAL EXPRESS CORP	SERVICE	\$76.97
FRANKLIN PRESS INC	2020 GAS INSERTS	\$3,653.66

GAS PRODUCTS SALES, INC	100G ERTS	\$3,319.18
GRAINGER	SUPPLIES	\$2,076.46
GROEBNER	SUPPLIES	\$4,064.83
HARRIS COMPUTER SYSTEMS	SERVER MIGRATION	\$4,745.00
HAWKINS, INC.	HYDROFLUOSILICIC ACID	\$2,975.26
IBEW LOCAL 426	UNION DUES	\$2,839.00
INDELCO PLASTICS CORPORATION	SUPPLIES	\$286.14
INTERSTATE ALL BATTERY CENTER	SUPPLIES	\$149.80
J H LARSON COMPANY	METER SOCKETS	\$9,999.03
JUSTICE FIRE & SAFETY	CLEAN AGENT SYSTEM INSPECTION	\$270.00
KARST, ADAM	REIMBURSEMENT EXPENSE	\$818.65
KEY CONTRACTING INC	POLE WORK	\$8,844.29
KOONS GAS MEASUREMENT	GAS METER	\$4,224.04
KRUITER, KEVIN	REIMBURSEMENT EXPENSE	\$2,500.00
LEHNER, STEVE	REIMBURSEMENT EXPENSE	\$1,949.56
LOCATORS & SUPPLIES INC	PAINT	\$1,744.26
LORI LEE	SERVICE	\$1,440.00
LUNDE, JOHN	REIMBURSEMENT EXPENSE	\$237.48
M E BARBER CO INC	SUPPLIES	\$356.50
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$103.73
MAC'S HARDWARE	SUPPLIES	\$1,293.99
MAGSTADT, BERT	REIMBURSEMENT EXPENSE	\$144.33
MARCO	COPIER LEASE	\$449.05
MATHESON TRI-GAS INC	SUPPLIES	\$2,556.24
MCKEEVER INC	SUPPLIES	\$167.82
MENARDS INC	SUPPLIES	\$1,660.47
MENNENGA, SHEILA	REIMBURSEMENT EXPENSE	\$2,074.33
MET LIFE	LIFE INSURANCE	\$1,335.05
METERING & TECHNOLOGY SOLUTIONS	SUPPLIES	\$460.82
MIDCONTINENT COMMUNICATIONS	INTERNET & CABLE SERVICE	\$215.72
MILBANK WINWATER WORKS	SUPPLIES	\$4,044.43
MUELLER CO	SUPPLIES	\$2,257.22
MUNICIPAL UTILITIES - PC	REPLENISH PETTY CASH	\$198.58
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND	\$914.21
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCOUNTS	\$9,074.30
NELSON TECHNOLOGIES INC	SUPPLIES	\$293.13
NORTH STAR LOGISTICS	NBPL SERVICE	\$13,653.16
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$1,105.35
NORTHWESTERN ENERGY	SERVICE RIGHTS PAYABLE	\$1,824.31
OFFICE PEEPS	SUPPLIES	\$637.59
OLSON, CINDY	REIMBURSEMENT EXPENSE	\$183.00
PANTHER PRESSURE TESTERS, INC.	PIPELINE TESTS	\$16,883.00
PETE LIEN & SONS	BULK LIME	\$18,448.55
PETERSON, DELORES	REIMBURSEMENT EXPENSE	\$2,079.51
POMP'S TIRE SERVICE, INC.	SUPPLIES	\$372.02
PRAXAIR DISTRIBUTION INC	CYLINDER RENTAL	\$187.93
PRINCIPAL FINANCIAL GROUP	DENTAL INSURANCE	\$1,048.78
PRINT 'EM NOW INC	SUPPLIES	\$264.00
PRO LINE INC	SUPPLIES	\$127.00
PROFESSIONAL COMPUTER SERVICES LLP	SUPPLIES	\$2,186.13
REDLINGER BROS PLUMBING & HEATING	SUPPLIES	\$181.38
RELIABANK DAKOTA	TASC MED	\$6,099.64
RESCO	BASEMENTS	\$7,101.87

TERMINAL SUPPLY CO.	SUPPLIES	\$99.29
TITAN MACHINERY- WTN	SERVICE	\$129.00
TRAV'S OUTFITTER	SAFETY CLOTHING	\$679.98
TRIOLOGY CONSULTING, LLC	2020 WATER RATE STUDY	\$4,565.00
TWO WAY SOLUTIONS, INC.	SERVICE	\$154.96
UPS	SHIPPING	\$112.23
US DEPT OF ENERGY WESTERN AREA POWER ADMINISTRATION	ANNUAL MAINTENANCE	\$3,000.00
USA BLUEBOOK	SUPPLIES	\$1,903.12
VESSCO INC	SUPPLIES	\$1,641.31
WALMART COMMUNITY	SUPPLIES	\$96.56
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN FORD CHRYSLER	SUPPLIES	\$432.41
WATERTOWN PUBLIC OPINION	PUBLISHING & ADVERTISEMENTS	\$469.70
WATERTOWN UNITED WAY	United Way	\$424.00
WATERTOWN WHOLESALE	SUPPLIES	\$928.76
WESCO DISTRIBUTION INC	CUTOOTS	\$8,813.55
WINSUPPLY OF WATERTOWN	SUPPLIES	\$62.00
WW TIRE SERVICE INC	SUPPLIES	\$518.00
	<u>TOTAL</u>	<u>\$370,124.42</u>

Total September 2020 \$370,124.42; Transfer to City's General Fund \$116,433.33, Muni Utilities Electric Water Gas \$60,199.46; Missouri River Energy Services Power \$2,280,702.38; BP Canada Energy Marketing Natural Gas \$37,849.14; Dept. of Revenue Sales/Excise Tax \$204,968.20; CPEP #3 Natural Gas \$4,871.50, CPEP #4 Natural Gas \$9,277.22, Sequent Energy Mgmt. Natural Gas \$23,157.00, Northern Border Pipeline Natural Gas Tap \$95,695.45, City Finance Office Garbage/Sewer \$448,668.89.

ITEM 7418

Motion by Carter with second by Luken to adjourn. Motion carried unanimously upon roll call vote.

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 September, 2020.

ATTEST: _____

Lisa Pahl
Board Secretary
Municipal Utilities Board

Greg Solum
Board President
Municipal Utilities Department