

Regular Meeting

January 4, 2010
(December's Regular Meeting)

Members present: President Dwight Bordson; Vice President Robert Hantge; Secretary David Wetterling; Commissioner Craig Lenz; Commissioner Donald H. Walser; Attorney Marc Sebor; General Manager Michael Kumm

President Bordson called the meeting to order at 3:00 p.m.

The minutes of the November 25, 2009 regular meeting were reviewed. A motion was made by Secretary Wetterling, seconded by Vice President Hantge to approve the minutes as written. Motion was unanimously carried.

The minutes of the December 16, 2009 special meeting were reviewed. A motion was made by Commissioner Walser, seconded by Secretary Wetterling to approve the minutes as written. Motion was unanimously carried.

The November 2009 payables were discussed. A motion was made by Commissioner Lenz, seconded by Commissioner Walser to ratify the payment of bills in the amount of \$2,857,886.96 (detailed listing in payables book). Motion was unanimously carried.

GM Kumm presented the November 2009 financial statements/budget year-to-date. After discussion, a motion was made by Secretary Wetterling, seconded by Commissioner Lenz to approve the financial statements/budget year-to-date. Motion was unanimously carried.

Jan Sifferath presented the charge-offs. After discussion, a motion was made by Vice President Hantge, seconded by Secretary Wetterling, to approve the charge-offs (detailed listing on page 2751 of the December 2009 general journal.) Motion was unanimously carried.

GM Kumm discussed the sick leave policy in the exempt employee handbook. In reviewing the current sick leave policy for exempt employees it is our intent to make it easier to read, not to make any changes. In reviewing the sick leave policy for non-exempt employees, and the ease in understanding it, we only want to change the format in the exempt employee handbook so it offers the same clarity. After discussion, it was decided to bring this back to the board for approval after the changes in format have been developed.

GM Kumm presented the changes to the policy on payments of Hutchinson Utilities Commission payables. This is a part of our annual review of policies; this policy was implemented in 2009 per our auditor's request. After discussion, a motion was made by Commissioner Lenz, seconded by Vice President Hantge to approve the changes to the

policy on payments of Hutchinson Utilities Commission payables. Motion was unanimously carried. (Policy attached.)

John Webster presented the 3M contract. This contract is for the transportation of natural gas for 3M. There is an increase in price from \$0.88/Dth to \$0.91/Dth. A motion was made by Vice President Hantge, seconded by Commissioner Walser to approve the 3M contract, subject to making a correction to the HUC letterhead. Motion was unanimously carried. (Contract attached.)

GM Kumm discussed the proposed agenda for the joint meeting with City Council. After discussion, it was decided this proposed agenda will be forwarded to City Administrator Gary Plotz for his review and to ask if he wants anything added to the agenda.

John Webster presented requisition #003853 for 2010 Chevrolet Silverado 4x4. This is a cab and chassis replacing the crew chiefs truck. The utility body will be ordered at a later date and will be installed onto this cab and chassis. After discussion, a motion was made by Vice President Hantge, seconded by Secretary Wetterling to approve requisition #003853 for 2010 Chevrolet Silverado 4x4 from Thane Hawkins Polar Chevrolet for \$36,106.09. Motion was unanimously carried. (Requisition attached.)

Division reports:

Gas – John Webster

- Working on the AMI project
- Working on end of year reports for DOT

Electric – Steve Lancaster

- Finishing up on the 2009 projects
- Starting on 2010 projects

Business – Jan Sifferath

- Extended conditional offer of employment for the account coordinator positions and they have accepted them: Kim Koski and Stephanie Nelson

Finance – Jared Martig

- Taping is now being done on the construction side
- Carpeting and painting to follow
- Auditors will be here on Wednesday to start their audit
- An employee benefits summary will go out to each employee with their W-2's

GM Kumm stated he will meet with Marc Sebor to go over the territory agreement.

Legal Update

None

Unfinished Business

None

New Business

Mr. Paul Nordin was recognized as being the newest member of the Hutchinson Utilities Commission Board.

Out-going Commissioner David Wetterling thanked the board for the opportunity to serve with them and he thanked the employees of Hutchinson Utilities Commission for the excellent job everyone does.

There being no further business, a motion was made by Secretary Wetterling, seconded by Commissioner Lenz to adjourn the meeting at 3:45 p.m. Motion was unanimously carried.

Robert Hantge, Vice President

ATTEST: _____
Dwight Bordson, President

Regular Meeting

March 3, 2010
(February's Regular Meeting)

Members present: President Dwight Bordson; Vice President Robert Hantge; Secretary Craig Lenz; Commissioner Paul Nordin; General Manager Michael Kumm

Members absent: Commissioner Donald H. Walser and Attorney Marc Sebora

President Bordson called the meeting to order at 3:00 p.m.

The minutes of the January 27, 2010 regular meeting were reviewed. A motion was made by Secretary Lenz, seconded by Commissioner Nordin to approve the minutes as written. Motion was unanimously carried.

The January 2010 payables were discussed. A motion was made by Secretary Lenz, seconded by Vice President Hantge to ratify the payment of bills in the amount of \$3,564,790.85 (detailed listing in payables book). Motion was unanimously carried.

GM Kumm presented the January 2010 financial statements/budget year-to-date. After discussion, a motion was made by Vice President Hantge, seconded by Secretary Lenz to approve the financial statements/budget year-to-date. Motion was unanimously carried.

Mayor Steve Cook and City Finance Manager Jeremy Carter were welcomed to the meeting. A discussion and follow-up to the HUC/City Council joint meeting took place. A motion was made by President Bordson, seconded by Vice President Hantge to form a committee consisting of GM Kumm, President Bordson, Secretary Lenz, and Vice President Hantge as backup, to work with city council members and review numbers for general transfer funding formula. Motion was unanimously carried.

GM Kumm presented changes to employee handbooks, sections: introduction; what is HUC; and definitions. This is part of our policy review. The only changes are to the definitions section of 'staff personnel'. A motion was made by Vice President Hantge, seconded by Secretary Lenz to approve changes to the employee handbooks, sections: introduction; what is HUC; and definitions. Motion was unanimously carried. (Policy attached.)

GM Kumm presented changes to service beyond city limits of Hutchinson-policy. This is also part of our policy review. After discussion, a motion was made by Vice President Hantge, seconded by Commissioner Nordin to approve changes to service beyond city limits of Hutchinson-policy. Motion was unanimously carried. (Policy attached.)

John Webster presented requisition #003869 for 2010 Chevrolet Silverado from Thane Hawkins Polar Chevrolet. This is for cab & chassis only; the utility body will be ordered

separately. After discussion, a motion was made by Secretary Lenz, seconded by Vice President Hantge to approve requisition #003869 for 2010 Chevrolet Silverado from Thane Hawkins Polar Chevrolet for \$26,248.77. Motion was unanimously carried. (Requisition attached.)

Steve Lancaster presented requisition #003888 for 24 transformers from Border States. These are for inventory for 2010 projects. After discussion, a motion was made by Secretary Lenz, seconded by Commissioner Nordin to approve 24 transformers from Border States for \$39,265.57. Motion was unanimously carried. (Requisition attached.)

GM Kumm presented requisition #003894 for a primary underground fault locator – thumper from HDW Electronics Inc. This is a portable instrument that locates underground faults with an electrical signal, and it can tell how far away the fault is. After discussion, a motion was made by Vice President Hantge, seconded by Secretary Lenz to approve requisition #003894 for a primary underground fault locator – thumper from HDW Electronics Inc. for \$31,923.56. Motion was unanimously carried. (Requisition attached.)

Steve Lancaster presented requisition #003899 for cooling tower fan blade replacement cells 2&3 at plant 2 from Cooling Tower Contractors. This is two sets for cells 2 & 3 that will need to be replaced because of visible deterioration. After discussion, a motion was made by Secretary Lenz, seconded by Vice President Hantge to approve requisition #003899 for cooling tower fan blade replacement cells 2&3 at plant 2 from Cooling Tower Contractors for \$28,300. Motion was unanimously carried. (Requisition attached.)

A motion was made by Vice President Hantge, seconded by Secretary Lenz to declare the Gopher State One Call luncheon meeting scheduled for March 18, 2010 as an open meeting. Motion was unanimously carried.

Division reports:

Electric – Steve Lancaster

- Nothing to report

Gas – John Webster

- Installing natural gas service at the Country Club
- Working with natural gas marketers to obtain discounts on summer gas
- Equipment for AMI being delivered
- Will build a natural gas meter set for Round Lake, Minnesota

Business – Jan Sifferath

- Have received approximately \$11,000 through the Revenue Recapture program
- The new account coordinators are doing a great job
- Teri Hofmeister is doing great in her new position as account supervisor

Unfinished Business

- Changes to sick leave – exempt handbook
We are working through some issues and will bring it to the board next month
- McLeod Coop Territory Agreement
Our Board, Glencoe's board and the Coop's board have all approved the terms of the agreement as well as our attorney involved. The Coop is having some issues with the agreement. Will report back next month as to the progress of the agreement.
- Transportation Agreement with HTI
We have not heard anything back from HTI regarding the different contracts we have sent them for review.

New Business

- Power Development Costs
Will need to schedule a special meeting to discuss the Big Stone II payback
- Purchase Power Agreement
Met with RW Beck and will be drafting a response letter to MRES about the long term base load contract. Will discuss this contract at the special meeting also.
- Acoma Township
Acoma township wants a franchise agreement because we could be extending natural gas services to that area if people want it; we shouldn't have to pay anything if people are asking for natural gas service.

GM Kumm reported on the Legislative Rally he attended in Washington, DC.

Discussion was held regarding a City of Hutchinson website that offered information to what appeared to be their strategic plan.

There being no further business, a motion was made by Vice President Hantge, seconded by Secretary Lenz to adjourn the meeting at 5:12 p.m. Motion was unanimously carried.

Craig Lenz, Secretary

ATTEST: _____
Dwight Bordson, President

Special Meeting

March 24, 2010

Members present: President Dwight Bordson; Vice President Robert Hantge; Secretary Craig Lenz; Commissioner Donald H. Walser; Commissioner Paul Nordin; Attorney Marc Sebor; General Manager Michael Kumm

President Bordson called the meeting to order at 1:00 p.m.

GM Kumm explained that Big Stone II power development costs were going to be rolled into the wholesale power costs eventually and over time it would be paid back; HUC has already rolled this cost into the wholesale power cost, with no effect on the rates.

GM Kumm went on to discuss agenda item #2 as it is closely related to agenda item #1. HUC's objective has always been to provide baseload power supply and HUC is currently negotiating with MRES for a baseload power supply agreement. We hope to present the agreement for approval at the April Commission meeting. The agreement will provide stable pricing for many years. We've met with RW Beck and now we're just waiting for the amended agreement. GM Kumm mentioned that if it were not for HUC's involvement with MRES or Big Stone II, that it is highly unlikely that we would be negotiating this purchase power agreement.

The Big Stone II project and the currently negotiated deal with MRES are both purchase power agreements which has been our objective and still is for providing baseload power in accordance with HUC's integrated resources plan. After further discussion, a motion was made by Vice President Hantge, seconded by Secretary Lenz to approve the repayment of the Big Stone II development costs. Motion was unanimously carried.

GM Kumm presented the energy contract with Xcel Energy. This agreement has already been signed. After previous conversation with three of the five Commissioners, it was approved verbally; we just need ratification. Secretary Lenz made a motion, seconded by Commissioner Walser to ratify the energy contract with Xcel Energy. Motion was unanimously carried.

There being no further business, a motion was made by Secretary Lenz, seconded by Vice President Hantge to adjourn the meeting at 1:33 p.m. Motion was unanimously carried.

Craig Lenz, Secretary

ATTEST: _____
Dwight Bordson, President

Regular Meeting

March 31, 2010

Members present: President Dwight Bordson; Vice President Robert Hantge; Secretary Craig Lenz; Commissioner Donald H. Walser; Commissioner Paul Nordin; Attorney Marc Sebor; General Manager Michael Kumm

President Bordson called the meeting to order at 3:00 p.m.

The minutes of the March 3, 2010 regular meeting, and the minutes of the March 24, 2010 special meeting were reviewed. A motion was made by Secretary Lenz, seconded by Commissioner Nordin to approve the minutes as written. Motion was unanimously carried.

Paul Harvego of Conway, Deuth & Schmiesing, PLLP, was welcomed to the meeting. Mr. Harvego presented the financial audit for 2009. After discussion Mr. Harvego commended the staff and Jared Martig, financial manager, for all of the accomplishments in 2009. He also commended GM Kumm for a great job in 2009. Secretary Lenz made a motion, seconded by Commissioner Walser to approve the financial audit for 2009. Motion was unanimously carried.

GM Kumm presented the February 2010 accounts payable. After discussion a motion was made by Secretary Lenz, seconded by Vice President Hantge to ratify the payment of bills in the amount of \$3,409,059.72 (detailed listing in payables book). Motion was unanimously carried.

GM Kumm presented the February 2010 financial statements/budget year-to-date. After discussion, a motion was made by Vice President Hantge, seconded by Commissioner Nordin to approve the financial statements/budget year-to-date. Motion was unanimously carried.

GM Kumm presented the HTI firm gas transportation agreement. This agreement will go into effect May 1, 2010. After discussion, a motion was made by Commissioner Walser, seconded by Vice President Hantge to approve the HTI firm gas transportation agreement. Motion was unanimously carried. Commissioner Walser asked to let it be known that President Bordson abstained from voting because of a conflict of interest, and Vice President Hantge performed the duties as acting president. Commissioner Walser amended the motion, seconded by Vice President Hantge to approve the HTI firm gas transportation agreement. Motion was unanimously carried.

Dwight Bordson resumed the chair as President.

GM Kumm presented the changes to the employees' handbooks. These changes are at the request of our labor attorney. The sections involved are:

- Purpose of This Handbook – exempt and non-exempt. A motion was made by Commissioner Nordin, seconded by Secretary Lenz to approve changes to the section Purpose of This Handbook. Motion was unanimously carried. (Changes attached.)
- Worker's Compensation – exempt and non-exempt. A motion was made by Secretary Lenz, seconded by Commissioner Walser to approve changes to the section Worker's Compensation. Motion was unanimously carried. (Changes attached.)
- Sick Leave – exempt only. There are no changes to this section, just in the wording to make it clearer and easier to understand. The new wording is mirrored after the labor contract which is easy to read. After discussion it was decided to table this section and to consult with Brenda Ewing, Human Resource Director for the City of Hutchinson, and bring back to the board at the next meeting.

GM Kumm presented HUC's purchasing policy / credit cards / fixed assets. This is part of our policy review and for discussion only. No changes were made to this policy.

GM Kumm presented the natural gas risk management (timing model) purchase for ratification. This was a good deal that HUC took advantage of, and because of the constant change in pricing, we had to act quickly. After discussion, a motion was made by Commissioner Walser, seconded by Secretary Lenz to ratify the natural gas risk management (timing model) purchase. Motion was unanimously carried. (Pricing attached.)

The AMI antenna site lease agreement with the City of Hutchinson was tabled until next month's meeting.

GM Kumm presented requisition #003919 for 180 meters, regulators and meter bar assemblies from Groebner and Associates. These are meters needed for 2010 as well as AMI meters. Vice President Hantge made a motion, seconded by Commissioner Nordin to approve requisition #003919 for 180 meters, regulators and meter bar assemblies from Groebner and Associates for \$28,857.60. Motion was unanimously carried. (Requisition attached.)

Hutchinson Utilities breakfast meeting is scheduled for April 29, 2010. Our ten largest electric and gas customers are invited to our annual breakfast meeting. A motion was made by Secretary Lenz, seconded by Commissioner Nordin to declare our breakfast meeting on April 29, 2010 at 7:00 a.m. as an open meeting. Motion was unanimously carried.

GM Kumm reported on the following:

- Working on the purchase power agreement with MRES. Scheduled a telephone conference with RW Beck and attorneys. Should have an agreement for the April meeting.
- Still working on the territory agreement with McLeod Coop. Hope to have an agreement for the board to act on at the April or May meeting.

Division reports:

Accounting – Jared Martig

- Working on security system at the material distribution center (new inventory building)
- Big Stone II payback is set up on an ACH
- Remodeling project is completed
- Will be getting financial software – waiting for that schedule

Electric – Steve Lancaster

- Gene Wiedenroth has announced his retirement on June 1, 2010
- Attended an APPA conference in Omaha and HUC was awarded an RP3 Award – Reliable Public Power. There are three categories of awards: 'Diamond' / 'Platinum' / 'Gold' -- HUC received the Platinum award and a plaque commending us on our reliability.

Business – Jan Sifferath

- Nothing to report

Legal Update

Nothing to report

Unfinished Business

Commissioner Walser asked if there was anything to report from the committee members working with the City on reviewing the numbers for the general transfer fund formula.

- We are still waiting for possible scheduling dates

Commissioner Walser asked if there was anything to report from Acoma Township regarding a franchise agreement.

- We have not heard anything more from them.

New Business

None

There being no further business, a motion was made by Vice President Hantge, seconded by Commissioner Walser to adjourn the meeting at 4:40 p.m. Motion was unanimously carried.

Craig Lenz, Secretary

ATTEST: _____
Dwight Bordson, President

Special Meeting

April 14, 2010

Members present: President Dwight Bordson; Vice President Robert Hantge; Secretary Craig Lenz; Commissioner Donald H. Walser; Commissioner Paul Nordin; General Manager Michael Kumm

Member absent: Attorney Marc Sebora

President Bordson called the meeting to order at 8:00 a.m.

GM Kumm explained that a committee needs to be appointed consisting of two commissioners, GM Kumm, and our labor attorney to start labor negotiations. The current labor agreement expires June 30, 2010. After discussion a motion was made by Secretary Lenz, seconded by Commissioner Walser to appoint Paul Nordin and Robert Hantge to a subcommittee for labor negotiations. Motion was unanimously carried.

There being no further business, a motion was made and seconded by Vice President Robert to adjourn the meeting at 8:18 a.m. Motion was unanimously carried.

Craig Lenz, Secretary

ATTEST: _____
Dwight Bordson, President

Regular Meeting

April 28, 2010

Members present: President Dwight Bordson; Vice President Robert Hantge; Secretary Craig Lenz; Commissioner Donald H. Walser; Commissioner Paul Nordin; Attorney Marc Sebor; General Manager Michael Kumm

President Bordson called the meeting to order at 3:00 p.m.

Agenda item #5: Discussion of and Approval of Purchase Power Agreement presented by Dave Berg was moved to agenda item #1;

Agenda item #4: Closed Session for Labor Negotiations was moved to after division reports; and

Agenda item #9: Approve the Sale of One-Half Acre of Mineral Rights in Oklahoma was tabled.

Dave Berg, RW Beck, was welcomed to the meeting. Mr. Berg gave a presentation on the purchase power agreement with Missouri River Energy Services (MRES). This is HUC's base load contract of 15 megawatts from September 1, 2010 through December 31, 2012; and 25 megawatts from January 1, 2013 to the end of the contract term (December 2045). The interest of the City of Hutchinson was the central focus in negotiating this agreement and that was accomplished. MRES experienced an excellent working relationship with HUC in reaching the terms of this agreement and an allegiance was formed by the two partners. After further discussion a motion was made by Secretary Lenz, seconded by Commissioner Walser to approve the purchase power agreement. Motion was unanimously carried. (Agreement attached.)

The minutes of the March 31, 2010 regular meeting and the minutes of the April 14, 2010 special meeting were reviewed. A motion was made by Commissioner Walser, seconded by Vice President Hantge to approve the minutes as written. Motion was unanimously carried.

The March 2010 payables were discussed. A motion was made by Vice President Hantge, seconded by Commissioner Nordin to ratify the payment of bills in the amount of \$4,545,300.00 (detailed listing in payables book). Motion was unanimously carried.

GM Kumm presented the March 2010 financial statements/budget year-to-date. After discussion, a motion was made Vice President Hantge, seconded by Secretary Lenz to approve the financial statements/budget year-to-date. Motion was unanimously carried.

GM Kumm presented the McLeod Cooperative Power Association territory agreement. We have met with MCPA, and agree with changes that were made. After discussion a motion was made by Vice President Hantge, seconded by Commissioner Nordin to

approve the McLeod Cooperative Power Association territory agreement with the proposed changes. Motion was unanimously carried. (Agreement attached.)

GM Kumm presented the site lease agreements. We have not had a chance to meet with City personnel and our staff to go over each item of this agreement. We have a meeting on Monday and could finish the negotiations in a short period of time. If we wait another month for approval, it will affect the schedule for the installation of the AMI equipment. We are asking for authorization for President Bordson and Vice President Hantge to execute the site lease agreements upon completion of on-going negotiations with the City of Hutchinson. A motion was made by Commissioner Walser, seconded by Secretary Lenz to approve the AMI antenna site lease agreements with the City of Hutchinson, upon completion of on-going negotiations. Motion was unanimously carried. The board asked to see the agreements when there're finished.

Jan Sifferath presented the changes to employee's handbook, section: sick leave-exempt only (tabled from March 31, 2010 regular meeting). The Commission was concerned with the possible need for a medical certification for any/all employees who are absent from work for more than three consecutive days. Attorney Seboria said he did not feel this was necessary because we do not have a lot of employees and we have no problem with abuse. After discussion, a motion was made by Commissioner Walser, seconded by Vice President Hantge to approve the changes to the employee's handbook sick leave policy – exempt only – as presented at last month's Commission meeting. Motion was unanimously carried. (Before and after policies attached.)

Division Reports:

Electric – Steve Lancaster

- Sending letters out letting customers know of up-coming meter change-out for AMI
- The landscaping at plant 1 will be on the west and north sides this summer
- RP3 logos will be placed on all HUC vehicles

Gas – John Webster

- Received letter from Lynn Township that they have no issues with installing natural gas on the west side of Highway 15
- Meeting with Hassan Valley Township to let them know we'll be installing natural gas on the east side of Highway 15.

Business – Jan Sifferath

- Meeting with labor attorney, stewards, and IBEW business representative the last week of May.
- Received a new law which allows us to inform tenants if their landlord has not paid the utility bill, as a consequence threatening tenant with disconnection.

Accounting – Jared Martig

- Working with LOGIS on the new financial software
- Made first payment to MRES for Big Stone II payback

- Testing the security system in the new inventory building

Legal Update

Nothing to report

A motion was made by Secretary Lenz, seconded by Vice President Hantge to close the meeting for labor negotiations. Motion was unanimously carried. The meeting closed at 4:38 p.m.

A motion was made by Secretary Lenz, seconded by Commissioner Nordin to move from closed meeting back to open meeting. Motion was unanimously carried. The meeting reopened at 5:01 p.m.

Unfinished Business

Commissioner Nordin asked if there was any information from the committee working with the City on the general transfer formula.

- We are still waiting for scheduling dates

GM Kumm went over the agenda for the breakfast meeting scheduled for April 29, 2010 at 7:00 a.m.

New Business

None

There being no further business, a motion was made by Secretary Lenz, seconded by Vice President Hantge to adjourn the meeting at 5:08 p.m. Motion was unanimously carried.

Craig Lenz, Secretary

ATTEST: _____
Dwight Bordson, President

Regular Meeting

May 26, 2010

Members present: President Dwight Bordson; Vice President Robert Hantge; Secretary Craig Lenz; Commissioner Donald H. Walser; Commissioner Paul Nordin; General Manager Michael Kumm

Member absent: Attorney Marc Sebor

President Bordson called the meeting to order at 3:00 p.m.

The minutes of the April 28, 2010 regular meeting were reviewed. A motion was made by Secretary Lenz, seconded by Vice President Hantge to approve the minutes as written. Motion was unanimously carried.

The April 2010 payables were discussed. A motion was made by Secretary Lenz, seconded by Commissioner Nordin to ratify the payment of bills in the amount of \$3,807,749.54 (detailed listing in payables book). Motion was unanimously carried.

GM Kumm presented the April 2010 financial statements/budget year-to-date. After discussion, a motion was made by Vice President Hantge, seconded by Secretary Lenz to approve the financial statements/budget year-to-date. Motion was unanimously carried.

Commissioner Walser arrived at 3:10 p.m.

GM Kumm presented changes to Exempt and Non-Exempt Handbooks, Sections:
Administrative of Personnel Policies and Procedures
Savings Clause
Equal Employment Opportunity
Hiring Procedures
Probationary Period Upon Hiring
Temporary Employees

After discussion it was decided to table the section titled Equal Employment Opportunity. HUC is in compliance with the Affirmative Action Plan that was adopted in 1989. Jan Sifferath is updating this plan and it will be presented at a future commission meeting. After further discussion a motion was made by Commissioner Nordin, seconded by Commissioner Walser to approve the changes to the exempt and non-exempt handbooks, sections:

Administrative of Personnel Policies and Procedures
Savings Clause
Hiring Procedures
Probationary Period Upon Hiring
Temporary Employees;

with the exception of tabling the section: Equal Employment Opportunity. Motion was unanimously carried. (Changes attached)

Division Reports

Electric – Steve Lancaster
Nothing to report

Finance – Jared Martig

- Started landscaping at Materials Distribution Center
- PERA contributions going up ¼ %

Gas – John Webster

- Waiting for State permits, then we'll be extending gas to the Hassan Valley Township area

Business – Jan Sifferath

- Have received over 120 requests from customers wanting to go on the automatic bill payment plan, after inserting the ACH form with the monthly bill.
- Have collected over \$120,000 through Revenue Recapture; as a result no write-offs at this time.
- Web store payments are on the rise

GM Kumm reported on the following:

- Water Tower Lease Agreement is completed; waiting for City Administrator's signature
- Purchase Power Agreement has been executed
- Territory Agreement has been signed and delivered to HUC on May 25, 2010
- Promoted to President on MMUA Board

Legal Update – none

A motion was made by Secretary Lenz, seconded by Commissioner Nordin to close the meeting for labor negotiations. Motion was unanimously carried. The meeting closed at 3:30 p.m.

A motion as made by Secretary Lenz, seconded by Commissioner Walser to move from closed meeting back to open meeting. Motion was unanimously carried. The meeting reopened at 3:47 p.m.

Unfinished Business

Approve Sale of One-Half Acre of Mineral Rights in Oklahoma
(Tabled from April 28 2010 Regular Meeting)

- GM Kumm will report back to the board at a later time

New Business

The Board expressed their thanks to GM Kumm for his time and effort in the execution of the Power Sale Agreement with MRES.

There being no further business, a motion was made by Vice President Hantge, seconded by Commissioner Nordin to adjourn the meeting at 3:50 p.m. Motion was unanimously carried.

Craig Lenz, Secretary

ATTEST: _____
Robert Hantge, Vice President

Regular Meeting

June 30, 2010

Members present: Vice President Robert Hantge; Secretary Craig Lenz; Commissioner Donald H. Walser; Commissioner Paul Nordin; Attorney Marc Sebor; General Manager Michael Kumm.

Member absent: President Dwight Bordson

Vice President Hantge called the meeting to order at 3:00 p.m.

The minutes of the May 26, 2010 regular meeting were reviewed. A motion was made by Secretary Lenz, seconded by Commissioner Nordin to approve the minutes as written. Motion was unanimously carried.

The May 2010 payables were discussed. A motion was made by Commissioner Walser, seconded by Secretary Lenz to ratify the payment of bills in the amount of \$2,714,773.32 (detailed listing in payables book). Motion was unanimously carried.

GM Kumm presented the May 2010 financial statements/budget year-to-date. After discussion, a motion was made by Secretary Lenz, seconded by Commissioner Nordin to approve the financial statements/budget year-to-date. Motion was unanimously carried.

Discussion was held on employee community service. Vice President Hantge will gather information from other organizations on their volunteerism programs and bring it back to the board next month for further discussions.

GM Kumm presented changes to the organizational chart. The two changes are title changes only. Dave Hunstad's title is changing from Manager – Electric to Manager Electric Transmission/Distribution. Dan Lang's title is changing from Manager – Technical Services to Manager – Engineering Services. There is no change to their job descriptions. A motion was made by Secretary Lenz, seconded by Commissioner Nordin to approve changes to the organizational chart. Motion was unanimously carried. (Organizational chart attached.)

GM Kumm presented changes to the exempt and non-exempt handbooks, sections: promotions and transfers; layoffs; voluntary leave of absence; and definitions. These changes are grammatical in nature, and a change to the titles that were just approved in the organizational chart. A motion was made by Commissioner Walser, seconded by Secretary Lenz to approve the changes to the exempt and non-exempt handbooks. Motion was unanimously carried. (Changes attached.)

GM Kumm presented changes to credit card policy. These changes also reflect the title changes. A motion was made by Secretary Lenz, seconded by Commissioner Walser to

approve changes to the credit card policy. Motion was unanimously carried. (Credit card policy attached.)

GM Kumm presented requisition #004038 for 3,600' underground conductor for plant 1 transformer (pad and structure) from Border States for \$28,872. This is for the transformer downtown that failed on June 2, 2010. After discussion a motion was made by Commissioner Walser, seconded by Secretary Lenz to approve requisition #004038 for 3,600' underground conductor for plant 1 transformer (pad and structure) from Border States. Motion was unanimously carried. (Requisition attached.)

Division Reports

- Electrical Forced Outage – Transformer Failure 6-2-10
GM commended staff for their outstanding efforts in coordinating everything that needed to be accomplished during this outage to get the power back on. Employees showed unbelievable cooperation.

We are expecting the new transformer around July 13th.

- Electrical Forced Outage – Car Accident 6-4-10
A car hit our 115 line and snapped the wood laminate pole in half. Again the coordinating efforts by HUC employees were exemplary.
- Electrical Planned Outage 6-16-10
We had to shift load from one feeder to another feeder in order to avoid a potential outage.

Commissioner Nordin expressed his appreciation in being personally notified of the planned outage for his place of business.

- AMI (Smart Metering) Progress
The coordinating efforts for this program, has been very good as well. The meters we've installed are communicating and by the fall of 2010 we could be reading meters via this system; remotely connect and disconnect; and remotely read meters for move-ins and move-outs.

By 2011 we could have the ability to support our transformer load management; by 2013 we could read all the meters on the same day; by 2013 we will no longer need to estimate meter reads (although personnel does a great job in estimating them). We could possibly see a payback in 2-3 years.

Other advantages are the ease of completing our regulatory reporting. In addition, meters are equipped with tampering alarms.

Gas – John Webster

- Next week, Wednesday through Friday MNOPS will be here to do the annual audit

- We'll be ready to start installing gas to Highway 15 South the week after July 4th.

Electric – Steve Lancaster

- Landscaping is completed at plant 1
- Starting July 1st, we'll generate 5 days a week for 2 months.
- HUC sponsored the Midwest Turbine Users group meeting and discussed winter operating issues

Business – Jan Sifferath

- Our contracted cleaning person, Pat Wright, is retiring. Her last day will be July 16th. Will be contacting cleaning companies for pricing.

Finance – Jared Martig

- Landscaping is completed at MDC building; will be doing some planting next year
- Selling a truck and a wire trailer through GovDeal Auction

Commissioner Nordin mentioned that he will not be able to attend next month's commission meeting.

Legal Update

Attorney Sebor reported on the garnishment action against Steile Construction; they are not a valid corporation. They are under contract with us for our conversion project and we are under order to send their \$20,000 payment made payable to the Court.

A motion was made by Secretary Lenz, seconded by Commissioner Nordin to close the meeting to discuss labor negotiations. Motion was unanimously carried. The meeting closed at 3:50 p.m.

A motion was made by Secretary Lenz, seconded by Commissioner Walser to move from closed meeting back to open meeting. Motion was unanimously carried. The meeting reopened at 4:02 p.m.

A motion was made by Commissioner Nordin, seconded by Secretary Lenz to approve the tentative labor agreement. Motion was unanimously carried.

Unfinished Business

Approve Sale of One-Half Acre of Mineral Rights in Oklahoma
(Tabled from April 28th and May 16th Regular Meetings)
-Tabled-

New Business

None

There being no further business, a motion was made by Secretary Lenz, seconded by Commissioner Nordin to adjourn the meeting at 4:06 p.m. Motion was unanimously carried.

Craig Lenz, Secretary

ATTEST: _____
Robert Hantge, Vice President

Regular Meeting

July 28, 2010

Members present: President Dwight Bordson; Vice President Robert Hantge, Secretary Craig Lenz; Commissioner Donald H. Walser; Attorney Marc Sebor; General Manager Michael Kumm

Member absent: Commissioner Paul Nordin

President Bordson called the meeting to order at 3:00 p.m.

The minutes of the June 30, 2010 regular meeting were reviewed. A motion was made by Secretary Lenz, seconded by Vice President Hantge to approve the minutes as written. Motion was unanimously.

GM Kumm discussed the letter of support for the solar project for Applied Kinetics, Inc. We have a parallel generation policy in force and that is what HUC will implement when they proceed with their project. GM Kumm's recommendation was to remain neutral and not sign the letter of support.

The June 2010 payables were discussed. A motion was made by Vice President Hantge, seconded by Commissioner Walser to ratify the payment of bills in the amount of \$3,192,165.46 (detailed listing in payables book). Motion was unanimously carried.

GM Kumm presented the June 2010 financial statements/budget year-to-date. After discussion, a motion was made by Secretary Lenz, seconded by Vice President Hantge to approve the financial statements/budget year-to-date. Motion was unanimously carried.

GM Kumm presented changes to exempt and non-exempt handbooks, sections: employment of relatives; personnel records access and data privacy; and membership/dues/conventions. The only change is section: personnel records access & data privacy – exempt and non-exempt. Recommended changes are a title change, and a 30 day notification of changes to employee status. After discussion a motion was made by Vice President Hantge, seconded by Secretary Lenz to approve changes to the exempt and non-exempt handbooks. Motion was unanimously carried. (Changes attached.)

GM Kumm presented changes to policies and requirements booklet, sections: general policies; policies and requirements brochure; and establishing a new electric/natural gas account. The only change here is to add the plus 4 to our zip code (55350-1905). A motion was made by Commissioner Walser, seconded by Secretary Lenz to approve changes to the policies and requirements booklet. Motion was unanimously carried. (Changes attached.)

GM Kumm presented the IBEW Local 949 labor agreement for ratification. HUC approved the tentative agreement last month. Our labor attorney drafted the final copy and HUC staff has reviewed it. A motion was made by Vice President Hantge, seconded by Secretary Lenz to ratify the IBEW Local 949 Labor Agreement. Motion was unanimously carried. Also, a motion was made by Commissioner Walser, seconded by Secretary Lenz to ratify the Letter of Agreement regarding health and disability insurance with an HSA. Motion was unanimously carried.

Steve Lancaster presented requisition #004092 for plant 1 transformer removal from Utilities Plus Energy Services, Inc. This is for removal of the failed transformer at plant 1 and replacing it with the temporary one. The work has already been completed. A motion was made by Secretary Lenz, seconded by Vice President Hantge to approve requisition #004092 for plant 1 transformer removal from Utilities Plus Energy Service, Inc. for \$32, 950.50. Motion was unanimously carried. (Requisition attached.)

GM Kumm presented requisition #004093 for transmission line material inventory from Border States. This is to have extra material on hand in case of a problem i.e.: the car accident that took down a transmission pole or storm damage that could take out a half-mile of poles at one time. After discussion a motion was made by Commissioner Walser, seconded by Secretary Lenz to approve requisition #004093 for transmission line material inventory from Border States for \$28,718.49. Motion was unanimously carried. (Requisition attached.)

GM Kumm presented a hand-out explaining specific goals for 2010 and the progress of those goals. He updated the status of HUC's work orders and the progress or completions of specific work orders. He also reported on the hiring of ProCare to do HUC's janitorial duties.

Division Reports

Electric – Steve Lancaster

- Finished the air permitting test (RATA) on unit 1; weather was too hot do testing on unit 9, will do it later when it's cooler and less humid. We are still in compliance.

Gas – John Webster

- Will see if there's an interest in natural gas from Ag Systems to Simonson's because Simonson's has requested natural gas be installed to their facility.
- Writing the natural gas division's greenhouse gas emissions report per EPA.
- Passed around the actual gas module for the AMI project.
- MNOPS found no issues during their annual audit. John commended his crew for their assistance during the audit.

Business – Jan Sifferath

- Jon Guthmiller performed a load profile for Regional Eye Specialist and as a result it saved them 25% to 30% in energy costs. That model has now gone to State level. Jon is invited to attend a conference in Morton, MN put on by

the MN Health Care Engineers Association and they will present that model as a benchmark.

- Working on union enrollment for long-term disability
- Cold Weather Rule applications are being printed and will be mailed out.

Legal Update

Nothing to report

Unfinished Business

Employee Community Service:

Vice President Hantge presented a hand-out on policies for community service. Jan Sifferath and Marc Seborá will review them and report back at next month's meeting with recommendations.

New Business

Dwight Bordson gave an update on the meeting with City regarding the transfer.

(At this time Vice President Hantge excused himself from the meeting because of a previous commitment – 4:44 p.m.)

After discussion it was decided that GM Kumm will review the numbers and will report back to the Board.

There being no further business, a motion was made by Commissioner Walser, seconded by Secretary Lenz to adjourn the meeting at 4:58 p.m. Motion was unanimously carried.

Craig Lenz, Secretary

ATTEST: _____
Dwight Bordson, President