

ROCHESTER PUBLIC UTILITIES
BOARD MEETING MINUTES
March 25, 2008

Members Present: Mr. Landwehr, Mr. Stahl, Mr. Reichert, Mr. Hanson, Mr. Jibben
Absent: None
Also Present: Mr. Adkins, City Attorney

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

1. Mr. Hanson moved to approve the minutes of the February 26, 2008 meeting, seconded by Mr. Reichert.

All voting "AYE"

2. Mr. Stahl moved to approve the accounts payable report, seconded by Mr. Hanson.

All voting "AYE"

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

4. A live demonstration of the Hybrid Energy System Study (HESS) was presented to the Board by Louise Goldberg, PhD (Engineering), University of Minnesota, Twin Cities and Hall Ottesen, PhD, University of Minnesota, Rochester. HESS is an alternative energy study being conducted as a RPU and University of Minnesota partnership. The demonstration included remote operation of the system, running the system using stored heat or earth loop, or a combination of the two, and the dynamics of a stratified thermal storage system. The goal of the research was to determine the efficiencies gained by combining a fuel cell with a geothermal heat pump and eventually selling the patented technology. HESS Phase II testing will be completed by June 30, 2008. Doctor Goldberg stated that the coefficient of performance can be improved by 50% or more and that the technology can heat buildings for a long period of time. The system can be improved by modifying the design of the heat pump. The benefits of the study include meeting and exceeding the State of Minnesota's 25% renewable energy by 2025 objective as well as a significant reduction in carbon emissions. The University has requested a grant from the Department of Energy (DOE) for this project. A response from the DOE is expected in April, 2008. RPU and the University will also be contributing funds to the project over the next four years.

- 5a&b Mr. Jibben asked about the exceptions to the Areva bid noted by Ulteig Engineers. Mr. Stiller, Senior Electrical Engineer, said the standard cabinet heater is conventional and that RPU had requested a more efficient unit, but the standard cabinet was acceptable. Mr. Reichert noted that one of the bidders was disqualified due to lack of a bid bond. He asked

staff if these kinds of details could be checked before selecting the lowest bidder. Mr. Ledebuhr, Materials Manager, said we are required to use sealed bids, but a checklist of what is required is sent to all bidders ahead of time. Mr. Adkins said that the Home Rule Charter requires sealed bids. Mr. Hanson moved to approve en bloc a resolution for 161 kV outdoor circuit breakers and a resolution for current limiting reactors, seconded by Mr. Stahl.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Board approves a purchase order agreement with Areva T&D, Inc. for the furnishing of

2 – 161 KV Outdoor Three-Pole Circuit Breakers

In the amount of ONE HUNDRED TWENTY-FIVE THOUSAND NINE-HUNDRED NINETY-FIVE AND NO/100 DOLLARS (\$125,995.00) and Areva T&D, Inc. being lowest responsible bidder.

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Board approves a purchase order agreement with Areva T&D, Inc. for the furnishing of

3 – 13.8 KV Outdoor Current Limiting Reactor

In the amount of NINETY-FOUR THOUSAND, THREE HUNDRED SEVENTY-FIVE AND NO/100 DOLLARS (\$94,375.00), AND Areva T&D, Inc. being lowest responsible bidder.

- 5c. Mr. Reichert moved to approve a contract with Champion Coatings for water storage tank repair/repainting, seconded by Mr. Jibben.

All voting "AYE"

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

Water Storage Tank Repair-Repainting
(1,000,000 gallon Country Club Manor Main Level Standpipe #84)

The amount of the contract agreement to be TWO HUNDRED NINE THOUSAND EIGHT HUNDRED AND 00/100 DOLLARS (\$209,800.00) and Champion Coatings, Inc. being the low bidder.

6. The Board discussed the length of the engineering services agreement proposed with Ulteig Engineers, Inc. Mr. Koshire stated that RPU has had multi-year contracts before and they

are always subject to each year's budget approval by the Board/Council. He also said that a multi-year contract provides internal efficiency and that several projects are planned during the 2008 to 2010 timeframe. The Ulteig Engineers agreement also has a cap. Mr. Stahl moved to approve the agreement, seconded by Mr. Reichert.

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 Ulteig Engineers, Inc. and that the Mayor and the City Clerk are authorized to execute the agreement for

Professional Engineering Services

With the amount not to exceed EIGHT HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$850,000.00) for the 2008-2010 budget years and not to exceed \$300,000 in 2008, with the remaining amount to be approved as part of each year's project budget.

7. The proposed acquisition of the Osjor Estates Water System was discussed. Mr. Rovang, Senior Civil Engineer, explained that it was a small suburban water system with 40 customers. Ms. Kathleen Tarara, Osjor Well Corporation Board Member, was also present at the meeting. He further explained that both a signed purchase agreement for the water system and signed individual agreements with each of the 40 customers are necessary for the Council to take action. He requested that the 40 customers involved come in as regular water customers with the City of Rochester rather than paying double rates. Mr. Landwehr asked if the purchase would be completed this summer. Mr. Rovang said the County will put in a road and RPU will put in the water mains. The well has been tested and is okay. Mr. Landwehr asked if RPU needed to purchase the water system now, or if it could wait until the road upgrades were completed. Mr. Rovang said that Peoples Cooperative Services is currently serving the water system and they want to increase the rates to these customers by May 15. Mr. Adkins said he agreed with Mr. Rovang. Ms. Tarara stated that the Osjor Well Corporation Board has worked with Peoples, and that she has Peoples word that they want a clean transition. Mr. Hanson moved to approve the purchase of the system, Letter of Understanding, and individual Agreements with the owners of the system, 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 Agreement and supplemental Letter of Understand with the Osjor Well Corporation for

Osjor Estates Water System

The amount of the Purchase Agreement to be ONE DOLLAR (\$1.00) and other valuable consideration, including those obligations set forth separately by contract or agreement.

8. Mr. Koshire, General Manager, provided the following report to the Board:

Mr. Koshire, Mr. Jibben and Mr. Hanson met with representatives from Peoples' Cooperative Services to discuss RPU's right to serve electric power to all customers located within the boundaries of the City which was approved by the Council in 1990. Mr. Jibben said Peoples' had asked that a rate be set for them to serve within the City and that service territory be defined. Mr. Jibben also said that the process of condemnation seems to be best for the citizens of Rochester. Mr. Landwehr said a cap of service territory area would be a problem in the future. This will be a topic on one of the future Committee of the Whole meetings. It was the consensus of the Board that the 1990 Council resolution be affirmed and not rescinded.

9. The management and financial reports were discussed. Mr. Koshire stated that due to the economic slowdown, RPU is monitoring the activity in the community. The January financials were distributed during the meeting.

10 Other Business

- a. Mr. Landwehr announced that this would be his last board meeting because his term has expired. He appointed Mr. Jibben as President Pro Tem during the interim.
- b. Mr. Jibben moved that the Board approve a resolution recognizing Mr. Landwehr's leadership and service on the Board, seconded by Mr. Reichert.

All voting "AYE"

WHEREAS, Mr. Landwehr has diligently served on the Utility Board since 2000 specializing in strategic planning and communications, and

WHEREAS, Mr. Landwehr has been a valuable asset and has contributed substantially to the well-being of Rochester Public Utilities and the local citizens by his leadership and efforts in such areas as energy efficiency, customer service, environmental protection, economic development, service territory disputes, and internal transitions within the Utility, and

WHEREAS, Rochester has benefited from the steady leadership of people like Mr. Landwehr who believe in municipal ownership, and

NOW, THEREFORE BE IT RESOLVED, that the Rochester Public Utility Board wishes to recognize and thank Mr. Landwehr for his leadership, many talents, commitment to excellence and service to the Board and community.

11. Mr. Landwehr moved to adjourn the meeting, seconded by Mr. Hanson

All voting "AYE"

The meeting was adjourned at 5:07 p.m.

Submitted by:

Kathleen Wilson
Secretary

Approved by the Board:

Jack Jadh
Board President
4/29/08
Date