

RESOLUTION NO. 8131

RESOLUTION OF THE CITY OF WATERTOWN, SOUTH DAKOTA MUNICIPAL UTILITIES BOARD TO ADOPT A SURCHARGE APPLICABLE TO USERS OF THE CITY'S WATER SYSTEM.

WHEREAS, the City of Watertown, South Dakota Municipal Utilities Board (the "Utilities Board") has determined that it is necessary to make certain modifications and improvements to the City's drinking water system (the "Water System") as described on Exhibit A; and

WHEREAS, in order to pay for a portion of the cost of such improvements, including engineering costs, legal and financing costs, and other related costs, the Utilities Board has recommended to the City Council to incur indebtedness and issue and sell the City's Drinking Water Surcharge Revenue Bond, Series 2025 (the "Bond") to the South Dakota Conservancy District; and

WHEREAS, the Utilities Board has proposed to adopt a surcharge pursuant to SDCL 9-40-15 (the "Surcharges") to repay the principal of and interest on the Bond,

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

1. Surcharge. The Utilities Board does hereby establish, in addition to previously adopted surcharges, a surcharge in the amount of \$0.116 per CCF. The Surcharge will be imposed beginning January 1, 2025.

2. Surcharge Rate Adjustment. The Surcharge rate shall be subject to adjustment from time to time by resolution of the Utilities Board as necessary to repay the Bond over a period of thirty (30) years at an interest rate of one and seven-eighths percent (1.875%) in accordance with loan agreement to be entered into by the City of Watertown, the Utilities Board, and the South Dakota Conservancy District.

3. Segregated Revenues. The revenues collected from the Surcharge shall be segregated from all other funds of the City of Watertown and the Utilities Board, and shall be pledged to secure the Series 2025 Bond, , and until adequate provision has been made for the debt service on the Bonds, shall be used for no purpose other than for the repayment thereof. The Bonds shall be payable solely from such segregated revenues, and not from the general revenues of the Water System; provided that the Utilities Board may from time to time advance moneys from the general revenues of the Water System to make payments on the Bonds, but any moneys so advanced shall be repaid from Surcharge collections within one year of the date of such advance.

Dated at Watertown, South Dakota, this 30th day of December, 2024.

APPROVED:

President

ATTEST:

Secretary

EXHIBIT A

Project Description

Replacement of 4- and 8-inch cast-iron water mains installed between 1910 and the 1950s. Approximately 16,200 feet of 6-inch, 7,900 feet of 8-inch, and 4,000 feet of 16-inch PVC water main will be installed within existing city streets and rights-of-way. Valves will be replaced, and water mains will be looped to improve water quality and flows.