

ROCHESTER PUBLIC UTILITIES
BOARD MEETING MINUTES
February 26, 2013

Members Present: Mr. Williams, Mr. Reichert, Mr. Stahl, Mr. Wojcik and Mr. Browning
Absent: None
Also Present: Mr. Adkins, City Attorney

Board President Williams called the meeting to order at 4:03 PM.

1. Mr. Reichert moved to approve the minutes of the January 29, 2013 meeting, seconded by Mr. Wojcik.

All voting "AYE"

2. Mr. Stahl moved to approve the payables report, seconded by Mr. Browning.

All voting "AYE"

3. Mr. Williams opened the meeting for comments from the public. No one wished to be heard.

4. Mr. Monson, Supervisor of Facilities and Fleet, explained the bids that were received to supply an aerial device, body and installation. Three inquiries were received, but one did not bid. The proposed purchase is part of RPU's replacement plan for 2013. He also said that the exceptions on the bid tabulation were included in the bid evaluation. Mr. Reichert moved to approve a purchase order agreement with Altec Industries with items 3 and 4 on the bid tabulation, seconded by Mr. Browning.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase order agreement with ALTEC INDUSTRIES for

One 2013 AN50E-OC Aerial Device, Utility Body, and Installation

The amount of the purchase order agreement to be ONE HUNDRED TWENTY SEVEN THOUSAND ONE HUNDRED FORTY EIGHT AND 00/100 DOLLARS (\$127,148.00) plus sales tax priced by ALTEC INDUSTRIES and ALTEC INDUSTRIES being lowest responsible bidder.

5. Ms. Parker, Director of Corporate Services, discussed the sale of electric bonds to finance the CapX2020 transmission project with the Board. She said that based on the proposed long-term rates, RPU management believes that securing long-term financing for approximately \$40 million of construction funds is in the best interest of RPU customers.

The total bond issue, including debt service reserve, is approximately \$44 million. The true interest cost rates for a 30 year AA rated issuer are estimated at about 3.2%. A request for proposal has been sent to various underwriters. A special meeting of the Board may be needed to approve the underwriter/financing team. If the Board meets for this purpose, the public will receive appropriate notification. A special Board meeting will also be required to approve the actual bond sale. This is typically held at noon in conjunction with a Council meeting date. Ms. Parker said the sale is expected to occur on April 1, 2013 with settlement on April 25, 2013, but these dates are subject to change. Mr. Stahl moved to approve that the Council authorize the issuance of revenue bonds for the CapX2020 project, seconded by Mr. Wojcik.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to authorize the issuance of revenue bonds to fund the construction of the CAPX 2020 Transmission Project of approximately \$44,290,000. The Electric Revenue Bonds will use a negotiated sale method.

6. The General Manager provided the following report to the Board:
 - a. Mr. Kotschevar, Director of Core Services, said the CapX2020 project was on schedule. One transmission line will be constructed in mid-2013.
 - b. The Sherco 3 plant is scheduled to return to service during the third quarter of 2013.
 - c. RPU's audit will be discussed during the March 26, 2013 Board meeting.
 - d. Staff attended the MMUA Legislative Rally in St. Paul in February and found it to be a very positive meeting. Staff also met with various local legislators during this time. There is a potential solar energy bill which was just introduced that would require utilities to have a 10% threshold. MMUA believes this should be more variable and based on the size of the utility. Another pending bill would restrict the use of eminent domain. MMUA and other utilities argued against this. Mr. Williams said that one of the speakers at the rally, Ms. Debra Swackhamer, from the University of Minnesota commended RPU for its low water system losses.
 - e. Mr. Rovang, RPU Senior Civil Engineer, distributed the anticipated schedule for the 4th Street water reservoir replacement project to the Board. The schedule includes advertising for bids for the separate reservoir and water main projects in late March. A review of the proposed project plans by the Committee on Urban Design and Environment (CUDE) is scheduled for March 21. A Utility Board update is planned for the March 26 meeting. Two alternatives for the exterior aesthetic treatment of the reservoir were also distributed. Mr. Wojcik asked if Public Works is planning to improve the intersection at the downtown site when

the demolition is completed. Mr. Rovang said they are evaluating this.

Mr. Rovang also informed the Board that a variance is being requested from the Rochester Zoning Board of Appeals for the setback on the site. This request will be heard by the Zoning Board of Appeals at their March 6 meeting.

- f. Ms. Hanson, Manager of Marketing and External Affairs, showed the video presentation that was made at RPU's large customer meeting. The goals for 2013 align with RPU's standard of service and core values. Staff will be engaging RPU's customers and measuring its interactions with our customers. Her department plans to map Rochester's own collaborative system. Six of the largest customers will be meeting with RPU staff in the near future.
 - g. The NERC cyber security audit has been completed.
 - h. Mr. Williams announced that he will plan an informal study session and that staff will be invited to it.
7. The management reports were discussed.
8. Mr. Stahl moved to adjourn the meeting, seconded by Mr. Reichert.

All voting "AYE"

The meeting adjourned at 4:50 p.m.

Submitted by:

Kathleen Wilson

Secretary

Approved by the Board:

Joseph Williams

Board President

Date

3/26/13