

MINUTES OF THE PROCEEDINGS

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

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October 16, 2018

Minutes of the regular meeting of the Public Utilities Commission, Hibbing, Minnesota held on October 16, 2018, at Hibbing Public Utilities, 1902 E. 6th Ave., Hibbing, MN 55746. Chairperson Garrity called the meeting to order at 5:03 p.m. In attendance were Chairperson Garrity; Commissioner McGuire; Commissioner Hart;; Commissioner Rian; Legal Counsel, Andy Borland; General Manager, Scott Hautala; Director of Finance, Jean Lane; Director of Power Production, Bob Nyberg; Administrative Assistant, Penny Lange; Superintendent of Electrical Systems, Esko Savela; and Safety/Environmental Coordinator, Pete Karakash. Also in attendance were J. Stokes; HPAT, Gail Adams; Hibbing Daily Tribune, Carrie Manner; Flexible Benefit Administrator Rep., Justin Kroeger; Hitesman & Wold Rep., Darcy Hitesman; AFSCME Rep., Serena Vergin; Local 94 employees, J. Sanborn, B. Monroe, M. Reger, T. Garrity W. Kampen, T. McGuire, D. Wahlstrom, A. Kingsbury, and T. Ricci. Absent from the meeting was Commissioner Bugliosi.

ADDS/DELETES

- Move item 10.A. Pension Plan Correction Plan before the Consent Agenda
- Move Item 8.B. Medical & Dental Insurance 2019 Review before the Consent Agenda

APPROVAL OF MINUTES

Motion made by Commissioner Rian, supported by Commissioner Hart, to approve the regular meeting minutes of September 25, 2018.

Motion carried unanimously.

CITIZENS FORUM - None

CONSENT AGENDA

Request by Commissioner McGuire to Pull Item 5.D.: Renewal of Line of Credit: American Bank from the Consent Agenda.

Request by Commissioner McGuire to move Item 5.E.: Request to Purchase Boiler #4 Bottom Ash Replacement Parts to Old Business and place with Item 9.A.: Revisit Boiler #4 Maintenance.

Motion by Commissioner Rian, supported by Commissioner Hart to approve the following consent agenda items:

- 5.A. Review and approve the items over \$5,000.
- 5.B. Review and approve the bills from September 21, 2018 through October 11, 2018, check numbers 38703 through 38828 & ACH transfer 9211801 through 10051804.
- 5.C. Review and approve the payroll paid and overtime report for the September 27 & October 11, 2018 paydates.
- 5.F. Ratification of Natural Gas Purchasing.

Motion carried unanimously.

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Item 5.D.: Renewal of Line of Credit: American Bank. Commissioner McGuire requested to review all options for local banks regarding financial services.

Motion by Commissioner McGuire, supported by Chairperson Garrity, to obtain proposals for Banking Services from local banking entities, including but not limited to Line of Credit. It was requested to bring back the information to the Commission for the first meeting in November, 2018.

Motion carried unanimously.

PERSONNEL/POLICY

The Commission reviewed the correspondence dated October 16, 2018 from J. Lane regarding Pension Plan Correction.

Motion by Commissioner Rian, supported by Commissioner McGuire, to adopt the following Resolution:

WHEREAS, the Hibbing Public Utilities Commission has since 2007 offered a 401(a) employer match deferred compensation plan and a 457(b) employee contribution deferred compensation plan; and

WHEREAS, the Hibbing Public Utilities Commission acknowledges the laws associated with deferred compensation plans are very complex; and

WHEREAS, the Hibbing Public Utilities Commission on May 22, 2018, authorized the hiring of Hitesman & Wold to review documents and processes that have been followed by HPUC, and

WHEREAS, a presentation on October 16, 2018, Commission meeting Hitesman & Wold recommended a correction plan;

NOW, THEREFORE BE IT RESOLVED THAT, the Hibbing Public Utilities Commission as Plan Sponsors for the 401(a) employer match deferred compensation plan and the 457(b) employee contribution deferred compensation plan, following the recommended correction plan, authorizes the freezing of the employer match contribution to the 401(a) and update the 457(b) plan documents and;

BE IT RESOLVED THAT Hibbing Public Utilities Commission authorizes future employer match contributions to be deposited in the 457(b) deferred compensation plan at the plan provider Mass Mutual effective October 16, 2018 and authorizes the necessary signatures.

Motion carried unanimously.

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The Commission reviewed the correspondence dated October 16, 2018 from J. Lane regarding Medical & Dental Insurance 2019 Review. Justin Kroeger of Flexible Benefits gave presentation.

Motion by Commissioner McGuire, supported by Commissioner Rian, to approve the Medicare Senior Gold Insurance Renewal as presented.

Motion carried unanimously.

Motion by Commissioner McGuire, supported by Commissioner Hart, to approve the Dental Insurance Renewal, as presented.

Motion carried unanimously.

Motion by Commissioner McGuire, supported by Commissioner Hart, to approve the Active Employee Health Plan, Alternate Plan, Option #3 (separate in-network & out-of-network deductibles) with HPU self-insuring the difference, as presented.

Motion carried unanimously.

The Commission reviewed the correspondence dated October 12, 2018 from S. Hautala regarding Update of the Director of Electrical Systems Interview Process. S. Hautala gave presentation. Chairperson Garrity requested the volunteer of two commissioners to be present for the second interviews. Commissioner Hart & Commission Rian volunteered. Commissioner McGuire suggested obtaining position salary comparison for similar electrical engineering positions. This item was placed in the Commission file.

No action taken.

The Commission reviewed the correspondence dated October 12, 2018 from S. Hautala regarding Award Job Posting No. 18-02: Transportation Mechanic.

Motion by Commissioner Hart, supported by Commissioner McGuire, to Award Job Posting No. 18-02: Transportation Mechanic to the senior qualified employee, D. Wahlstrom, as per the discussion held.

Motion carried unanimously.

The Commission reviewed the correspondence dated October 12, 2018 from S. Hautala regarding Accept the Resignation of J. Borra: Design Engineering Technician.

Motion by Commissioner McGuire, supported by Commissioner Hart, to accept the Resignation of J. Borra, Design Engineer Technician effective October 15, 2018 and thank him for his service.

Motion carried unanimously.

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The Commission reviewed the correspondence dated October 12, 2018 from S. Hautala regarding Consider Request to Post for Engineering Technician. S. Hautala gave presentation.

Motion by Commissioner Rian, supported by Commissioner McGuire, to authorize internal posting for the position of Engineering Technician. Discussion held.

Commissioner Rian called to question the motion.

Commissioner Rian – yes
Commissioner McGuire – yes
Commissioner Hart – no
Chairperson Garrity – no
Motion failed.

The Commission reviewed the correspondence dated October 10, 2018 from P. Karakash regarding Policy Update: EMPL002workaccident: Work Accidents & Injuries – Personal Injury.

Motion by Commissioner Rian, supported by Commissioner McGuire, to authorize Policy Update: EMPL002workaccident: Work Accidents & Injuries – Personal Injury.

Motion carried unanimously.

PUBLIC BIDS & QUOTES

The Commission reviewed the correspondence dated October 10, 2018 from P. Karakash regarding Compact Logic PLC's for Boiler #4. Commissioner Hart stated that this item is also tied to Old Business (Boiler #4) and requested it be moved to that subject.

Chairperson Garrity stated that it shall be moved under Old Business.

The Commission reviewed the correspondence dated October 12, 2018 from S. Hautala regarding RFP Results: East Cooling Tower Demolition.

Motion by Commissioner Hart, supported by Commissioner Rian, to award the East Cooling Tower Demolition to Bougalis & Sons in the amount of \$39,250.00 for demolition and transport.

Motion carried unanimously.

FINANCE

The Commission reviewed the correspondence dated October 16, 2018 from J. Lane regarding Insurance Review.

Motion by Chairperson Garrity, supported by Commissioner Hart to place this item in the Commission file.

No action taken.

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The Commission reviewed the correspondence dated October 16, 2018 from J. Lane regarding Cost Allocations. S. Hautala & J. Lane gave presentation.

Motion by Commissioner Rian, supported by Commissioner McGuire, to move forward with the Cost Allocations for the 2019 budget.

Chairperson Garrity – no
Motion carried 3-1.

The Commission reviewed the correspondence dated October 16, 2018 from J. Lane regarding 2018 International Dump Truck Payoff of Lease Agreement.

Motion by Commissioner McGuire, supported by Commissioner Rian, to authorize the following Resolution:

WHEREAS, the Hibbing Public Utilities Commission purchased a 2018 International Dump Truck under a lease to own option, and

WHEREAS, the cash flow has improved since end-of-year 2017 and the Hibbing Public Utilities Commission would save approximately \$13,500 of interest cost,

NOW, THEREFORE BE IT RESOLVED, THAT the Hibbing Public Utilities Commission authorizes the payoff of the capital lease for the 2018 International Dump Truck with a principal amount outstanding of \$98,681.35 and authorize the General Manager to sign the appropriate documents.

Motion carried unanimously.

Five (5) Minute Recess Taken at 7:10 p.m.
Reconvene at 7:15 p.m.

OLD BUSINESS

The Commission reviewed the correspondence dated October 12, 2018 from S. Hautala regarding Revisit Boiler #4 Maintenance. S. Hautala gave introduction, and R. Nyberg gave presentation. R. Nyberg stated that 80% of major components for Boiler #4 Maintenance have been identified. Discussed Item 5.E.: Request to Purchase Boiler #4 Bottom Ash Replacement Parts. Item 7.A.: Compact Logic PLC's for Boiler #4 was also discussed. S. Hautala gave presentation regarding Item 9.B.: Revisit Solid Fuel Use (Loggers). Lengthy discussion held.

Motion by Commissioner Garrity, supported by Commissioner Rian, to approve the items over \$5,000 regarding the Boiler #4 Maintenance (Item 5.E. Request to Purchase Boiler #4 Bottom Ash Replacement Parts; Item 7.A.: Compact Logic PLC's).

Commissioner Hart – no.
Motion carried.

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The Commission reviewed the correspondence dated October 12, 2018 from S. Hautala regarding Revisit Options for Solid Fuel Use for 2018-19 Heating Season: Logger Meeting Update and List of Specific Contract Items.

Motion by Commissioner McGuire to maintain Boiler #4 but not burn wood until there is a justifiable reason to do so.

Motion fails for lack of second.

The Commission reviewed the correspondence dated October 12, 2018 from S. Hautala regarding Hibbing Community College Short Term & Long Term Heating Solution Request.

Motion by Commission Rian, supported by Commissioner McGuire, for HPU pay the actual cost for a rental gas-boiler system, up to \$275,000, installed at HCC for the 2018-19 heating season.

Chairperson Garrity – no.
Motion carried.

The Commission reviewed the correspondence dated October 16, 2018 from J. Lane regarding Nationwide Pension Plan Guaranteed Minimum Interest Rate Change Option.

Motion by Chairperson Garrity, supported by Commissioner Rian, to adopt Option #3, and adopt the following Resolution:

WHEREAS, Nationwide Retirement Services has indicated they will be changing the investment options in the 457(b) Deferred Compensation Plan; and

WHEREAS, Nationwide Retirement Services is changing the Guaranteed Minimum Interest Rate fund; and

WHEREAS, Hibbing Public Utilities Commission, as the Plan Sponsor, has the responsibility to make decisions on behalf of the Plan regarding products and features available to the Plan participants; and

WHEREAS, it is the goal of the Hibbing Public Utilities Commission, as the Plan Sponsor, to offer a diversified portfolio in the 457(b) Deferred Compensation Plan;

THEREFORE, BE IT RESOLVED THAT the Hibbing Public Utilities Commission selects Option Three (default option) which is the existing balance in participants current Fixed Contract will maintain the current GMIR for these existing balances only. New contributions will no longer be accepted to the current Fixed Contract. This change is effective in 2019, and;

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BE IT FURTHER RESOLVED, THAT Hibbing Public Utilities Commission selects Sub-Option (a) to continue to offer Nationwide Fixed Contract with an established initial credit rating of 1.2% and a 0.5% GMIR, and authorize the General Manager to sign the appropriate documents.

Motion carried unanimously.

Motion by Commissioner Hart, supported by Commissioner Rian, to adjourn the meeting at 8:36 p.m.

Motion carried unanimously.

Attest:



Patrick Garrity, Chairperson



Jean Lane, Commission Secretary

The next regular Commission meeting is scheduled for Tuesday, October 30, 2018 at 5:00 p.m. at the Hibbing Public Utilities Commission Meeting Room, 1902 E. 6th Ave., Hibbing, MN 55746

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