

CITY OF ALEXANDRIA, MINNESOTA

CITY COUNCIL - SPECIAL MEETING

AGENDA • SEPTEMBER 14, 2026

CONFERENCE ROOM**4:00 PM**

**704 BROADWAY
ALEXANDRIA, MN 56308**



Mayor

Bobbie Osterberg

Council Member - Ward 1

Bill Franzen

Council Member - Ward 2

Roger Thalman

Council Member - Ward 3

Scott Allen

Council Member - Ward 4

Nicole Mace

Council Member - Ward 5

Carl Kvale

****Subject to the requirements of Minnesota Statutes, Section 13D.02, the Mayor and City Council Members may participate in the meeting by interactive technology****

- 1. 4:00 PM - Call to Order**
- 2. 4:00 PM - 2020 Fillmore Street Proposal**
 1. 2020 Fillmore Street Proposal
- 3. 4:15 PM - Missouri River Energy Services S-1 Agreement**
 1. Missouri River Energy Services S-1 Agreement
- 4. 4:30 PM - 2027 Budget**
 1. 2027 Budget Review
- 5. 5:45 PM - Concession Agreements**
 1. Concession Agreements
- 6. 6:00 PM - Knute Nelson Memorial Park Lease and Project Update**
 1. Knute Nelson Memorial Park Lease and Project Update
- 7. 6:15 PM - Runway 13/31 Reconstruction Project**
 1. Runway 13/31 Reconstruction Project
- 8. 6:45 PM - Adjournment**



City Council - Special Meeting
704 Broadway
Alexandria, MN 56308

**SCHEDULED
INFORMATIONAL (ID # 10654)**

Meeting: September 14, 2026
Department: Administration
Category: Report
Prepared by: Marty Schultz
Department Head: Marty Schultz
DOC ID: 10654

2020 Fillmore Street Proposal

Background

Staff and AAEDC Executive Director Nicole Fernholz will present a proposal submitted to the City for 2020 Fillmore Street.

Recommendation

None, informational item.

**City Council - Special Meeting**

704 Broadway
Alexandria, MN 56308

**SCHEDULED
INFORMATIONAL (ID # 10655)**

Meeting: September 14, 2026
Department: Administration
Category: Report
Prepared by: Marty Schultz
Department Head: Marty Schultz
DOC ID: 10655

Missouri River Energy Services S-1 Agreement**Background**

ALP staff will review and discuss the attached memo from ALP General Manager Ted Cash.

Recommendation

None, informational item.

ATTACHMENTS

- [S-1 Agreement Update Memo FINAL.pdf](#)



1015 34th Ave E
P.O. Box 609
Alexandria, MN 56308
Phone: (320) 763-6501
Toll Free: 1 (800) 267-8955

MEMO

Date: 9/14/26

To: Alexandria City Council

From: Ted Cash, GM, ALP Utilities

Re: Update of MRES S-1 Power Agreement

With strategic projects for transmission and generation facilities slated over the next decade, Missouri River Energy Services (MRES), the joint action agency that supplies the City of Alexandria with supplemental power, is seeking to update the 2017 S-1 Agreement to support the financing of those projects.

The first S-1 Agreements were signed in 1976. Those initial agreements had a term of 40 years. Since that time, the agreements have been amended five times, each time with 100% approval of the entire membership of MRES. The primary reason for these amendments has been to extend the term of the agreements to allow the issuance of tax-exempt bonds at some of the most favorable rates available, which in turn enables MRES to have some of the lowest wholesale power rates in the region.

As Alexandria's representative on the MRES Board of Directors, I participated in the Board's direction to MRES staff to ensure that all S-1 Agreement revisions benefit the membership. The revised agreement follows that direction and is intended to help members continue providing reliable, cost-effective power to their communities.

While the update contains minor changes to modernize the language, the two substantive changes are as follows:



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Section 2 – Term. As noted above, the term of the agreement is being extended by ten years, to expire on January 1, 2067. This is consistent with all five prior amendments to the S-1 Agreement, in which the term of the agreement was extended to 40 years.

Section 3(a) – Sales of Power and Energy. Updated to clarify that MRES’s obligation to maintain a portfolio of resources sufficient to ensure compliance with state or federal energy requirements also applies to environmental requirements, such that MRES must maintain a resource mix and products (e.g., Environmental Attributes) sufficient to enable member compliance with applicable environmental requirements. This currently applies most directly to Minnesota members and compliance with Minnesota’s Renewable Energy Standard and Carbon Free Standard.

These changes strategically benefit Alexandria by keeping wholesale power costs affordable and guarantees our power supplier will be an active partner in meeting Minnesota’s Carbon Free by 2040 Mandate.

Timeline is as follows:

- 1) **Legal Opinion**
- 2) **Informational Update** – City Council – Special Meeting, September 14th
- 3) **Seek ALP Approval of Resolution** – ALP Board Meeting, September 21st
- 4) **Seek City Approval of Resolution** – City Council – Regular Meeting, September 28th
- 5) **Execute Documents** - Prior to November 1st

Ted Cash

To: MRES S-1 Members

From: Dan Harmelink, MRES General Counsel

Date: June 8, 2026

Re: Extension of Power Sale Agreements (S-1)

This memo describes the changes being proposed to the Power Sale Agreement (S-1) (the “S-1 Agreement”) between Missouri River Energy Services (“MRES”) and its S-1 members. This memo is provided to supplement and aid your review of the revised S-1 Agreement, explaining the substantive changes being proposed. A “4-Step Guide” is being separately provided to assist with procedural steps related to the consideration and adoption of the revised S-1 Agreement.

The primary proposed change to the S-1 Agreement, and the reason for the revised agreement, is the extension of the agreement’s term from 2057 to 2067. This extension is vitally important to the continued ability of MRES to provide supplemental power to its members on the cost-effective basis they expect and deserve. The extension allows Western Minnesota Municipal Power Agency (“WMMPA”), the asset-owning and financing arm of MRES, to issue tax-exempt bonds on very favorable terms and it enables MRES to engage in more efficient, long-term resource planning.

Before addressing each of the proposed substantive changes to the S-1 Agreement, two general comments are warranted with respect to the revised S-1 Agreement.

- The proposed changes to the S-1 Agreement are limited in number and in scope, as you will see from the redlined draft of the agreement. The driver for the revised S-1 Agreement is the need to extend the term of the agreement as noted. The rest of the agreement remains in good shape, despite continuing changes within the electric industry. There are a handful of other substantive proposed changes to the agreement, but none that materially alter the parties’ respective rights and obligations under the S-1 Agreement.
- The MRES Board of Directors directed MRES staff to make sure all revisions to the S-1 Agreement are ultimately beneficial to the members. The revised S-1 Agreement reflects this directive. All proposed changes are designed to enhance the overall strength of our members and their ability to provide reliable and cost-effective power to their communities.

The following is an explanation of each of the substantive changes to the S-1 Agreement being proposed by MRES. As shown by the redlined draft of the revised agreement, there are also non-substantive terminology updates intended to clean-up and clarify certain aspects of the agreement. The non-substantive updates are not explained below.

- **Section 1 – Definitions.** A handful of new defined terms were added to the agreement, either to support existing terms of the agreement or to supplement new or revised terms, as discussed below. The following definitional additions and changes are substantive in nature:
 - Section 1(d) adds a definition for “Environmental Attributes”, which is defined to encompass Renewable Energy Certificates, Emission-Free Energy Certificates, and similar products attributable to the reduction or avoidance of environmental impacts on air, soil, or water. This definition is used in Sections 3(a) and 3(a)(ii) of the agreement, as further described below.
 - Section 1(f) revises the definition of “Green Energy” to include the potential use of Environmental Attributes for a member desiring Green Energy. This is further addressed in Section 3(a)(ii) of the agreement, as discussed below.
 - Section 1(z) updates the definition of “Power Supply Contract(s)” to more clearly encompass qualifying power supply contracts between MRES and WMMPA or any future power supplier.
 - The definition of “Uncontrollable Forces” was struck because it does not require definition. The concept of uncontrollable forces is addressed in Section 13 of the agreement but there is no need to separately define the term.
- **Section 2 – Term.** As noted above, the term of the agreement is being extended by ten years, to expire on January 1, 2067. This is consistent with all five prior amendments to the S-1 Agreement, in which the term of the agreement was extended to 40 years.
- **Section 3 – Sale of Power and Energy.** This section was revised in three respects:
 - Section 3(a) was updated to clarify that MRES’s obligation to maintain a portfolio of resources sufficient to ensure compliance with state or federal energy requirements also applies to environmental requirements, such that MRES must maintain a resource mix and products (e.g., Environmental Attributes) sufficient to enable member compliance with applicable environmental requirements. This currently applies most directly to Minnesota members and compliance with Minnesota’s Renewable Energy Standard and Carbon Free Standard.
 - Section 3(a)(i) extends the first Maximum Rate of Delivery (“MROD”) election date from 2027 to 2037. Under the MROD terms, a member may elect to cap its purchases from MRES at certain times during the term of the agreement. Because the extended agreement will take effect on January 1, 2027, an initial MROD election date of 2027 is impractical. Also, with prior extensions of the S-1 Agreement, the MROD election date has historically been extended 10 years, so the current proposed extension is in line with past practice.

- Section 3(a)(ii) was revised to reflect a member’s right to elect to purchase Environmental Attributes as an alternate means of causing its power supply makeup to be considered more renewable or carbon-free in nature. This more clearly memorializes what is being done through MRES’s Bright Energy Choices program.
- **Section 9 – Covenants of Municipality.** A new covenant was added in subsection (c) of Section 9 to help prevent actions by members with respect to the S-1 Agreement, or power delivered under it, that could affect the tax-exempt nature of bonds issued by WMMPA, thereby increasing the S-1 energy rates paid by all members. Federal income tax law limits the ability of municipal utilities to sell output from facilities financed with tax-exempt bonds to private parties pursuant to certain types of power purchase agreements, commonly referred to as the “private business use” rules. Because tax-exempt financing is used to fund WMMPA generation resources used by MRES to sell power to its members under the S-1 Agreements, the private business use rules apply here.

The addition of the covenant in Section 9(c) is intended to raise awareness of these limitations and further ensure compliance. Similar terms are contained in many other long-term power sale agreements between municipal joint action agencies and their members, but have not before been included in the S-1 Agreement. The sale of power by a municipal utility pursuant to an established rate tariff of rate schedule will not implicate this covenant; the covenant is designed to address certain fixed term power purchase agreements with commercial customers. If a member enters into a fixed term power purchase agreement with a customer, care should be taken to ensure there are no issues under the private business use rules.

- **Section 11 – Metering.** Duplicative language was removed from this section.
- **Section 13 – Uncontrollable Forces.** Minor updates were made to this section to clarify and make more internally consistent the terms applicable to an uncontrollable force impacting the performance of a party under the agreement.
- **Section 26 – Security for Power Supply Contracts.** A few terminology clarifications were made to subsection (b) of this section, to better relate the language to the S-1 Agreements with all S-1 members.
- **Section 28 – Entire Agreement.** This section was updated to better reflect the effective date of the revised S-1 Agreement and associated impact on the current agreement, with the revised S-1 Agreement superseding and replacing the current agreement effective as of January 2, 2027.

[End of Memo]



City Council - Special Meeting
704 Broadway
Alexandria, MN 56308

SCHEDULED
INFORMATIONAL (ID # 10650)

Meeting: September 14, 2026
Department: Finance
Category: Report
Prepared by: Heather Koskiniemi
Department Head: Heather Koskiniemi
DOC ID: 10650

2027 Budget Review

Background

Staff will present and review the projected 2027 budget along with the 2027 discretionary levies.

**City Council - Special Meeting**

704 Broadway
Alexandria, MN 56308

**SCHEDULED
INFORMATIONAL (ID # 10656)**

Meeting: September 14, 2026
Department: Administration
Category: Report
Prepared by: Marty Schultz
Department Head: Marty Schultz
DOC ID: 10656

Concession Agreements

Background

Staff will review the proposed agreements with Viking Coca-Cola and First Choice Food and Beverage Solutions.

Recommendation

None, informational only.

**City Council - Special Meeting**

704 Broadway
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**SCHEDULED
INFORMATIONAL (ID # 10657)**

Meeting: September 14, 2026
Department: Administration
Category: Report
Prepared by: Marty Schultz
Department Head: Marty Schultz
DOC ID: 10657

Knute Nelson Memorial Park Lease and Project Update

Background

Staff will provide an update on projects at Knute Nelson Memorial Park (lights, outfield fence, 3rd Base line area spectator improvements) and discussion with AYBA on the facility and concession lease.

Recommendation

None, informational item.



City Council - Special Meeting
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**SCHEDULED
INFORMATIONAL (ID # 10658)**

Meeting: September 14, 2026
Department: Administration
Category: Report
Prepared by: Marty Schultz
Department Head: Marty Schultz
DOC ID: 10658

Runway 13/31 Reconstruction Project

Background

Staff will provide an update on this project.

Recommendation

None, informational item.