

ROCHESTER PUBLIC UTILITIES
BOARD MEETING MINUTES
March 30, 2004

Members Present: Mr. Hunziker, Mr. Utz, Mr. Landwehr, Ms. Parker, Mr. Jibben
Absent: None
Also Present: Mr. Adkins, City Attorney

Board President Landwehr called the meeting to order at 4:00 p.m.

1. Mr. Utz moved to approve the minutes of the February 24, 2004 meeting as amended, seconded by Mr. Hunziker.

All voting "AYE"

2. Ms. Parker moved to approve the accounts payable report, seconded by Mr. Jibben.

Four voting "AYE"

Ms. Parker stated she would vote for payables not associated
with Olmsted County due to her position with the County
Motion Carried

3. Mr. Landwehr opened the meeting for comments from the public. No one wished to be heard.
4. Members of the RPU line crew (Chuck Floeter, Mark Larson, Matt Tupper and Jeff Wagenaar) participating in the American Public Power Association (APPA)'s rodeo were recognized by the Board. A total of 50 teams and 49 apprentices participated from across the country. Participants were judged on the basis of safe working practices and speed.
5. Mr. Max Richter appeared before the Board on behalf of the Minnesota Municipal Utilities Association (MMUA) to discuss the Midwest Consortium of Municipal Utilities (MCMU), a municipal bond pool. The purpose of MCMU will be to operate as a joint venture to obtain financing for municipal utilities. Mr. Koshire stated that municipal bond pools are used in other states, and provide benefits to those that participate through lower issuance and rate costs. Mr. Richter informed the Board that Hibbing and Princeton had already passed City resolutions approving the bond pool.

Mr. Richter said that Minnesota's joint venture legislation allows new organizations of municipals to be formed (gas and telecommunications are excluded). Of the two types of pools (designated pool and blind pool), MMUA proposes to use the designated pool option whereby specific borrowers are known at the time of issuance. Approximately 90% of the bonds issues will be tax-exempt. At the end of June, bonds will be issued to those who are members of the designated pool group. Mr. Koshire stated that one potential use would be the IBM project at \$2 million. While RPU would look at all sources for funding a project, signing the pool agreement does not obligate RPU to using

the funds. The cost for membership in the Midwest Consortium of Municipal Utilities (MCMU) would be \$200 to \$250 annually. Ms. Parker said that RPU could benefit from small bond issues that the City doesn't normally get involved with. Mr. Hunziker asked staff to check with the City Finance Director. Other members of the Board felt that the bond pool was an option worth investigating further. Mr. Koshire said he would discuss the matter with both the City Finance Director and the City's financial advisor, Springsted. If the City Finance Director and City Attorney concur that the proposed terms and conditions of the MCMU Articles of Incorporation are acceptable, this item will be scheduled for approval at the April 27 Board meeting.

6. The Board discussed the proposed agreement with Hiawatha Broadband Communications for "Use of Power Line Carrier for Broadband Telecommunications." Mr. Koshire stated that RPU could not provide Internet service due to the City Charter, but it could allow another company to use its lines for a fee. Other companies rent RPU's power poles for carrying their wires, much like RPU is proposing to rent space on their power lines to carry broadband signal. The use of power lines may have economic benefit to electric rate payers; therefore, some investment in studying this technology is appropriate. In addition RPU staff has met with members of the public, ham operators and law enforcement to discuss this project. Mr. Adkins drafted the agreement.

Ms. Parker moved to approve the agreement subject to the revision of items 10 and 12 by the City Attorney, seconded by Mr. Jibben.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Board approves a contract agreement with Hiawatha Broadband Communications and that the Mayor and the City Clerk are authorized to execute the agreement for

Use of Power Line Carrier for Broadband Telecommunications

- 7a. Mr. Utz moved to approve a contract with TMI Coatings to provide rehabilitation of the Demineralized Water Storage Tank at the Cascade Creek site, seconded by Ms. Parker.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a contract agreement with TMI Coatings and to request that the Mayor and the City Clerk execute the agreement for

Rehabilitation of Demineralized Water Storage Tank
Cascade Creek – GT2

The amount of the contract agreement to be SIXTY-EIGHT THOUSAND EIGHT

HUNDRED AND 00/100 DOLLARS (\$68,800.00) and TMI Coatings being lowest responsible bidder.

- 7b. Mr. Hunziker moved to approve a purchase order agreement with Venture Computer for a core network switch, seconded by Ms. Parker.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase agreement with Venture Computer for:

Cisco Catalyst 6509 Core Network Switch

The amount of the purchase order agreement to be SEVENTY-THREE THOUSAND THREE HUNDRED NINETY AND 56/100 DOLLARS (\$73,390.56) and Venture Computer being lowest responsible bidder.

- 8a. The Board reviewed staff's request to approve a purchase order agreement with Novaspect, Inc. for the schedule of services and charges under the terms of the System Performance Agreement. Mr. Schlink, Power Production Manager, stated that the System Performance Agreement provides several key elements to keep the Silver Lake Plant Boiler Control System at a peak operating condition. Mr. Utz moved to approve the agreement, seconded by Mr. Jibben.

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 approve a purchase order agreement with Novaspect Inc. for

System Performance Agreement for
Maintenance & Improvement of the SLP Boiler Control System

The amount of the purchase order agreement to be ONE HUNDRED FIVE THOUSAND FIVE HUNDRED TWO AND 00/100 DOLLARS (\$105,502.00).

- 8b. The Board discussed the purchase of two aerial bucket trucks. Both trucks will be under budget. Vehicle usage is tracked in terms of mileage and engine hours. Mr. Utz moved to approve a purchase order agreement with North Star International Trucks, Inc., seconded by Ms. Parker.

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 approve a purchase order agreement with North Star International Trucks, Inc. for

Two Cab & chassis's available on State Contract Release T-647(5).
Model 7400 SBA 6x4 was selected and priced by North Star International Trucks, Inc.
(Contract #432051) at \$63,104.00 each for a total of \$126,208.00.


The amount of the purchase order agreement to be ONE HUNDRED TWENTY-SIX THOUSAND TWO HUNDRED AND EIGHT AND 00/100 DOLLARS (\$126,208.00) and North Star International Trucks, Inc. being lowest responsible bidder.

9. The General Manager provided the following report to the Board:
 - a. RPU's audit committee met to discuss the results of the 2003 audit. A representative from the audit firm will present the results to the Board at the April 27 meeting.
 - b. There will be a public meeting after the April 27 board meeting to discuss future power supply options. Mr. Schlink stated that the April meeting represents the first phase of an 18 month project that ends in June 2005.
10. The management/financial reports were discussed.
11. Other Business:
 - a. Mr. Adkins, City Attorney, informed the Board that the United States Supreme Court had determined that states can prohibit cities from getting into telecommunications even though federal law says they can.
 - b. Mr. Utz asked RPU staff to follow-up with appropriate organizations and individuals in the community regarding the groundwater protection issues discussed at the last Board meeting.
11. Mr. Utz moved to adjourn the meeting, seconded by Mr. Hunziker.

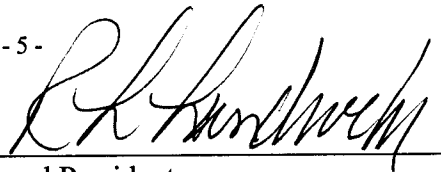
All voting "AYE"

The meeting was adjourned at 5:55 p.m.

Submitted by:


Secretary

Approved by the Board:

A handwritten signature in cursive script, appearing to read "R. K. Sandwick", written over a horizontal line.

Board President

4-27-04

Date