

**MINUTES OF THE
MANITOWOC PUBLIC UTILITIES COMMISSION MEETING
MONDAY, DECEMBER 9, 2019**

The scheduled meeting of the Manitowoc Public Utilities Commission was called to order by Commissioner Diedrich at 4:00 p.m. on Monday, December 9, 2019. In attendance were Commissioners Allie, Hornung, Luckow, Seidl, and Sitkiewitz. Also present were Nilaksh Kothari – CEO & 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 December 9, 2019 meeting pursuant to Section 19.85(1) (c) to discuss approval of the minutes of the November 25, 2019 Closed Session Meetings (Regarding Update of Discussion with General Manager on Continuation of Employment) and Update of Discussion with General Manager on Continuation of Employment and Personnel Committee Report and Recommendations.

MOTION: A Motion to convene in closed session was made by Commissioner Seidl and seconded by Commissioner Sitkiewitz. Motion carried unanimously. Accordingly, the Commission convened in closed session at 4:01 p.m.

The meeting was reconvened to open session at 4:27 p.m.

APPROVAL OF ITEMS FROM CLOSED SESSION: A Motion was made by Commissioner Seidl and seconded by Commissioner Luckow to approve recommended incentive pay for employees by the General Manager and extension of the employment agreement of the General Manager. Motion carried unanimously

PERSONNEL COMMITTEE REPORT AND RECOMMENDATIONS: Commissioner Luckow recommended the following for approval of MPU Commission that were discussed at the Personnel Committee meeting on December 4, 2019: accept the wage study completed by QTI; approve the updated compensation guidelines; updates to Employee Policy Manual; authorize the CEO & General Manager up to \$175,000 for 2020 wage adjustments which includes one-time incentive pay; and discontinue retiree coverage of MPU's Health and Wellness Plan effective January 1, 2020 with continued coverage of existing retirees on the plan or contractual obligations. Discussion ensued.

MOTION: A Motion was made by Commissioner Seidl and seconded by Commissioner Luckow to accept the QTI Wage Study; and approve the updated compensation guidelines, 2020 wage adjustments, and to discontinue Health and Wellness Plan coverage to retirees. Motion carried unanimously.

MOTION: A Motion was made by Commissioner Sitkiewitz and seconded by Commissioner Allie to accept and approve the updated 2020 Employee Policy Manual. Motion carried with Commissioner Hornung opposing.

MYCOFF FRY PARTNERS, LLC AGREEMENT TERMINATION: The executed Agreement with Mycoff Fry Partners, LLC was reviewed to determine if it should be continued or

terminated. Attorney Steimle advised the Commission that the Agreement may be cancelled by either party at any time. Discussion ensued.

MOTION: A Motion was made by Commissioner Hornung and seconded by Commissioner Luckow to terminate the agreement with Mycoff Fry Partners, LLC. Motion carried unanimously.

WPS BALANCING AUTHORITY AND DATA SERVICES AGREEMENTS: Following are the highlights of the Balancing Authority Agreement: updated new address for communication; any costs not recovered under Schedule 24 of MISO to be recovered – WPSC to notify MPU prior to incurring such expense; term is perpetual as long as MPU has facilities within the WPSC Control Area; and metering is MPU responsibility. Following are the highlights of the Data Services Agreement: the Agreement is needed to provide operations data to MISO as WPS is the Balancing Authority; effective date is January 1, 2020; termination is only due to breach by either party or subject to order of relief as the term is defined in U.S. Bankruptcy Code; and an annual escalator of 1.0% through 2027 of the monthly fee.

MOTION: A Motion was made by Commissioner Hornung and seconded by Commissioner Sitkiewitz to approve WPS Balancing Authority and Data Services Agreements. Motion carried unanimously.

CAPACITY AND ENERGY COUNTERPARTY RATING POLICY: The consensus was to table this item until the next meeting.

PROMISSORY NOTE BETWEEN CITY OF MANITOWOC AND MPU: The draft Promissory Note between City of Manitowoc and MPU was presented for review. Following are the highlights: the note is for \$859,000, which shall be disbursed when City and County close on the transaction to purchase land west of I-43 along Hecker Road; interest rate will be 2.0% points less than the Wallstreet Journal reported prime rate on January 31 of each year; the minimum interest rate will be 2.5% per year; note will be due on December 31, 2035 (15-year term); interest and principal balance of the loan will be due on maturity date of December 31, 2035; if principal balance and interest are not paid on or before December 31, 2035, the interest rate will increase to 5.0%; City shall pay MPU all rent and any other income generated as a result of leasing the real estate with payments made to MPU within 10 days of City receiving such payment, in addition, City shall negotiate in good faith the rental or licensing fee to reasonably maximize such income for MPU; and in the event of default, MPU remedy will be to withhold without limitation any PILOT payment that the City receives each year from MPU which shall be no higher than the outstanding value of the Promissory Note. Discussion ensued.

MOTION: A Motion was made by Commissioner Seidl and seconded by Commissioner Luckow to authorize the General Manager and attorney Andrew Steimle to negotiate the final terms and conditions of the Promissory Note between City of Manitowoc and MPU. Motion carried unanimously.

ENVIRONMENTAL UPDATE: An update was provided on the environmental regulations that impact MPU and the NO_x and SO₂ allowance credits available to MPU. MPU is in compliance with air regulations and there are no new regulations that are being currently proposed will require any major improvements to MPU generating assets. The ozone non-compliance ruling of Manitowoc will have impact on new generation built at Columbus Street location; however, those

can be mitigated with environmental emission controls equipment. The CSAPR finalized in 2016 resulted in significant reductions in annual credit allocations and banked credits; however, with the current operation of B8 and B9, the credit allowance is higher than the emissions. Discussion ensued on the banked credits.

ELECTRIC SERVICE TERRITORY AGREEMENT: A draft agreement was provided by Perkins-Coie from WPS was received for MPU review. The agreement allows all new customers within the City of Manitowoc city limits will receive service from MPU. Additional discussions will be required with WE/WPS on addressing the issues of when future annexations areas and transfer of existing customers of WPS that are within the City of Manitowoc. Discussion ensued.

GENERAL MANAGER'S REPORT: N. Kothari updated the Commission on the following: approximately 17,000 meters installed with 800 meters remain; open records request was received from Ms. Suzanne Weiss regarding the events that led up to the January 2019 Hazelwood incident; the 2019 leak detection survey has identified numerous leaking lead service lines and homeowners have been contacted on the leak and their responsibility to correct; the owner of 1407 Michigan Avenue has been sent a 10-day disconnection notice for failure to replace the leaking lead water service; and continue to investigate the options for upgrading the CMF plant and continued discussions with CBCWA.

MINUTES: The Minutes from the Regular Session Meeting on November 25, 2019 were presented for approval.

MOTION: A Motion by Commissioner Sitkiewitz and seconded by Commissioner Seidl to approve the Regular Session Minutes from November 25, 2019. Motion carried unanimously.

APPROVAL OF CLAIMS: Claims List dated December 10, 2019; and Wire Transfers dated through December 4, 2019 were presented for approval.

APPROVAL OF WWTF CLAIMS: Claims List dated November 15, 2019 were presented for approval.

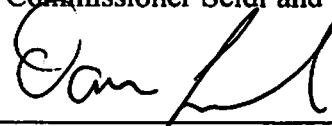
MOTION: A Motion by Commissioner Sitkiewitz and seconded by Commissioner Seidl to approve the Claims List dated December 10, 2019 check nos. 89512 through 89618 totaling \$819,228.38; Wire Transfers dated through December 4, 2019 totaling \$784,866.83; and Claims List for WWTF batch 00712.12.2019 dated December 13, 2019 totaling \$121,786.53. Motion carried unanimously.

NEXT MEETING: Monday, January 13, 2020 at 4:00 p.m.

ADJOURN: A Motion was made to adjourn the meeting by Commissioner Seidl and seconded by Commissioner Sitkiewitz. Meeting adjourned at 4:55 p.m.



Approved: Nilaksh Kothari, CEO & General Manager



Approved: Dave Luckow, Secretary