

**WILLMAR MUNICIPAL UTILITIES MINUTES**  
**MUNICIPAL UTILITIES AUDITORIUM**  
**MARCH 25, 2019**

The Municipal Utilities Commission met in its regular scheduled meeting on Monday, March 25, 2019 at 11:45 a.m. in the Municipal Utilities Auditorium with the following Commissioners present: Justin Mattern, Abdirizak Mahboub, Ross Magnuson and Brendan MacDonald. Absent were Commissioners Carol Laumer, Nathan Weber and Bruce DeBlieck.

Others present at the meeting were: General Manager John Harren, Director of Finance Denise Runge, Power Supply Manager Chris Carlson, Customer Service Supervisor Stacy Stien, Information Systems Administrator Mike Sangren, Administrative Secretary Beth Mattheisen, City Councilman Shawn Mueske, City Attorney Robert Scott (via teleconference), and WC Tribune Journalist Shelby Lindrud.

Due to the absence of Commission President Laumer, Commission Vice President Mattern opened the meeting by asking if any revisions were needed to the presented agenda. There being none, Commissioner Mattern continued by requesting a resolution to approve the Consent Agenda. Commissioner Mahboub offered a resolution to approve the Consent Agenda as presented. Commissioner Magnuson seconded.

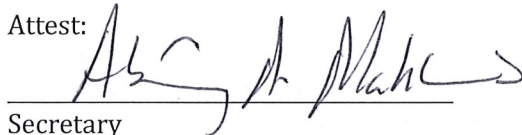
**RESOLUTION NO. 12**

"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 11, 2019 Commission meeting; and,
- ❖ Bills represented by vouchers No. 190397 to No. 190462 and associated wire transfers inclusive in the amount of \$2,529,373.42.

Dated this 25<sup>th</sup> day of March, 2019.

  
Vice President

Attest:   
Secretary

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

At this time, Commissioner Mattern introduced Justin McGraw, CPA, from the accounting firm of Conway, Deuth & Schmiesing, LPPL. Mr. McGraw was in attendance to present the Commission with a report summarizing the 2018 Financial Statements & Accountants' Report for the Willmar Municipal Utilities. He informed the Commission that following a thorough review of the financial statements and reporting records of the Willmar Municipal Utilities, it was determined that the WMU was in total compliance with the provisions of laws, regulations, contracts, and agreements. Mr. McGraw further expressed his appreciation to Director of Finance Runge and Staff for the competent accounting practices being demonstrated and the leadership being provided. Following discussion, Commissioner MacDonald offered a motion to accept the 2018 Financial Statements & Accountants' Report as presented. Commissioner Mahboub seconded the motion which carried by a vote of four ayes and zero nays.

Director of Finance Denise Runge presented the Commission with the February 2019 Financial Reports along with a recap of the February 28, 2019 Investment Portfolio. The data presented included analyses of the Electric, Water, Heating and Combined Divisions. Information contained in the reports reflected operating revenues & expenses, operating income, and retained earnings.



Runge noted that additional revenue was reflected in the data due to the change of the billing cycles now in effect (reduction of cycles). The Investment Portfolio presented a summary of WMU's securities and associated brokerage firms/agencies to date.

Director of Finance Runge next presented the Commission with the proposed allocation of 2019 WMU Fund/Account Balances for consideration (see below). Runge requested the Commission to approve the March 1, 2019 fund allocations incorporating the following proposed revisions: 1) increase the Customer Deposit Fund to \$375,000; 2) increase the Expansion Reserve Fund to \$2,050,000; 3) increase the Catastrophic Reserve Fund to \$3,000,000; 4) increase the Water Treatment Plant Reserve Fund to \$2,322,000; 5) decrease the Transmission Construction Fund to \$1,500,000; and, 6) add the Power Plant Reserve Fund in the amount of \$1,000,000. Following discussion, Commissioner Magnuson offered a motion to approve and accept the 2019 Fund/Account Balances as presented. Commissioner MacDonald seconded the motion which carried by a vote of four ayes and zero nays.

<b>FUND/ACCOUNT</b>	<b>3/1/2019</b>	<b>12/31/2018</b>
<b>Funds Required by Bond Covenants:</b>		
1a. Operating Reserve	\$2,400,000	\$2,400,000
2a. Parity Revenue Bond Sinking Fund	\$ 404,547	\$ 404,547
2b. Subordinate GO Bond Sinking Fund	\$	\$
3. Bond and Interest Reserve Account	\$ 887,481	\$ 887,481
4. Utilities Improvement & Replacement Fund	\$1,700,000	\$1,700,000
<b>Funds designated by Municipal Utilities Commission:</b>		
1b. Unallocated Operating Reserve	\$6,198,943	\$6,620,943
5. Customer Deposit Fund	\$ 375,000	\$ 275,000
6. Expansion Reserve Fund	\$2,050,000	\$1,050,000
7. Catastrophic Reserve Fund	\$3,000,000	\$2,000,000
8. Water Treatment Plant Reserve Fund	\$2,322,000	\$1,500,000
9. Transmission Construction Fund	\$1,500,000	\$5,000,000
10. Generation Construction Fund	\$4,000,000	\$4,000,000
11. Water Capital Reserve Fund	\$ 500,000	\$ 500,000
12. Power Plant Reserve Fund	\$1,000,000	
<b>TOTAL</b>	<b>\$26,337,971</b>	<b>\$26,337,971</b>

Power Supply Manager Carlson reviewed with the Commission a timeline and data reflecting the financial impact of the recent Polar Vortex. This episode of extreme cold temperatures was from January 29-31. A gas curtailment was imposed by CenterPoint Energy which meant there could potentially be a penalty if the Utility exceeded the current gas contract (gas required to maintain the Utility's District Heating system). The curtailment lasted for 44 hours. Carlson further noted that due to the extreme cold, the wind turbines automatically shut down (below -20F, and remained down until temps reached -4F, 46 hours later) and the diesel units were inoperable due to the gelling of the fuel in the units. On January 31<sup>st</sup>, CenterPoint Energy lifted the gas curtailment at 8:05 am, and the wind turbines were back on-line and generating at 4:00 pm. It was further noted that the issue with the diesel units (fuel) has also been resolved. Considering the challenges faced during this period of time, the financial impact (penalty) to the Utility was minimal in the amount of \$1,191.81. Carlson expressed her appreciation to the excellent teamwork involved in lessening the effect of this weather event.

General Manager Harren informed the Commission that the MRES Board of Directors approved the proposed Membership Agreement and By-Laws Agreement at their March 14<sup>th</sup> meeting. (The Commission has previously approved the proposed amendments at their March 11<sup>th</sup> MUC meeting.) This was for information only.

General Manager Harren reminded the Commission of the upcoming WMU Labor Committee meeting to be held on Tuesday, April 9<sup>th</sup> at 12:00 pm. The focal point of the meeting will be to continue discussion regarding the newly formatted 2019 WMU Strategic Plan.



General Manager Harren informed the Commission that additional WMU Committee meetings will be forth coming in the near future. Agenda items for the next Planning Committee Meeting will include: Water Treatment Plant analysis; generation study analysis; and, rate study (electric & water). Agenda item(s) for a future Labor Committee Meeting will include: succession planning for the General Manager position.

In conjunction with the future Committee meetings, General Manager Harren requested the Commission to consider shifting the initial responsibility of the future rate study from the Planning Committee to the Labor Committee. Staff would assist the Labor Committee by providing insight regarding the process including historic data, capital projects, budget data, and additional key components relating to the rate structure of the Utility. Following discussion, it was the consensus of the Commission that the Labor Committee would assume the preliminary responsibility of the future rate study.

General Manager Harren reminded the Commission of the educational opportunity offered through the APPA Governance Webinar Series. This series provides a deeper understanding of the public power business and assists in achieving excellence in governance. MRES supports this training opportunity by offering a 50/50 cost share of the registration fees for participation in either the entire webinar series or in individual webinars. The Utility will be presenting the webinar series (see data below) at the WMU Office and encourages all Commissioners who have not previously participated in the series, to take advantage of this training opportunity.

For information: Upcoming meetings/events to note include:

- APPA Governance Webinar Series: Webinars are held @ 12:30 pm (1 hr.). Attending (to date): Commissioners Laumer & Mattern. NOTE: MRES Member Webinar Series Cost Share Offer (50/50)
  - April 19<sup>th</sup>: "A Board's Legal & Fiduciary Responsibilities"
  - May 3<sup>rd</sup>: "A Board's Responsibility for an Effective Chief Executive"
  - May 17<sup>th</sup>: "A Board's Responsibility for Effective Governance"
  - May 31<sup>st</sup>: "A Board's Role in Setting & Achieving Long-Term Success"
- APPA Electric Utility Industry 101 Webinar: Webinar to be held @ 10:00 am (1.5 hrs.), Attending (to date): Commissioner Laumer
  - April 19<sup>th</sup>: "Keeping Pace with Utility Trends & Technologies"
- MRES Annual Meeting – May 8<sup>th</sup> (Sioux Falls Convention Center)
- Reminder: "MRES 101" (extended regular MUC Mtg.) – May 13<sup>th</sup>
- WMU Annual Open House – Thurs., August 15<sup>th</sup> (4:00-6:30 pm)
- MMUA Summer Conference – August 19-21 (Breezy Point)

There being no further business to come before the Commission, Commissioner Mahboub offered a motion to adjourn the meeting. Commissioner MacDonald seconded the motion which carried by a vote of four ayes and zero noes, and the meeting was adjourned at 12:48 p.m.


Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES



Beth Mattheisen  
Administrative Secretary

ATTEST:



Abdirizak Mahboub, Secretary

