

**MINUTES OF THE DELANO WATER, LIGHT AND POWER COMMISSION
CITY OF DELANO, COUNTY OF WRIGHT, STATE OF MINNESOTA
WITH ALL ACCOUNTS BEING AUDITED BY SAID COMMISSION
Thursday, January 21st, 2010**

1. CALL TO ORDER

The meeting was called to order by Chairman Larry Bartels.

2. ROLL CALL

Roll call was taken and a quorum established

Members Present:	Larry Bartels, Chairman Bob Hutter, Commissioner Jonathan Ness, Commissioner Randy Keranen, Commissioner Joseph Johnson, Commissioner
Also Present:	Hal Becker, General Manager Aimee Dreger, Recorder

A. ELECTION OF OFFICERS

- i. Chairman (Current Officer Larry Bartels)

There was a motion made by Jonathan Ness with a second by Randy Keranen to re-elect Larry Bartels as Chairman.

Motion Carried

- ii. Vice Chair (Current Officer Robert Hutter)

There was a motion made by Randy Keranen with a second by Jonathan Ness to re-elect Robert Hutter as Vice Chair.

Motion Carried

- iii. Secretary (Current Officer Jonathan Ness)

There was a motion made by Bob Hutter with a second by Larry Bartels to re-elect Jonathan Ness as Secretary.

Motion Carried

3. AGENDA

Addition: 9C to the agenda by Hal Becker

There was a motion made by Bob Hutter with a second Randy Keranen to approve the agenda with the addition of 9C.

Motion Carried

4. MINUTES

A. There was a motion by Bob Hutter with a second by Jonathan Ness to approve the minutes of the regular meeting conducted on December 17th, 2009.

Motion Carried

5. POWER COST ADJUSTMENT

There was a motion made by Randy Keranen with a second by Bob Hutter to approve the power cost adjustment for bills due January 27th, 2010 at negative .00011.

Motion Carried

6. FINANCIALS - REVIEW DECEMBER 2009

The December 2009 Financials will be approved at the regular February commission meeting as the auditors will review the financials in January.

In the electric department we are a bit under budget for the month but YTD we are ahead of budget approximately \$305,000. A large portion of that was permit money we did not budget for in 2009 that we have received this past year. In the water department we are ahead of budget for the month by approximately \$12,000, and YTD is about \$78,000 ahead of budget also due to permits coming in that were not budgeted for in 2009. In both funds we were fairly successful at the end of the year to what we were looking at the beginning of the year 2009.

Commissioner Hutter commented that we still need to keep in the forefront our cash position and look at that closely every month. Commissioner Ness commented on our cash position and Mr. Becker said the

last two major HWY 12 projects came out of our cash on hand and in 2010 we will make our final Electric bond payment which will help our cash position next year. We have the option to bond through MMUA (Minnesota Municipal Utility Association) if we do not have the necessary cash reserves.

7. COMMISSIONERS REPORT

- A. Recognize Oath of Office of Re-Appointed Commissioner Randy Keranen and newly appointed Commissioner Joseph Johnson.

Commissioner Keranen commented he is excited to be here. Commissioner Bartels says thank you to both appointed commissioners.

8. UNFINISHED BUSINESS

- A. Motion to Approve Policies for 2010

Every year the commissioners approve our policies. There have not been any changes made by the DMU staff for 2010 and we are looking for approval unless the commissioners have any changes to be made. Commissioner Hutter asked when the last updates were made and Mr. Becker replied any time there are changes made in the policies they are brought to the commission to approve. In the past couple of years, there have not been any major policy changes. Commissioner Ness inquired about the DMU vacation time chart and if it is in sync with the city employees and if there is vacation accrual and do employees have to use their vacation within the year. Mr. Becker replied there are no rules to use vacation time within the year although the majority of employees use their vacation within the year. Staff will review the city employee vacation policy.

There was a motion by Randy Keranen with a second by Jonathan Ness to approve policies as they are. Motion Carried

- B. Approve Resolution Regarding Agency Agreement

Guest speakers here are Bob Schulte CEO of CMMPA (Central Minnesota Municipal Power Association) and Mike Gavin attorney for CMMPA to go over the 4th restated agency agreement that needs to be signed by the City Council and the Commission.

Mr. Schulte talked about goals and how we address the issues in the CMMPA agreement. The overall goal is bringing the agreement up to date. The last update was 1995 before MISO (Midwest Independent transmission System Operator) and the Conservation Improvement Program was established. The focus is on long term goals instead of short term goals and distinguishing the qualifications of who are members.

The review process for this agreement was to put draft out to members for comments in August 2009. A revision was issued September 2nd, 2009 with comments made. The CMMPA Board approved the draft for the agreement. The board approved final draft January 2010 with the goal for all members to approve all revisions instead just a majority vote. CMMPA will be bringing the changes for the bylaws for the agency this spring with a similar process.

Primary issues from all members include why are we changing to a 5 year membership term from a 1-5 year membership term. The reason is it more appropriately defines how we purchase power. It is a very modest requirement compared to other agencies around MN. Another primary concern was regarding the responsibility of members who withdraw and what is the process of withdrawal. The changes include a 5 year notice for a utility to withdraw.

A concern from Kenyon was providing for a member who would like to sell their electric utility. CMMPA added a provision for a one time buyout for utilities that are selling out. The provision is to pay five times the membership dues of that current year for a sellout of CMMPA.

Commissioner Ness asked what happens if a member like Kenyon would leave. Mr. Schulte responded the other costs would fall back on other members of CMMPA. He added there are still other contracts and agreements that would also have liabilities if a utility would sell.

Commissioner Keranen inquired if the NCII (Nebraska City II coal plant) is a stand alone agreement from CMMPA and Mr. Schulte replied yes and added there is a value of NCII that a utility could sell if they were getting out of the business.

One of Delano's concerns was the definition of a member for members with statutory commissions and how bonds are approved. Delano would like the member to be the Commission and not the city council. Mr. Schulte could not agree with this because the City Council still has bonding authority. He added our bonding authorities in New York said it would be detrimental if it was approved only with the Commission and not the City Council.

Commissioner Bartels asked what bonding does this include. Mr. Schulte replied NCII, transmission projects, any other projects, and working capital keeping in mind the members would choose what projects they are participating in. Mr. Gavin also pointed out that MISO needs to be paid within 7 days and members pay dues monthly so we could bond during that lag as needed. He also added further clarification that if a member does not want to participate in a project they do not have to.

Commission Hutter inquired if there was further communication with Mark Johnson the city attorney. Mr. Gavin replied he has emailed the final agreement just this week to Mark Johnson and has not had communication with him on the final agreement.

Mr. Schulte is asking for approval of the agreement.

Commissioner Keranen commented that the revisions have been extensive and CMMPA has worked hard to revise and make the agreement acceptable to everyone over the past 4 months and would like to give kudos to them.

The commissioners further discussed what city council concerns are and what Mark Johnson's opinion would be. Commissioner Hutter would like to hear Mark Johnson's concerns before approving the agreement.

There was a motion by Jonathan Ness with a second by Larry Bartels to have a joint meeting with the City Council and the City Attorney and approve the agreement together.

9. NEW BUSINESS

A. Motion to Approve Resolution to Appoint Delegate and Alternate

- i. CMMPA/UP/MMGA (Current Hal Becker and Randy Keranen)
- ii. MMUA (Current Hal Becker and Jon Ness)

There was a motion by Jonathan Ness with a second by Bob Hutter to approve both delegates as the same for 2010.

B. Approval of Pay Equity

The Pay Equity Implementation Report document is required to be filled out and turned in to the State of Minnesota. Pay equity is to ensure the female employees are paid fairly according to their job duties. To determine that DMU is in compliance with the State of Minnesota, the DMU staff goes through pay records and timesheets to determine the allocation of the percentage of points and then tallies the points to compare to all other employees. With the changes in staff for 2009, that has changed the document for pay equity and the job points allocated. Factors are entered into a program designed by the state to determine the points. When we entered all of our data into the program, it shows DMU is in full compliance with the state statutes. There is a deadline to get in the document by the end of the month so we need to approve the pay equity document tonight.

Commissioner Ness inquired how much scrutiny this document receives from the state. Mr. Becker replied that we are just in compliance which means we are not overpaying our female employees and we are paying them within the guidelines. We are also in contact with the State contact to ensure we stay in compliance. Commissioner Keranen inquired if we were below the line, would we increase the wage? Mr. Becker replied yes, we would have to increase the wage to stay in compliance. Commissioner Hutter

asked if is this program is available to use when there is a change in staff. Mr. Becker replied we do run through scenarios with this program when we are looking at staff changes. Commissioner Keranen asked if there is a requirement for a certain number of male and female employees. Mr. Becker replied there is no requirement although any number 50% or greater has to be in compliance.

There was a motion by Bob Hutter with a second by Jonathan Ness to approve the Pay Equity Implementation Report document and authorize signing of the document.

C. Discuss Merits of Doing a Value of Utility Study

The staff at DMU has been working on a generation study and to go along with that study would the commission like to go forward with a study on the value of the electric part of the utility. Commissioner Keranen commented it would be good to know the findings and results, though his concern would be the cost of a study. Commissioner Ness commented that we are faced with a situation when utilities are inflating and wages are not. Doing a study of the utilities would create value for the customers in Delano to make sure the value of the utility is the value as what the utility would be worth if it was to be purchased by another entity. Commissioner Ness is asking to look at doing this study to know the value of the utility. He also commented it would help to clean up the balance sheet and give a perspective to the citizens of Delano to see the value of the utility. It was suggested that maybe the first step is to look at Kenyon utility data of their study conducted. Commissioner Johnson inquired when is the last time we had an evaluation of the value of the utility. Mr. Becker replied that there were studies done in 1996 and 1986 resulting in the decision to keep the electric part of the utility. Commissioner Ness inquired how do we go about doing a study. Mr. Becker said there are entities that do studies and we would get proposals on the cost of a study. Mr. Becker has not had a chance to look at the previous studies done in the past and will get the copies out to the commissioners for their review. Commissioner Ness commented we need to quantify the value of the electric to see if it can help the water side of the utility. Commissioner Hutter asked if we could get any information from Kenyon utility and Mr. Becker replied he didn't think they have started considering or moving forward with a study and he will make inquiries with Kenyon. Commissioner Keranen commented it is good to have that "WHAT IF" in the CMMPA agreement in case something would happen. Mr. Becker pointed out what is not in the balance sheet under assets are intangibles and "blue sky" which is what someone would pay above and beyond the actual asset value in the case of a sale.

There was a motion by Jonathan Ness and a second by Larry Bartels to investigate on the Kenyon utility study and the 1996 study and report the information back to the commissioners and to approve a study on the value of the electric department of the utilities.

Motion Carried

10. CLAIMS

There was a motion made by Bob Hutter with a second by Randy Keranen to approve claims for the month of December 2009 in the amount of \$721,555.58.

Motion Carried

11. ADJOURNMENT

There being no further business before the Commission, the meeting was adjourned.

Larry Bartels, Chairman

Jonathan Ness, Secretary