CITY OF HASTINGS, NEBRASKA
MINUTES OF UTILITY BOARD REGULAR MEETING
Thursday, June 14, 2018

Pursuant to due call and notice thereof, a Regular Meeting of the Utility Board of Hastings, Nebraska was conducted in the Council Chambers of City Hall, 220 N. Hastings Avenue, on June 14, 2018.

ROLL CALL:

The meeting was called to order at 9:00 a.m. in Regular Session by Chairman Jack Schreiner with the following members present: Bill Hitesman, Willis Hunt, Jack Schreiner, Joanne Seberg, Shawn Hartmann.

PLEDGE OF ALLEGIANCE:

The Chairman led the group in recital of the Pledge of Allegiance to the United States of America.

MOTION TO ADOPT CURRENT AGENDA FOR JUNE 14, 2018 REGULAR MEETING.

Moved by Joanne Seberg seconded by Bill Hitesman to adopt the current agenda for June 14, 2018 regular meeting. Roll Call: Ayes: Shawn Hartmann, Bill Hitesman, Willis Hunt, Jack Schreiner, Joanne Seberg. Nays: None. Absent: None . The motion carried.

PUBLIC NOTICE - Official Notice of the Regular Meeting was published in the Hastings Tribune on Tuesday, June 12, 2018. Pursuant to Nebraska Revised Statute Section 84-1412, the public is advised that a copy of today's agenda and all reproducible written material which will be discussed at today's meeting is located at the back of the Council Chambers. Also, a current copy of the Nebraska Open Meetings Act is posted on the south wall of the Council Chambers which is accessible to members of the public.

Chairman Schreiner read the Public Notice - Pursuant to the Nebraska Revised Statute Section 84-1412, the public is advised that a copy of today's agenda and all reproducible written material which will be discussed at today's meeting is located at the back of the Council Chambers. Also, a current copy of the Nebraska Open Meetings Act is posted on the south wall of the Council Chambers which is accessible to members of the public.

MANAGER'S COMMUNICATIONS:

None.

BOARD CHAIRMAN'S COMMUNICATIONS:

Jack Schreiner said that he has meetings out of town in July and may not make it to the July Utility Board meeting.

BOARD MEMBERS' COMMUNICATIONS:

None.

CITIZEN COMMUNICATIONS:

None.

CONSENT AGENDA:

Moved by Bill Hitesman seconded by Willis Hunt to approve All Consent Items. Roll Call: Ayes: Shawn Hartmann, Bill Hitesman, Willis Hunt, Jack Schreiner, Joanne Seberg. Nays: None. Absent: None. The motion carried.

1. <u>All Consent Items.</u>

    (a) Approval of the minutes of the Hastings Utility Board Meeting of May 10, 2018

REGULAR AGENDA:

2. <u>Unfinished Business of Preceding Meeting.</u>

    None.

3. <u>General Business.</u>

    (a) Finance

    i. Discussion of Budget Schedule

    Kevin Johnson presented a Budget Implementation Schedule. The Board chose Monday, July 30 and Tuesday, July 31 from 9:00 a.m. - noon each day to hold the Utility Board Budget Workshops. They decided to hold the meetings at the Board Room at Hastings Utilities.

    ii. Review of 2nd Quarter Financials

    Kevin Johnson gave a presentation on the 2nd Quarter Financials. He stated that even though the April 2018 Report has been distributed, this presentation only includes up through the 2nd Quart

    (b) Production

i. Recommend Approval of the Assignment and Assumption of the Coal Purchase Agreement, the Refined Coal Sales Agreement, and the Ground Lease Agreement from RCF5, LLC to RCF2, LLC

Al Meyer stated that because the Energy Center is not using the coal volumes as projected, RCF5, LLC is planning to move their equipment to a higher volume plant. RCF2, LLC will install equipment at the Energy Center and all three of these contracts will need to be signed with RCF2, LLC.

Moved by Shawn Hartmann seconded by Willis Hunt to recommend to the City Council that they approvethe Assignment and Assumption of the Coal Purchase Agreement, the Refined Coal Sales Agreement, and the Ground Lease Agreement from RCF2, LLC to RCF2, LLC. Roll Call: Ayes: Shawn Hartmann, Bill Hitesman, Willis Hunt, Jack Schreiner, Joanne Seberg. Nays: None. Absent: None . The motion carried.

ii. Recommend Approval of Change Order No. 1 to IES Commercial, Inc. for WEC1 Switchgear Replacement Electrical Equipment Installation

Moved by Willis Hunt seconded by Bill Hitesman to recommend approval by the City Council of Change Order No. 1 to IES Commercial, Inc. for WEC1 Switchgear Replacement Electrical Equipment Installation for a net addition of $104,437.25, which increases the contract amount to $1,353,255.25.

(c) Operations

i. Pole Integrity/Attachments

Willis Hunt has asked about pole integrity and attachments at an earlier meeting. Al Meyer reported that our engineering department uses a software tool when they look at design of the overhead distribution system and the poles. He said that they have purchased a software spreadsheet which has inputs for all the variable involved with the criteria for designing the pole and all the things that are carried by the pole. Staff has asked the consultant to expand the software program to allow for four attachments.

Hunt asked if the additional attachments by ALLO and Windstream will create any problems with our poles. Meyer said that he did not expect any problems with the additional load on the poles as communication type circuits are totally different from if you were expecting power carrying capability of ampacity requirements of some of the design of the distribution feeder circuits in the transmission lines. He said that maintaining clearances will be a challenge and the software will help design the correct size of pole needed. The software takes integrity of the pole into account when holes are drilled into them.

ii. Discussion of Commercial/Industrial Water Meter Pits Incentive

Lee Vrooman distributed a memo in the packet showing the twenty remaining meter pits in the water distribution system, the size of the meter, the quantity of each size, and the approximate cost to remove these. He said there are three residential meters left and 17 commercial meter pits. The larger the meter, the more costlier it is to remove the pit.

At the last meeting, the Board recommended the City Council approve a resolution extending the meter pit removal incentive to 75% of the cost to remove up to $900. The Board asked for further discussion on the remaining pits, especially the larger commercial pits. Vrooman said that to make the incentive equal for all on a percentage basis, the larger pits would have an incentive of up to $22,500. He said an incentive of this magnitude is difficult to justify as the entire base of rate payers is subsidizing this activity.

Vrooman said that currently our employees do not enter the meter pits monthly as they are being estimated, because of safety concerns. If staff needs to read the meter once a year, they have to use the harness and air monitoring equipment. He said that staff recommends that the current level of incentive, 75% of the cost up to $900, is adequate and no additional incentives should be initiated for commercial installations.

Shawn Hartmann suggested the Board talk about budgeting for these removals and eliminate them over time because of the safety concerns and the time and effort to get an accurate reading periodically. The Board asked staff to put together estimated costs of what it takes for training and other costs associated with the periodical reading of these meters and present it at the budget workshop for discussion.

Joe Patterson suggested that upper management reach out to the customers to try to get these meter pits removed. Dave Ptak suggested that the utilities could have the meter pit replaced and set up a payment plan with the customer so that their costs be spread out over a length of time. All options can be discussed at the budget workshop.

iii. Little Blue Natural Resource District (LBNRD) Update

Marty Stange gave a presentation on a Little Blue Natural Resource District (LBNRD) Groundwater Management Plan that was discussed at a recent LBNRD meeting he attended. The LBNRD is in the process of updating its Groundwater Management Rules and they are currently in a public comment period, effective date July 10, 2018. He said that these rules govern controls and activities as it relates to the control of Groundwater Quality and Quantity. Stange said that the rules are directed towards the impact of nitrates found in the groundwater but may include other contaminates.

(d) Administration

i. Key Performance Metrics (KPI's) Board Level Selections

Kevin Johnson distributed a copy of a sheet with Key Performance Metricks (PI's) Board Level Selections, which includes Quarter 1 and Quarter 2 and the HU Target for areas of Safety, Reliability, Financial Stability, Efficiency, and Customer Service. He plans to give Quarterly Updates in these areas.

ii. Strategic Initiatives Update

Kevin Johnson said that he did not have any Strategic Initiatives Updates for this meeting. However, he wanted to report that with the retirements of the entire Energy Supply and Marketing Department, he asked Mike Hernandez and Al Meyer to work with him to strategize how we are going to set up our Energy Resources Group. Derek Zeisler has been asked to work part time in that departmentment, as well as his role as Assistant Direction of Electric Production. He has been working with Don Cox and Jim DeTour to learn their roles.

(e) Other

None.

4. <u>Possible Closed Session (if necessary or requested).</u>

Moved by Willis Hunt seconded by Joanne Seberg that this Board go into Closed Session, which Closed Session is clearly necessary for the protection of the public interest in that said Closed Session will consist of a strategy session relative to contract negotiations. Roll Call: Ayes: Shawn Hartmann, Bill Hitesman, Willis Hunt, Jack Schreiner, Joanne Seberg. Nays: None. Absent: None. The motion carried.

The meeting closed to the public at 10:27 a.m.

Moved by Shawn Hartmann, seconded by Willis Hunt, that the meeting be reopened to the public at 10:57 a.m., and that no decisions were made nor official actions taken during said Closed Session. Roll Call: Ayes: Shawn Hartmann, Willis Hunt, Jack Schreiner, Joanne Seberg. Nays: None. Absent: Bill Hitesman. The motion carried.

Bill Hitesman had left during the Executive Session.

ADJOURN:

Moved by Shawn Hartmann, seconded by Willis Hunt, that there being no further business, the meeting adjourn at 10:59 a.m. Roll Call: Ayes: Shawn Hartmann, Willis Hunt, Joanne Seberg, Jack Schreiner. Nays: None. Absent: Bill Hitesman. The motion carried.

APPROVED:

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Board Secretary