

**MINUTES OF THE
MANITOWOC PUBLIC UTILITIES COMMISSION MEETING
MONDAY, AUGUST 24, 2015**

The scheduled meeting of the Manitowoc Public Utilities Commission was called to order by President Seidl at 4:00 p.m. on Monday, August 24, 2015. In attendance were Commissioners Diedrich, Hornung, Hennessey, Luckow, Morrow and Seidl. Also present were Nilaksh Kothari – General Manager and Attorney Andrew Steimle – Steimle Birschbach, LLC. Commissioner Nickels was absent.

CONVENE MEETING TO CLOSED SESSION: Notice had previously been given that the Manitowoc Public Utilities Commission will adjourn to a closed session during the August 24, 2015 meeting pursuant to Section 19.85(1) (c) to discuss approval of the minutes of the December 8, 2014 Closed Session Meeting (Regarding Personnel Committee Report and Recommendations) and Personnel and Compensation Issues; and pursuant to Section 19.85(1) (e) to discuss approval of the minutes of the December 8, 2014 Closed Session Meeting (Regarding Purchase of Property) and Purchase of Property.

MOTION: A Motion to convene in closed session was made by Commissioner Hennessey and seconded by Commissioner Diedrich. Motion carried unanimously. Accordingly the Commission convened in closed session at 4:06 p.m.

The meeting was reconvened to open session at 4:40 p.m.

MOTION: A Motion was made by Commissioner Morrow and seconded by Commissioner Hennessey to authorize wage adjustments of four positions and to clarify retirement payout of vacation as recommended by General Manager. Motion carried unanimously.

INTERGOVERNMENTAL AGENCY SERVICES AGREEMENT WITH REEDSVILLE: A five-year Agreement to provide operation and maintenance services for the Village of Reedsville Water and Wastewater was presented for approval. The draft Agreement was reviewed at the previous Commission meeting. Attorney Steimle provided an update on the indemnity, release and liability paragraphs of the Agreement. Discussion ensued.

MOTION: A Motion was made by Commissioner Hornung and seconded by Commissioner Morrow to approve the Intergovernmental Agency Services Agreement with Reedsville. Motion carried unanimously.

INVESTMENT MANAGEMENT AND ADVISORY SERVICES RECOMMENDATION: MPU currently utilizes the services of Institutional Capital Management (ICM) of Colorado which started in April 2010 for investment management and advisory services. Over the past couple years, returns on MPU's investment returns have diminished. The decision was made to look at other options for investment management and an RFP was issued on May 26, 2015. Three firms responded to the RFP – Associated Trust Company (Green Bay, WI), R.W. Baird / The Chlupp & Hall Group (West Bend, WI), and PMA Financial Network (Naperville, IL). Interviews with Associated and Baird were held on August 5, 2015. Baird came in with a unique

approach to their fees and services. Baird would partner with Reinhart Partners as the money manager. MPU would work directly with Baird, however, Reinhart would be making the investment selections. This arrangement would allow Baird to contract with another money manager if returns and/or investment decisions were not satisfactory. Baird also confirmed that there will be no conflict of interest with the municipal bond advisory role. Discussion ensued.

MOTION: A Motion was made by Commissioner Diedrich and seconded by Commissioner Luckow to recommend the City Finance Committee and City Council to approve terminating ICM and retaining The Chlupp & Hall Group for investment management and advisory services. Motion carried unanimously.

ATC SHAREHOLDERS MEETING: ATC's Annual Shareholder's meeting was held on July 28, 2015 in Wisconsin Dells. The three presentations at the meeting were: (a) Financial Perspectives, (b) Operations Report, and (c) Policy Update. Following are the key highlights: 2016 to 2019 capital expenditures projected at \$1.8 billion; 12.2% ROE for ATC continues, however, ATC is expecting FERC to revise the ROE to 11.5%; ATC Board would like to move ahead with the proposed restructuring. The restructuring documents are expected to be available for review and approval in the next few weeks. MPU Commission approval will be requested. MPU's investment in ATC is approximately \$9.8 million or 0.64 percent ownership. Mr. Mike Rowe is the new President and CEO effective May 1, 2015. A brief discussion ensued.

ECONOMIC DEVELOPMENT INCENTIVES PROGRAM: A draft proposal of an Economic Development program was presented to Commission for discussion. The highlights of the draft proposal are: provide incentive for economic development between \$5,000 and \$500,000 and for energy efficiency between \$2,500 and \$50,000. The funding will be for a maximum of sixty (60) months on the utility bill and for economic development the expansion must be higher than 200kW for either existing or new customers. A lengthy discussion ensued regarding whether or not MPU should offer this program. The consensus was to discuss this as part of the strategic plan.

APPA PUBLIC POWER LEADERSHIP WORKSHOP: Information for the APPA Public Power Leadership Workshop was presented to Commission. The workshop will be from October 7-9, 2015 and the estimated cost per person is \$2,295.

MOTION: A Motion was made by Commissioner Luckow and seconded by Commissioner Diedrich to approve commissioner's attendance at the workshop. Motion carried unanimously.

CLEAN POWER PLAN UPDATE: Updates for the final rule of Clean Power Plan were presented. Some highlights are: final rule has raised CO₂ reduction targets for Wisconsin, which may result in difficult and expensive compliance burden, possibly of significant electric rate increases. Wisconsin plants are required to achieve 39% CO₂ emission reduction by 2030. The final rule as proposed is interpreted to apply to generating units greater than 25 MW. Hence, the rule should not apply to Boiler 8 and CT. Discussion ensued. The Commission will be provided with periodic updates on this rule.

SMF PLANT PERFORMANCE TEST: A letter was sent to Evoqua Water Technologies, Inc. for failure to achieve net treated capacity on SMF Cell No. 4. Evoqua has acknowledged receiving the letter and MPU is providing and/or collecting the additional requested data. Evoqua has thirty (30) days to provide a corrective action plan per the Addendum to the SMF contract dated March 31, 2015. A brief discussion ensued.

DEED RESTRICTIONS FOR HIGHWAY 310 PROPERTY: A deed restriction for Highway 310 was presented. MPU purchased approximately ten (10) acres of land next to Shoto Substation to install a combustion turbine power plant in early 2000. The property is in Town of Two Rivers. The property is adjacent to the Two Rivers Industrial park. Two Rivers didn't seem to be interested in allowing MPU and Dominion LLC to construct this combustion turbine. In August 2006 MPU decided to deed the property to the City of Manitowoc with a reference to develop a ground lease between City and MPU. This was never completed although discussed with Dave Less, City Planner. In September 2006 City annexed the property and zoned it "P-1". In 2015 a developer contacted City to purchase this property. Fortunately, Paul Braun of City Planning recalled discussions between MPU and City. Subsequently, Attorney Andy Steimle was requested to develop a deed restriction document. A lengthy discussion ensued and in particular the request of the property owner not to sell the land to City of Two Rivers.

MOTION: A Motion was made by Commissioner Hennessey and seconded by Commissioner Luckow to recommend the City Plan Commission and City Council approve the Deed Restriction with the additional restriction to honor the wish of the property owner not to sell the land to Two Rivers. Motion carried. Commissioners Diedrich and Hornung abstained.

GENERAL MANAGER'S REPORT: N. Kothari updated the Commission on the following: Vinton Construction is seeking reimbursement from City for replacing the numerous new concrete panels that cracked immediately after paving in the area of Mosie Court and Wild Oak Drive where there was a water service leak. City asked if MPU will contribute towards the cost. City was informed that MPU is unable to participate in the cost as the property owns the water service. The under-sized, 150 KVA pad-mount transformer at the YMCA was replaced with a 300 KVA unit. A 150 KVA was recently installed to replace a leaking 300 KVA unit with sizing based on demand records which indicated that a 150 KVA unit would be adequate. An attentive Line Technician later observed that the 150 KVA transformer was hot to the touch and overloaded, requiring that the transformer be replaced and that a meter bypass that was in place for many years also be resolved. A letter was sent to YMCA outlining the process of recovery of two-years of lost revenue. MPU's intent is to recover two years of back billing over the next 12 months. The YMCA Board will be making a formal request to stretch the payments to 24 months. The Strategic Planning Session scheduled for Wednesday, September 2 will be moved from 4:00 p.m. to 3:00 p.m. A quotation was prepared and sent out to dealers for replacement of Van #19. GLU has made a Motion to Intervene in WPL's application to build a 650 Megawatt Natural Gas Power Plant in Beloit.

GREAT LAKES UTILITIES UPDATE: The next GLU Board meeting is scheduled on September 17. The GLU Annual Meeting will be on October 29. The draft 2016 budget is being developed.

CBCWA UPDATE: The Central Storage and Pump Station should be in service at the end of this year. In reference to request by CBCWA to provide a fixed price for conducting the O&M for the new storage reservoirs and pump station, MPU has communicated the preference of invoicing for actual billable activity as the level of effort is unknown at this time. A projected 2016 capital cost for the replacement of components of the SMF plant was submitted to CBCWA.

NERC UPDATE: ATC checked their system UFLS performance without the MPU relays and confirmed they are not required to meet the PRC-006-1 performance requirements. ATC recommended to MISO that the MPU UFLS program be classified as supplemental to the MISO UFLS Program, which would relieve MPU of any further obligation of compliance with the PRC-006-1 standard. MISO is willing to consider classifying the MPU UFLS relays as supplemental to PRC-006-1. This is the first step in removing MPU from the NERC registration list as the UFLS relays support the bulk electric system.

MINUTES: The Minutes from the Regular Session Meeting on August 10, 2015 were presented for approval.

APPROVAL OF CLAIMS: Claims List dated August 25, 2015 and Wire Transfers dated through August 20, 2015 were presented for approval.

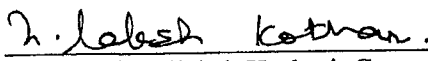
FINANCIAL REPORTS FOR JULY 2015: The Financial Reports for July 2015 were previously distributed to the Commission for review and discussion.

QUOTATIONS/BIDS: The following quotations/bids were presented for approval: Server Room Modifications (General Construction)-\$8,880.00 – Hamann Construction; Server Room Modifications (Electrical Services)-\$2,460.00 – Hubbart Electric; and Server Room Modifications (HVAC Services)-\$3,552.00 – Schaus Roofing & Mechanical.

MOTION: A Motion was made by Commissioner Morrow and seconded by Commissioner Hornung to approve the Regular Session Minutes from August 10, 2015; the Claims List dated August 25, 2015 check nos. 75965 through 76125 totaling \$595,092.89; Wire Transfers dated through August 20, 2015 totaling \$3,976,103.78; to place the Financial Reports for July 2015 on file; and to approve the presented quotations/bids. Motion carried unanimously.

NEXT MEETING: Future regular meeting will be held on September 14, 2015 at 4:00 p.m.

ADJOURN: A Motion was made to adjourn the meeting by Commissioner Hennessey and seconded by Commissioner Diedrich. Meeting adjourned at 5:27 p.m.


Approved: Nilaksh Kothari, General Manager


Approved: James G. Morrow, Secretary