

**WILLMAR MUNICIPAL UTILITIES MINUTES**  
**MUNICIPAL UTILITIES AUDITORIUM**  
**APRIL 9, 2018**

The Municipal Utilities Commission met in its regular meeting on Monday, April 9, 2018 at 11:45 a.m. in the Municipal Utilities Auditorium with the following Commissioners present: Carol Laumer, Justin Mattern, Abdirizak Mahboub, Nathan Weber, Bruce DeBlicek, Ross Magnuson, and Brendan MacDonald.

Others present at the meeting were: General Manager John Harren, Director of Finance Denise Runge, Customer Service Supervisor Stacy Stien, Facilities & Purchasing Supervisor Kevin Marti, Staff Electrical Engineer Jeron Smith, Water & Heating Supervisor Joel Braegelman, Compliance Officer/HR Administrator Janell Johnson, Energy Services Rep Mary Kosbab, Administrative Secretary Beth Mattheisen, Project Assistant Kim Wesbur, City Attorney Robert Scott (via teleconference), and WC Tribune Journalist Shelby Lindrud.

Commission President Laumer informed the Commission that Commission Secretary Mahboub will be unavailable to participate in any Utility-related matters for approximately 3 weeks. Due to his upcoming absence, Commission President Laumer appointed Commissioner DeBlicek to serve as Acting Secretary while Secretary Mahboub is inaccessible. Following the appointment, Commissioner Laumer asked if there were any revisions needed to the presented agenda. There being no amendments to the agenda, Commissioner Laumer continued by requesting the Commission to offer a resolution to approve the Consent Agenda. Commissioner Mahboub offered a resolution to approve the Consent Agenda as presented. Commissioner DeBlicek seconded.

**RESOLUTION NO. 17**

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Consent Agenda be approved as presented which includes:

- ❖ Minutes from the March 26, 2018 Commission meeting; and,
- ❖ Bills represented by vouchers No. 180508 to No. 180580 and associated wire transfers inclusive in the amount of \$1,327,411.17.

Dated this 9<sup>th</sup> day of April, 2018.

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

The foregoing resolution was adopted by a vote of seven ayes and zero nays.

Commissioner Mattern (Planning Committee Chair) reviewed with the Commission the minutes of the April 6<sup>th</sup> WMU Planning Committee meeting (see attached). The main topics of discussion focused on: 1) MRES membership; 2) gas contract update; 3) water tower antennae modifications; 4) boiler options; and, 5) customer inquiry regarding cost comparisons. Following review and discussion, Commissioner Mattern offered a motion to approve the minutes of the April 6<sup>th</sup> WMU

Planning Committee meeting as presented. Commissioner DeBlieck seconded the motion which carried by a vote of seven ayes and zero nays.

In conjunction with the April 6<sup>th</sup> meeting, the Planning Committee was recommending to the Commission to authorize the execution of the Missouri River Energy Services (MRES) membership agreements along with a one-time lump-sum buy-in. MRES is a joint-action agency serving 60 municipal electric utilities in four states (Iowa, Minnesota, North Dakota and South Dakota). MRES is dedicated to supplying its members with reliable, cost-effective, long-term energy and energy services in a fiscally responsible and environmentally sensitive manner. MRES was formed to help electric systems work together to meet their growing need for energy and energy-related services. Commissioner Laumer verbally presented the resolution prepared by our legal counsel (Kaela Brennan of McGrann Shea Carnival Straughn & Lamb). General Manager Harren reviewed with the Commission the detailed information regarding the membership agreements including the MRES bylaws. Harren further indicated that upon approval by the Commission, the City Council will be requested to authorize adoption of the membership agreements (resolution). Following discussion, Commissioner Mattern offered a resolution to authorize membership in MRES and approve the Power Sale Agreement (S-1) and documentation related to the membership and lump-sum buy-in. Commissioner DeBlieck seconded.

#### **RESOLUTION NO. 18**

The foregoing resolution was adopted by a vote of seven ayes and zero nays.

Commissioner Weber (Labor Committee Chair) informed the Commission that the WMU Labor Committee had met today at 10:45 a.m. (minutes will be prepared for approval at the April 23<sup>rd</sup> MUC meeting). Weber noted that two specific agenda items had been reviewed and were being recommended for approval by the Labor Committee. The first item was a request to approve a Memorandum of Agreement with IBEW Local #160 (Union) for classification and wage adjustments in the Facilities & Purchasing Department and a position addition in the Line Department. Weber noted that a verbal agreement had been reached between reps from both the Union & WMU to accept the presented MOA. Following review & discussion, Commissioner Weber offered a resolution to approve the MOA as presented. Commissioner Laumer seconded.

#### **RESOLUTION NO. 19**

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Memorandum of Agreement between the Willmar Municipal Utilities and the International Brotherhood of Electrical Workers Local 160 (Union) regarding modifications of the classifications and wage adjustments for the Lead Materials/Maintenance Worker and Materials/Maintenance Worker, and the addition of a Meter/Line Technician be approved.”

Dated this 9<sup>th</sup> day of April, 2018.

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

The foregoing resolution was adopted by a vote of seven ayes and zero nays.

Commissioner Weber continued by requesting the Commission to approve an updated Clothing/PPE Purchase Guidelines Policy (WMU Clothing Policy). Modifications presented included revisions to both operations departments (FR/AR apparel) and administration staff. Following review & discussion, Commissioner Weber offered a resolution to approve the revisions to the Clothing/PPE Purchase Guidelines Policy as presented. Commissioner Mattern seconded.

### RESOLUTION NO. 20

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the revisions to the Clothing/PPE Purchase Guidelines (WMU Clothing Policy) which includes specifying an amount allowance to the Meter/Line Departments, and adding bib coveralls and modifying shirt quantity for the Water and Maintenance Departments be approved as presented.”

Dated this 9<sup>th</sup> day of April, 2018.

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

The foregoing resolution was adopted by a vote of seven ayes and zero nays.

Commissioner Laumer requested the Commission to give consideration to the continuation of the current contract with David Turch and Associates (DTA) of Washington, DC. Mr. Turch is a federal congressional lobbyist who has provided legislative consulting on various governmental issues affecting the utility industry. The current contract cost with DTA is \$2,500/month (\$30,000/yr.). Cancellation of the agreement would take effect at the end of the last calendar day of the month following the month of notification. It was further noted that in the event that DTA's services would be required in the future, consulting costs for individual projects would be addressed at that time. Following discussion, Commissioner Laumer offered a motion to terminate the contract with David Turch and Associates. Commissioner Mahboub seconded the motion which carried by a vote of seven ayes and zero nays.

Facilities & Purchasing Supervisor Marti presented the Commission with a wind turbine status update. Both Turbines #3 & #4 are currently operational. Marti further stating that due to the need of additional equipment/tools and advanced expertise in the wind turbine industry, a number of companies had been contacted requesting maintenance and troubleshooting assistance. Olympia Renewables of Guymon, OK, will provide technical assistance to the WMU's trained staff.

General Manager Harren and Facilities & Purchasing Supervisor Marti opened discussion with the Commission regarding a request from City Administrator Holland to conduct a joint meeting to discuss the future facility needs of both the Utility and the City of Willmar. Marti provided background data along with the current status of the WMU Facilities plan. This information was previously shared with the Commission (Feb. 26<sup>th</sup>) and subsequently shared with Mr. Holland and Mayor Calvin. Facilities space needs were further addressed.

General Manager Harren informed the Commission that a meeting of the WMU Labor Committee will be forthcoming (TBD). Agenda items will include: Commissioner 101; review roles & responsibilities of MUC and management staff; and, MUC Self-Evaluations.

For information: 2018 Upcoming meetings/events to note include:

- MMUA Legislative Conference – April 11 & 12 (St. Paul)
- MRES Annual Meeting – May 9 (Sioux Falls)
- APPA National Conference – June 15-20 (New Orleans, LA)

There being no further business to come before the Commission, Commissioner Laumer declared the meeting adjourned at 1:03 p.m.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES

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Beth Mattheisen  
Administrative Secretary

ATTEST:

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Abdirizak Mahboub, Secretary



**WILLMAR MUNICIPAL UTILITIES**  
**WMU PLANNING COMMITTEE MEETING MINUTES**  
**Friday, April 6, 2018 – 9:30 a.m.**  
**WMU Conference Room**

Present: Commissioners Justin Mattern, Bruce DeBlieck and Brendan MacDonald, General Manager John Harren, Director of Finance Denise Runge, Power Supply Manager Chris Carlson, Staff Electrical Engineer Jeron Smith, Power Resources Analyst Michelle Marotzke, Water/Heating Supervisor Joel Braegelman, Customer Service Supervisor Stacy Stien, Facilities & Purchasing Supervisor Kevin Marti, Power Plant Foreman Brian Hoover, and Administrative Secretary Beth Mattheisen.

Commissioner Mattern (Chair) called the meeting to order at 9:31 a.m.

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**AGENDA ITEM(S):**

➤ **MRES membership review & discussion:**

General Manager Harren opened discussion by stating that legal counsel is on “standby” for any or clarifications which may arise related to the agreements being presented. Staff presented step-by-step review of each of the membership agreements. Review and discussion focused on the following MRES agreements:

1. MRES Membership Agreement
2. S-1 Power Sale Agreement (long-term agreement)
  - a. 2018 S-1 Schedule A (metering)
  - b. 2018 S-1 Schedule B (rates)
  - c. 2018 S-1 Schedule C (transmission rates)
3. RCA Agreement (Reserved Capacity Agreement)
  - a. RCA Exhibit A (reserved capacity table )
  - b. RCA Exhibit B (points of delivery)
  - c. RCA Exhibit C (transmission & additional facilities arrangements)
  - d. RCA Exhibit D (operating procedures)
  - e. RCA Exhibit E (reserved capacity qualification requirements)
4. Member Renewable Resource Agreement

General Manager Harren further indicated that the Utility’s legal counsel is currently examining clarification of the official signing requirements to enter into the membership agreement with MRES.

**RECOMMENDATION:**

Upon receipt of the finalized agreements, it is the Planning Committee’s recommendation to authorize Commissioner Laumer (President) and Commissioner Mahboub (Secretary) to execute the agreements along with the lump sum buy-in with MRES. Following the execution of the MRES membership agreements by Commissioners Laumer & Mahboub, a resolution will be presented to the City Council to concur with the execution and finalization of the membership agreements.

➤ **Gas contract update:**

Power Supply Manager Carlson presented the Committee with background information along with a status update of WMU’s gas contracts. A short-term gas contract had been entered in to with Kinect Energy on October 27, 2017 with the term of the agreement ending March 31, 2018. Due to a lack of agreement with the liability section of the agreement by legal counsel for each entity, it

was in the best interest of WMU to enter in to a new gas contract with a different vendor. Therefore, a new gas contract was entered into with Trane Energy Supply Services effective April 1, 2018. The term ending date for this contract is October 2020. The new contract will secure gas supply while the Utility keeps a stockpile of coal in case of an emergency or gas curtailment. It was noted that Trane will provide daily forecasts, and the ability to change our gas needs 24 hours in advance (previously 48 hours). Trane pricing is \$400/month less than what Kinect Energy's costs were.

➤ **Willmar Avenue Water Tower antennae modifications**

Water & Heating Supervisor Braegelman presented the Committee with an update of antennae modifications being planned for the Willmar Avenue Water Tower. The modifications will be made at the expense of the cell phone companies that own them. It was noted that by allowing the antennae attachments, this provides a source of income to the Utility. Certification and insurance issues were addressed. It was further noted that the antennae placement modification may also slightly effect the appearance of the "Willmar" logo on the water tower. (Due to weight restrictions on the balcony the modifications are required).

➤ **Boiler options**

Facilities & Purchasing Supv. Marti opened discuss with the Committee re size issues with the current boilers. A number of options are being considered. This would address the load coming off the heating system which drops drastically in the summer. Determining the best option available to provide service into 2020 when the district heating requirements will no longer be necessary. One option would be to install portable units (boilers) in the Heat Exchanger Bldg. Second option is to rent a portable boiler unit. With these option, Boiler #3 would no longer be used, with Boiler #4 to serve as backup capacity. Power Plant Foreman Hoover explained the operational process of the boiler units. Anticipate the cost efficiency in renting to be beneficial to the Utility.

This was for information only and will be addressed in the near future.

➤ **Customer inquiry regarding cost comparisons**

General Manager Harren provided background information regarding a recent inquiry received from a WMU customer concerning power supply and alternative power supply options. Data reviewed with the customer included:

- Customer cost comparisons
- Projected annual power supply costs
- Future WMU projects
- Reliability
- References and Additional Information

A meeting has been set up with this customer to further discuss.

➤ **Adjournment:**

There being no further discussion to come before the WMU Planning Committee, Commissioner Mattern declared the meeting adjourned at 12:00 p.m.

## **Resolution No. 18**

### **WILLMAR MUNICIPAL UTILITIES COMMISSION RESOLUTION AUTHORIZING MEMBERSHIP IN MISSOURI BASIN MUNICIPAL POWER AGENCY D/B/A/ MISSOURI RIVER ENERGY SERVICES AND APPROVING THE POWER SALE AGREEMENT (S-1)**

#### **Resolution Authorizing Membership in Missouri Basin Municipal Power Agency d/b/a Missouri River Energy Services (“MRES”), Accepting the Provisions of the Membership Agreement and Bylaws of MRES, Appointing a Representative to MRES, Approving the Power Sale Agreement (S-1), and Requesting the Concurrence of the City Council**

WHEREAS, the Willmar Municipal Utilities of the City of Willmar, Minnesota (the “Commission”), has determined that it will need a new source of power supply within the proximate future.

WHEREAS, the Commission conducted an investigation of available, alternative power suppliers, and determined to further examine and to enter into negotiations with Missouri Basin Municipal Power Agency d/b/a Missouri River Energy Services (“MRES”) and Western Minnesota Municipal Power Agency (“Western Minnesota”), regarding a comprehensive power supply arrangement for all retail electric customers served by the Commission.

WHEREAS, as part of the long-term comprehensive power supply arrangement, the Commission has determined that it is beneficial for the City of Willmar, Minnesota (“Willmar”), to become a member of MRES, which requires accepting the membership agreement and bylaws of MRES and appointing a representative to MRES.

WHEREAS, MRES was created by the Agreement Establishing the Missouri Basin Municipal Power Agency d/b/a Missouri River Energy Services, made on June 1, 1973 by and between the members of MRES and first amended as of September 6, 1994, and amended again as of October 15, 1998, and amended again as of March 11, 2005 (the "Membership Agreement"), pursuant to Iowa Code Chapter 28E (the "Authorizing Act").

WHEREAS, MRES has entered into a Power Supply Contract with Western Minnesota as of October 1, 1976, as thereafter amended and restated, pursuant to which MRES acquires power and energy from Western Minnesota for sale to member municipalities under power sale agreements.

WHEREAS, the Commission has concluded a course of due diligence considering the history, plans, financial position, generating and purchase power resources, material agreements and other relevant matters and has concluded that MRES is likely to provide a reliable and reasonably priced supply of power and energy to meet the needs of the City of Willmar. Therefore, the Commission has selected MRES to provide its long-term power supply needs commencing in 2019 and seeks to become a member.

WHEREAS, as part of the long-term power supply arrangement, MRES, Western Minnesota, and Willmar have prepared the Willmar - Missouri Basin Municipal Power Agency Power Sale Agreement (S-1) among MRES, Western Minnesota, and Willmar (the “S-1 Agreement”), in which MRES would sell and provide to Willmar, and Willmar would purchase

from MRES, all supplemental requirements of Willmar for power and energy above the amount of power and energy Willmar purchases from the Western Area Power Administration (“WAPA”) and from certain third party suppliers pursuant to third party power supply agreements (“Supplemental Power”), among other services.

WHEREAS, the Commission is authorized by City Charter and Minnesota law to, *inter alia*, operate, manage, own, and control electric and other utility systems and to enter contracts and arrangements as to generating sources and the sale, purchase, exchange, transmission, and acquisition of electric power and standby arrangements, subject to the Charter provision permitting the City Council to overrule an action of the Commission under certain circumstances.

WHEREAS, by City Charter, the Commission recommends to the City Council the rates to be charged for electricity and any other utility services sold by the Commission, and the City Council adopts the rates by ordinance. The concurrence of the City Council is therefore desired in the MRES membership approval process, and in the implementation of the long-term comprehensive power supply arrangement, including the S-1 Agreement.

WHEREAS, MRES has provided to the Commission a copy of the Membership Agreement and the Bylaws of MRES and the S-1 Agreement, and the Commission has examined such documents to the extent deemed necessary and appropriate by the Commission.

NOW, THEREFORE, BE IT RESOLVED by the Willmar Municipal Utilities Commission of the City of Willmar, Minnesota, as follows:

- (1) The Commission finds that the City of Willmar and its citizens would benefit from membership in MRES as part of the proposed long-term comprehensive power supply arrangement, and it is therefore advisable to enter into membership in MRES.
- (2) The City of Willmar is hereby approved and authorized to participate as a member of MRES, and it agrees to the provisions of the Membership Agreement and the Bylaws of MRES.
- (3) The Willmar - Missouri Basin Municipal Power Agency Power Sale Agreement (S-1) among MRES, Western Minnesota, and the City of Willmar is hereby approved.
- (4) The Chair and any officer of the Commission are hereby authorized to execute the Membership Agreement and the S-1 Agreement (including Schedule A thereto), in a form substantially similar to that presented and upon final review by the general manager and legal counsel, and to take action, as necessary, to carry out the provisions of this Resolution.
- (5) In accordance with the Authorizing Act and the Membership Agreement, the following persons are hereby appointed as the initial representative and initial alternate representative of the City of Willmar as a member of MRES:

Representative:	Address:
John Harren, General Manager	700 Litchfield Ave SW Willmar, MN 56201

Alternative Representative:	Address:
Carol Laumer, Chair	700 Litchfield Ave SW Willmar, MN 56201



The Representative or, in the absence of the Representative, the Alternative Representative, shall exercise all of the rights, duties and powers of the City of Willmar as a member of MRES for and on behalf of the City of Willmar until a successor is appointed by the Commission.

(6) The Chair of the Commission or any other officer of the Commission is authorized and directed to deliver this Resolution to the City Council of the City of Willmar and to request the concurrence of the City Council in this Resolution.

(7) The Chair or any officer of the Commission is authorized and directed to affix to the Membership Agreement a certified copy of this resolution for submission to such Minnesota governmental authorities if and as may be required by law.

This Resolution is adopted by the Willmar Municipal Utilities Commission on April 9, 2018. It shall be effective upon the date of passage of a concurring resolution of the City Council.

Dated this 9<sup>th</sup> day of April 2018.

/s/ Carol Laumer

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Chair

Attest:

/s/ Abdirizak Mahboub

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Secretary

The foregoing resolution was adopted by a vote of 7 ayes and 0 nays.