

ROCHESTER PUBLIC UTILITIES
BOARD MEETING MINUTES
September 15, 2009

Members Present: Mr. Williams, Mr. Landwehr, Mr. Stahl, Mr. Hanson
Absent: Mr. Reichert
Also Present: Mr. Adkins, City Attorney

Board President Williams called the meeting to order at 5:03 PM.

1. Distributed at the meeting was a letter from Springsted regarding RPU's participation in the Minnesota Municipal Utilities Association's Financing Pool as well as a document on Sources and Uses of the requested funds. Also attending the meeting was Mr. Jack Kegel, Executive Director of the Minnesota Municipal Utilities Association and president of the Midwest Consortium of Municipal Utilities (MCMU). Mr. Kegel stated that MCMU was founded in 2004 to serve as a municipal finance authority. The borrowing requested by RPU will exhaust MCMU's second bond issue. Mr. Hanson moved to adopt a resolution approving and consenting to the issuance of an Electric Revenue Note, Series 2009, and the Execution of a Project Loan Agreement by the City of Rochester, seconded by Mr. Stahl.

All voting "AYE"

RESOLUTION NO. 35

Resolution Approving and Consenting to
the Issuance of an Electric Utility Revenue
Note, Series 2009A, and the Execution of a
Project Loan Agreement by the City of Rochester

BE IT RESOLVED by the Public Utility Board (the "Board") of the City of Rochester, Minnesota (the "City"), as follows:

1. Recitals.
 - (a) The Board, in cooperation with the Rochester Common Council (the "Council"), has determined to make certain improvements (the "Improvements") to the City's municipal electric utility (the "Electric Utility").
 - (b) In order to provide financing for the Improvements, the Council is expected to consider for approval on September 21, 2009, a resolution entitled "Resolution Relating to Electric Utility Revenue Note, Series 2009A; Authorizing the Issuance Thereof in Connection with the Minnesota Municipal Utilities Association Financing Program; Providing for the Execution and Delivery of a Project Loan Agreement and Related Documents; and Authorizing Certain Further Actions" (the "Resolution"), a copy of which has been presented to the Board for its consideration.

- (c) The Resolution would, upon its adoption, authorize the issuance of a \$6,790,000 Electric Utility Note, Series 2009A (the "Note"), specify the terms, rates of interest, redemption premiums, form, and other details of the Note, pledge the Net Revenues of the Electric Utility for the payment of the Note, and set forth other covenants and obligations of the City, including without limitation certain covenants relating to the Electric Utility.
 - (d) The Resolution, as the same may be finally adopted by the Council, is hereby incorporated into this Resolution to the same extent as though set forth in full herein, and each capitalized term which is used in this Resolution but not otherwise defined herein shall have the meaning given to that term in the Resolution.
2. Consent and Approval. The Board hereby consents to and approves the issuance of the Note and execution of the Project Loan Agreement by and between the City and Midwest Consortium of Municipal Utilities in substantially the form presented to the Board, and determines that the issuance of the Note and execution of the Project Loan Agreement by the City is necessary and desirable and that the issuance of the Note in the principal amount to be issued is appropriate for the purposes for which the Note is issued.

The Board hereby consents to, adopts and endorses the representations, terms and covenants of the Resolution, as incorporated in this Resolution in full. The Board hereby covenants and pledges to cooperate with the Council (and to take such actions, or refrain from acting, as the case may be, as may be necessary) in order to fully effectuate the intent, purposes and obligations of the City under the Resolution or otherwise in respect of the Note.

2. Mr. Rovang, Senior Civil Engineer, explained the scope of the water main lining project on Skyline Lane SW. Although the technology is not new, it is a pilot for the City of Rochester. The intent is to prevent additional water main "breaks" during the foreseeable future. Mr. Landwehr moved to approve a purchase order agreement with Insituform Technologies USA, Inc., seconded by Mr. Hanson.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase order agreement with Insituform Technologies, USA for the following services:

Lining of Interior of approximately 660 feet of 6" Water Main in Skyline Lane SW
Skyline Lane SW Water Main Lining Project

The amount of the purchase order contract to be SEVENTY-SIX-THOUSAND-SEVEN-HUNDRED-SEVENTY-TWO and 50/100 DOLLARS (\$76,772.50).

3. The IBEW/Inside Group Wage Concessions and Proposed Furlough Plan was presented to the Board. Mr. Williams expressed his sincere appreciation to the IBEW/Inside Group for agreeing to the furlough plan. Mr. Hanson moved to approve the Memorandum of Understanding with the Group, seconded by Mr. Stahl.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Board requests the Common Council of the said City to approve the Memorandum of Understanding with the IBEW Local 949 Inside bargaining group per the terms, and to authorize the City Clerk and Mayor to execute the Memorandum of Understanding.

MEMORANDUM OF UNDERSTANDING FURLOUGH PLAN

The City of Rochester, Minnesota, (Employer) and The International Brotherhood of Electrical Workers, representing office and clerical employees (IBEW), Local 949, are parties to a Collective Bargaining Agreement (CBA) in effect from January 1, 2008 through December 31, 2010.

In the face of declining sales and uncertain economic times, Rochester Public Utilities (RPU), a department of the Employer, is striving to maintain an organizational goal of a zero percent rate increase in 2010. With the anticipation of the continued economic challenges into 2010 and expected shortfall in the budget, RPU is taking measures to remain fiscally sound in these uncertain times while maintaining a high level of reliable service. As a result, the above-mentioned parties have entered into this Memorandum of Understanding (MOU) establishing a furlough plan in order to avoid or minimize employee layoffs.

This furlough plan is mutually agreed to by both parties as a cost-reduction strategy and will be implemented as follows:

1. Full-time employees will take 56 furlough hours (unpaid reduction in work hours) as requested by the City of Rochester Administrator between the dates of October 8, 2009 and July 1, 2010 and 40 hours between July 2, 2010 and December 16, 2010. These furlough hours will be prorated for any part-time, benefit-eligible employee within this bargaining union. The employees agree to record this furlough leave time as directed by the Human Resources Department.
2. Employees may not use more than 8 hours of furlough leave within any payroll week and may take a minimum of one hour per day. Coordination of furlough time with other leave time will require ongoing communication between employees and management. Supervisory approval must be obtained for any requested furlough leave and if employees

do not request and schedule the furlough leave within the timeframes noted above, management reserves the right to schedule the leave. Employees agree not to use furlough leave time which could result in the creation of increased costs for the Employer.

3. Furlough leave will not impact vacation or sick leave accruals, disqualify employees from other benefits for which they are currently eligible, or impact bargaining unit seniority. The annual vacation rollover cap of two times the annual vacation accrual will be increased by 80 hours after the last pay date in December, 2010.
4. Employees utilizing other leave options for personal reasons, a medical condition, or Family Medical Leave, will be required to participate in this furlough plan.
5. The Employer will honor the 2010 wage schedule outlined in the current CBA, however, all base-rate step adjustments will be suspended from January 1, 2010 through December 31, 2010.
6. The Employer will monitor the financial condition of the City through 2010 and if justification for the furlough hours is no longer warranted as evidenced by an improved long-term, forecasted City budget, the City Administrator may reduce the amount of furlough leave to be taken. No reimbursements will be made to employees who have taken excess furlough leave. Upon request from the Union, a furlough usage list will be provided for this bargaining unit.


This MOU will expire on December 31, 2010.

4. Mr. Stahl moved to adjourn the meeting, seconded by Mr. Hanson.

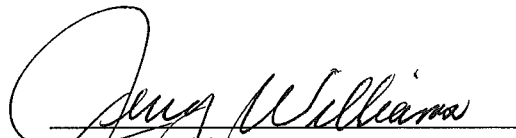
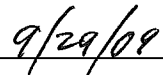
All voting "AYE"

The meeting was adjourned at 5:15 p.m.

Submitted by:


Secretary

Approved by the Board:


Board President

Date