

MDU RESOURCES GROUP INC

FORM 8-K (Current report filing)

Filed 09/21/17 for the Period Ending 09/15/17

Address	1200 WEST CENTURY AVENUE BISMARCK, ND, 58503
Telephone	701-530-1059
CIK	0000067716
Symbol	MDU
SIC Code	1400 - Mining and Quarrying Of Nonmetallic Minerals (No Fuels)
Industry	Multiline Utilities
Sector	Utilities
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **September 15, 2017**

MDU Resources Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-3480
(Commission
File Number)

41-0423660
(I.R.S. Employer
Identification No.)

1200 West Century Avenue
P.O. Box 5650
Bismarck, North Dakota 58506-5650
(Address of principal executive offices)
(Zip Code)

Registrant's telephone number, including area code: **(701) 530-1000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors;
Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

Resignation of Doran N. Schwartz

On September 15, 2017, Doran N. Schwartz, Vice President, and Chief Financial Officer of MDU Resources Group, Inc. (the “Company”) notified the Company that he was resigning effective as of the end of the day on September 29, 2017. Mr. Schwartz’s resignation relates to the pursuit of a new career opportunity and was not due to a disagreement with the Company on any matter relating to the Company’s operations, policies or practices.

Promotion of Jason L. Vollmer

On September 21, 2017, the Board of Directors of the Company appointed Jason L. Vollmer as Vice President, Chief Financial Officer and Treasurer of the Company, effective September 30, 2017, and approved the Offer Letter to be entered into between the Company and Mr. Vollmer (the “Offer Letter”).

Mr. Vollmer, age 40, joined the Company in 2005 and has held a number of accounting and financial positions with increasing responsibility. He was appointed to his current position of Vice President, Chief Accounting Officer and Treasurer effective March 19, 2016; prior to that, he served as Treasurer and Director of Cash and Risk Management of the Company effective November 29, 2014; prior to that, he served as Assistant Treasurer of Centennial Energy Holdings, Inc. and Manager of Treasury Services and Risk Management from June 2014 to November 2014, Manager of Treasury Services, Cash and Risk Management from April 2011 to June 2014, and Financial Analyst IV of the Treasury Services Department from February 2009 to April 2011.

For his new position, Mr. Vollmer will receive an annual base salary of \$350,000, effective September 30, 2017, and his 2017 target annual incentive award opportunity, pursuant to the MDU Resources Group, Inc. Executive Incentive Compensation Plan, will be increased from 45% to 65% of his base salary prorated effective September 30, 2017.

For all 2017 annual incentive awards for the Company’s executive officers, including Mr. Vollmer, the amount of annual incentive award earned, if any, will be determined based on the following formula:

Annual Incentive Award Earned = Payout Percentage X Target Award

The payout percentage will be the sum of the products that result from multiplying (x) the percentage of annual incentive target achieved based on the award opportunity for each of the Company’s business segment leaders by (y) the business segment’s percentage of average invested capital. The business segments are (i) construction materials and contracting, (ii) construction services, (iii) pipeline and midstream, and (iv) electric and natural gas distribution (utility). If the percent of payout for the earnings goal in the construction materials and contracting segment or the construction services segment should exceed 200%, the payout for the earnings goal for purposes of calculating the awards earned for executives at the MDU Resources level, including Mr. Vollmer, will be capped at 200%.

Additional terms and conditions of the annual incentive award program are described in the Company’s Definitive Proxy Statement filed with the Securities and Exchange Commission on March 24, 2017 (the “Proxy Statement”).

There were no changes to Mr. Vollmer’s 2017 long-term incentive award opportunity under the Company’s Long-Term Performance-Based Incentive Plan. The 2017 long-term incentive award opportunity for Mr. Vollmer was 782 Threshold shares;

3,912 Target shares and 7,824 Maximum Shares. The terms and conditions of the 2017 performance share awards are more fully described in the Form 8-K filed with the Securities and Exchange Commission on February 21, 2017 and the Proxy Statement.

A copy of the Offer Letter between the Company and Mr. Vollmer, dated September 20, 2017 is filed as Exhibit 10.1 hereto and incorporated herein by reference.

Promotion of Stephanie A. Barth

On September 21, 2017, the Board of Directors of the Company appointed Stephanie A. Barth as Vice President, Chief Accounting Officer and Controller, effective September 30, 2017. Effective at the end of the day on September 29, 2017, Mr. Vollmer will cease his service as the Company's Chief Accounting Officer.

Ms. Barth, age 45, was hired as an accountant at WBI Energy, Inc., a subsidiary of MDU Resources, in 1996 and has held a number of accounting and financial positions with increasing responsibility at WBI Energy. On December 22, 2008, she was named Director Financial Planning & Reporting at WBI Energy. On September 30, 2013, she was promoted to Controller and January 2015 was named Vice President, Chief Accounting Officer and Treasurer at the subsidiary. On May 30, 2016, Barth was also named Controller at MDU Resources.

The press release announcing Mr. Schwartz's resignation and Mr. Vollmer's and Ms. Barth's appointments is filed as Exhibit 99.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

[10.1](#) Jason L. Vollmer Offer Letter, dated September 20, 2017
[99](#) Press Release issued September 21, 2017

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 21, 2017

MDU RESOURCES GROUP, INC.

By: /s/ Daniel S. Kuntz

Daniel S. Kuntz

Vice President, General Counsel and Secretary

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.1	Jason L. Vollmer Offer Letter, dated September 20, 2017
99	Press Release issued September 21, 2017

INTERNAL CORRESPONDENCE

LOCATION	MDU Resources
DATE	September 20, 2017
WRITER	David L. Goodin
SUBJECT	Promotion

CONFIDENTIAL

Jason L. Vollmer

I am pleased to offer you the position of Vice President, Chief Financial Officer & Treasurer for MDU Resources Group, Inc. effective September 30, 2017. You will report directly to me as President and Chief Executive Officer.

Listed below are the details of your promotion:

- **Salary Grade and Base Salary** : Effective September 30, 2017, your salary grade will be a Grade "J", and your base salary will increase from \$225,500 to \$350,000, a 55.2% increase. This includes your annual salary increase for 2018.
- **Stock Ownership Guidelines** : Salary Grade "J" requires ownership in company stock of three times your base wage. Your new salary multiple commences with this promotion and must be met by end of year 2022.
- **Annual Incentive/Executive Incentive Compensation Plan (EICP)**: Effective September 30, 2017, your annual incentive target will be 65% of base salary. For plan year 2017, your incentive calculation will be prorated at your current rate for nine months and the new percentage rate for three months.
- **Long-Term Performance-Based Incentive Plan (LTIP-Performance Shares)** : I will recommend to the Board of Directors that your target award will be 120% of base salary for year 2018. The award for 2017 will remain as issued and approved by the compensation committee earlier this year.
- **Section 16 Officer** : You will continue to be a Section 16 Officer. As a review, attached is an explanation setting forth the rules and obligations of being a Section 16 Officer of MDU Resources. Compliance with these obligations is critical.
- **Non-Qualified Defined Contribution Plan** : In 2018 you will be recommended for a contribution to your plan.

The above information is for overview purposes, and the specific terms and conditions of each program is outlined in the appropriate plan documents and/or award letters. Also, this memo is not a contract of employment for any specified period of time. The employment relationship can be terminated by you or the company at any time, for any reason, with or without notice.

Again, congratulations on your new roles and responsibilities. I look forward to working with you.

Please acknowledge your acceptance by signing and date the document below.

Agreed to and accepted as described above:

/s/ Jason L. Vollmer

 Name

9-21-17

 Date

Cc: Human Resources

NEWS RELEASE



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 Bismarck, ND 58503
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 P.O. Box 5850
 Bismarck, ND 58506-5850
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MDU Resources names Jason Vollmer to CFO position, Stephanie Barth to CAO

BISMARCK, N.D. - Sept. 21, 2017 - MDU Resources Group, Inc. (NYSE: MDU) today announced that Jason L. Vollmer has been promoted effective Sept. 30 to vice president, chief financial officer and treasurer, replacing Doran N. Schwartz as CFO. Schwartz has resigned to accept a position with another organization. MDU Resources also named Stephanie A. Barth to the position of chief accounting officer, in addition to her role as controller.

“Jason’s strong leadership in his role as vice president, chief accounting officer and treasurer and his ability to develop relationships with external stakeholders makes him well-prepared to take on the role of CFO,” said David L. Goodin, president and CEO of MDU Resources. “Stephanie also brings solid leadership skills and a high degree of integrity to her new role as chief accounting officer. She is the right person to lead the accounting team at MDU Resources.

“We thank Doran for his 12 years of dedicated service and his financial leadership at MDU Resources, and we wish him the very best in his new venture,” Goodin said.

Vollmer, 40, joined MDU Resources in 2005 as a financial analyst, was named manager of the treasury, cash and risk management department in 2011, then treasurer and director of cash, risk management and general accounting in 2014, and in 2016 was named vice president, CAO and treasurer. Prior to joining MDU Resources, Vollmer worked at the North Dakota Office of the State Auditor. He has a bachelor’s degree in accounting from Minot State University in North Dakota and is a certified public accountant.

Barth, 45, was hired in 1996 as an accountant at WBI Energy Inc., a subsidiary of MDU Resources. Barth held a number of positions of increasing responsibility at WBI Energy, and in 2015 was named vice president, CAO and treasurer at the subsidiary. In 2016, Barth also was named controller at MDU Resources. Prior to joining the company, Barth worked at Eide Bailly. She has a bachelor’s degree in accounting from the University of North Dakota and is a CPA.

MDU Resources Group, Inc., a member of the S&P MidCap 400 index and the S&P High-Yield Dividend Aristocrats index, is Building a Strong America[®] by providing essential products and services through its regulated energy delivery and construction materials and services businesses. For more information about MDU Resources, see the company’s website at www.mdu.com or contact the Investor Relations Department at investor@mduresources.com.

Media Contact: Laura Lueder, manager of communications and public relations, 701-530-1095