

Bagley Public Utilities  
Commissioner's Meeting  
December 17, 2025

Chairman Thomas Lillegaard called to order the regular meeting of the Bagley Public Utilities Commission on December 17, 2025, at 10:00 am with Commissioners Dennis Merschman and Stuart Lien present. Also at the meeting were managers, Bill Masterson and Ashley Shongo, and City Clerk, Lyle Mathison.

Motion made by Merschman to approve the minutes as written for the regular board meeting held November 12, 2025. Motion was seconded by Lien and carried.

November 2025 expenditures were reviewed. Motion by Lien and second by Merschman to approve the November 2025 listing of payments by check and electronic transfer. Motion carried.

The Commission discussed invoices submitted for payment in December. Lien made the motion to pay all December bills as presented, Merschman seconded, and the motion carried.

Manager Updates:

- Masterson apprised the board that Reierson Construction has rejected the proposed liquidated damages for Phase 5 of the water and sewer replacement project as discussed with Karvakko Engineering at the November 12, 2025 Commissioner's meeting. He also explained that Travis Reierson has verbally requested an additional \$90,000 payment claiming that there were delays for flushing water lines due to the water tower being under construction. Masterson assured Commissioners that the velocity measured more than double what was required per the standards for flushing that particular size water line. Masterson stated that he will have Michelle with Kennedy & Graven review the documentation from Karvakko Engineering. Masterson also stated that Reierson Construction has still not signed off on Phase 1 but has signed the pay app for Phase 2/3 and has agreed to pay the assessed \$4,500 in liquidated damages.
- Masterson explained that effective January 12, 2026, the Hallmark and Hallmark Mystery channels will only be able available by down-converting HD signals on the satellite, which would require the purchase of equipment estimated at no more than \$2,000. Masterson explained that there are funds still available in the construction account to cover the cost of the equipment.
- The boiler that heats the natural gas at the pumping station north of Bagley went down during the recent cold snap. A contractor from Sisseton, ND was able to come and make the repairs but advised that it will likely need to be replaced due to the increased volume flowing through it now compared to when the natural gas system was originally installed. Masterson advised that the boiler system is owned jointly between Bagley, Fosston, and Clearbrook so the PUC will be responsible for a third

of the cost of repairs. He also stated that there has been a recent increase in original gas meters needing to be replaced and that it may be an indicator that a more large scale replacement project may be in the future.

Shongo explained that there were two households that were discovered to have an issue with their water ERTs not reporting and that there was approximately a year with no water usage being billed. She asked the Commissioners for recommendations on whether or not to provide a discount for water and/or sewer charges. Board members advised that there would be no discount given at this time and that the customers should be responsible for paying for their water usage. Commissioners were in agreement that the customers could set up a payment plan if needed to pay for the charges.

A motion was made by Merschman and seconded by Lien to renew the TBN channel with the new term ending December 31, 2030 and remaining at no charge. Motion carried.

Lillegaard's term is set to expire on December 31, 2025. Lillegaard agreed to continue serving as Commissioner on the BPU Board for another three year term.

Lien made a motion, seconded by Merschman to approve the following in conjunction with the Bagley City Council for all PUC employees effective January 1, 2026:

- \$1,200 insurance benefit
- 3% COLA
- 2% step increase
- Jess Winkler and Mayce Rikhus to receive their step increases as of January 1, 2026 rather than wait until their six-month probationary period is up in February 2026. Motion carried.

City Clerk Mathison explained that he has contacted Flaherty and Hood to draft a contract for the PUC to enter into agreement with the City for Deputy Clerk Priscilla Johnson to complete the payroll process. He will follow up for discussion and approval when he gets a response and a drafted contract with terms.

A motion was made by Merschman to approve the listing of 2026 Meeting Dates. Seconded by Lien. Motion carried.

A motion was made by Merschman and seconded by Lien to make the following changes to all Bagley Public Utilities Commission accounts held at National Bank of Commerce and to approve Resolution #03-2025: Designated Agents for National Bank of Commerce Accounts.

- Remove Designated Agent Vicky Fletcher, Former Business Manager
- Keep Designated Agent Secretary Dennis Merschman, Secretary
- Keep Designated Agent General Manager William Masterson, General Manager
- Add Designated Agent Ashley Shongo, Office Manager

Motion carried.

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Commissioners reviewed the financial report for October 2025. Masterson stated that he would like to increase the amount of designated funds earmarked for future electrical projects. A motion was made by Lien, seconded by Merschman, to increase designated funds for electrical maintenance and upgrades to \$250,000, up from \$100,000. Motion carried.

With no further business to come before the Commission, a motion was made by Merschman and seconded by Lien to adjourn the meeting.

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Thomas Lillegaard, Chairman

Attest:

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Ashley Shongo, Office Manager