



MEETING AGENDA – OCTOBER 28, 2014

BOARD ROOM
4000 EAST RIVER ROAD NE
ROCHESTER, MN 55906

4:00 PM

Call to Order

1. Retirement Recognition- Nancy Kruger
2. Approval of Minutes
Public Utility Board - Regular Meeting - Sep 30, 2014 4:00 PM
3. Approval of Accounts Payable

NEW BUSINESS

Open Comment Period

(This agenda section is for the purpose of allowing citizens to address the Utility Board. Comments are limited to 4 minutes, total comment period limited to 15 minutes. Any speakers not having the opportunity to be heard will be the first to present at the next Board meeting.)

4. Regular Agenda
 1. Antenna Site Agreement Amendments
Resolution: Antenna Site Agreement Amendments
 2. Preliminary 2015 Electric and Water Budgets
Resolution: Preliminary 2015 Electric and Water Budgets
 3. Informational: Updated Cash Reserves Policy
 4. Informational: SMMPA Update
5. Management Report
6. General Managers Report
7. Other Business
Reminder: Board Meeting November 12, 4:00 PM
8. Adjourn

The agenda and board packet for Utility Board meetings are available on-line at www.rpu.org and <http://rochestercitymn.iqm2.com/Citizens/Default.aspx>



MEETING MINUTES – SEPTEMBER 30, 2014

BOARD ROOM
4000 EAST RIVER ROAD NE
ROCHESTER, MN 55906

4:00 PM

Call to Order

1. Approval of Minutes

Public Utility Board - Regular Meeting - Aug 26, 2014 4:00 PM

Jerry Williams asked that the minutes reflect the following changes:

Item 4-2 Customer Data Policy, removed the tabled vote.

Item 8-1 Change Williams vote to absent.

RESULT:	ACCEPTED [UNANIMOUS]
MOVER:	Roger Stahl, Board Member
SECONDER:	Dave Reichert, Board Member
AYES:	Jerry Williams, Dave Reichert, Roger Stahl, Mark Browning
ABSENT:	Michael Wojcik

2. Approval of Accounts Payable

Accounts Payable- September 2014

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Dave Reichert, Board Member
SECONDER:	Roger Stahl, Board Member
AYES:	Jerry Williams, Dave Reichert, Roger Stahl, Mark Browning
ABSENT:	Michael Wojcik

3. Open Comment Period

President Williams opened up the meeting for comments.

No one from the public came forward to speak.

4. Regular Agenda

1. Professional Services for CRM and MRS Projects

Patty Hanson, introduced the CRM Project and asked for approval of the initial phase of hiring a consultant with expertise in implementation of the project.

The consultant will give a better definition of the project and expenses.

Jerry Williams commented, this is an estimation of the costs in 2014?

Patty replied that the implementation would happen in 2015.

Mark Browning commented that spending this money does not commit us to the project. Patty replied with yes, that is correct.

Dave Reichert asked if they are responsible all the way through the RFP process and also asked why

Minutes Acceptance: Minutes of Sep 30, 2014 4:00 PM (Approval of Minutes)

Sure Power? Patty replied that they have talked to other companies, Christian is top notch, and will be here for RPU.

Roger asked if we received any APPA recommendations? We did not contact them.

Resolution: Professional Services for CRM and MRS Projects

The board approved the resolution reading as follows:

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a contract agreement with Sure Power Consulting, LLC and that the Common Council authorize the Mayor and the City Clerk to execute the agreement for

Professional Services to support staff for the CRM and MRS projects.

The amount of the contract agreement to be ONE HUNDRED EIGHTY SIX THOUSAND AND 00/100 DOLLARS (\$186,000.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 30th day of September, 2014.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Dave Reichert, Board Member
SECONDER:	Roger Stahl, Board Member
AYES:	Jerry Williams, Dave Reichert, Roger Stahl, Mark Browning
ABSENT:	Michael Wojcik

Michael Wojcik joined the meeting at 4:15 PM.

2. Public Power Week October 5-11, 2014

Tony Benson shared the RPU You Tube video and explained the activities that will happen during Public Power week.

There will be a Plugged in article with a coupon for a free cfl for customers.

Resolution: Public Power Week 2014

The board approved the resolution reading as follows:

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a resolution recognizing:

Public Power Week, October 5-11, 2014

A week-long celebration of Rochester Public Utilities (RPU) Year-round Service to

Rochester, MN.

WHEREAS, we, the citizens of Rochester, place high value on local control over community services and therefore have chosen to operate a community owned, locally controlled, not-for-profit electric utility and, as consumers and owners of our electric utility, have a direct say in utility operations and policies;

WHEREAS, Rochester Public Utilities provides our homes, businesses, farms, social service, and local government agencies with reliable, efficient, and cost-effective electricity employing sound business practices designed to ensure the best possible service at not-for-profit rates;

WHEREAS, Rochester Public Utilities is a valuable community asset that contributes to the well-being of local citizens through energy efficiency, customer service, environmental protection, economic development, and safety awareness;

WHEREAS, Rochester Public Utilities is a dependable and trustworthy institution whose local operation provides many consumer protections and continues to make our community a better place to live and work, and contributes to protecting the global environment;

NOW, THEREFORE BE IT RESOLVED: that Rochester Public Utilities will continue to work to bring lower-cost, safe, reliable electricity to community homes and businesses just as it has since 1894, the year when the utility was created to serve all the citizens of Rochester; and

BE IT FURTHER RESOLVED: that the week of Oct. 5-11 be designated Public Power Week to recognize Rochester Public Utilities for its contributions to the community and to educate consumer-owners, policy makers, and employees on the benefits of public power;

BE IT FURTHER RESOLVED: that our community joins hands with more than 2,000 other public power systems in the United States in this celebration of public power, which is best for consumers, business, the community, and the nation.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 30th day of September, 2014.

Minutes Acceptance: Minutes of Sep 30, 2014 4:00 PM (Approval of Minutes)

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Michael Wojcik, Board Member
SECONDER:	Roger Stahl, Board Member
AYES:	Wojcik, Williams, Reichert, Stahl, Browning

3. Financial Operation: Authorized Signatures

Resolution: Financial Operation Authorized Signatures

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the following person or persons are hereby authorized for and in behalf of the City of Rochester, D/B/A Rochester Public Utilities, to endorse or cause to be endorsed such documents regarding deposits, checks, drafts, investments or any other matter necessary for or pertaining to the financial operation of the Rochester Public Utilities.

Mark Kotschevar

Peter Hogan

Bryan Blom

Tina Livingston

Judy Anderson

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 30th day of September, 2014.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Michael Wojcik, Board Member
SECONDER:	Roger Stahl, Mark Browning
AYES:	Wojcik, Williams, Reichert, Stahl, Browning

4. Customer Data Policy

Mark introduced the Customer Data policy. Part of the policy includes an annual review by the board. The policy was reviewed by Terry Adkins and Kala Brennan McGrann & Shea.

Mark Browing wondered if ther was an IPAD review and Tennessen warning. Mark Kotschevar said it is consistant with state law.

Michael Wojcik wondered if there was other information customers may provide us. This is covered in the Tennessen warning.

Roger Stahl worked with the draft and had no additional comments.

Resolution: Customer Data Policy

The board approved the resolution reading as follows:

WHEREAS, Rochester Public Utilities collects various types of customer

Minutes Acceptance: Minutes of Sep 30, 2014 4:00 PM (Approval of Minutes)

data in the normal course of doing business. The use and protection of this data is governed by the Minnesota Government Data Practices Act (MGDPA).

WHEREAS, Rochester Public Utilities has a well-established practice of protecting its customers' personal information.

WHEREAS a policy has been drafted as part of the process of ensuring compliance with MGDPA and protecting customer personal information. The policy outlines what data is collected, how it is used, disclosures allowed under Minnesota law, and controls designed to maintain compliance.

WHEREAS, the policy is intended to codify Rochester Public Utilities' consistent past practices with respect to customer information, including:

- Requesting customer data only in connection with utility programs and services;*
- Not allowing public access to private customer data, and restricting the release of customer data to persons authorized by the customer; staff who reasonably require access to customer data in their work responsibilities; outside vendors who are required to protect the confidentiality of the information; state agencies; collection agencies; and as permitted under Minnesota Statutes, Section 13.685; and*
- Allowing a customer to decline to provide private or confidential information, however, Rochester Public Utilities would be unable to provide utility services.*

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the management-recommended policy, consistent with Rochester Public Utilities' past practices, for:

Customer Data Policy

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 30th day of September , 2014.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Roger Stahl, Board Member
SECONDER:	Michael Wojcik, Board Member
AYES:	Wojcik, Williams, Reichert, Stahl, Browning

5. Informational: Review of Data Recipients

Where is RPU data shared? A spreadsheet was provided containing all of the various internal processes where data is shared. We don't track the number of requests or what is asked for.

Terry Adkins has reviewed the list and given his opinion under MN data practices law.

Contractors notices are also on file Terry Adkins has also reviewed these.

The Board wondered if we can add to the list. How will board be notified?

Staff discretion to choose to share the data. If staff not convinced it is the best business practice we would come back to the board

6. Life Support Policy Change Reflecting The August 2014 Minnesota Legislation Revisions

Mary Tompkins, Manager of Customer Service, introduced the Life support policy which she worked on with Bryan Blom, Manager of Accounting, to implement. The law was put through and RPU has written the policy based on the law. Terry Adkins, City Attorney has reviewed the documents.

A letter is sent annually to renew the application.

A listing of equipment was taken out of the policy.

President Williams has requested red lined policies brought to them for approval in the future so they can track changes. He also asked that forms be date stamped as to the version and date(s) of approval.

Resolution: Life Support Policy

The board approved the resolution reading as follows:

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve and replace the existing Life Support Board Policy, Customer Application and Medical Consent Form, reflecting the August 2014 Minnesota Legislation revisions as follows:

Minnesota Statute 216B.098 Subd. 5 was revised as of August 2014 as it relates to residential customer protections. The RPU Life Support Policy has been modified to reflect the changes and ensure we provide customers the safeguards intended by the law.

The most significant changes include expanding the list of medical providers able to provide certification, eliminating defined medical conditions, reducing the varying 12/6/3 month expirations, and creating an opportunity for arrearage forgiveness.

The proposed policy has been reviewed by the City Attorney.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 30th day of September, 2014.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Michael Wojcik, Roger Stahl
SECONDER:	Mark Browning, Board Member
AYES:	Wojcik, Williams, Reichert, Stahl, Browning

7. Board Meeting Schedule 2015

RESULT:	NO ACTION
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5. General Managers Report

Budget process dates are as follows:

October 23 Finance Committee 3:00PM

October 28 regular RPU Board meeting to view the preliminary budget

November 12 special RPU board meeting to approve the budget

November 17 City Council meeting for final approval of RPU budget

Discussion of Southern Minnesota Municipal Power Agency (SMMPA) future relationship of RPU and SMMPA after 2030, Badger Coulie (runs between LaCrosse and Madison), and Owatonna Generation Facilities (2017) and Solar.

President Williams asked for an informational presentation on the above topics before asking for board decisions.

APPA National Conference is in Minneapolis MN next year.

Day of giving is June 5, conference is June 8-10.

Mark Kotschevar is on the local planning committee for the April 2016 APPA Lineworkers Rodeo which will be held in Minnesota. We will be heavily involved in this process.

Michael Wojcik commented that the preliminary Destination Medical Center (DMC) roadmap needs downtown sewer and water locations.

Once the DMC boundary is set it will not be changed so would like to receive RPU comments regarding this.

Is the CAP X project still on schedule and costs on track? It is on schedule at this time. The projected dollars are creeping up somewhat but we are watching, but it is hard to know. There is a court case on buy the farm.

6. Management Report

7. Other Business

8. Adjourn

1. **Motion to:** Motion to adjourn the meetign at 5:00 PM

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Roger Stahl, Board Member
SECONDER:	Michael Wojcik, Board Member
AYES:	Wojcik, Williams, Reichert, Stahl, Browning

The agenda and board packet for Utility Board meetings are available on-line at www.rpu.org and <http://rochestercitymn.ig2.com/Citizens/Default.aspx>

FOR BOARD ACTION

Agenda Item # (ID # 2856)

Meeting Date: 10/28/2014

SUBJECT: Antenna Site Agreement Amendments

PREPARED BY: Randy Anderton

Antenna Site Agreement Amendments

ITEM DESCRIPTION:

Verizon Wireless, LLC is proposing to upgrade two of its eight sites. Proposed Amendments to the Master Site Agreement dated July 8th, 2005 are listed below.

Name	Location	2014 Rent	Proposed 2014 Rent Prorated
SE Water Tower (ROC022) ROC Greenway	501 20 th St SE	\$15,045.39	\$18,353.96
CC Standpipe (ROC012) ROC Victory	4040 7 th PI NW	\$15,045.39	\$18,353.96

The proposed Amendments would accomplish the following:

- 1) Upgrade the listing of equipment allowed to be installed at each site.
- 2) Update the annual rental amount at each site to reflect the proposed upgraded equipment. Rents are annually adjusted based on the corresponding change in the CPI-U.

The amendments have been reviewed by the City Attorney.

UTILITY BOARD ACTION REQUESTED:

Staff recommends the Utility Board approve a resolution to authorize the Mayor and City Clerk to execute the Amendments with Verizon Wireless, LLC.

SECOND AMENDMENT TO MASTER SITE AGREEMENT (05-16-W)

The second amendment to the Southeast Water Tower Site (ROC Greenway ROC022)

THIS SECOND AMENDMENT TO MASTER SITE AGREEMENT (“Amendment”) is made and entered into by and between the City of Rochester, a Minnesota Municipal Corporation (“CITY”) and Verizon Wireless (VAW) LLC d/b/a Verizon Wireless (“LESSEE”), with its principal office located at One Verizon Way, Mail Stop 4AW100, Basking Ridge, New Jersey 07920 (telephone number 866-862-4404), with reference to the facts set forth in the Recitals below this _____ day of _____, 2014.

Recitals

The parties hereto recite, declare and agree as follows:

- A. CITY and LESSEE (or as applicable, LESSEE’s predecessors in interest) entered into the following Agreement:

Southeast Water tower Site (Lessee **ROC Greenway ROC022**): Master Site Agreement dated July 8, 2005, as amended by the Amendment To Site Agreement dated April 5, 2010 (the “Agreement”), whereby CITY has leased a portion (the “Leased Premises”) of the CITY’s property located at 501 20th Street Southeast, City of Rochester, County of Olmsted, State of Minnesota (the “Site”) to LESSEE for the purpose of installing, removing, replacing, maintaining, modifying, altering and operating its communication fixtures and related equipment, antennas, cable and accessories as situated substantially as shown on Exhibits K and L attached to the Agreement.

- B. CITY and LESSEE desire to enter into this Amendment in order to modify and amend certain provisions of the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, CITY and LESSEE covenant and agree as follows:

1. Effective with the signing of this Amendment, Section 1. **PROPERTY**, Paragraph f. **ROC022 (Southeast Water Tower Site SE)** of the Agreement will be deleted in its entirety and replaced with the following:

“f. **ROC022 (Southeast Water Tower Site SE)**. Located at 501 20th Street SE, Rochester,

ROC Greenway ROC022
Second Amendment to the Southeast Water Tower Site SE

Minnesota. Real property comprised of approximately three-hundred-fifty (350) square feet of land, water tower (“Structure”) exterior space on the tower railing for attachment of up to thirty (30) antenna equivalents (three quad-port and nine dual-port antennas), three fiber distribution boxes, space required for twelve (12) coax cable runs (not to exceed 2” diameter) between ground equipment and antennas, one (1) 1-1/4” hybrid cable run between ground equipment and one fiber distribution box, an appropriate cable between fiber distribution boxes, non-exclusive easements required to run utility lines/cables, a non-exclusive easement across CITY’s Property for access in or upon the CITY’s real property (“CITY’s Property”). CITY’s Property is legally described and Leased Premises are shown in relationship to CITY’s Property in Exhibit K-1 attached hereto, and the locations of the equipment and antennas on the Structure are depicted in Exhibit L-1 attached hereto, which exhibit replaces Exhibit K and Exhibit L to the Agreement. Any existing unused LESSEE antennas and cables extending between ground and the antennas are to be removed. (An “antenna equivalent” is defined as follows: a single transmit/receive antenna, a single transmit antenna, or a single receive antenna is considered an antenna equivalent. For example, a dual-port antenna is two antenna equivalents, a triple-port antenna is three antenna equivalents, and a quad-port antenna is four antenna equivalents.)”

2. Section 4. RENT. As consideration for the rights granted herein, commencing on December 1, 2014, the annual rent shall increase by \$3,308.57 (a prorated payment of \$275.71 for the month of December). The revised annual base rent (\$18,353.96) shall increase as provided in Section 4 of the Agreement.
3. Except as specifically modified by this Amendment, the parties agree that all of the terms and conditions of the Agreement are in full force and effect and remain unmodified, and the parties hereby ratify and reaffirm the terms and conditions of the Agreement, and agree to perform and comply with the same. In the event of a conflict between any term or provision of the Agreement and this Amendment, or between any term or provision of the above-referenced Amendments and this Amendment, the terms and provisions of this Amendment shall control. In addition, except as otherwise stated in this Amendment, all initially capitalized terms will have the same respective defined meaning stated in the Agreement. All captions are for reference purposes only and shall not be used in the construction or interpretation of this Amendment.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first above written.

CITY:

City of Rochester,
a Minnesota municipal corporation

By: _____

Print Name: _____
 Its: Mayor

[MUNICIPAL SEAL]

By: _____

Print Name: _____
 Its: City Clerk

Date: _____

Approved as to Form: _____

Print Name: _____
 Its: City Attorney

By: _____

Print Name: _____
 Its: General Manager, Rochester Public Utilities

LESSEE:

Verizon Wireless (VAW) LLC
d/b/a Verizon Wireless
A Delaware limited liability company

By: _____
Lynn Ramsey
Title: Area Vice President Network

Date: _____

CITY ACKNOWLEDGEMENT

STATE OF MINNESOTA)
)SS
COUNTY OF OLMSTED)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by _____, _____, _____, and _____, the Mayor, City Clerk, City Attorney and Rochester Public Utilities General Manager, respectively, of the City of Rochester, a Minnesota municipal corporation, on behalf of the corporation.

[seal] _____
Notary Public
My commission expires _____

LESSEE ACKNOWLEDGEMENT

STATE OF ILLINOIS)
)SS
COUNTY OF COOK)

On this ____ day of _____, 2014, before me, the undersigned, a Notary Public in and for the State of Illinois, duly commissioned and sworn, personally appeared Lynn Ramsey, to me known to be the Area Vice President Network of Verizon Wireless (VAW) LLC d/b/a Verizon Wireless, that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of Verizon Wireless (VAW) LLC d/b/a Verizon Wireless, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

[Seal] _____
Print or Type Name: _____
Notary Public in and for the State of Illinois
My commission expires: _____

Attachment: Verizon Amendment 2 ROC022 Greenway (2856 : Antenna Site Agreement Amendments)

SITE NAME: R O C Greenway ROC022 (Southeast Water Tower SE Site) located at 501 20th Street SE, Rochester, Minnesota)

1. EXHIBIT K-1

LEGAL DESCRIPTION OF CITY'S PROPERTY:

Real property located in Olmsted County, Minnesota and more particularly described as follows:

CT PLAT PARCEL NO. 05-5130-102

Located in the SW 1/4, SW 1/4, SEC 12, T106N, R14W

(Legal Description of the City's Southeast Water Tower SE site)

2. EXHIBIT K-1 (Cntd)

DRAWING AND DESCRIPTION OF LESSEE LEASED PREMISES SHOWN IN RELATION TO CITY'S PROPERTY.

SEE ATTACHED

3. EXHIBIT L-1

DRAWINGS SHOWING LOCATIONS OF EQUIPMENT AT THE SITE AND ANTENNAS ON THE STRUCTURE:

SEE ATTACHED

THIRD AMENDMENT TO MASTER SITE AGREEMENT (05-16-W)**The third amendment to the Country Club Standpipe Site (ROC Victory ROC012)**

THIS THIRD AMENDMENT TO MASTER SITE AGREEMENT (“Amendment”) is made and entered into by and between the City of Rochester, a Minnesota Municipal Corporation (“CITY”) and Verizon Wireless (VAW) LLC d/b/a Verizon Wireless (“LESSEE”), with its principal office located at One Verizon Way, Mail Stop 4AW100, Basking Ridge, New Jersey 07920 (telephone number 866-862-4404), with reference to the facts set forth in the Recitals below this _____ day of _____, 201__.

Recitals

The parties hereto recite, declare and agree as follows:

- A. CITY and LESSEE (or as applicable, LESSEE’s predecessors in interest) entered into the following Agreement and Amendments:

Country Club Standpipe Site (Lessee Site ROC Victory ROC012): Master Site Agreement dated July 8, 2005. RPU #05-16-W.

Country Club Standpipe Site (Lessee Site ROC Victory ROC012): Second Amendment to Master Site Agreement dated August 31, 2009. RPU #09-20-W.

Country Club Standpipe Site (Lessee Site ROC Victory ROC012): Amendment To Master Site Agreement dated February 10, 2011. RPU #11-03-W.

(collectively, the “Agreement”), whereby CITY has leased a portion (the “Leased Premises”) of the CITY’s property located at 4040 Seventh Place Northwest, City of Rochester, County of Olmsted, State of Minnesota (the “Site”) to LESSEE for the purpose of installing, removing, replacing, maintaining, modifying, altering and operating its communication fixtures and related equipment, antennas, cable, accessories, temporary power source connections and improvements, as situated substantially as shown on Exhibits G, H-1 and G-2 attached to the Agreement.

- B. CITY and LESSEE desire to enter into this Amendment in order to modify and amend certain provisions of the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, CITY and LESSEE covenant and agree as follows:

- Effective with the signing of this Amendment, Section 1. **PROPERTY**, Paragraph d. **ROC012 (Country Club Standpipe Site NW)** of the Master Site Agreement dated July 8, 2005 will be deleted in its entirety and replaced with the following:

“d. **ROC012 (Country Club Standpipe Site NW)**. Located at 4040 Seventh Place NW, Rochester, Minnesota. Real property comprised of approximately three-hundred-fifty (350) square

feet of land, water tower (“Structure”) exterior space for attachment of up to thirty (30) antenna equivalents (three quad-port and nine dual-port antennas), space required for twelve (12) coax cable runs (not to exceed 2” diameter), and two (2) 1-1/4” hybrid cable runs to connect equipment and antennas, non-exclusive easements required to run utility lines/cables, a non-exclusive easement across CITY’s Property (hereinafter defined) for access in or upon the CITY’s real property (“CITY’s Property”). CITY’s Property is legally described and Leased Premises are shown in relationship to CITY’s Property in Exhibit G attached hereto, and the locations of the equipment and antennas on the Structure are depicted in Exhibit H-3 attached hereto, which exhibit replaces Exhibit H to the July 8, 2005 Agreement and Exhibit H-1 to the August 31, 2009 Second Amendment. Any existing unused LESSEE coax cables extending between ground and the top of the standpipe are to be removed. (An “antenna equivalent” is defined as follows: a single transmit/receive antenna, a single transmit antenna, or a single receive antenna is considered an antenna equivalent. For example, a dual-port antenna is two antenna equivalents, a triple-port antenna is three antenna equivalents, and a quad-port antenna is four antenna equivalents.)”

2. Effective with the signing of this Amendment, Paragraph 2 of the Second Amendment to Master Site Agreement dated August 31, 2009, will be deleted in its entirety.
3. Section 4. RENT. As consideration for the rights granted herein, commencing on December 1, 2014, the annual rent shall increase by \$3,308.57 (a prorated payment of \$275.71 for the month of December). The revised annual base rent (\$18,353.96) shall increase as provided in Section 4 of the Agreement.
4. Except as specifically modified by this Amendment, the parties agree that all of the terms and conditions of the Agreement are in full force and effect and remain unmodified, and the parties hereby ratify and reaffirm the terms and conditions of the Agreement, and agree to perform and comply with the same. In the event of a conflict between any term or provision of the Agreement and this Amendment, or between any term or provision of the above-referenced Amendments and this Amendment, the terms and provisions of this Amendment shall control. In addition, except as otherwise stated in this Amendment, all initially capitalized terms will have the same respective defined meaning stated in the Agreement. All captions are for reference purposes only and shall not be used in the construction or interpretation of this Amendment.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first above written.

CITY:

City of Rochester, a Minnesota municipal corporation

By: _____

Print Name: _____
 Its: Mayor

[MUNICIPAL SEAL]

By: _____

Print Name: _____
 Its: City Clerk

Date: _____

Approved as to Form: _____

Print Name: _____
 Its: City Attorney

By: _____

Print Name: _____
 Its: General Manager, Rochester Public Utilities

LESSEE:

Verizon Wireless (VAW) LLC
d/b/a Verizon Wireless
A Delaware limited liability company

By: _____
Lynn Ramsey
Title: Area Vice President Network

Date: _____

Attachment: Verizon Amendment 3 ROC012 Victory (2856 : Antenna Site Agreement Amendments)

CITY ACKNOWLEDGEMENT

STATE OF MINNESOTA)
)SS
COUNTY OF OLMSTED)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by _____, _____, _____, and _____, the Mayor, City Clerk, City Attorney and Rochester Public Utilities General Manager, respectively, of the City of Rochester, a Minnesota municipal corporation, on behalf of the corporation.

[seal] _____
Notary Public
My commission expires _____

LESSEE ACKNOWLEDGEMENT

STATE OF ILLINOIS)
)SS
COUNTY OF COOK)

On this ____ day of _____, 2014, before me, the undersigned, a Notary Public in and for the State of Illinois, duly commissioned and sworn, personally appeared Lynn Ramsey, to me known to be the Area Vice President Network of Verizon Wireless (VAW) LLC d/b/a Verizon Wireless, that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of Verizon Wireless (VAW) LLC d/b/a Verizon Wireless, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

[Seal] _____
Print or Type Name: _____
Notary Public in and for the State of Illinois
My commission expires: _____

Attachment: Verizon Amendment 3 ROC012 Victory (2856 : Antenna Site Agreement Amendments)

SITE NAME: R O C Victory ROC012 (Country Club Standpipe NW located at 4040 Seventh Place NW, Rochester, Minnesota)

1. EXHIBIT G

LEGAL DESCRIPTION OF CITY'S PROPERTY:

LOT 2, BLOCK 26, COUNTRY CLUB MANOR SIXTH ADDITION TO THE CITY OF ROCHESTER, OLMSTED COUNTY, MINNESOTA, ACCORDING TO THE PLAT THEREOF ON FILE AND OF RECORD IN THE OFFICE OF THE REGISTRAR OF TITLES IN AND FOR SAID COUNTY.

(Legal Description of the City's Country Club Standpipe site)

2. EXHIBIT G (Cntd) (from July 8, 2005 Master Agreement)

DRAWING AND DESCRIPTION OF LESSEE LEASED PREMISES SHOWN IN RELATION TO CITY'S PROPERTY.

SEE ATTACHED

3. EXHIBIT G-2

DRAWING SHOWING LESSEE TEMPORARY POWER SOURCE CONNECTIONS:

SEE ATTACHED

4. EXHIBIT H-3

DRAWINGS SHOWING LOCATIONS OF EQUIPMENT AT THE SITE AND ANTENNAS ON THE STRUCTURE:

SEE ATTACHED



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the ROC012 and ROC022 Antenna Site Agreement Amendments with Verizon Wireless, LLC and to authorize the Mayor and the City Clerk to execute the agreement.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 28th day of October, 2014.

President

Secretary

FOR BOARD ACTION

Agenda Item # (ID # 2913)

Meeting Date: 10/28/2014

SUBJECT: Preliminary 2015 Electric and Water Budgets

PREPARED BY: Peter Hogan

Preliminary 2015 Electric and Water Budgets

ITEM DESCRIPTION:

Provided under separate cover is a copy of the preliminary report of the 2015 electric and water capital and operating budgets. A separate presentation of these budgets was given to the Board's finance committee on October 23rd. Management will be reviewing the budgets with the full Board today. Approval of the budget by the Board will occur on November 12th and forwarded to the City Council on November 17th for approval.

In the electric utility, management is presenting a budget in keeping with the cost of service projections adopted by the board. This cost of service study is the basis for the currently approved electric rates for 2015. The significant business drivers are:

- Electric rates have been approved for 2015 @ 3.5%; 2016 @ 1.7% and 2017 @ 1.7%;
- No increase in our SMMPA wholesale price for 2015
- Proposed change in reserves based on the 3 year cost of service study recommendations;
- Continuation of investments into our system for growth and reliability;
- Investment in IT systems
- Increased debt service payments for the CAPX 2020 project;
- Decommissioning of SLP;
- Need to meet financial targets:
 - Net Operating Margin of \$9,500,000

FOR BOARD ACTION

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-
- Debt Service Coverage Ratio 2.5 times or greater
 - Minimum cash reserves per Board policy; and

In the Water Utility, the current reserve level supports no rate increase for 2015, the 2016 and 2017 proforma projections indicate that a rate increase would be necessary in future years to maintain the required cash reserves. The main drivers for the water budget are:

- Continued water conservation programs and education;
- Completion of Well 41 in 2015;
- New Water Tower - St Bridget SE;
- Larger capital expenditures for water main replacements associated with City planned street reconstructions;
- Cost of service study in 2015.

Based on discussions with the finance and audit committee staff has prepared three rate track scenarios for the Board's consideration. It would be staff's recommendation for the Board to approve a 3.5% general overall water rate increase in 2015 and complete the water cost of service study in 2015 to determine potential rate changes for the future years.

UTILITY BOARD ACTION REQUESTED:

Authorize staff to give preliminary notice to the public of the intent to increase the overall general water rates for 2015 by 3.5%



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to authorize staff to give preliminary notice to the public of the proposed increase to the general water rates for 2015 by 3.5%.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 28th day of October, 2014.

President

Secretary

FOR BOARD ACTION

Agenda Item # (ID # 2538)

Meeting Date: 10/28/2014

SUBJECT: Informational: Financial Liquidity Policy

PREPARED BY: Peter Hogan

Informational: Updated Cash Reserves Policy

Introduction to the Updated Financial Liquidity Policy

Attached for the Board's review and comment is a red-lined version of the updated Financial Liquidity Policy.

The liquidity policy requires updating to conform to the utility basis cost of service study. While it is very similar to the reserve funds we have had in the past, some of the calculations have changed. The most significant change is in the capital & major maintenance reserve. This fund will build over time to provide cash the replacement of assets in the future.

The Working Capital Reserve currently is 45 days of operating expenses excluding depreciation and power supply costs. While this portion will not change, the new policy does add for power supply costs. The reason being is that if costs rise above the base rate it will take 12 months to recover that cost increase. This provides the cash reserves to allow for the slower recovery.

The Contingency Reserve is changing from a calculation on one significant event to being 2% of the historical investment in assets. Under this method approximately \$7.6 million will in the contingency reserve versus our estimate of the cool summer being about \$5.6 million.

The Capital & Major Maintenance Reserve is the one that will change the most. This one the calculation is 20% of the total of the five year capital improvement program less improvements funded through the issuance of bonds.

Below is a comparison of the old policy to the proposed policy:

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	Current	New
Working Funds Reserve	\$ 17,400,000	\$ 18,100,000
Contingency Reserve	5,600,000	7,600,000
Capital & Major Maintenance	3,900,000	11,200,000
Special Maintenance Reserve	1,617,000	1,617,000
Clean Air Rider Excess	7,200,000	7,200,000
Debt Service (At Year End)	744,000	744,000
Total	\$ 36,461,000	\$ 46,461,000

Since our cash balances will not allow for full funding of all the reserves, there will be priority to funding the various reserves. This is sometimes referred to as a waterfall funding. The priority will be:

1. Debt Service Reserve
2. Clean Air Rider Excess
3. Working Funds Reserve
4. Contingency Reserve
5. Capital & Major Maintenance Reserve
6. Special Capital and Major Maintenance Reserve

The policy calls for action to occur to restore reserve levels to the minimum over the subsequent five years. The cost of service has the minimum reserves being built over the next five years with the last reserve to be completely funded to the minimum being the Capital & Major Maintenance Reserve.

The reserves defined in the policy are Board Restricted reserves. Legally restricted reserves are above and beyond these reserves. The most typical legally restricted reserves are construction funds from bond sale and the debt service reserve accounts created under the bond covenants.

Staff will be available to answer any questions.

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No action is required this month. Approval will be requested at the November 25th Board meeting.

ROCHESTER PUBLIC UTILITIES
BOARD POLICY STATEMENT

POLICY SUBJECT: _____-Financial Liquidity Policy

~~Policy~~ POLICY OBJECTIVE:

The Board recognizes the need to develop access to liquid reserves, using financial targets as a guide to determining future revenue requirements Funding levels may vary as circumstances dictate

POLICY STATEMENT:

The Board intends to establish the types and levels of reserves needed to cover various risks and needs These reserves, and their levels, are intended as guides only, and are meant to apply under normal circumstances. However, the Board intends to work with the General Manager to take the necessary steps to attain the reserve levels established in this board policy. The required reserves may be a combination of internally financed reserves and access to external liquid reserves.

To help ensure timely completion of capital improvements and enable the utility to meet requirements for large unexpected expenditures, a minimum cash reserve policy will be established. Minimum cash reserves attempts to quantify the minimum amount of cash the utility should keep in reserve, the actual cash reserves may vary substantially above the minimum and is dependent on the life cycle of assets currently in service. The minimum cash reserve calculation considers the risk “in total” and not each individual category. For example; catastrophic events can occur and the amount may far exceed the amount set aside under investment in assets. This category should also consider short term financing and the reserves set aside in the remaining four categories.

The methodology used is based on certain assumptions related to percent of operation and maintenance, rate base, capital improvements, and debt service. The establishment of minimum cash reserves should consider a number factors including:

- 1 Working Funds Reserve. ~~Ordinarily, this reserve is used to handle the day to day cash flow activities of the utilities.. The target amount for this reserve is forty five days of the current year's budgeted annual operating expenses plus in lieu of tax payments. Transfers and replenishments between this and the other reserves occur as needed. Timing differences occur between when expenses are incurred and revenues are received from customers. Establishing a minimum cash reserve helps ensure cash exists to pay expenses in a timely manner.~~

The cash reserve policy will include 12.3% of annual operating expenses excluding depreciation and power supply costs ~~this~~ which is the equivalent of 45 days and 16% of annual power supply costs which is the equivalent of 60 days

days.

The cash reserve policy will include 16% of annual power supply costs.

2. Contingency Reserve. Catastrophic events may occur that require substantial investments to replace damaged assets. Some examples of catastrophic events include ice storms, earthquakes, wind storms, floods, or tornadoes. Many of these catastrophic events may allow the utility to recover the cost of damages from FEMA; however FEMA reimbursements can take between 6 months to 2 years to recover. The utility should ensure adequate cash reserves exist to replace the assets in a timely fashion. The minimum reserve levels are often combined with emergency funding from banks or bonding agencies. The percentage used to calculate the minimum cash reserves are is dependent on the age of the assets in service and the level of risk of catastrophic type events.

The cash reserve policy will include 2% of the historical investment in assets as recorded in the financial statements. This reserve is used for emergency circumstances as needed, and as determined by the Board and the General Manager. (Examples of emergency circumstances include: Loss of a large revenue customer; significant increase in fuel prices; Loss of a generating unit for a long time at a critical time, etc) The amount of this reserve is based on the estimated financial impacts of a single proxy emergency event

- 3.. Annual debt service – Debt service payments do not occur evenly throughout the year and often occurs at periodic times, typically every six months. The utility has to ensure adequate cash reserves exist to fund the debt service payment when the payment is due. Each month 1/12th of the debt service payment is moved from working capital to the debt service account. RPU’s current schedule for semi-annual debt service payments is June 1st and December 1st.

The cash reserve policy will include 100% of the current portion of debt service. At year end that would be 1/12th of the annual debt service payment.

4. Clean Air Rider Adjustment – When this rider was established, the Board made the decision to have a level amount of rider collected each year even though the related debt service payments vary from year to year. As a result, The clean air rider in the early years collected more cash in the early years than the actual debt service payments required. The board made this decision to have a level amount of rider collected. As such the advance collections in the early years cash has been are restricted for future debt service payments in the later years when the actual debt service payments will exceed the amounts collected through the rider.

The reserve is calculated annually.

5. Capital and Major Maintenance Reserve. Some capital improvements are funded

through bond issuances and some through cash reserves. The establishment of a minimum cash reserve level helps to ensure timely replacement or construction of assets.

~~The cash reserve policy will use 20% of the next year's capital improvement program less any improvements funded through the issuance of bonds. Plus, 20% of the total of the five year capital improvement program less improvements funded through the issuance of bonds. This reserve is meant to pay for that portion of the current year's external expenditures for typical annual capital and major maintenance projects that is *not* externally financed and that the current year's revenues cannot finance. This reserve will equal fifty percent of the average of the external expenditures for typical annual capital and major maintenance projects that is not externally financed for the first two years in RPU's current five-year capital and major maintenance plan.~~

- 4.. Special Capital and Major Maintenance Reserve. This reserve is meant to pay for that portion of significant capital and major maintenance ~~projects external~~external expenditures that ~~is~~are *not* externally financed. There will be one reserve for each significant project. Each reserve will be funded over the number of years, and up to a certain amount of the project's planned total expenditures, as determined by

the Board and the General Manager for each significant project. These reserves will be set up and used only as needed.

The General Manager will have the authority to move funds among all the reserves. When practical, the General Manager will consult with the Board before moving funds involving the *Contingency Reserve*. In that case he will report to the Board as soon as practical when he authorized such transactions without first informing the Board.

Ordinarily, the order of replenishment among these reserves is as follows:

- ~~1. Working Funds Reserve~~ Debt Service Reserve
- ~~2. Capital and Major Maintenance Reserves~~ Clean Air Rider Reserve
- ~~3. Contingency Reserve~~ Working Funds Reserve
- ~~4. Special Capital and Major Maintenance Reserves~~ Contingency Reserve
5. Capital & Major Maintenance Reserve
6. Special Capital and Major Maintenance Reserve.

Annually at budget time the General Manager will recommend funding levels for each reserve. ~~If certain events occur that result in cash reserves falling below the minimum cash reserves levels, the Board shall take action to restore the cash reserves to the minimum levels over the subsequent five years. the percentage variation from the targets that should be considered acceptable, timeframes within which to expect to reach targeted levels, etc. These actions may include:~~

1. Rate adjustments
2. Cost reductions
3. Issuance of bonds to fund capital improvement programs
4. Modification of the assumptions used to determine the cash reserve levels

~~This policy is intended as a guide only.~~ The reserve levels are meant to be long-term average balances. It will usually take several months to achieve the revised reserve levels this policy requires (based on annual recalculations due to updates to RPU's long term plans). There will be times when the reserve balances will fall outside the established acceptable levels. The General Manager will advise the Board on various matters related to the reserves, such as whether a current deviation from the established acceptable levels are expected to be short-term or whether any action needs to be taken, etc.

EFFECTIVE DATE OF POLICY: April 27, 1999

DATE OF LAST POLICY REVISION: ~~June 28, 2005~~ November 12th 2014

POLICY APPROVAL:

Board President

Date

Attachment: Cash Reserves Policy Redlined final [Revision 1] (2538 : Informational: Financial Liquidity Policy)

FOR BOARD ACTION

Agenda Item # (ID # 2899)

Meeting Date: 10/28/2014

SUBJECT: Informational: SMMPA Update

PREPARED BY: Wally Schlink

Informational: SMMPA Update

ITEM DESCRIPTION:

Southern Minnesota Municipal Power Agency SMMPA Update to the Board.

UTILITY BOARD ACTION REQUESTED:

informational only