

The regular meeting of the Municipal Utilities Board was held at 1:00 p.m. on Monday, January 11, 2016, at the Utility Building with the following members present: Carruthers, Hansen, Harvey, Pitts and President Peterson.

MINUTES

Minutes of the regular meeting held December 14, 2015 and the special meeting held December 28, 2015 were read and approved.

ADOPTION OF AGENDA

The agenda was adopted.

APPROVAL OF BILLS AND CLAIMS

Motion was made by Harvey, seconded by Carruthers that the following bills and claims be approved. All members present voted in favor of the motion.

A T & T, Settlement, \$1,130.57; A T & T, Cust. Toll Free Number, \$54.20; Advance Auto Parts, Supplies, \$1.58; Advanced Media Technologies, Supp, \$52.13; Advanced Media Technologies, Unreg Inventory, \$353.70; Allegra, Printing Supp, \$1,259.53; American Garage Door, Repairs/Supp, \$45.00; AMP Electric, Labor/Supp, \$290.32; Anixter, Supp, \$1,804.30; Anixter, Unreg Inv, \$500.80; AOSNC LLC, Maint, \$9,012.81; Aramark, Supplies, \$379.72; Authorize.Net, Credit Card Processing Fee, \$116.05; Badger Communications, Unreg Inv, \$3,747.00; Ball, Michelle, Janitorial Service, \$200.00; Barhite, Brooke, Travel, \$40.83; Bauman, Cassidy, Travel, \$5.23; Bendix, Copier Maint, \$809.95; BHS Band Boosters, Directory Delivery, \$6,173.75; Bible Baptist Church, Directory Delivery, \$819.50; Blooston & Mordkofsky, Legal Service, \$9,509.00; Bluefin Payment Systems, Credit Card Processing Fee, \$7,083.88; Border States Elec, FTTH Inv, \$381.60; Border States Elec, Supp, \$1,510.70; Border States Elec, Unreg Inv, \$741.06; Borns, Justin, Travel, \$92.20; Boy Scouts of America Troop 5, Directory Delivery, \$1,485.00; Bridle Estates, Sewer Charge Reim, \$1,680.00; Brookings City Finance, Construction Documents, \$400.00; Brookings Credit Bureau, Delinq. Acct. Collection, \$318.21; Brookings Health System, Used Transformer, \$2,225.00; Brookings Human Resource Office, Drug/Alcohol Screening, \$366.00; Brookings Utilities, Office Utility Bill, \$50,420.78; Bruns, Brooke, Travel, \$4.03; BSG Clearing Solutions, Settlement, \$216.77; Buhls of Brookings, Rug/Supp, \$157.10; Calix, FTTH Inv, \$78,580.90; Carquest, Equip Maint, \$320.94; Central Business, Supp, \$386.84; Century Business Products, Copier Maint, \$350.00; Century Link, Tele Exp, \$247.44; CHR Solutions, Consulting Service, \$13,562.00; City of Brookings, Contract Fee, \$6,147.50; City of Brookings, Landfill Fee, \$180.81; City of Sioux City, Storm Drainage Fee, \$7.59; City of Vermillion, Utility Bill, \$238.95; Cleanslate, Printed Material, \$955.00; Codington Clark Elec, Utility Bill, \$60.37; Collins, Kevin, Travel, \$607.73; Creative Printing, Printing Supp, \$259.32;

Credit Collections Bureau, Delinq. Acct Collection, \$849.67; CSSA, Unreg Inv, \$41.95; Culligan of Watertown, Bottled Water, \$47.25; Dale's Alignment, Vehicle Maint, \$2,631.99; Dave's Window Cleaning, Window Service, \$89.00; Davis Excavating, Snow Removal, \$180.00; DePauw, Sean, Travel, \$52.33; Dept of the Treasury, Fed Tax, \$5,484.66; Detection Instruments, Data Plan, \$420.00; DLT Solutions, Software, \$3,867.74; Drexler, Brian, Travel, \$82.73; DVL Fire & Safety, Supp, \$120.00; Earl May Seed & Nursery, Supp, \$54.98; Eco Water, Bottled Water, \$92.50; Elkton Public School, Directory Delivery, \$121.00; Ericsson Inc, Supp, \$263,615.00; Eurofins Eaton Analytical, Analysis, \$864.00; Express Services, Temp Help, \$806.98; Farmers Implement, Equip Maint, \$720.93; Fastenal, Supp, \$63.77; Fed Ex, Freight, \$29.17; Fiber Comm Solutions, Supplies, \$711.30; Fibercomm, Broadband Service, \$6,471.38; First Bank & Trust, Bond Pymt Series 2011, \$36,170.63; First National Trust Services, 2012 SRF Loan Pymt, \$321,130.70; Flandreau After Prom, Directory Delivery, \$797.50; Flexible Pipe Tool Co, Supp, \$12.85; Foerster Supply, Supp, \$690.10; Fox Sports Net North, Contract Fee, \$5,790.47; Freeman, Harvey, Travel, \$45.90; Golden West Tech, Tech Support, \$5,507.84; Golden West Telecom, Tele Exp, \$40.90; GP Auto, Topper, \$1,987.79; Grainger, Supp, \$80.76; Graybar Electric, Supp, \$338.61; Gridor Const, WWTP Upgrade, \$78,900.00; HD Supply Waterworks Ltd, Supp, \$450.00; Heier, Kevin, Conserve/Demand Incentive, \$175.00; Herr, Debra, Travel, \$168.25; Hibu Inc-West, Advertising, \$397.89; Homestead Do It Center, Supp, \$77.93; Hometown Service, Repair/Supp, \$370.08; Howalt-McDowell Insurance, Vehicle Ins, \$1,741.00; I-29 Truck Stop, Repairs, \$365.45; Independent Communication, Contract Fee, \$1,071.13; Industrial Machine & Eng, Repairs/Supp, \$210.00; Interstate Telecom Coop, Tele Exp, \$1,258.60; Iowa HSEMD, Enhanced 911, \$10,029.90; Jerry's Electric, Regulator Maint, \$17,400.00; Johme, Ashley, Travel, \$122.48; Karpen, Nick, Travel, \$151.80; KDLT TV, Contract Fee, \$2,108.08; KELO, Contract Fee, \$2,620.85; King, Sharon, Conserve/Demand Incentive, \$425.00; Knettel, Trever, Travel, \$182.28; Knights of Columbus, Directory Delivery, \$585.75; Kranz, Art, Conserve/Demand Incentive, \$50.00; Lake Preston FFA, Directory Delivery, \$215.05; Larson Data Communications, PP #1 Tower Control Equip, \$49,674.46; LECA, Settlement, \$3,612.00; Lewis Drug, Supp, \$79.86; Locators & Supplies, Locator, \$3,952.01; M & T Fire & Safety, Supp, \$162.59; Mahanke, Doug, Conserve/Demand Incentive, \$75.00; Martian, Matthew, Travel, \$6.90; Martin's Inc, Diesel/Oil, \$1,146.37; Matheson Tri-Gas, Supp, \$502.75; Mediacom, Circuit Refund, \$343.26; Mediacom, Broadband Service, \$97.45; Medinger, Amanda, Travel, \$44.85; Menards-Sioux City, Supp, \$29.74; Menards-Sioux Falls West, Supp, \$64.88; Merchant Transact, Credit Card Processing Fee, \$487.67; Metaswitch Networks, Central Office Switching Equip, \$246,645.00; Mid South Telecom, Repairs/Supp, \$100.00; Midamerican Energy, Utility Bill, \$585.96; Midcontinent, Broadband Service, \$346.83; Midcontinent, Contract Fee, \$247.50; Midwest Pest Control, Pest Control, \$150.00; Mileham, Taylor, Scholarship, \$500.00; Missouri River, Supplemental Power, \$1,283,188.83; Missouri River, WAPA Allocation, \$254,630.54; Mitchell Technical Institute, Registration, \$45.00; MVTL Labs, Wastewater Analysis, \$660.00; Napa Auto Parts, Supp, \$240.24; National Processing Co, Credit Card Processing Fee, \$4,254.45; Nielson, Brandi, Travel, \$16.10; North West Rec, Utility Bill, \$43.81; Northwestern Energy, Natural Gas, \$1,153.71; Office Elements, Maint/Supp, \$327.25; Olson, Justin, Travel, \$89.13; Olson, Matthew, Scholarship, \$500.00; One Source- Background Check Co, Employee Verification, \$44.00; Otter Tail, Utility Bill, \$145.89; Outlaw Graphics, Supp, \$120.00; Patrick, Dan, Travel, \$14.95; Pete Lien & Sons, Chemicals, \$4,077.36; Power & Tele Supply, Supp, \$4,177.74; Prussman Contracting, Gravel, \$29.00; Resmen, Kaylene, Travel, \$29.56; RFD News, Advertising, \$33.00; Rohl, Brent, Conserve/Demand Incentive, \$25.00; Runnings, Supp, \$329.68; Schoon's Pump N' Pak, Gas,

\$2,212.28; SD Dept of Health Lab Remit Center, Testing W-WW Samples, \$352.00; SD Telecom, Assessment, \$280.00; SD Treasurer, Sales/Excise Tax, \$184,191.42; SD Treasurer CIF, Communication Impaired Fee, \$4,597.66; SDN Communications, Circuit Lease, \$352.01; SDN Communications, Hard Drive, \$637.94; SDSU, Perform. Eval. W/WW, \$101,334.00; Servicemaster, Janitorial Service, \$260.00; Sioux Valley Energy, Utility Bill, \$567.27; Solus Led, Conserve/Demand Incentive, \$695.00; South Sioux City, Utility Bill, \$234.18; Sprint, Tele Exp, \$57.88; Sprint, PCS Phone Service, \$3,557.51; Sprint, PCS Service Fee, \$309,525.78; Sprint, PCS Inventory, \$83,681.05; Sprint-Bkgs, PCS Accessories, \$81.83; Stanwick, Kylie, Travel, \$98.10; Staples, Supp, \$466.43; State of Iowa-Treasurer, Sales Tax, \$2,594.15; Stoltenburg, Audie, Travel, \$409.53; Sturdevant Auto Supply, Supp, \$654.14; Subway, Meeting Supp, \$425.00; Swiftel Communications, Office Phone Bill, \$92,654.08; The UPS Store, Freight, \$219.27; Thompson, Ryan, Travel, \$76.92; Tires Tires Tires, Vehicle Maint, \$153.00; Top Notch Cleaning, Janitorial Service, \$1,845.00; Tott's Conoco, Tower Lease Pymt, \$201.35; Tower Distribution, Contract Fee, \$281.83; Town & Country Shopper, Advertising, \$466.00; Uniform & Accessories Warehouse, Supp, \$350.98; UPS, Freight, \$839.34; Solus Led, Conserve/Demand Incentive, \$20,085.00; US Postal Service, Postage, \$9,000.00; Universal Service Adm., USAC Contribution, \$86,735.45; University Estates, Water Charge Reim, \$3,445.00; US Postmaster-Sx City, Postage, \$490.00; Utility Service Co, Well Maint, \$60,300.00; Velodyne Velocity Dynamics, Supp, \$158.82; Volkens, Jason, CDL License, \$35.00; Walker & Associates, Unreg Inv, \$4,623.00; Watertown Utilities, Utility Bill, \$346.84; Wellmark Blue Cross Blue Shield of SD, Benefit Plan Fee, \$244.40; Wells Fargo, Deposit Tickets, \$74.41; Wesco, Supp, \$379.20; Wheeldon's, Equip Maint, \$15.80; Wright, Richard, Travel, \$35.08; Xcel Energy/NSP, Utility Bill, \$164.86; Yseth, Tom, Conserve/Demand Incentive, \$425.00.

The following are Telephone/Utility Refunds:

Aldercreek Plumbing, \$99.00; Alhorbi, Taltal, \$33.78; Anderson, Dalton, \$38.30; Availability Employment SVSC, \$32.75; Badger Farmers Coop, \$123.00; Davis, Ira, \$365.75; Donaldson, Brandy, \$32.49; Ently, Sheldon & Angelique, \$17.29; Ez Payday Advance, \$60.22; G A E A Inc, \$253.60; Heinemann, Larry, \$631.18; Hopper, Jesse, \$56.07; Innovation Village, \$116.56; Kantack, Frances, \$16.54; Kortan, James, \$38.51; Little, Daniel, \$250.24; Messerli, Shanta, \$26.47; Nguyen, Trinh, \$15.40; Olson Masonry, \$32.03; Profile by Standford, \$94.56; Resmen, Kent, \$73.13; Rufer, Mitchell, \$28.14; Schroeder, Tate & Cassandra, \$48.61; Southland Court Apts, \$46.21; Stafford, Lacey, \$10.62; Swift Contractors, \$10.23; Thompson, Frank, \$121.26; Tomaszewski, Carrie, \$137.87; Warren, Ronnie, \$39.25; Weverka, John, \$163.04.

PERSONNEL INFORMATION

Department Salaries (December): Electric, \$198,690.40; Water, \$95,285.55; Wastewater, \$84,704.47; Telephone, \$521,640.35;

Retirement, \$52,770.10; Social Security, \$62,914.17; Insurance, \$84,603.14; Deferred Comp, \$13,460.81;

Salary Changes: S. Abbott, \$12.66*; C. Christenson, \$6,545.88; R. Herb, \$12.71*; M. Raske, \$10.09*; S. Hinricher, \$19.25; I. Kruse, \$21.03;

New Employees:

*Plus commission

PRESENTATION BY MRES ON PROPOSED S-1 AGREEMENT

Joni Livingston from Missouri River Energy Services Director of Member Services and Communications, presented highlights of the proposed Amendment No. 4 to the MRES S-1 Power Supply Agreement.

AMENDMENT NO. 5 TO THE MRES S-1 AGREEMENT

Motion was made by Harvey that the following Resolution No. 1 – 16 be approved.

RESOLUTION NO. 1 – 16

RESOLUTION APPROVING AMENDMENT NO. 5 TO THE S-1
POWER SALE AGREEMENT AND MISSOURI BASIN MUNICIPAL
POWER AGENCY POWER SALE AGREEMENT (S-1)
(AS AMENDED AND RESTATED EFFECTIVE JANUARY 2, 2017)

WHEREAS, the Utility Board of the City of Brookings, State of South Dakota, is currently purchasing all electric power and energy it requires to meet the needs of its customers in excess of City's firm power allocation from the Western Area Power Administration ("WAPA")("Supplemental Power") from Missouri Basin Municipal Power Agency d/b/a Missouri River Energy Services ("MRES"), pursuant to the terms and conditions of the Power Sale Agreement (S-1)("S-1 Agreement") for a term extending through December 31, 2045; and

WHEREAS, the S-1 Agreement requires that MRES physically deliver Supplemental Power of City over the Integrated System ("IS") transmission facilities administered by WAPA; and

WHEREAS, WAPA joined the Southwest Power Pool ("SPP") Regional Transmission Organization ("RTO") effective October 1, 2015, and the IS transmission facilities were moved into SPP (which now has functional control over those facilities) and, as a result, MRES can no longer physically deliver power and energy over the IS transmission facilities. Further, because all MRES members are now in the footprint of either SPP market or the Midcontinent Independent System Operator, Inc. ("MISO") market where power and energy are financial (and no longer physical) transactions, the S-1 Agreement no longer accurately reflects how power supply and the delivery of that power and energy are actually transacted in the RTOs. The RTOs, including SPP and MISO, operate energy markets and transmission networks that have fundamentally changed the way MRES provides power and energy to its Members under the S-1 Agreement; and

WHEREAS, these market changes require that Supplemental Power must be separated from Transmission Service because all MRES Members are located in one of two different RTOs that operate markets for energy (and capacity), and the physical delivery of power and energy (i.e. transmission service) is now separate from those actual commodities; and

WHEREAS, it is mutually beneficial to all parties that the base term of the S-1 Agreement which currently continues to 2046 be extended until 2057 to facilitate future financing of projects on the most advantageous terms and with the least impact on the wholesale power costs of City and other MRES Members; and

WHEREAS, other changes proposed to the S-1 Agreement will enable MRES to meet the new transmission service and energy market demands of the changing electric utility industry in a way that enhances the ability of MRES to effectively and economically provide Supplemental Power and Transmission Service to City, will provide clarification to the existing obligations of the parties, will provide flexibility for City to provide for a limited amount of its customers' needs from its own local renewable resources, and will address the privacy and security of information on individuals; and

WHEREAS, the Brookings Municipal Utility Board desires that MRES continue to plan for, provide, and arrange for delivery of all Supplemental Power and Transmission Service needed by City.

NOW THEREFORE, BE IT RESOLVED by Brookings Municipal Utilities Board that:

(1) The "Amendment 5 to the Missouri Basin Municipal Power Agency Sale Agreement (S-1)" among MRES, Western Minnesota, and City is approved in the form presented; and

(2) The "Missouri Basin Municipal Power Agency Power Sale Agreement (S-1) (as amended and restated effective January 2, 2017)" and "Schedule A" among MRES, Western Minnesota, and the City are approved in the form presented.

BE IT FURTHER RESOLVED that each of the Executive Vice President/General Manager of Brookings Municipal Utilities, and the Chairman of the Board of Brookings Municipal Utilities, are authorized to execute documents on behalf of Brookings Municipal Utilities shall be and each of them acting individually hereby is authorized and directed to execute and deliver to MRES each of the foregoing documents on behalf of Brookings Municipal Utilities.

Upon calling of the roll, the Resolution was adopted unanimously.

Whereupon, the Chairman of the Brookings Municipal Utilities, David Peterson, declared the Resolution duly adopted on the 11th day of January, 2016.

ATTEST:

Carol Pitts, Secretary

Dave Peterson, President

The motion was seconded by Hansen. All members present voted in favor of the motion.

CHANGE ORDER #10 WWTF UPGRADE – PROJECT A

Motion was made by Harvey, seconded by Hansen to approve Change Order No. 10 for various modifications to the Wastewater Treatment Facility Upgrade – Project A. All members present voted in favor of the motion.

HDR ENGINEERING AGREEMENT, EXHIBIT K, AMENDMENT NO. 4

Motion was made by Harvey, seconded by Pitts to approve Amendment to Owner-Engineer Agreement Amendment No. 4 with HDR Engineering Inc. for the Wastewater Treatment Facilities Upgrade (Phase 1). All members present voted in favor of the motion.

REVISED DELINQUENT WRITE-OFFS

Motion was made by Hansen that the following Resolution No. 2 – 16 be approved.

RESOLUTION NO. 2 - 16

RESOLUTION REVISING RESOLUTION NO. 38-15 AUTHORIZING
DELINQUENT ACCOUNTS WRITE OFFS

WHEREAS Brookings Municipal Utilities Board passed Resolution No. 38-15 authorizing delinquent accounts be written off for the Utilities and Telephone Department on December 14, 2015; and

WHEREAS an amendment is needed to revise Resolution 38-15 write off amounts as follows.

NOW, THEREFORE, BE IT RESOLVED by the Brookings Municipal Utilities Board that pursuant to SDCL 9-22-4, the accounts attached hereto are hereby determined to be uncollectible and shall be removed from the records and disclosed on the 2015 financial report. Evidence of such debt shall be retained by the Utilities to support subsequent collections of said accounts.

Electric	\$ 56,447.00
Telephone – Wireline	\$ 34,341.00
Telephone – Wireless	\$1,012,146.00
Wastewater	\$ 11,348.00
Water	\$ 12,281.00
Refuse	\$ <u>4,504.00</u>
 TOTAL	 \$1,131,067.00

Adopted this 11th day of January, 2016.

ATTEST:

Carol Pitts, Secretary

Dave Peterson, President

The motion was seconded by Carruthers. All members present voted in favor of the motion.

BIDS

AWARDING OF BIDS

The following bids were opened and read at 1:30 p.m. on January 8, 2016, and presented at this time for consideration and action.

TRANSMISSION LINE RETIREMENT

Donovan Construction	\$274,778.43
Highline Construction	\$ 95,485.00
Karian/Peterson Power Line Contracting	\$161,676.50
The L. E. Meyers Company	\$436,767.45

Motion was made by Hansen, seconded by Carruthers that the following low bid be approved: Highline Construction for the Transmission Line Replacement in the amount of \$95,485.00; and, that, after reviewing the contract for the above bid, that the President of the Board and/or Executive Vice President/General Manager be authorized to execute the approved contract document. All members present voted in favor of the motion.

2017 DIRECTORY RATES

Motion was made by Harvey, seconded by Hansen to approve the 2017 Directory Rates as presented by staff. All members present voted in favor of the motion.

EXECUTIVE SESSION

Motion was made by Harvey, seconded by Pitts to adjourn to an executive session for the purpose of discussing competitive service offerings and review communication from legal counsel about contractual matters. All members present voted in favor of the motion.

The Board reconvened in open session.

INTERFUND LOAN AMONGST UTILITY FUNDS

Motion was made by Harvey that the following Resolution No. 3 – 16 be approved.

RESOLUTION 3 – 16

RESOLUTION AUTHORIZING AN INTERFUND
LOAN AMONGST UTILITY FUNDS

WHEREAS the Brookings Municipal Utilities Board has determined that it is beneficial for BMU to establish an interfund loan from the Electric Fund to the Telephone Fund to aid in the retirement of debt from bonds issued in 1998, 1999, and 2000; and

WHEREAS the Brookings Municipal Utilities Board has determined that the above mentioned interfund loan from the Electric Fund to the Telephone Fund shall be in the amount of \$5,500,000 and that the Telephone Fund shall repay the above mentioned interfund loan from the Electric Fund over a term of four years and that the above mentioned interfund loan shall bear an interest rate of 4.5% annually.

NOW, THEREFORE, BE IT RESOLVED by the Brookings Municipal Utilities Board that the \$5,500,000 interfund loan from the Electric Fund to the Telephone Fund in 2016 be approved with the provisions that the interfund loan, principal and interest, be repaid at the rate of 4.5% interest to be due and payable in full before December 31, 2019, unless extended by further resolution.

BE IT FURTHER RESOLVED that this Resolution 3-16 shall serve as the promissory note documenting the interfund loan between the Electric Fund and the Telephone Fund.

Adopted this 11th day of January, 2016.

ATTEST:

Carol Pitts, Secretary

Dave Peterson, President

The motion was seconded by Carruthers. On roll call Carruthers, Hansen, Harvey and Peterson voted YES. Pitts voted NO. Motion carried.

BOND RETIREMENT AND DEFEASANCE

Motion was made by Hansen that the following Resolution No. 4 – 16 be approved.

RESOLUTION 4 – 16

RESOLUTION AUTHORIZING THE RETIREMENT OF BONDS
ISSUED IN 1998, 1999, and 2000

WHEREAS Brookings Municipal Utilities (BMU) has outstanding debt of \$10,715,000 from municipal tax exempt bonds issued in 1998, 1999, and 2000; and

WHEREAS the Brookings Municipal Utilities Board has determined that it is beneficial to BMU to retire the above mentioned bonds issued in 1998, 1999, and 2000; and

WHEREAS the Brookings Municipal Utilities Board has determined that there are sufficient resources within the BMU fund balances to retire the debt outstanding from the above mentioned bonds issued in 1998, 1999, and 2000.

NOW, THEREFORE, BE IT RESOLVED by the Brookings Municipal Utilities Board that the Board authorizes the Executive Vice President and General Manager to execute the documents necessary to retire the outstanding debt from the municipal tax free bonds issued in 1998, 1999, and 2000.

Adopted this 11th day of January, 2016.

ATTEST:

Carol Pitts, Secretary

Dave Peterson, President

The motion was seconded by Harvey. All members present voted in favor of the motion.

ADJOURNMENT

The meeting adjourned.

ATTEST:

Carol Pitts, Secretary

Dave Peterson, President