

ROCHESTER PUBLIC UTILITIES
BOARD MEETING MINUTES
October 25, 2011

Members Present: Mr. Williams, Mr. Reichert, *Mr. Stahl, Mr. Hanson and Mr. Browning
Absent: None
Also Present: Mr. Adkins, City Attorney

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

1. Mr. Reichert moved to approve the minutes of the September 27, 2011 meeting, seconded by Mr. Browning.

All voting "AYE"

2. The payables report was reviewed. Mr. Hanson moved to approve the report, seconded by Mr. Reichert.

All voting "AYE"

3. Mr. Williams recognized Mr. Gerry Steffens, Manager of System Operation/Reliability, who will be retiring from RPU after ten years of service. He has worked in the utility industry for both private and municipal utilities since 1968. He has represented RPU's interests in the CapX2020 regional transmission line project along with implementing RPU's NERC compliance program. Mr. Koshire said Mr. Steffens has spent many hours on the road attending various meetings for RPU and has raised RPU's stature as an organization.

Mr. Williams welcomed Mr. Phil Teng to RPU. Mr. Teng will be the Manager of Information Systems.

Mr. Williams opened the meeting for comments from the public. No one signed up to speak.

- 4.a. Mr. Hanson moved to approve a contract with Elcor Construction Inc. for the 5th Street NE watermain reconstruction project, seconded by Mr. Reichert.

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to accept the low quotation for Base Bid, Alternate 1 and Alternate 3, approve a contract agreement with Elcor Construction, Inc., for those items, and request the Mayor and the City Clerk to execute the agreement for

Reconstruction of Watermain - 5th ST NE between 15th AVE and 17th AVE NE

The amount of the contract agreement to be NINETY-ONE-THOUSAND-SEVEN-HUNDRED-FIFTY-THREE AND 00/100 DOLLARS (\$91,753.00) and Elcor Construction, Inc. being lowest responsible bidder.

All voting "AYE"

- 4.b. Mr. Hanson moved to approve a purchase order for one aerial device and installation, seconded by Mr. Browning.

All voting "AYE"

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

One 2012 Terex HR-40 and Installation

The amount of the purchase order agreement to be FIFTY NINE THOUSAND FOUR HUNDRED AND THIRTY THREE DOLLARS (\$59,433.00) plus sales tax, DUECO Inc. being lowest responsible quote.

5. Ms. Parker discussed the proposed 2012 electric and water utility budgets with the Board. Mr. Reichert said that he and Mr. Stahl attended the October 18, 2011 finance committee meeting where the budgets were first presented. They both wanted to make sure that RPU was not cutting too deeply on maintenance and its assets in order to not raise rates. Ms. Parker replied that RPU did not compromise on safety or reliability in its preparation of next year's budgets. The proposed budgets will allow RPU to maintain adequate cash reserves as well as its debt service coverage ratio which is required by its bond covenants.

* Mr. Stahl entered the meeting at this time.

Ms. Parker also informed the Board that this is the fifth year the water utility has gone without an increase, and the third year the electric utility has gone without a rate increase. RPU is continuing its cost containment measures to achieve this. Mr. Williams thanked staff for their work on the budgets. The Board took no action on this item. Board approval of the budgets will be requested at the November 15 Board meeting.

6. The General Manager provided the following report to the Board:
- a. The water utility received a Water Fluoridation Quality Award from the Centers for Disease Control and Prevention.
 - b. Mr. Benson, Communications Coordinator, provided attendance data for the Cascade Meadow Wetlands & Environmental Center. The total number of visitors since November 2010 is 5,630. There were 2,577 building users. Average per month attendance is 510. The Board expressed an interest in meeting at least once a year at the facility.
 - c. Various Service Center upgrade projects are currently underway including a geothermal project, driveway installation, a fencing project, interior and exterior lighting projects and an electric vehicle charging station.
 - d. Mr. Blom, Manager of Finance and Accounting, presented third quarter financial results to the Board.

- 7. The management and financial reports were discussed. There will be two Board meetings in November on the 15th and 29th.
- 8. Mr. Browning moved to adjourn the meeting, seconded by Mr. Reichert.

All voting "AYE"

The meeting adjourned at 5:20 p.m.

Submitted by:

Kathleen Wilson
Secretary

Approved by the Board:

Jerry Williams
Board President

11/15/11
Date