

**ELK RIVER MUNICIPAL UTILITIES
REGULAR MEETING OF THE UTILITIES COMMISSION
HELD AT UTILITIES CONFERENCE ROOM**

April 14, 2026

Members Present: Chair John Dietz, Vice Chair Mary Stewart, Commissioners Jill Larson-Vito, Matt Westgaard, and Nick Zerwas

ERMU Staff Present: Mark Hanson, General Manager
Sara Youngs, Administrations Director
Melissa Karpinski, Finance Manager
Tony Mauren, Governance & Communications Manager
Tom Geiser, Operations Director
Chris Sumstad, Electric Superintendent
Mike Tietz, Technical Services Superintendent
Dave Ninow, Water Superintendent
Megan Zachman, HR Generalist
Jenny Foss, Communications & Administrative Coordinator

Others Present: Jared Shepherd, Attorney; Justin Nilson, Partner with Abdo Solutions; Susan Johnson, Clerk for the City of Buffalo, Minnesota

1.0 GOVERNANCE

1.1 Call Meeting to Order

Prior to the meeting, Mr. Mauren introduced Ms. Johnson, who was auditing the meeting as preparation for the City of Buffalo’s formation of a utilities commission.

The regular meeting of the Utilities Commission was called to order at 3:30 p.m. by Chair Dietz.

1.2 Pledge of Allegiance

The Pledge of Allegiance was recited.

1.3 Consider the Agenda

Moved by Commissioner Westgaard and seconded by Commissioner Larson-Vito to approve the April 14, 2026, agenda. Motion carried 5-0.

1.4 Resolution Recognizing 2026 Drinking Water Week

Mr. Ninow highlighted the importance of Drinking Water Week, scheduled for May 3-9, 2026, as being an opportunity to recognize the essential work of the Utility’s water teams in ensuring clean, safe water for the community.

Moved by Commissioner Stewart and seconded by Commissioner Westgaard to adopt Resolution 26-3 Recognizing Drinking Water Week, May 3-9, 2026. Motion carried 5-0.

1.5 Resolution Recognizing 2026 Lineworker Appreciation Day

Chris Sumstad announced that Lineworker Appreciation Day would be celebrated on April 18, 2026. He acknowledged the utility's eight lineworkers and two forepersons for their dedication and highlighted key achievements, including mutual aid responses and participation in the national rodeo competition.

Moved by Commissioner Larson-Vito and seconded by Commissioner Stewart to adopt Resolution 26-4 Recognizing Lineworkers and Designating April 18, 2026, as Lineworker Appreciation Day. Motion carried 5-0.

1.6 Recognition of American Public Power Association Certificate of Excellence in Reliability

Mr. Tietz announced that the utility again received the Certificate of Excellence in Reliability from the American Public Power Association (APPA) for its improved performance in 2025, with the average customer outage duration dropping to just under 19 minutes. Mr. Tietz commended all staff for their efforts which contribute to this result.

1.7 Recognition of American Public Power Association Safety Award of Excellence

Ms. Zachman informed the Commission that the utility had received the Diamond Level Safety Award of Excellence from the APPA, the highest level of recognition, based on a low incident record in 2026 and strong overall safety culture.

1.8 Recognition of American Public Power Association Reliable Public Power Provider Designation

Mr. Tietz reported that the Utility achieved the Diamond Level RP3 designation from the APPA for the first time. This three-year designation recognizes excellence in reliability, safety, workforce development, and system improvement.

Commissioner Stewart proposed a round of applause for staff for these accomplishments.

2.0 CONSENT AGENDA (Approved By One Motion)

Moved by Commissioner Westgaard and seconded by Commissioner Zerwas to approve the Consent Agenda as follows:

2.1 Check Register – March 2026

2.2 Regular Meeting Minutes – March 10, 2026

- 2.3 Resolution Electing Not to Waive Statutory Tort Limits for Liability Insurance**
- 2.4 Summary of Information Security Committee Closed Session**
- 2.5 Mission, Vision, Values Policy Updates**
- 2.6 2026 Schedule of Rate and Fees Update**

Motion carried 5-0.

3.0 OPEN FORUM

No one appeared for open forum.

4.0 POLICY & COMPLIANCE

4.1 2025 Financial Audit

Mr. Nilson from Abdo presented ERMU's 2025 audit results, which issued a clean, unmodified opinion, the highest possible result, with no significant deficiencies or internal control findings. The audit confirmed full compliance with all tested Minnesota state statutes.

During discussion it was noted that on page 103 of the packet the 2026 rate adjustments for electric and water had been misstated and should read 2% increase for electric and 4% increase for water. This was noted for correction.

There was discussion about the opportunity to prepay or refinance outstanding bonds when advantageous to the utilities.

Moved by Commissioner Stewart and seconded by Commissioner Westgaard to receive and file the 2025 Annual Financial Report. Motion carried 5-0.

4.2 2025 Year End Reserve Balance

Ms. Karpinski presented her memo which recommends that unrestricted reserve balances above target levels for the Water Utility fund, calculated at \$588,000, be designated to the Electric Utility fund as an inter-fund loan to support upcoming substation work.

Moved by Commissioner Westgaard and seconded by Commissioner Zerwas to designate unrestricted reserve balances above target levels for Water funds. Motion carried 5-0

4.3 2025 Utilities Performance Incentive Compensation Distribution

Ms. Karpinski presented the memo which called for a 2% distribution to qualifying employees per the terms of the policy and based upon staff achieving all stated metrics.

The Commission discussed the practice of reviewing the metrics for the program to ensure they are set at the appropriate level. There was discussion about the Wage & Benefits Committee reviewing them for 2027 in the fall.

Moved by Commissioner Zerwas and seconded by Commissioner Stewart to award the Performance Metrics and Compensation Distribution of 2% to qualifying employees per the terms of the policy. Motion carried 5-0.

5.0 BUSINESS ACTION

5.1 Financial Report – February 2026

Ms. Karpinski presented the financial report for February 2026 showing that year-to-date, the combined utilities show a net margin position of approximately \$1.2 million, which is \$1.1 million favorable to the budget.

Ms. Karpinski noted the Energy Adjustment Clause from the power provider has been lower than anticipated in recent months, which has allowed ERMU to not include a passthrough Power Cost Adjustment to customers. There was discussion.

Moved by Commissioner Zerwas and seconded by Commissioner Larson-Vito to receive the February 2026 Financial Report. Motion carried 5-0.

5.2 2025 Annual Reliability Report

Mr. Tietz presented his memo which highlighted report data on ERMU's result from the 2025 eReliability Tracker. He explained that the results demonstrate a solidly built electric system and excellence response times by crews.

Mr. Tietz added that ERMU doesn't remove major events from its calculation of outage times in order for the Utility to hold itself to a higher standard. He also thanked the Commission for regularly budgeting for tree trimming service as that helps reduce outages caused by falling limbs.

Moved by Commissioner Westgaard and seconded by Commissioner Stewart to receive the 2025 Annual Reliability Report. Motion carried 5-0.

5.3 Information Technologies Services Memorandum of Understanding with the City of Elk River

Ms. Youngs presented an updated Memorandum of Understanding (MOU) for Information Technology (IT) services between ERMU and the City of Elk River. The MOU is intended to

support reliable operations, enhance the partnership between the City and ERMU, and align with current technology and cybersecurity needs.

There was discussion about budgeting for future IT needs.

Moved by Commissioner Stewart and seconded by Commissioner Zerwas to approve Information Technologies Services Memorandum of Understanding with the City of Elk River. Motion carried 5-0.

5.4 **Letter of Intent for Large Industrial Electric Load**

Mark Hanson presented a non-binding letter of intent with a developer for a data center to potentially be sited in ERMU's service territory. He explained that ERMU can support a 33 MW load brought on in two phases. Per policy, the developer will be responsible for all system upgrade costs, currently estimated at just under \$6.5 million. A system impact study by Great River Energy, coordination with ERMU's power provider Minnesota Municipal Power Agency (MMPA), and a Conditional Use Permit from the City of Elk River are required.

The developer will use a closed-loop cooling system, not the municipal water supply, for ongoing cooling purposes.

There was discussion about the future rate structures for data centers.

Moved by Commissioner Stewart and seconded by Commissioner Zerwas to Approve Letter of Intent for Large Industrial Electric Load. Motion carried 5-0.

6.0 **BUSINESS DISCUSSION**

6.1 **Staff Updates**

The Commission received notice that a link to complete Mr. Hanson's annual performance evaluation should be in their email inbox.

City staff is bringing updated, clarifying ordinance language regarding commission compensation before the City Council, with a target of the first meeting in May. Following that update, the Commission will be able to institute its new compensation rates and structures decided at the March meeting.

6.2 **City Council Update**

Chair Dietz provided a City Council Update.

6.3 **Future Planning**

Chair Dietz announced the following:

- a. Regular Commission Meeting – May 12, 2026
 - 1. Closed Meeting: General Manager Performance Review
- b. 2026 Governance Agenda

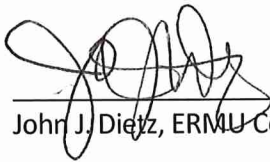
6.4 **Other Business**

There was discussion about the Sherburne County Board of Commissioners recent denial of Minnesota Municipal Power Agency's (MMPA) solar field project in Big Lake Township. Mr. Hanson shared that the topic would be discussed at a future MMPA board meeting.

7.0 **ADJOURN REGULAR MEETING**

Moved by Commissioner Westgaard and seconded by Commissioner Larson-Vito to adjourn the regular meeting of the Elk River Municipal Utilities Commission at 5:36 p.m. Motion carried 5-0.

Minutes prepared by Tony Mauren.



John J. Dietz, ERMU Commission Chair



Justin Dufford, City Clerk