

Special meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on March 17, 2016.

Commission President Mark O'Day called the meeting to order.

Commissioners Roll Call

Lucy Nesheim –Present	Mark O'Day – Present
Don Samuelson - Absent	Dolly Matten – Present
William Wroolie – Present	

Utility Staff Present

Secretary/Finance Director	Todd Wicklund
Superintendent of Utilities	Scott Magnuson
Recording Secretary	Sharon Jensen

Others in Attendance

Brainerd City Administrator	Jim Thoreen
Brainerd City Councilmember	Gary Scheeler
Brainerd City Councilmember	Mary Koep
City Engineer	Jeff Hulsether
Asst. City Engineer	Paul Sandy
Short Elliot Hendrickson	Scott Hedlund
Widseth Smith Nolting	Dave Reese
Utility Customer	Jan Burton
Oak Lawn Chairman	William Durham
Brainerd Dispatch	Spenser Bickett

Purpose of Meeting

Consideration of financial impact of issuance of G.O. Utility Revenue Bonds, Series 2016A by City of Brainerd related to airport utility extension project on BPU water and wastewater utility rates.

Graph Review

Finance Director Todd Wicklund reviewed the graphical informational of current and future revenue needs to repay PFA loan on the WW plant and 2016A GO utility revenue bonds. He noted that the local option sales tax (L.O.S.T) collections must be used on the current PFA loan before they can be applied to other projects. The PFA loan is scheduled to be paid off in 2028. Graphs separated the BPU water, wastewater treatment and City of Brainerd sewer collection portions and the funds needed for each.

Airport Bond Summary-Utility Financial Solutions, LLC (UFS)

Wicklund stated that due to the complex nature of the funding portion of the Airport project he had BPU's rate consultant Utility Financial Solutions, LLC (UFS) review BPU's rate structure. Wicklund presented the options prepared by UFS.

- Bonding P&I requirements - Water–50%-Wastewater Treatment–12%-Sewer Collection–38% Bond for \$10,715,000

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- Additional Water Bond responsibility – 2017 to 2021 – 18.1% of equipment certificates (Back-up generator at Central Station) \$200,000.
- Water Bond Summary – water rates won't raise immediately but as other capital projects are planned they will need to be adjusted
- Wastewater Bond Summary – Airport project portion are the lift stations and force main. Rates will need reviewed. Every 5 years the WWTP permit with the MPCA is renewed and it is unknown what capital changes will be required.
- Wastewater Collection Summary – City of Brainerd charges current \$1.50 per thousand gallons recommendation to increase to \$2.04. Utility Financial Solutions, LLC (UFS) proposed a cost of service and financial analysis be completed to understand where rate should be and potentially prevent significant rate impacts in the future.

Discussion and Comments

- The project needs to move forward
- Airport is vital to the Region not just a benefit to Brainerd
- Council decision to complete 4 phases and not phase 1 as recommended by Staff
- County participation or lack thereof
- Whose asset? City or BPU
- Financial impact on Utility and WAC and SAC funds
- Connections on the Airport property
- Baxter obligation for LOST collections

Commissioner O'Day said that a joint meeting of the Council and Commission should be scheduled to discuss the Project payments and ensure that the proceeds from the LOST are used to refund the Utility for capital outlay.

Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to proceed with staff recommendation for the City of Brainerd to move forward on the Project and to approve the issuance of \$10,715,000 GO Utility Revenue Bonds Series 2016A over a 15 year term. There was a unanimous roll call vote in favor of the motion. Motion carried.

Adjournment

Commissioner Wroolie motioned at 10:00 AM to adjourn the meeting seconded by Commissioner Matten. Meeting adjourned.