

ROCHESTER PUBLIC UTILITIES
BOARD MEETING MINUTES
February 26, 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 4:02 PM.

1. Mr. Hanson moved to approve the minutes of the January 29, 2008 meeting, seconded by Mr. Stahl.

All voting "AYE"

2. Mr. Reichert 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.

- 4a. Mr. Hanson moved to approve the purchase of one 2009 truck cab and chassis from the State Contract, seconded by Mr. Stahl.

All voting "AYE"

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

One 2009 International Model 7400 SFA 6X4 (SF525)
Tandem Axle Truck Cab and Chassis

The amount of the purchase order agreement to be SEVENTY THOUSAND EIGHT HUNDRED THIRTY FOUR AND 00/100 DOLLARS (\$70,834.00) plus sales tax priced by Astleford International Trucks (Contract #439004) available on State Contract Release T-647(5), and Astleford International Trucks being lowest responsible bidder.

- 4b. The electrical construction package for the Emissions Reduction Project was discussed with the Board. According to Mr. Schlink, Director of Power Resources, this package will cover the work required for the complete installation and testing of all electrical equipment. The project budget will not be changed by this work. Mr. Andy Nestos, Site Project Engineer from Utility Engineering, was also present at the meeting. Mr. Schlink informed the Board a web cam of the construction site will soon be available at

www.rpu.org. An update on the overall Emissions Reduction Project will be provided at the May Utility Board meeting. Mr. Stahl moved to reject the bid of Hunt Electric Corporation for failure to meet bid requirements and approve the bid from Kish & Sons Electric for the electrical construction package, seconded by Mr. Reichert.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to reject the bid of Hunt Electric Corporation for failure to meet bid requirements.

BE IT FURTHER RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a contract agreement with Kish & Sons Electric, and request that the Mayor and the City Clerk execute the agreement for

Electrical Construction
Emission Reduction Project

The amount of the contract agreement to be TWO MILLION THREE HUNDRED NINETY-ONE THOUSAND, ONE HUNDRED FIFTY AND 00/100 DOLLARS (\$2,391,150.00) and Kish & Sons Electric being lowest responsible bidder.

- 5. Mr. Dunnette, Manager of Power Resources, described the request for Plant Operator Training Program Development at the Silver Lake Plant (SLP). Industrial Resources, Inc will provide a comprehensive update to the SLP and training plan operating procedures which will encompass all Unit 4 systems, balance of plant systems, modifications put in place since the plan was originally developed in 1994, and all Unit 4 emission reduction systems currently under construction. All procedures and training materials will be site-specific to the SLP. Mr. Landwehr asked why the dollars changed between the original budget and the current request. Mr. Dunnette explained that additional monies were needed because the Emissions Reduction Project and control room consolidation needed to be incorporated into existing policies and procedures. Mr. Hanson 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, to approve a contract agreement with Industrial Resources, Inc. and request the Mayor and the City Clerk to execute the agreement for

Professional Services for Training Program Development
For the Silver Lake Plant

The amount of the agreement to be ONE HUNDRED ONE THOUSAND AND 00/100 DOLLARS (\$101,000.00) contingent upon the approval of the RPU General Manager and the City Attorney.

6. Mr. Koshire, General Manager, provided the following report to the Board:
 - a. RPU staff will attend a Minnesota Municipal Utilities Association (MMUA) legislative conference in St. Paul on March 13. Various position papers prepared by MMUA will be presented to legislators during this event.
 - b. Ms. Hanson, Manager of Marketing and External Affairs, provided an update on RPU's new Customer Care System (CCS). A total of 23,000 customer bills were sent out recently and some of the March and February bills came close together as a result of the implementation of this new software system. Ms. Hanson said the project is back on track with minimal issues at the present. The Board commended staff and Ms. Hanson as project manager for the successful implementation.
 - c. Mr. Koshire also discussed the People's Cooperative Service franchise fee to the City of Rochester which is equivalent to the RPU in lieu of tax payment. Approximately 6,700 People's customers within the City are paying the franchise fee. People's has requested a meeting with the Utility Board and Council to discuss the issue further.
 - d. Mr. Lorber, Director of Core Services, provided an update on various transmission projects. He mentioned that some wind projects in Mower County were being reviewed. Some wind lines are proposed for Rochester which Rochester does not need for capacity because we have CapX 2020. However, these wind lines may come first. Xcel is interested in lines southwest of Rochester from Mower County that could be in by 2010. Mr. Koshire stated that the major purpose of CapX 2020 is regional reliability. He further stated that the wind project Mr. Lorber mentioned is more environmentally-related, that the lines would have lower voltage and would not support regional reliability. There will also be a Minnesota Department of Commerce public meeting on a northwest transmission project with 161 kV which RPU needs for load serving lines.
7. The management reports were discussed. Due to the year-end closing, the January and February financials will be available for discussion at the March board meeting. Audited financial reports and a report from RPU's auditor will be presented at the April board meeting.
8. Mr. Jibben moved to adjourn the meeting, seconded by Mr. Reichert.

All voting "AYE"

The meeting was adjourned at 4:37 p.m.

9. Mr. Adkins, City Attorney, announced that the meeting would be closed pursuant to Minnesota Statutes, Section 13D.05, subd. 3(b) for the Utility Board to have a discussion with him regarding the status of, and the litigation (including mediation) strategy for, the pending litigation identified as City of Rochester, Minnesota v. Southern Minnesota

Municipal Power Agency, Olmsted County District Court, Case No. 55-C3-05-002712
The closed meeting ended at 5:33 p.m.

Submitted by:

Kathleen Wilson
Secretary

Approved by the Board:

David Gillen
Board President Pro Tem
2/25/08
Date