

ROCHESTER PUBLIC UTILITIES
BOARD MEETING MINUTES
August 26, 2008

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

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

1. Mr. Reichert moved to approve the minutes of the July 29, 2008 meeting, seconded by Mr. Williams.

All voting "AYE"

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

All voting "AYE"

3. Mr. Walt Lorber, RPU Director of Core Services, was recognized for his 28 years of service to RPU and the citizens of Rochester. He will be retiring at the end of August.

4. Mr. Jibben opened the meeting for comments from the public. No one wished to be heard.

5. The quotes received for site work at the IBM substation were discussed. Mr. Stahl asked how the amount compares to budget. Mr. Kotschevar, replacing Mr. Lorber as Director of Core Services, replied that the quotes were within budget. Mr. Stahl moved to approve a purchase order agreement with Elcor Construction, 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 Elcor Construction for IBM substation site grading and preparation as described in Elcor's August 15 2008 proposal.

The amount of the purchase order agreement to be NINETY-ONE THOUSAND TWO HUNDRED AND 00/100 DOLLARS (\$91,200.00) and Elcor Construction being lowest responsible bidder.

6. The acquisition of the Meadowbrook Water System was discussed. Mr. Rovang, Senior Civil Engineer, explained the history of the water system's acquisition. The suburban water system has 54 customers and is currently owned by Resource Management Services of S.E., Minnesota LLC (RMS), a "spinoff" of Peoples' Cooperative Services.

The Meadowbrook Well Company, previous owner of the Meadowbrook water system, has exercised an option to purchase the water system back from RMS and wishes to sell the system to RPU. As a condition for City purchase of the water system, each property owner served by the system must sign an individual Agreement for Municipal Water Service. On August 18, 2008, the City Council approved entering into the Agreement. Mr. Adkins, City Attorney, noted that the Agreement needed to state "non profit." Mr. Hanson moved to approve the Purchase Agreement for the Meadowbrook water system and the separate Letter of Understanding dated June 12, 2008, subject to review by the City Attorney, seconded by Mr. Williams.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a Purchase Agreement and supplemental Letter of Understanding with the Meadowbrook Well Company, and request that the Mayor and City Clerk execute the Purchase Agreement for

Purchase of Meadowbrook Water System

The amount of the Purchase Agreement to be ONE DOLLAR (\$1) and other valuable consideration, including those obligations set forth separately by contract or agreement.

7. Mr. Williams moved to approve agreements for antennas on water storage tanks requested by T-Mobile, seconded by Mr. Reichert.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the attached two Site Agreements with T-Mobile Central LLC with 2008 rent of Fifteen Thousand Two Hundred Two and 96/100 Dollars (\$15,202.96) prorated based on equipment installation date, and to request that the Mayor and the City Clerk execute the two Site Agreements for

Maintaining Antennas and Appurtenant Equipment for a
Wireless Communications Facility
at the Northern Heights Standpipe NE site,
and at the Country Club High Level Water Tower NW site.

8. The proposed Settlement Agreement with Peoples' Cooperative Services was discussed with the Board. Mr. Koshire, General Manager, said he was pleased to bring this to the Board. Mr. Lorber, Director of Core Services, said an estimate of compensation is due. RPU will also be paying compensation for customers currently served by Peoples. A millrate is established for each year. RPU currently has funds in escrow for the compensation. The Agreement covers the period from 2001 – 2012 with automatic one-year renewals thereafter unless terminated by either party. Mr. Adkins, City Attorney, said the Agreement can continue beyond 2012 if neither party gives a termination notice.

Mr. Koshire said the Peoples' CEO, Ms. Elaine Garry, should be complimented for her willingness to settle at this time because it avoids the cost of litigation. Mr. Lorber was also thanked for his efforts. Mr. Williams said the Council should also be pleased with the settlement. Mr. Koshire said this gives customers certainty as well as the builders and developers. He also said this will allow us to work on more things together in the future. Mr. Hanson moved to approve the Settlement Agreement and the Stipulation for Dismissal, 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 to approve the 2001 – 2012 Settlement Agreement with People's Cooperative Services, and authorize the Mayor and the City Clerk to execute the Agreement.

BE IT FURTHER RESOLVED that the Council authorize the withdrawal of the condemnation petition (District Court File No. 55-CV-07-1262).

- 9. Mr. Koshire, General Manager, provided the following report to the Board:
 - a. Mr. Koshire said RPU's wholesale supplier, the Southern Minnesota Municipal Power Agency (SMMPA), will determine its rate increase to RPU at its September meeting. A draft of an amendment to extend the SMMPA Power Sales Contract is being prepared by SMMPA staff for member consideration.
 - b. Ms. Parker informed the Board that staff is working on an identity theft prevention program with the Minnesota Municipal Utilities Association and the American Public Power Association.
- 10. The management and financial reports were discussed.
- 11. Mr. Reichert moved to adjourn the meeting, seconded by Mr. Williams.

All voting "AYE"

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

Submitted by:

Kathleen Wilson
Secretary

Approved by the Board:

Jack Johnson
Board President

9/30/08
Date