

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on September 26, 2017.

Commission President Dolly Matten called the meeting to order.

Commissioners Roll Call

Lucy Nesheim – Present
Don Samuelson - Present
William Wroolie – Absent

Mark O'Day – Present
Dolly Matten – Present

Utility Staff Present

Secretary/Finance Director
Superintendent of Utilities
Recording Secretary
Line Supervisor

Todd Wicklund
Scott Magnuson
Sharon Jensen
Trent Hawkinson

Others in Attendance

City of Brainerd Administrator
HR Coordinator
Brainerd Dispatch
PPES, LLC

Jim Thoreen
Kris Schubert
Spenser Bickett
Mike Kumm

Approval of Minutes

Motion by Commissioner O'Day and seconded by Commissioner Nesheim to approve payment of the September 2017 bills and new hire Bradley Knapp, Wastewater Operator effective September 12, 2017. There was a unanimous roll call vote in favor of the motion. Motion carried.

Public Forum

None

President's Report

None

Other Commissioners' Reports

None

City Administrator Report

City Administrator Thoreen updated the Commission on following City of Brainerd activities:

- City Council adopted the preliminary budget of \$5,561,860 which is about a 3.5% increase. The City will receive \$107,000 additional LGA.
- David Drown Associates Human Resources, Inc. is the consultant chosen for the Compensation Plan and Pay Equity Study.
- Hiring a consultant to conduct facility assessment of all City buildings from top to bottom. To make recommendations to maintain or replace.

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- Getting proposals to remodel the City Hall annex which houses the License Center.
- Thoreen is terminating full time employment October 27th, and will begin part-time (3 days per week) in November and will continue until the new Administrator starts in December.

Secretary's Report

August 31, 2017 Summary of Financial Operations

	Eight Month Period Ended August 31,					
	Electric		Water		Wastewater	
	2017	2016	2017	2016	2017	2016
(Amounts in Thousands)						
Operating Revenue	\$ 12,904	\$ 12,379	\$ 1,605	\$ 1,555	\$ 1,719	\$ 1,668
Operating Expenses						
Purchased Power	8,265	8,493	-	-	-	-
Depreciation	1,116	1,051	455	452	937	926
Other Operating Expenses	2,484	2,338	1,132	960	1,307	1,171
Total Operating Expenses	11,865	11,882	1,587	1,412	2,244	2,097
Operating Income (Loss)	1,039	497	18	143	(525)	(429)
Nonoperating Revenue (Expense)	(148)	(223)	233	(5)	598	489
Transfers to City	(450)	(459)	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Net Change in Net Assets	\$ 441	\$ (185)	\$ 251	\$ 138	\$ 73	\$ 60
Meters in Service	8,011	7,964	4,825	4,802	4,665	4,638

Review of August 2017 Financial Information

Wicklund reviewed the August financials and the following items were noted:

- Combined net operating revenue \$321,700 higher than prior year.
- Local Option Sales Tax collected in 2017 from Baxter related to the Airport water project is \$310,655.

Public Power Energy Services, LLC

Mike Kumm, Public Power Energy Services, LLC (PPES) updated the Commission on the energy contract with AEP Energy Partners Inc., and presented for Commission approval the Fourth Amendment to the agreement with AEP Energy Partners, Inc. regarding purchase of 10 megawatts of capacity for the planning year 19/20, purchase of 20 megawatts of capacity for the planning years 25/30, and the sale of 5 megawatts for the planning years 20/25.

Motion by Commissioner O'Day and seconded by Commissioner Samuelson to approve the Fourth Amendment to AEP Energy Partners, Inc. market based rate full requirements agreement. There was a unanimous roll call vote in favor of the motion. Motion carried.

A meeting has been scheduled for October 3rd at 10:00 AM here in the Commission Room to discuss strategies to reduce transmission expense. There will be a presentation made by a transmission consultant and a few other municipal utilities have been invited to attend.

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Issuance of 2017A Electric Utility Bonds

Wicklund reported that the Brainerd City Council on September 18 approved moving forward with the sale of the 2017A Electric Utility Bonds in a private placement to BB&T through Robert W. Baird (underwriter). The offer was for an interest rate of 2.25% and would result in total interest cost savings (on the refunding portion of the bonds) of \$522,000. The bond issuance will refund \$4.5 million of the 2007A electric revenue bonds and \$1.73 million to complete improvements at the hydroelectric facility.

Baxter-Annexation/Franchise Fee

Wicklund noted that the annexation hearing date has been set for November 3rd, site to be determined. A District Court Judge will need to review the facts of the case and render an opinion on franchise fee matter.

APPA Public Power Week- October 2-6

Brainerd Public Utilities will have an Open House from 8 AM to 2 PM next week in celebration of American Public Power Week. Coffee, cookies and information will be available in the lobby. On October 12th staff will participate in the Brainerd Fire Departments Open House by providing aerial lift rides to children. The bucket truck rides were a big hit at last year's open house.

Superintendent's Report

Water Department

- Leaks/Breaks/Complaints – no leaks
- Filtration Plant – running good
- Projects
- Airport Extension and Airport Project
 - Walk thru today with Contractor and City
 - 9 water meters are installed at the Airport.

Wastewater Treatment Department

- WWTF Projects
 - Plant is running well
 - Sludge Hauling – rained out for the present

Electrical Department

- Outages/Interruptions/Complaints
 - September 20th – 2 meters out
 - September 22nd – Lightening strike at FedEx
 - September 24th – NE Brainerd 1,900 customers out for about 1 to 1 ½ hours
- Florida Mutual Aid – Brad Olson, Tyler Malloy and Dylan Ferrari, BPU Lineworkers, were part of the 40 lineworkers and equipment sent from Minnesota to work for the Cities of Kissimmee and Lake Worth Florida in the aftermath of Hurricane Irma.

Hydro Department

- Projects
 - Apron- overlay endcap is complete-major milestone-waiting for water to go down to complete remainder of apron.
 - Apron – Pay request No. 3 for \$386,475.20 received from ECI. Magnuson stated that some concrete was poured that did not meet specs. The cost of chiseling out the area has been discussed and if ECI will extend the warranty the concrete will stay in place and other options will be taken.
 - Amjet Turbine – Gate design was approved. Gracon is starting civil work in October. Staff has asked for the cost of the turbine before it is installed, per contract with Amjet.

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- FERC – EAP Table Top exercise is scheduled for October 17th, FERC will inspect apron project on Oct. 16th.

Motion by Commissioner O'Day and seconded by Commissioner Samuelson to approve payment of the progress billing received from ECI for \$386,475.20 with conditions of extending warranty. There was a unanimous roll call vote in favor of the motion. Motion carried.

Administration Department

- Surplus Sale – proceeds were approximately \$10,400.00 from the sale which included 2 trucks and a trailer. Parks Department also sold a bucket truck.
- Resignation of Wastewater Operator effective October 10th.

Motion by Commissioner O'Day and seconded by Commissioner Samuelson to accept resignation of Wastewater Operator Jacob Herman effective October 10, 2017. There was a unanimous vote in favor of the motion. Motion carried.

Old Business

None

New Business

SEH Grant Resolution

BPU staff met with SEH to discuss a grant application from DEED for the proposed water tower project for the south zone. A resolution is required requesting authorization to submit a Business Development Infrastructure Grant application.

Motion by Commissioner O'Day and seconded by Commissioner Nesheim to approve the DEED grant resolution as presented. There was a unanimous roll call vote in favor of the motion. Motion carried.

Motion by Commissioner Nesheim and seconded by Commissioner O'Day to meet in closed session to consider or develop offers or counteroffers for the purchase of Crow Wing Power property located at the southeast corner of the intersection of County Road 45 and Thiesse Road pursuant to Minnesota Statutes Section 13D.05, subd. 3(c)3. There was a unanimous vote in favor of the motion. Motion carried at 9:55 AM.

Those present at the closed session included Commissioners Matten, Samuelson, O'Day, Nesheim, Superintendent Magnuson and Secretary/Finance Director Wicklund.

The Commission reconvened into open session at 10:14 AM.

Adjournment

President Matten adjourned the meeting at 10:14 AM.