

MINUTES OF THE PROCEEDINGS

of the Public Utilities Commission, City of Hibbing, St. Louis County, Minnesota

Page One

July 24, 2018

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota held on July 24, 2018, at Hibbing Public Utilities, 1902 E. 6th Ave., Hibbing, MN 55746. Chairperson Garrity called the meeting to order at 5:04 p.m. In attendance were Chairperson Garrity; Commissioner McGuire; Commissioner Hart; Commissioner Bugliosi; Commissioner Rian (by telephone); Legal Counsel, Andy Borland; General Manager, Scott Hautala; Director of Finance, Jean Lane; Director of Power Production, Bob Nyberg; Director of Utility Operations, Corey Lubovich; and Administrative Assistant, Penny Lange. Also in attendance were Water Tec Representative, Bob Tutlewski; HPAT, Gail Adams; Hibbing Daily Tribune, Carrie Manner; Local 94 employees, J. Sanborn, W. Kampen, B. Berg, T. McGuire, and M. Reger.

ADDS/DELETES

- Table Item 7.C. Letter of Understanding Temporary Transfer
- Add Item 7.D. Employee Resignation
- Table Item 10.A. Water Treatment Plant Dehumidifier
- Add Item B. under New Business: Insurance Committee Discussion

CITIZENS FORUM - None

APPROVAL OF MINUTES

Motion made by Commissioner Bugliosi, supported by Commissioner Hart, to approve the regular meeting minutes of July 11, 2018.

Motion carried unanimously.

CONSENT AGENDA

Motion by Commissioner McGuire, supported by Commissioner Bugliosi, to approve the following consent agenda items:

- Ratification of Blanket Quotes greater than \$5,000
- Review and approve the bills from July 6, 2018 through July 19, 2018, check numbers 38296 through 38390 & ACH transfer 7061801 through 7131804.
- Review and approve the payroll paid and overtime report for the July 19, 2018 pay date.
- Boiler #1 Rear Wall Repair & Maintenance – Award Quotation \$14,600
- HPU Admin. Building HVAC System PM Service Agreement

Motion carried unanimously.

MINUTES OF THE PROCEEDINGS

of the Public Utilities Commission, City of Hibbing, St. Louis County, Minnesota

Page Two

July 24, 2018

WATER TEC AGREEMENT CANCELLATION

The Commission reviewed the correspondence dated July 20, 2018 from S. Hautala regarding Water Tec Power Plant Filtration/Monitoring Buyout Proposal. S. Hautala gave presentation.

Motion by Commissioner McGuire, supported by Commissioner Hart to approve the Water Tec Power Plant Filtration/Monitoring Buyout Proposal for the Power Plant water chemistry in the amount of \$78,720.

Motion carried unanimously.

PERSONNEL/POLICY

The Commission reviewed the correspondence dated July 21, 2018 from S. Hautala regarding Long Range Planning Taskforce – Request to Authorize Next Phase. S. Hautala gave presentation. J. Sanborn stated that it is a good idea to resume a task force as the important steps for the Utility's future are now just beginning. S. Hautala was directed to return a priority plan incorporating possibly two scenarios from the HDR report for the long range plan for the Utility's future to be presented at the next meeting.

Motion by Commissioner McGuire, supported by Commissioner Hart, to have Management provide and recommend a plan and direction to utilize one or two scenarios from the information provided from HDR study.

Motion carried unanimously.

The Commission reviewed the correspondence dated July 21, 2018 from S. Hautala regarding Request for Proposal (RFP) Authorization – Professional Communications firm.

Motion by Commissioner McGuire, supported by Commissioner Bugliosi, to table this item until the scenarios are brought forth to the Commission regarding the HDR study for future planning.

Motion carried unanimously.

The Commission reviewed the correspondence regarding the resignation of Daren Kowalsky, Fireman.

Motion by Commissioner Garrity, supported by Commissioner Bugliosi, to accept the resignation of Daren Kowalsky as of August 9, 2018, and wish him success.

Motion carried unanimously.

PUBLIC BIDS & QUOTES

The Commission reviewed the correspondence dated July 18, 2018 from P. Karakash regarding Elevator Service & Maintenance Contract.

MINUTES OF THE PROCEEDINGS

of the Public Utilities Commission, City of Hibbing, St. Louis County, Minnesota

Page Three

July 24, 2018

Motion by Commissioner Hart, supported by Commissioner McGuire, to table the Elevator Service & Maintenance Contract until more information is gathered regarding the necessity of monthly inspections.

Commissioner Bugliosi opposed.
Motion carried.

The Commission reviewed the correspondence dated July 18, 2018 from C. Lubovich regarding Leak Correlator for HPU Water Department. It was also noted that the equipment will need a laptop for operation. Software is included in the purchase price.

Motion by Commissioner McGuire, supported by Commissioner Bugliosi, to award the Leak Correlator for the HPU Water Department to Core & Main for the Echologics Leakfinder-ST in the amount of \$24,750.00.

Motion carried unanimously.

The Commission reviewed the correspondence dated July 20, 2018 from C. Lubovich regarding Washington School Steam Line Emergency Repairs. Lengthy discussion ensued.

Motion by Commissioner Bugliosi, supported by Commissioner Hart, to replace 192' of 5" diameter line to the Washington School, not to exceed \$53,558.56.

Motion carried unanimously.

FINANCIAL STATEMENTS

The Commission reviewed the correspondence dated July 24, 2018 from J. Lane regarding Preliminary Financial Statements as of June 2018. J. Lane gave presentation. Commissioner Garrity requested the first two pages of the financial be given to Commission as soon as possible before the Commission meeting and requested a Capital Project plan. This item was placed in the Commission file.

No action taken.

OLD BUSINESS

The Commission reviewed the department updates for the Power Plant, the Electric Distribution Department, Gas, Steam & Water Departments and Finance Director Report and placed in the Commission file.

No action taken.

The Commission reviewed the correspondence dated July 18, 2018 from S. Hautala regarding Temporary Transfer – Labor Force Update. Lengthy discussion held. Item was placed in the Commission file.

No action taken.

MINUTES OF THE PROCEEDINGS

of the Public Utilities Commission, City of Hibbing, St. Louis County, Minnesota

Page Four

July 24, 2018

The Commission reviewed the correspondence dated July 21, 2018 from S. Hautala regarding Roadmap Updates (First half update and 2nd half). S. Hautala gave presentation. This item was placed in the Commission file.

No action taken.

S. Hautala gave update on LEA. Board meeting was held today, July 24, 2018 at 4:00 p.m. Items of importance were:

- T. Leoni Contract – negotiating committee closer to modified agreement. Current agreement is through September 30, 2018.
- LEA-MP capacity agreement termination. HPU is no longer responsible to generate 10.5 MW out of the 12.5 MW LEA agreement. HPU is responsible for 6.5 MW capacity going forward under 12-month Bridge Agreement.
- Other agreements, e.g., steam operating maintenance, lease agreement, etc. should be terminated also due to LEA termination. J. Paulson taking care of these items.
- Loggers have been paid \$3.5M from the first RDF payment, as agreed upon with the PPA Termination.
- Chair Garrity stated the Leoni Contract is in phase out stage and touched on the amount of wood HPU wants to buy equivalent to gas rate; btu to btu.
- Bonds still in clearing process, as are many items for close out.
- Chair Garrity requested a spreadsheet showing coal cost comparison's from the former Finance Director.

No action taken.

NEW BUSINESS

Commissioner McGuire requested the Commission meeting dates for October 9 & 23, 2018 change to October 16 & 30, 2018.

Motion by Commissioner McGuire, supported by Commissioner Bugliosi, to change the meeting dates from October 9 & 23, 2018 to October 16 and 30, 2018 respectively.

Motion carried unanimously.

Insurance Committee. J. Lane spoke regarding both medical and general liability insurance. The offer was extended to any Commissioner that may want to join the committee for discussions that will be taking place in September.

No action taken.

MINUTES OF THE PROCEEDINGS
of the Public Utilities Commission, City of Hibbing, St. Louis County, Minnesota

Page Five

July 24, 2018

CLOSED SESSION

The Commission reviewed the correspondence dated July 20, 2018 from S. Hautala regarding closed Session: Director of Finance Job Evaluation.

Motion by Chairperson Garrity supported by Commissioner Bugliosi, to enter into Closed Session at 8:00 p.m.

Motion carried unanimously.

Present in the Closed Session was Chairperson Garrity; Commissioner McGuire; Commissioner Hart; Commissioner Bugliosi; Legal Counsel, Andy Borland; General Manager, Scott Hautala; and Director of Finance, Jean Lane.

Motion by Commissioner McGuire, supported by Commissioner Bugliosi, to enter into Open Session at 9:25 p.m.

Motion carried unanimously.

Motion by Commissioner Bugliosi, supported by Chairperson Garrity, to adjourn the meeting at 9:26 p.m.

Motion carried unanimously.

Attest:


Patrick Garrity, Chairperson


Jean Lane, Commission Secretary

The next regular Commission meeting is scheduled for Monday, August 13, 2018 at 5:00 p.m. at the Hibbing Public Utilities Commission Meeting Room, 1902 E. 6th Ave., Hibbing, MN 55746