

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING

MONDAY, MARCH 29, 2021

The Municipal Utilities Board convened in regular session at the Watertown Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday, March 29th, 2021 at 12:00 p.m. with President Greg Solum presiding.

Board members present: Greg Solum, Chris Carter, Lisa Carrico, Mike Luken and Dan Brenden. Board Liaison, member of City Council, Glen Vilhauer via teleconference, Staff members present: Steve Lehner, Adam Karst, Bert Magstadt, Mark Haider, Lisa Pahl and Attorney Vince Foley. Staff Members via teleconference Jeff DeVille, John Lunde, Kevin Kruiter, Sheila Mennenga, Gina Brown and Mark Meier. Guests: Via teleconference Mayor Sara Caron and Press Dan Crisler Watertown Public Opinion.

ITEM 7505

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

ITEM 7506

Motion by Carter with second by Carrico to approve minutes of Special Session meeting on March 12th, 2021. Motion carried.

ITEM 7507

Public Comment: None

ITEM 7508

Motion by Luken second by Carrico to authorize Board President to sign Resolution #7508. Motion carried unanimously upon roll call vote.

RESOLUTION NO. 7508

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, 2020 the balance remaining in the surcharge fund was \$2,327,834.20 (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 2020, surcharge collections, or Borrower's Project Income, totaled \$2,466,381.46 and Borrower's Total Debt Service on project totaled \$1,273,219.42 with the difference being \$1,193,162.04;

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 \$1,193,162.04 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 29th day of March, 2021

ITEM 7509

Motion by Luken second by Carrico to authorize Board President to sign Resolution #7509. Motion carried unanimously upon roll call vote.

RESOLUTION NO. 7509

RESOLUTION AUTHORIZING FUNDS OF THE WATERTOWN MUNICIPAL UTILITIES DEPARTMENT, CITY OF WATERTOWN TO BE APPLIED TO THE REDEMPTION OF CERTAIN TAXABLE WATER REVENUE REFUNDING BONDS, SERIES 2020B

WHEREAS, pursuant to South Dakota Codified Laws, Chapter 9-40 (the "Act"), the Watertown Municipal Utilities Department, City of Watertown, South Dakota (the "Utilities"), previously issued its Taxable Water Revenue Refunding Bonds, Series 2020B, dated, as originally issued, as of July 22, 2020 (the "Bonds");

NOW, THEREFORE, BE IT RESOLVED by the Municipal Utilities Board (the "Board") of the Utilities that the Board hereby authorizes staff to apply \$605,000 of available funds of the Utilities to the refunding of the 2025 maturity of the Bonds.

Dated at Watertown, South Dakota, this 29th day of March 2021.

ITEM 7510

Motion by Carter with second by Luken to declare as surplus Line Truck Unit 31, Asset 921. Motion carried.

ITEM 7511

Karst presented proposed changes to the General Policy which included 46.1, Equipment rate schedule and the the Schedule of Fees. Magstadt presented the proposed changes to the electric which included 3.11.4 and 8.2. To the water 15.1 - 15.17 and to the Gas 2.1, 2.2, 2.4, 2.7 and 2.8. The Board was asked

to review these proposed policy changes and they will be presented for approval at the April Board meeting.

ITEM 7512

This being the time and place set for consideration of bids, the following were presented. Bids for Uptown Substation Switchgear upgrade for the Electric Department, Pebble lime, Solar Salt, PVC Pipe, Hydrants, Installation of Water Mains and Water Valves for the Water Department. These bids were opened Wednesday, March 17 and Thursday, March 25, 2021 at 1:30 PM by the Watertown Municipal Utilities Staff as authorized by the Board.

Uptown Substation Switchgear upgrade: Three bids with four proposals were received and upon review and recommendation by Magstadt, motion by Luken with second by Carter to award bid to low valid bidder Shermco, Omaha, NE for \$314,745.00. Motion carried.

Pebble Lime: Three bids were received and upon review and recommendation by Magstadt, motion by Carter with second by Carrico to award bid to low valid bidder, Pete Lien, Rapid City, SD for \$150.25 per ton. Motion carried.

Solar Salt: One Bid was received and upon review and recommendation by Magstadt, Motion by Carrico with second by Carter to award bid to low valid bidder, Johnson Feed, Inc., Canton, SD for \$201.00 per ton. Motion carried.

PVC Pipe: One bid was received and upon review and recommendation by Magstadt, Motion by Carrico with second by Luken to award bid to low valid bidder, Core and Main, Sioux Falls, SD for \$192,094.00. Motion carried.

Hydrants: Two bids were received and upon review and recommendation by Magstadt, Motion by Carter with second by Carrico to award bid to low valid bidder, Core and Main, Sioux Falls, SD for \$100,604.80. Motion carried.

Installation of Water Mains: Five bids were received and upon review and recommendation by Magstadt, motion by Luken with second by Carrico to award bid to low valid bidder, H & W Contracting, Sioux Falls, SD for \$732,496.90. Motion carried. J & J Earthworks did not meet specifications.

Water Valves: Four bids were received and upon review and recommendation by Magstadt, motion by Luken with second by Carrico to award bid to low valid bidder, Dakota Supply Group, Sioux Falls, SD for \$39,762.40. Motion carried.

ITEM 7513

Motion by Carter with second by Carrico to authorize to return checks to bidders. Motion carried.

ITEM 7514

Open: Lehner extended an invite to the Board to the MRES 56th Annual Meeting via webinar on May 5, 1-4:30 pm. Lehner also presented the Bill Stuffers - Kindergarten screening, Household Hazardous Waste and the WMU/Purchase Power Refund.

ITEM 7515

Magstadt presented the Report on Operations and Projects, Electric, Projects Completed this Month: 4 new electrical outages for a total of 10 electrical unscheduled outages for 2021, 74 street-lights repaired. Gas, Projects Completed this Month: Rebuilding Asphalt Plant gas meter and relocating it per their request, Moved 4" steel main for storm sewer project. Water, Projects in Progress: 3 new main breaks for a total of 16 main breaks for the 2020-2021 season, Worked with Halme Construction on S. Hwy 81 storm sewer project. They capped water main directly south of the Dakota Concrete water service that was in the way of the storm sewer pipe. Engineering Tech, Projects Completed this Month: 81 One-Call locates for March 1st - 23rd, 2021, 39 One-Call locates February 2021.

ITEM 7516

Karst presented the report on Administration and Financial Statements, Purchasing, Accounting and Facilities, Projects completed this month: Ordering, receiving and stocking material, Purchasing items to gear up for the spring construction. Projects in Progress: William Neale & Co. is currently auditing our 2020 financials. Customer Service, Projects Completed this Month: 14,138 payments collected for a total of \$4,945,648 total of 54,573 services billed for a total of \$5,501,313. Human Resources/Risk Management: Interviewing for summer temp positions, New Hire Wayne Lovelis as Water Superintendent, effective 5/3/2021 and Retirement of Jeff Determan Electric Meter Foreman, effective 3/21/2021, Promotions for Stephen Catlette to Electric Meter Foreman effective 3/21/2021 and Mason Meseberg Apprentice Meter Person effective date TBD, will be interviewing for the Water Treatment Operator. IT: Mitigated the Microsoft Exchange Compromise with the 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 \$1,038,931 above budget for the two months ending February 28, 2021. Total Capital Additions are \$68,656 under budget for the two months ending February 28, 2021.

ITEM 7517

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 2021 Plus ACH Payroll Payments \$523,871.84. Add: D. Sunne 39.58/hr. effective 3/15/2021, Change: C. Stangle 40.24/hr. effective 3/16/2021.

Name	Payable Description	Payment Amount
April 1, 2021		
ADV. ENGINEERING AND ENVIR. SERV. , LLC	WATER DISTRIBUTION MASTER PLAN	\$10,745.00
AFLAC	CANCER PT	\$1,724.08
AMARIL UNIFORM COMPANY	SAFETY CLOTHING	\$414.32
A-OX WELDING SUPPLY INC	SUPPLIES	\$326.68
AUTO VALUE PARTS STORE	SUPPLIES	\$110.73
AUTOMATIC BUILDING CONTROLS	ANNUAL MONITOR CONTRACT	\$240.00
BATTERIES UNLIMITED INC	SUPPLIES	\$40.00
BENDIX IMAGING INC	SUPPLIES	\$200.97
BORDER STATES ELECTRIC SUPPLY	METERS	\$21,312.87
BORNS GROUP	POSTAGE & MAILING	\$8,811.77
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$66.10
C A TURNER	SUPPLIES	\$235.49
CENTURY LINK	PHONE SERVICE	\$315.11
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$5,514.33
CHICAGO TUBE & IRON	GAS PIPE	\$23,014.66
CHILD SUPPORT PAYMENT CENTER	EMPLOYEE DEDUCTION: CHILD SUPPORT	\$750.00
CODINGTON-CLARK ELECTRIC COOP. INC	WELLFIELD ELECTRIC SERVICE	\$5,309.36
CONNECTING POINT	SOFTWARE MAINTENANCE	\$2,189.50
CONSULTING ENGINEERS GROUP INC	UPTOWN SWITCHGEAR	\$4,954.30
CONTROL EQUIPMENT SALES, INC	GAS CORRECTORS	\$13,972.83
CORE & MAIN LP	SUPPLIES	\$2,464.39
CREDIT COLLECTIONS BUREAU	COLLECTIONS	\$254.02
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$232.30
DAKOTA DATA SHRED	SHREDDING SERVICE	\$69.62
DEPARTMENT OF HEALTH	WATER SAMPLES	\$425.00
DOUG'S UPHOLSTERY	SUPPLIES	\$325.00
DTN, LLC	SUBSCRIPTION	\$536.00
DUININCK INC	ROCK	\$1,974.00
ELEMENT MATERIALS TECHNOLOGY	WELDER QUALIFICATION	\$225.00
ENDERSON, MARSHA	REIMBURSEMENT EXPENSE	\$25.00
ENERGY LABORATORIES INC	WATER TESTING	\$1,298.00
ETHANOL PRODUCTS LLC	BULK CO2	\$1,334.28
FARNAMS GENUINE PARTS	SUPPLIES	\$432.77
FASTENAL COMPANY	SUPPLIES	\$184.71
FEDERAL EXPRESS CORP	SERVICE	\$71.81
FIDELITY SECURITY LIFE INSURANCE CO. (EYEMED)	VISION INSURANCE	\$337.33
FOLEY AND FOLEY LAW OFFICE, PC	FEBRUARY LEGAL FEES	\$720.00
FORTNA EQUIPMENT CO	SANDBLASTER	\$14,665.35
GENUINE PARTS COMPANY, INC.	2021 SUBSCRIPTION	\$2,640.00
GROEBNER	SUPPLIES	\$3,250.44
HAWKINS, INC.	HYDROFLUOSILICIC ACID, SUPPLIES	\$3,519.34
HEATH CONSULTANTS INC	SUPPLIES	\$471.78
HUMAN SERVICE AGENCY	EAP SERVICES	\$90.00
IBEW LOCAL 426	UNION DUES	\$2,858.38
INTERSTATE ALL BATTERY CENTER	SUPPLIES	\$176.80
ITRON INC	SERVICE	\$190.00
J H LARSON COMPANY	SUPPLIES	\$1,104.96
JOHNSON CONTROLS INC	SERVICE	\$145.25
JUSTICE FIRE & SAFETY	CLEAN AGENT SYSTEM INSPECTION	\$200.00
KOONS GAS MEASUREMENT	SUPPLIES	\$1,369.19
LL & SONS EXCAVATING INC	CONCRETE REPAIR/REPLACEMENT	\$3,571.44
LOCATORS & SUPPLIES INC	SERVICE	\$961.06
LUNDE, JOHN	REIMBURSEMENT EXPENSE	\$105.28
LYLE SIGNS INC	SUPPLIES	\$977.52
MACK CONCRETE & HAULING LLC	CRUSHED CONCRETE & HAULING	\$2,570.00
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$379.03
MAC'S HARDWARE	SUPPLIES	\$80.58
MAGSTADT, BERT	REIMBURSEMENT EXPENSE	\$53.20
MARCO	COPIER LEASE	\$503.62
MATHESON TRI-GAS INC	SUPPLIES	\$177.52
MCKEEVER INC	SUPPLIES	\$192.12
MENARDS INC	SUPPLIES	\$845.61
MENNENGA, SHEILA	REIMBURSEMENT EXPENSE	\$269.00
MET LIFE	LIFE INSURANCE	\$1,282.65
MIDCONTINENT COMMUNICATIONS	INTERNET & CABLE SERVICE	\$224.54
MIDWEST UNDERGROUND SUPPLY, LLC	SUPPLIES	\$737.54
MIDWEST UNDERGROUND SUPPLY, LLC	PLOW BLADE	\$17,000.00
MINNESOTA MUNICIPAL UTILITIES ASSN	TRAINING EXPENSE	\$515.00
MUELLER CO	SUPPLIES	\$2,085.60
MUNICIPAL UTILITIES - PC	REPLENISH PETTY CASH	\$692.86
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND	\$966.13
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCOUNTS	\$8,566.58
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$2,668.40
NOVASPECT, INC.	REGULATOR PARTS	\$1,555.77
OFFICE PEEPS	SUPPLIES	\$292.46
O'REILLY AUTOMOTIVE INC	SUPPLIES	\$241.83

PETE LIEN & SONS	BULK LIME	\$16,618.66
PIPELINE ASSN FOR PUBLIC AWARENESS	2021 ANNUAL DUES	\$690.00
PRAXAIR DISTRIBUTION INC	CYLINDER RENTAL	\$195.68
PRINCIPAL FINANCIAL GROUP	DENTAL INSURANCE	\$930.58
PRINT 'EM NOW INC	SUPPLIES	\$77.00
PRO LINE INC	SUPPLIES	\$198.64
R & L SUPPLY LTD	SUPPLIES	\$228.16
RELIABANK DAKOTA	FLEX MED	\$6,330.03
RESCO	WIRE AS PER BID 2021	\$120,079.33
RONKE, SHANE	REIMBURSEMENT EXPENSE	\$2,687.37
RUNNING'S SUPPLY INC	SUPPLIES	\$1,128.16
SANFORD WATERTOWN OCCUPATIONAL MEDICINE	SCREENS	\$209.00
SD ONE CALL	LOCATES	\$40.95
SD RETIREMENT SYSTEM	2020 ADDITIONAL CONTRIBUTIONS	\$3,130.18
SDRS SPECIAL PAY PLAN	401a SICK	\$23,269.87
SENSIT TECHNOLOGIES LLC	SUPPLIES	\$1,488.16
SERVICEMASTER OF WATERTOWN	JANITORIAL SERVICE	\$4,120.00
SIOUX RURAL WATER INC	BORKHUIS TERRITORY PAYMENT	\$8,900.00
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$5,728.35
STAN HOUSTON EQUIP CO	SERVICE	\$42.40
STAR LAUNDRY INC	SERVICE	\$372.18
STARR, TANNER E	REIMBURSEMENT EXPENSE	\$1,830.55
STEVE'S WORLD	SERVICE	\$93.75
STUART C IRBY CO	SUPPLIES	\$1,236.94
STURDEVANTS AUTO PARTS	SUPPLIES	\$155.72
SWEENEY CONTROLS COMPANY	SERVICE	\$174.00
TEREX USA, LLC	SERVICE	\$9,976.35
TEREX UTILITIES INC	AERIAL DEVICE - SOURCEWELL	\$243,203.00
TITAN MACHINERY- WTN	SERVICE	\$734.68
TOOL TIME RENTAL	RENTAL	\$105.00
TRAV'S OUTFITTER	SAFETY CLOTHING	\$601.00
TYNDALE COMPANY INC	SAFETY CLOTHING	\$183.95
USA BLUEBOOK	SUPPLIES	\$585.11
VERIFIED CREDENTIALS	BACKGROUND SCREENING	\$149.50
WALMART COMMUNITY	SUPPLIES	\$113.97
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN PUBLIC OPINION	PUBLISHINGS & ADVERTISEMENTS	\$683.48
WATERTOWN UNITED WAY	United Way	\$412.00
WATERTOWN WHOLESALE INC	SUPPLIES	\$81.25
WESCO DISTRIBUTION INC	SUPPLIES	\$836.00
WINSUPPLY OF WATERTOWN	SUPPLIES	\$388.80
WW TIRE SERVICE INC	SUPPLIES	\$1,732.50
	TOTAL	\$657,786.41

Total March 2021 657,786.41; US Bank Nat'l Assoc. \$1,124,101.25, Transfer to City's General Fund 131,095.33, Muni Utilities Electric Water Gas 53,120.58; Missouri River Energy Services Power 1,970,535.45; BP Canada Energy Marketing Natural Gas 349,965.84; Dept. of Revenue Sales/Excise Tax 257,975.36; CPEP Natural Gas 177,359.35, CPEP HEDGE Natural Gas 600.00, Northern Border Pipeline Capacity Charges 81,350.08, City Finance Office Garbage/Sewer 490,390.71.

ITEM 7518

Motion by Carter 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 29th, day of March, 2021.

ATTEST: _____

Lisa Pahl
Board Secretary
Municipal Utilities Board

Greg Solum
Board President
Municipal Utilities Department