



MEETING AGENDA – JANUARY 27, 2015

BOARD ROOM
4000 EAST RIVER ROAD NE
ROCHESTER, MN 55906

4:00 PM

Call to Order

1. Election of Officers

- A. Election of Board President
- B. Appointment of Board Secretary
- C. Assignment of Board Responsibilities by the President

2. Approval of Agenda

3. Approval of Minutes

Public Utility Board - Regular Meeting - Dec 16, 2014 4:00 PM

4. Approval of Accounts Payable

A/P Board Listing

NEW BUSINESS

Open Comment Period

(This agenda section is for the purpose of allowing citizens to address the Utility Board. Comments are limited to 4 minutes, total comment period limited to 15 minutes. Any speakers not having the opportunity to be heard will be the first to present at the next Board meeting.)

5. Regular Agenda

- 1. IBM Standby Electric Service Agreement
Resolution : IBM Standby Electric Service Agreement
- 2. Annual SAP Enterprise Support
Resolution: Annual SAP Enterprise Support
- 3. Sprint Lease Agreements
Resolution: Sprint Lease

6. Tabled Item

- 1. Cash Reserves Policy (formally Financial Liquidity Policy)
Resolution: Cash Reserves Policy

7. General Managers Report

8. Division Reports & Metrics

9. Other Business

10. Adjourn

The agenda and board packet for Utility Board meetings are available on-line at www.rpu.org and <http://rochestercitymn.iqm2.com/Citizens/Default.aspx>



MEETING MINUTES – DECEMBER 16, 2014

BOARD ROOM
4000 EAST RIVER ROAD NE
ROCHESTER, MN 55906

4:00 PM

Call to Order

Attendee Name	Title	Status	Arrived
Michael Wojcik	Board Member	Present	
Jerry Williams	Board President	Present	
Dave Reichert	Board Member	Present	
Roger Stahl	Board Member	Present	
Mark Browning	Board Member	Present	

1. Approval of Agenda

IBM has requested the IBM Standby Electric Service Agreement to be withdrawn in order to update the contract; therefore the agenda is approved with item number 5-3 being withdrawn from the agenda.

Motion to: Approve the revised agenda

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Roger Stahl, Board Member
SECONDER:	Michael Wojcik, Board Member
AYES:	Wojcik, Williams, Reichert, Stahl, Browning

2. Approval of Minutes

Public Utility Board - Regular Meeting - Nov 25, 2014 4:00 PM

RESULT:	ACCEPTED [UNANIMOUS]
MOVER:	Roger Stahl, Board Member
SECONDER:	Michael Wojcik, Board Member
AYES:	Wojcik, Williams, Reichert, Stahl, Browning

3. Approval of Accounts Payable

A/P Board Listing

Motion to: approve the Accounts Payable

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Dave Reichert, Board Member
SECONDER:	Michael Wojcik, Board Member
AYES:	Wojcik, Williams, Reichert, Stahl, Browning

NEW BUSINESS

Open Comment Period

(This agenda section is for the purpose of allowing citizens to address the Utility Board. Comments are limited to 4 minutes, total comment period limited to 15 minutes. Any speakers not having the opportunity to be heard will be the first to present at the next Board meeting.)

President Williams opened the meeting for public comment. No one came forward to speak.

4. Consideration Of Bids

- 1. Consideration of Bids - Silver Lake Plant Elevator Modernization

Tony Dzubay, Manager of Power Resources, said it is a State requirement to either upgrade or abandon current elevators.

The plan is to replace the freight elevator and elevator #3 that are currently being used.

Mark Browning commented that code has changed so this is happening all over not just RPU.

Resolution: SLP Elevator Modernization Project

The board approved the resolution reading as follows:

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve an agreement with Schumacher Elevator Company and authorize the Mayor and the City Clerk to execute the agreement for

Silver Lake Plant (SLP) Elevator Modernization Project

The amount of the contract agreement to be TWO HUNDRED EIGHTY SEVEN THOUSAND, THREE HUNDRED EIGHTY AND 00/100 DOLLARS (\$287,380.00) plus interim maintenance.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 16th day of December, 2014.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Roger Stahl, Board Member
SECONDER:	Dave Reichert, Board Member
AYES:	Wojcik, Williams, Reichert, Stahl, Browning

5. Regular Agenda

- 1. Proposed changes to the Medium General Service tariff language

Changes to the Medium General Service tariff language are due to the rate structure and KWH usage. Lower KWH usage due to conservation is penalizing some of our customers. This new language gives the customer the option of which class they would like to be in and eliminates the penalty of conservation. The customer will need to stay in the chosen rate class for at least 12 months before being allowed to switch.

- *Down the road we might have to look at a rate study to look at the appropriate demand and make the KWH usage lower.*
- *Dru Larson, Key Accounts Representative, will work with his customers to re- evaluate when necessary.*
- *The question was asked if this would affect other rate classes. No, just*

Minutes Acceptance: Minutes of Dec 16, 2014 4:00 PM (Approval of Minutes)

general service and med. general service.

- *Roger Stahl would like the last line of the agreement to be changed slightly.*
- *Mr. Wojcik commented if we used a universal demand charge this would eliminate a rate class issue like this.*
 - *Mr. Kotchevar replied that moves between rate classes don't happen very often.*
- *President Williams asked who will be monitoring this in the next 6-12 months? Dru Larson will monitor the changes and come back in a year with an update.*

The changes to the Medium General Service tariff language are approved with the following change to the text in red:

Customers with minimum loads of at least 50kW for three or more billing periods in a given calendar year but less than 75 kW can choose to be classified as Medium General Service (MGS) and be billed under the MGS rate schedule below. The choice, once elected, may not be revoked by the customer for 12 billing periods and thereafter remains in force unless revoked in writing by the customer.

Resolution: Changes to the Medium General Service Tariff Language

The board approved the resolution with the following change to the date of January 1, 2015, reading as follows:

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the Medium General Service Tariff language change effective January 1, 2015.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 16th day of December, 2014.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Roger Stahl, Board Member
SECONDER:	Michael Wojcik, Board Member
AYES:	Wojcik, Williams, Reichert, Stahl, Browning

2. Authorized Depositories

Resolution: Authorized Depositories

The board approved the resolution reading as follows:

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the following banks, authorized to do business in Minnesota, are the designated depositories for the demand deposit accounts and temporary investment of funds of Rochester Public Utilities, City of Rochester, Minnesota, within the limits established by the City of Rochester, for the term commencing January 1, 2015 through the 31st day of December, 2015.

US Bank

Wells Fargo

The above depositories, and any added during the term by the City Finance Director, shall pay interest at such rates or rates, per annum, as may be mutually agreed upon the Rochester Public Utilities and the respective depository at the time such deposits and investments are made.

The depository shall pay on demand all deposits subject to payment on demand, with accrued interest, and pay on demand all time deposits with accrued interest, at or after maturity.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 16th day of December, 2014.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Dave Reichert, Board Member
SECONDER:	Michael Wojcik, Board Member
AYES:	Wojcik, Williams, Reichert, Stahl, Browning

- 3. Pulled from the agenda: 3165 : IBM Standby Electric Service and License Agreement
Pulled from the agenda:3167 : Resolution - IBM Standby Electric Service Agreement
- 4. Insurance Quotations for 2015

Mark Hayford, President of C.O. Brown & Risk Advisor, and Darwin Olson, Risk Advisor, were present at the board meeting to answer any questions. They commented that RPU received a \$22,381 dividend this past year, and it is a pleasure working with RPU.

- *AEGIS: performed an audit of our liability, and included training materials as an added benefit.*
- *President Williams asked what our biggest liability was? The biggest historical impact was the fire on GT1.*
- *It was noted that RPU has not filed a liability claim for about 25 years.*

Resolution: 2015 All Risk Property insurance renewal policy

The board approved the resolution reading as follows:

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a contract agreement with AIG / AEGIS / Lloyds of London Syndicates and that the Common Council authorize the Mayor and the City Clerk to execute the agreement for

ALL RISK PROPERTY INSURANCE

Minutes Acceptance: Minutes of Dec 16, 2014 4:00 PM (Approval of Minutes)

The insurance agreement to be for a twelve month policy period commencing December 31, 2014, and expiring December 31, 2015.

The amount of the contract agreement to be FOUR HUNDRED FORTY-ONE THOUSAND ONE HUNDRED NINETY-ONE AND 98/100 DOLLARS (\$441,191.98).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 16th day of December, 2014.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Dave Reichert, Board Member
SECONDER:	Roger Stahl, Board Member
AYES:	Wojcik, Williams, Reichert, Stahl, Browning

Resolution; Commercial Auto and General Liability insurance renewal policy for 2015

The board approved the resolution reading as follows:

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a contract agreement with the League of Minnesota Cities Insurance Trust and that the Common Council authorize the Mayor and the City Clerk to execute the agreement for

COMMERCIAL AUTOMOBILE AND GENERAL LIABILITY INSURANCE

The insurance agreement to be for a twelve month policy period commencing December 31, 2014, and expiring December 31, 2015.

The amount of the contract agreement to be ONE HUNDRED THIRTEEN THOUSAND, SIX HUNDRED AND SIXTY ONE AND 00/100 DOLLARS (\$113,661.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 16th day of December, 2014.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Michael Wojcik, Board Member
SECONDER:	Roger Stahl, Board Member
AYES:	Wojcik, Williams, Reichert, Stahl, Browning

Resolution: 2015 Excess General Liability insurance renewal policy

The board approved the resolution with a change to the date of January 1, 2015, reading as follows:

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a contract agreement with Associated Electric and Gas Insurance

Minutes Acceptance: Minutes of Dec 16, 2014 4:00 PM (Approval of Minutes)

Services, Ltd. (AEGIS) and that the Common Council authorize the Mayor and the City Clerk to execute the agreement for

EXCESS GENERAL LIABILITY INSURANCE

The insurance agreement to be for a twelve month policy period commencing December 31, 2014, and expiring December 31, 2015.

The amount of the contract agreement to be TWO HUNDRED SEVENTY-FOUR THOUSAND EIGHT HUNDRED NINETY-NINE AND 60/100 DOLLARS (\$274,899.60).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 16th day of December, 2014.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Roger Stahl, Board Member
SECONDER:	Michael Wojcik, Board Member
AYES:	Wojcik, Williams, Reichert, Stahl, Browning

5. Introduction to the Updated Cash Reserves Policy (formally Financial Liquidity Policy)
- Roger Stahl questioned the proposed cash reserves policy and motioned to table the policy for further review.*
- *Roger Stahl will meet with Peter Hogan and bring back to the board at a future board meeting.*
 - *It was decided that we will work off the clean copy.*
 - *The board would like staff to spell out if the policy is strictly for the water utility or electric utility in all revised policies going forward.*

Resolution: Cash Reserves Policy

RESULT:	TABLED [UNANIMOUS]
MOVER:	Roger Stahl, Board Member
SECONDER:	Mark Browning, Board Member
AYES:	Wojcik, Williams, Reichert, Stahl, Browning

6. General Managers Report

Mark Kotchevar, RPU General Manager, gave his update to the Board.

- Had a call with Moody's, last year we were at a 1.6 debt coverage ratio, and now with our rate increase we are closer to reaching our goal, they would like us to be at 2.
- We showed Moody's that we did a rate study and implemented a rate increase and they were glad to see those as well as the power cost adjustment. Building our cash reserves is a good thing as well.
- Minnesota Municipal Utilities Association (MMUA) will be hosting the 2016 Line workers rodeo in Shakopee, MN. They are looking for sponsorships at this time.
 - The Board was supportive and Mark will go forward with this.
 - Would like to get a couple charter busses so staff can volunteer and/or

Minutes Acceptance: Minutes of Dec 16, 2014 4:00 PM (Approval of Minutes)

attend.

- The FERC Settlement judge meeting was held on Monday December 15th with an introduction to all the parties. The next meeting is scheduled Feb 18th, 2015.

7. Management Report

Division Reports

- Field Services report: Question about the inspection on the Zumbro Dam. Bill Cook said there is still no report back. He will share the report once it is back.
- Core Services report: Questions about underground cabling- life aging
There is about \$2 million in the budget to replace aging underground cable.
 - Meters on apartment buildings/ conservation use? Conservation would be more likely to happen with apartment building owners.
 - St. Bridget's water tower is located on the training field owned by Olmsted County.
 - Mr. Wojcik asked if there was any planned high level water future development west of the Meadow lakes development. Not at this time.
 - We have had the highest number of water hookups this year.
 - OSHA's recordable benchmark rate is an industry average, we want to be below that. RPU's overall goal is Zero.
- Corporate Services report: The board really liked the IT status report.
- Customer Relations report: The MN Department of Commerce has accepted our 2013 Conservation Improvement Plan results and our 2015 plans. RPU exceeded the 1.5% of gross annual sales requirement by achieving 2.56%. This is already in the works for a future Plugged In.
 - The question was asked if there were many comments from the Service Assured letters that went out. Patty Hanson, Manager of Marketing, said there was one customer that came in and wanted to provide customer input to changes in the program.

8. Other Business

Mark Browning wanted to comment on the Austin/ RPU joint board meeting that was held on December 11th.

- The Board discussed the Owatonna project.

Michael Wojcik had a few things for discussion:

1. Discussed a sewer line maintenance insurance program- would this fall under the City of Rochester or RPU? This would be a program similar to our Service Assured program.
2. Fee for service instead of property tax (ex: sidewalk utility)
 - Take all of the fixed rates and combine into one line called "fee for service"

to simplify and communicate. (Could list as City of Rochester fee) This would go on our RPU bill.

3. Energy commission meeting:

- The line items should come to the RPU board
- Language should be changed, but we are already doing it.
- President Williams would like to see the resolution come to the board as an informational item.
- There would be no legal implications for RPU with this resolution per Terry Adkins.

Mark Browning was re-appointed to his second term by the City Council. Dave Reichert wanted to thank RPU staff for a great year.

9. Adjourn

Motion to: Adjourn at 5:20 PM.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Mark Browning, Board Member
SECONDER:	Michael Wojcik, Board Member
AYES:	Wojcik, Williams, Reichert, Stahl, Browning

The agenda and board packet for Utility Board meetings are available on-line at www.rpu.org and <http://rochestercitymn.ig2.com/Citizens/Default.aspx>

Submitted by:

Secretary

Approved by the Board

Board President

Date

Minutes Acceptance: Minutes of Dec 16, 2014 4:00 PM (Approval of Minutes)

MANAGEMENT REPORT

Meeting Date: 1/27/2015

SUBJECT: A/P Board Listing

PREPARED BY: Terri Engle

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/10/2014 To 01/14/2015

Consolidated & Summarized Below 1,000

1	<u>Greater than 50,000 :</u>		
2			
3	SOUTHERN MN MUNICIPAL POWER A	Monthly Billing	7,152,086.56
4	XCEL ENERGY CORP	CapX - LaCrosse Project CMA	597,077.45
5	MN DEPT OF REVENUE	Dec Sales and Use Tax	493,684.93
6	MN DEPT OF REVENUE	Nov Sales and Use Tax	431,951.65
7	WRIGHT TREE SERVICE INC	712D Lump Sum Tree Clearance Trimming	292,186.67
8	M A P P C O R	Early Termination Exit Fees	204,419.00
9	CITY OF ROCHESTER	Street Opening Repairs, RPU Portion	169,114.44
10	JENNINGS, STROUSS & SALMON PL	Legal Fees	146,489.11
11	MAVO SYSTEMS INC (P)	SLP Asbestos Removal & Repair	136,637.50
12	CONSTELLATION NEWENERGY-GAS D	SLP Pilot and Boiler Gas	110,363.66
13	SPARTA CONSULTING INC	Flex G/L Consulting	89,644.00
14	SPARTA CONSULTING INC	2014 SAP Application Support-Sept, Oct, Nov	87,640.00
15	HIMEC MECHANICAL (P)	Install 2nd AC Unit Hydro	76,987.00
16	CONSTELLATION NEWENERGY-GAS D	Gas at Cascade Creek	67,847.31
17			
18		Price Range Total:	10,056,129.28
19			
20	<u>5,000 to 50,000 :</u>		
21			
22	SPARTA CONSULTING INC	Solution Manager Consulting	49,980.00
23	RYAN ELECTRIC OF ROCHESTER IN	Change order Traffic Signal Meter Socket Install	43,862.41
24	PEOPLES ENERGY COOPERATIVE (P	Services Compensable 12/1/14-12/31/14	41,487.57
25	MASTEC NORTH AMERICA INC	Install outdoor cabinet and terminate 3	41,359.00
26	TRI STATE DRILLING INC	Construct 2 Foundations per plans	41,300.00
27	MASTEC NORTH AMERICA INC	installation of 2-2" conduits	41,250.00
28	BILLTRUST dba	Credit Card/Billing/Mailing/IVR Services	40,662.58
29	ROCH AREA ECONOMIC DEVELOPMEN	2015 Membership dues	40,000.00
30	PERCEPTIVE SOFTWARE USA INC	2015 ImageNow Software Maintenance	38,760.73
31	BOB BRAATEN CONSTRUCTION INC	Chester Substation Grading & Excavating	38,305.00
32	WESCO DISTRIBUTION INC	Trans, PM, 3ph, 750kVA, 13.8/8, 208/120	37,208.34
33	CRESCENT ELECTRIC SUPPLY CO	Luminaire, Residential, LED, PC, 120V	37,286.56
34	TRENCH LTD	CT, 161kV, 1500:5, Meter Acc	34,932.09
35	STONEHEDGE TOWNHOMES LLC	Oversize Water Main Reimbursement, Stone	30,979.29
36	ALL SYSTEMS INSTALLATION INC	Card Access System Upgrade	30,543.81
37	RESCO	SL Pole, 25', Residential, 21' Mtg Ht	28,856.25
38	STUART C IRBY CO INC	SL Pole, 25', Residential, 21' Mtg Ht	28,138.05
39	BURNS & MCDONNELL INC	Chester Eng Svs - Sub & Trans Line	26,716.48
40	MASTEC NORTH AMERICA INC	Rebuild Southtown hgt dr sw OH to UG	25,705.00
41	S L CONTRACTING INC	Site grading at Well 41	24,214.00
42	WESCO DISTRIBUTION INC	Trans, PM, 3ph, 150kVA, 13.8/8, 208/120	24,055.37
43	OPOWER INC	2014 Home Energy Reports	24,000.00
44	DEPT OF COMMERCE	CIP	21,982.11
45	TRI STATE DRILLING INC	Chester Sub Transmission Pole Construct	18,905.00
46	BLUESPIRE STRATEGIC MARKETING	2014 RPU Plugged In Contract-Dec	19,721.00
47	BLUESPIRE STRATEGIC MARKETING	2015 RPU Plugged In Contract-Jan	19,721.00
48	CD14 LLC	Oversize Water Main Reimbursement, CD14	19,589.36
49	AMER PUBLIC POWER ASSN	APPA Dues, 2nd half	19,482.67
50	WESCO DISTRIBUTION INC	Trans, PM, 3ph, 225kVA, 13.8/8, 480/277	18,590.60
51	MITSUBISHI ELECTRIC POWER PRO	2015-2016 Maint Contract SC/DR UPS	18,550.00
52	WRIGHT TREE SERVICE INC	2014 Hourly Tree Contract	17,920.12
53	BARR ENGINEERING COMPANY	Water Sustainability Study Services	17,758.34
54	SPARTA CONSULTING INC	Solution Manager - Support/Training	17,600.00

Attachment: AP Board CRMO (3324 : A/P Board Listing)

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/10/2014 To 01/14/2015

Consolidated & Summarized Below 1,000

55	SCHNEIDERMANS FURNITURE	CIP Conserve & Save Rebates	17,577.50
56	RYAN ELECTRIC OF ROCHESTER IN	Traffic Signal Meter Socket Install	17,500.00
57	CHARTER MEDIA	Service Assured advertising	17,304.00
58	PACE DAIRIES	CIP Conserve & Save Rebates	16,855.46
59	HYBRID MECHANICAL	Mechanical System Ops Server Room	15,516.00
60	MASTEC NORTH AMERICA INC	RPU Riber Optic Installed in Existing Ci	14,786.25
61	ACTION BATTERY WHOLESALERS IN	Battery, 24 cells 2V 10 OPzS 1000	14,153.46
62	VISION COMPANIES LLC (P)	Org Strategy for 2015	14,100.00
63	BADGER METER INC (P)	RTR Badger M-25 100W Itron ERT Integral	13,920.00
64	U S ALLIANCE GROUP	Credit Card Processing Fees, Dec 2014	13,284.18
65	CENTURYLINK	2014 Monthly Telecommunications	12,829.39
66	MAYO FOUNDATION	CIP Conserve & Save Rebates	12,790.55
67	ZIEGLER INC	Caterpillar	12,495.00
68	ZIEGLER INC	IBM Genset #2 Extended Warranty (3 yrs)	12,495.00
69	WRIGHT TREE SERVICE INC	2014 Overage pd from 2015 Contract	12,309.19
70	WRIGHT TREE SERVICE INC	904B Extra Lump Sum Tree Trim	11,554.33
71	XYLO TECHNOLOGIES INC	David McCollister - Field Svcs/GIS	11,360.00
72	WESCO DISTRIBUTION INC	Wire in Duct, AL, 600V, 4/0-2/0 Tri Urd	11,300.43
73	VIDEO GUIDANCE	Click Share Package	11,238.00
74	SAP PUBLIC SERVICES INC	2015 SAP TDMS Support	11,151.25
75	XYLO TECHNOLOGIES INC	2014 Timothy Myers - Corp Svcs/IS	11,017.50
76	CASCADE MEADOW WETLANDS &	2015 Annual Lease at Cascade Meadows	11,000.00
77	S L CONTRACTING INC	Track backhoe equipment rental for dist	10,800.00
78	BORDER STATES ELECTRIC SUPPLY	Conduit, HDPE, 4.00, Empty, SDR 13.5	10,553.91
79	KERRY BIO SCIENCE	CIP Conserve & Save Rebates	10,500.00
80	UNITED RENTALS INC	Skyjack Scissor Lift	10,383.00
81	CITY OF ROCHESTER	W/C	10,256.95
82	SAP PUBLIC SERVICES INC	2015 SAP Enterprise Support	10,179.03
83	THE ENERGY AUTHORITY INC	TEA Resource Fee	10,112.84
84	ALVIN E BENIKE INC (P)	SCADA remodeling	10,060.00
85	FREDRICKSON & BYRON PA	MN TACT Additional Assessment	10,000.00
86	CHS ROCHESTER	Monthly fuel, November	9,839.70
87	MINNESOTA ENERGY RESOURCES CO	SLP Pilot and Boiler Gas	9,824.49
88	ELECTRIC SCIENTIFIC CO INC	GT1 fire system upgrades	9,810.00
89	MASTEC NORTH AMERICA INC	Straight Splice two 216 strand fibers	9,658.00
90	CITY OF ROCHESTER	CIP Conserve & Save Rebates	9,500.00
91	HOME DEPOT USA #2826	CIP Conserve & Save Rebates	8,930.00
92	BOB BRAATEN CONSTRUCTION INC	Change Order # 4	8,923.00
93	MASTEC NORTH AMERICA INC	Splice 216 strand calble with	8,748.00
94	ENVENTIS dba	CAP w/CleanAir 3x4 3SSS Ext Ant	8,699.60
95	TRI STATE DRILLING INC	Mobilization/Demoilization	8,650.00
96	WELLS FARGO BANK ACCT ANALYSI	2014 Banking Services	8,527.07
97	XYLO TECHNOLOGIES INC	2014 Dominic Avila - Corp Svcs/IS	8,316.00
98	MASTEC NORTH AMERICA INC	New subdivision	8,097.22
99	FRANKLIN ENERGY SERVICES LLC	DSM / CIP Services 2014	8,024.59
100	BARR ENGINEERING COMPANY	Silver Lake Dam Rehabilitation Design	8,017.00
101	NUSS TRUCK & EQUIPMENT	CIP Conserve & Save Rebates	7,828.00
102	MASTEC NORTH AMERICA INC	New subdivision Hart Farm South 6th Repl	7,556.20
103	ALVIN E BENIKE INC (P)	SCADA ceiling grid install	7,485.00
104	VIDEO GUIDANCE	90" monitor LCD	7,299.00
105	ACTION BATTERY WHOLESALERS IN	Charger, AT10, 48V, 100A	6,705.34
106	CITY OF ROCHESTER	Moving Expenses, Gordon Robertson	6,249.81
107	EXPRESS SERVICES INC	2014 Fred Rahn - Field Svcs	6,156.08
108	OLM COUNTY PUBLIC WORKS DEPT	Reimbursement for CFL recycling	6,000.00
109	ENVENTIS dba	Catalyst 3K-X 10G network module	5,985.00

Attachment: AP Board CRMO (3324 : A/P Board Listing)

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/10/2014 To 01/14/2015

Consolidated & Summarized Below 1,000

110	TOM KADLEC HONDA	CIP Conserve & Save Rebates	5,922.00
111	RESCO	Three Phase VT Pack Ratio 2.5:1	5,921.16
112	ARNOLDS SUPPLY & KLEENIT CO (2014-2015 Monthly Cleaning Services-Dec	5,887.74
113	ARNOLDS SUPPLY & KLEENIT CO (2014-2015 Monthly Cleaning Services-Jan	5,887.74
114	D P C INDUSTRIES INC	2014 Hydrofluorosilicic Acid - Delivered	5,865.18
115	McGRANN SHEA CARNIVAL STRAUGH	Data Practices	5,850.00
116	POWER SYSTEMS ENGINEERING INC	Services related to Downtown LRP	5,779.97
117	BURNS & MCDONNELL INC	Transmission Line Design Guide	5,762.27
118	DELL MARKETING LP	OptiPlex 9020, 8GB memory	5,757.20
119	USIC LOCATING SERVICES INC	2014-2015 Locating Services	5,572.00
120	CHS ROCHESTER	Monthly fuel, November	5,433.70
121	ROCH AREA CHAMBER OF COMMERCE	Chamber Sponsorships	5,400.00
122	HIMEC MECHANICAL (P)	Change Order	5,053.30
123	TSP INC	Pre-design Study for RPU Bld Expansion	5,050.00
124	ENVENTIS dba	2014 Network Maintenance Services	5,032.50
125	MASTEC NORTH AMERICA INC	Splice 4 cables with 240 splices	5,031.50
126	PITNEY BOWES PURCHASE POWER	postage meter refill 12/5	5,000.00
127			
128		Price Range Total:	1,657,841.31
129	<u>1,000 to 5,000 :</u>		
130			
131	UTILITY FINANCIAL SOLUTIONS L	Elec cost of service/rate design study	4,940.00
132	CITY OF ROCHESTER	Gaging Station Maintenance (RPU Portion)	4,896.00
133	BOB BRAATEN CONSTRUCTION INC	CO additional removal type D piers	4,810.00
134	ROCHESTER METRO TREATMENT GEN	CIP Conserve & Save Rebates	4,601.00
135	SPARTA CONSULTING INC	2014 SAP Application Support Travel Exp	4,523.26
136	RUE 21	CIP Conserve & Save Rebates	4,480.00
137	MASTEC NORTH AMERICA INC	Straight Splice 216 strand fiber in exis	4,474.00
138	BORDER STATES ELECTRIC SUPPLY	Wire, AAC, 1590, Coreopsis	4,432.89
139	FISHEL ED	CIP Conserve & Save Rebates	4,400.00
140	S L CONTRACTING INC	valve replacement 3 Ave SW	4,400.00
141	MN DEPT OF NATURAL RESOURCES	MN DNR Contract 64964 stream gauging	4,300.00
142	ENVENTIS dba	Cisco 2911-VSEC/K9	4,190.35
143	MASTEC NORTH AMERICA INC	2014 Directional Boring/Misc Excavation	4,130.00
144	ICON LLC	Driveway construction for Sub on Kings R	4,004.80
145	ALVIN E BENIKE INC (P)	SCADA carpet install	4,000.00
146	VERIZON WIRELESS	2014 Cell & iPad Monthly Service	3,963.12
147	PAPER & GRAPHICS INC	Envelope, #10 Security Reverse Flap	3,953.95
148	GENERAL GROWTH PROPERTIES	CIP Conserve & Save Rebates	3,880.00
149	EXHIBITOR MEDIA GROUP	CIP Conserve & Save Rebates	3,874.62
150	ROCHESTER INN	CIP Conserve & Save Rebates	3,745.00
151	BADGER METER INC (P)	Meter, Bare 5/8x3/4" Badger Disc	3,655.13
152	BORDER STATES ELECTRIC SUPPLY	Wire, AL, 600V, 350-4/0NEU,EYS, Quad URD	3,612.38
153	RESCO	Mast Arm, Residential LED, Extension	3,545.58
154	BAIER GERALD	2014-15 Snow Removal (Oct--Mar)	3,466.66
155	MINNESOTA ENERGY RESOURCES CO	Gas at Cascade Creek	3,457.85
156	OULDAL ENTERPRISES INC	CIP Conserve & Save Rebates	3,432.87
157	D P C INDUSTRIES INC	2014 Carus 8500 Aqua Mag Kjell F35	3,409.10
158	SPARTA CONSULTING INC	HCM Support Transition	3,408.00
159	DEPT OF COMMERCE	Energy Facility Permitting	3,386.46
160	NUSS BRAD	CIP Conserve & Save Rebates	3,280.00
161	WESCO DISTRIBUTION INC	Luminaire, 250W HPS, PC, 120-480V	3,253.28
162	MINNESOTA ENERGY RESOURCES CO	Monthly billing SC	3,242.12
163	WABASHA COUNTY ADMIN/TREASURE	hydron in an emergency	3,150.00
164	UNITED PRODUCTS CORP	CIP Conserve & Save Rebates	2,040.00

Attachment: AP Board CRMO (3324 : A/P Board Listing)

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/10/2014 To 01/14/2015

Consolidated & Summarized Below 1,000

165	MASTEC NORTH AMERICA INC	Installation of 216 strand fiber in Mast	3,025.00
166	STEVE BENNING ELECTRIC	new transfer switch wellhouse 29	3,005.57
167	MASTEC NORTH AMERICA INC	Installation of 4-2" Conduits	3,000.00
168	NATURES BEST CLEANERS INC	CIP Conserve & Save Rebates	3,000.00
169	ALL SYSTEMS INSTALLATION INC	Fiber Splice in Vault adjacent to MH 303	2,971.00
170	AFFILIATED CREDIT SERVICES IN	2014 Third Party Collections	2,918.04
171	DELL MARKETING LP	Latitude E6540 laptop	2,909.04
172	VISION COMPANIES LLC (P)	Consulting Services	2,850.00
173	PITNEY BOWES GLOBAL FINANCIAL	Insertor and Mailing System Lease	2,759.65
174	LEE HON-CHI	CIP Conserve & Save Rebates	2,740.00
175	D P C INDUSTRIES INC	2014 Chlorine, 150 lb Cyl	2,740.00
176	ELECTROCON INTERNATIONAL INC	CAPE Software Maintenance	2,736.00
177	MASTEC NORTH AMERICA INC	feeder replacement - feeder 813	2,721.25
178	MASTEC NORTH AMERICA INC	Installation of 216 strand fiber in RPU	2,700.00
179	PAYMENT REMITTANCE CENTER	Travel, FERC Settlement Conf, Wash DC, A	2,696.40
180	CHARTER MEDIA	Core Values TV Spot	2,636.00
181	RIVERA JAIME	CIP Conserve & Save Rebates	2,625.00
182	ENVENTIS	2014-2017 Monthly Data Services	2,606.33
183	HI LINE UTILITY SUPPLY CO (P)	Pull Tape, Printed, .750" x 3000'	2,588.41
184	WINKELS ELECTRIC INC	Install light fixtures - Cascade Meadow	2,585.00
185	ENVENTIS dba	3560X 24 port PoE Switch	2,573.55
186	DLT SOLUTIONS, LLC	AutoCad Network License Fee (3)	2,565.87
187	ASSISI HEIGHTS CONVENT	CIP Conserve & Save Rebates	2,520.00
188	UNITED RENTALS INC	Boom	2,411.58
189	CRESCENT ELECTRIC SUPPLY CO	Wire, AL, 600V, 2/0-2/0 ACSR NEU Quad	2,396.40
190	TENSION ENVELOPE CORPORATION	Envelope, # 9 Remittance	2,388.66
191	STUART C IRBY CO INC	Metal Sec. Encl, 3ph, 30" x 67" x 22"	2,312.51
192	CANADIAN HONKER RESTAURANT &	Annual employee training	2,307.59
193	AMERICAN LEGION POST 92	CIP Conserve & Save Rebates	2,275.00
194	CITY OF ROCHESTER - PARK & RE	CIP Conserve & Save Rebates	2,250.00
195	L & S ELECTRIC INC	testing of breakers.	2,223.54
196	MITCHELL1 dba	2015 Shopkey Pro Web & Med Truck	2,220.00
197	BORDER STATES ELECTRIC SUPPLY	Clamp, Bolted Spacer, Two 1590 AAC	2,213.70
198	CDW GOVERNMENT INC	HP laserjet multifunction printer	2,206.41
199	FAIRWAY OUTDOOR FUNDING LLC	2014 Digital Billboard Contract-Dec	2,200.00
200	FAIRWAY OUTDOOR FUNDING LLC	2015 Digital Billboard Contract-Jan	2,200.00
201	NALCO COMPANY	Nalco, PC-191T.12 Antiscale (DEMIN)	2,159.04
202	WESCO DISTRIBUTION INC	Current transformer, Type KOT-11	2,107.00
203	SOMA CONSTRUCTION INC	Crushed concrete for break repairs	2,097.22
204	COMFORT INN HOTEL	CIP Conserve & Save Rebates	2,044.40
205	VIKING AUTOMATIC SPRINKLER IN	Sprinkler System Repairs	2,032.00
206	ROCHESTER PROPERTIES LLC	CIP Conserve & Save Rebates	2,025.00
207	MN POLLUTION CONTROL AGENCY	Pollution Prevention Act Annual Fee for	2,020.79
208	NALCO COMPANY	DI Vessels, Anion, CC	2,019.94
209	ADVANCED DISPOSAL SVC SOLID W	2014 Waste Removal Services - SLP	2,001.58
210	ASSOC OF ENERGY ENGINEERS-TC	Registration, Cert Energy Manager, Dirk	2,000.00
211	MIDWEST RENEWABLE ENERGY TRAC	MRETS Subscription	2,000.00
212	MASTEC NORTH AMERICA INC	replace st light feed & light	1,995.00
213	ACTION BATTERY WHOLESALERS IN	Spill containment tray & neutral pillows	1,985.74
214	ADVANCED DISPOSAL SVC SOLID W	2014 Waste Removal Services - SC	1,932.71
215	MARNE & ASSOCIATES INC	NESC Training, Engineering Staff	1,925.00
216	IHEART MEDIA dba	Service Assured Advertising	1,880.00
217	MISSISSIPPI WELDERS SUPPLY CO	Harness, Lg, Fall Protection, Sala	1,845.30
218	ENVENTIS dba	Cisco 2901/K9	1,831.70
219	DAKOTA SUPPLY GROUP	Bronze Swivel Connection, .750, 3/4	1,830.00

Attachment: AP Board CRMO (3324 : A/P Board Listing)

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/10/2014 To 01/14/2015

Consolidated & Summarized Below 1,000

220	HARRINGTON ENTERPRISES	High Performance Vacuum and Accessories	1,810.24
221	CRESCENT ELECTRIC SUPPLY CO	Tape, Plastic, .750" x 66', 3M Super +33	1,795.37
222	MED CITY COLLISION INC	Labor	1,782.70
223	ROCHESTER ATHLETIC CLUB	CIP Conserve & Save Rebates	1,760.00
224	POMPS TIRE SERVICE INC	Dismount / mount tires / outrigger	1,735.00
225	MASTEC NORTH AMERICA INC	installation of 216 strand fiber in RPU	1,725.00
226	NETWORKFLEET INC	2014 Monthly Charge - GPS Fleet tracking	1,707.51
227	OUTBACK STEAKHOUSE #2414	CIP Conserve & Save Rebates	1,700.00
228	ABC TOY ZONE	CIP Conserve & Save Rebates	1,694.00
229	WESCO DISTRIBUTION INC	Term, Stress C. 15kV, 500-750 MCM, C.S	1,687.13
230	NETWORKFLEET INC	2015 Monthly Charge - GPS Fleet Tracking	1,686.75
231	MERIT CONTRACTING INC (P)	Roof Asset Mgmt Subs, 3 yrs (2014-2017)	1,683.00
232	RESCO	Conn, Trans, 1/0-1000, 8-Tap, Bare	1,680.12
233	STUART C IRBY CO INC	Pedestal Cover, Box Style, FG	1,667.25
234	WRIGHT RICHARD	CIP Conserve & Save Rebates	1,660.00
235	UNITED RENTALS INC	Mini Excavator - Chester Sub	1,655.49
236	HIMEC MECHANICAL (P)	Change Order - concrete pad	1,646.06
237	DIMENSION PLUMBING AND HEATIN	ye Wash Station - Warehouse	1,640.00
238	MASTEC NORTH AMERICA INC	Directional Bore / Remex	1,621.25
239	POWER SYSTEMS ENGINEERING INC	116-588 Distr-Oper-Misc Distr Exp	1,603.50
240	WESCO DISTRIBUTION INC	Conn, Trans, 1/0-1000, 12-Tap, Bare	1,583.57
241	PUGLEASA COMPANY INC	2014 Annual Inspections and Maintenance	1,569.99
242	HIMEC MECHANICAL (P)	2 MS Deareators Inspections	1,538.58
243	BARR ENGINEERING COMPANY	2014 5-yr Lake Zumbro Dam Inspection	1,526.57
244	MED CITY COLLISION INC	Parts	1,514.81
245	ICHI TOKYO	CIP Conserve & Save Rebates	1,510.00
246	BRAUN, THOMAS	* Customer Refund - CCS 3000006653189	1,500.00
247	PENZ INVESTMENTS LLC	Lease Payment, Transmission Pole Staging	1,500.00
248	STUART C IRBY CO INC	Pedestal Base, Secondary, FG, w/o Cover	1,474.88
249	NOVASPECT INC	Software Support for Data Aggregation-Dec	1,455.40
250	NOVASPECT INC	Software Support for Data Aggregation-Jan	1,455.40
251	ENVENTIS dba	2960S 24 GigE switch	1,453.20
252	ADVANTAGE DIST LLC (P)	Oil and anti-freeze	1,452.48
253	WESCO DISTRIBUTION INC	CT, Bar Type, 600/5 600V High Accuracy	1,440.00
254	ENVENTIS dba	2014-2017 Collocation Agreement	1,438.12
255	MADSEN BRIAN	2014-2015 Printer Maintenance contract	1,419.30
256	MN PIPE & EQUIPMENT	WB67 Breakoff Flange Kit, K528	1,350.00
257	STEVE BENNING ELECTRIC	Install power for Aerial Trucks	1,349.00
258	ALVIN E BENIKE INC (P)	Occupancy Light and Drain Extension	1,328.00
259	RESCO	Arrester, 10kV, Dist, Riser MOV	1,318.84
260	ENVENTIS dba	2014-2017 Monthly Data Services	1,304.77
261	GRAINGER INC	Cap, Beanie Style Stocking Cap, FR	1,281.99
262	CLIFTONLARSONALLEN LLP	annual security training	1,253.20
263	STUART C IRBY CO INC	Pedestal Cover, Box Style, FG	1,250.44
264	JOHN HENRY FOSTER MN INC	Oil, QuinSyn, 5 Gal. Container	1,248.30
265	U S POSTMASTER	Caller service fee for 12 months	1,240.00
266	CITY OF ROCHESTER	Medical	1,229.00
267	WESCO DISTRIBUTION INC	Postage And Shipping	1,224.80
268	GRAINGER INC	Eye wash stations & cartridges	1,222.22
269	WESCO DISTRIBUTION INC	Conn, Trans, 1/0-1000, 8-Tap, Bare	1,220.94
270	MCMASER CARR SUPPLY COMPANY	wall exhaust fan w/louvers// JP	1,214.17
271	TWO SOCKETS - TWO METERS INC	Wire Harness, 6' Custom	1,211.96
272	STAR PROPERTIES OF ROCHESTER	CIP Conserve & Save Rebates	1,186.00
273	BURNAP, STEVEN	* Customer Refund - CCS 300000608407	1,177.26
274	SERVICEMASTER DISTRIBUTION CE	CIP Conserve & Save Rebates	1,173.26

Attachment: AP Board CRMO (3324 : A/P Board Listing)

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/10/2014 To 01/14/2015

Consolidated & Summarized Below 1,000

275	ENVENTIS	2014-2017 Collocation Agreement	1,169.07
276	RIVAS JOSE	CIP Conserve & Save Rebates	1,164.66
277	BARR ENGINEERING COMPANY	Wellhead Protection Pre-Delineation Meet	1,136.00
278	ENVENTIS dba	Dipole Ant, 2.4GHz	1,135.68
279	ENVENTIS dba	VWICS Additional cards	1,135.20
280	ENVENTIS dba	2014-2017 Total Care Support	1,135.00
281	DELL MARKETING LP	Monitor, 24"	1,123.16
282	SMS SYSTEMS MAINTENANCE SERVI	2014 Server Maintenance	1,120.34
283	EXPRESS SERVICES INC	2014 Kelli Cheney - Contract Staff	1,107.60
284	PRATT & WHITNEY POWER SYSTEMS	Filter, Element, CT117419-2	1,092.80
285	STUART C IRBY CO INC	Hand hole cover w/hdwr, 4"x 12"	1,075.00
286	MAINTENANCE ENGINEERING	Bulb, 150W, 130V	1,073.45
287	BAIER GERALD	2014 Garage Sweep Jan-December	1,068.75
288	BARR ENGINEERING COMPANY	2014 Engr Svcs - Hydro	1,053.28
289	STUART C IRBY CO INC	Wire, Copper, #2 Str, Bare	1,047.38
290	TOKAY SOFTWARE	Backflow Prevention Software	1,000.00
291	MASTEC NORTH AMERICA INC	Fiber testing	1,000.00
292	SCHMITT MUSIC	CIP Conserve & Save Rebates	1,000.00
293	MIDCONTINENT ISO INC	2015 Annual Fee	1,000.00
294			
295		Price Range Total:	366,342.53
296			
297	<u>0 to 1,000 :</u>		
298			
299	REBATES	Summarized transactions: 51	15,194.69
300	EXPRESS SERVICES INC	Summarized transactions: 32	14,484.81
301	BORDER STATES ELECTRIC SUPPLY	Summarized transactions: 43	9,549.76
302	PAYMENT REMITTANCE CENTER	Summarized transactions: 48	5,972.24
303	STUART C IRBY CO INC	Summarized transactions: 20	5,779.63
304	INNOVATIVE OFFICE SOLUTIONS L	Summarized transactions: 119	5,706.82
305	CITY OF ROCHESTER	Summarized transactions: 20	5,680.71
306	G & K SERVICES	Summarized transactions: 108	4,826.80
307	Customer Refunds (CIS)	Summarized transactions: 35	4,417.72
308	LAWSON PRODUCTS INC (P)	Summarized transactions: 13	3,612.71
309	CRESCENT ELECTRIC SUPPLY CO	Summarized transactions: 57	3,552.41
310	JOHNSON PRINTING CO INC	Summarized transactions: 10	3,224.36
311	CDW GOVERNMENT INC	Summarized transactions: 14	3,033.23
312	WESCO DISTRIBUTION INC	Summarized transactions: 19	2,926.00
313	UNITED RENTALS INC	Summarized transactions: 10	2,722.08
314	NAPA AUTO PARTS (P)	Summarized transactions: 56	2,508.37
315	JOHNSON PRINTING CO INC	Summarized transactions: 7	2,446.27
316	MN PIPE & EQUIPMENT	Summarized transactions: 9	2,379.67
317	MISSISSIPPI WELDERS SUPPLY CO	Summarized transactions: 19	2,297.67
318	ENVENTIS dba	Summarized transactions: 12	2,281.13
319	STORAGE BATTERY SYSTEMS	Summarized transactions: 9	2,100.09
320	ALDEN POOL & MUNICIPAL SUPPLY	Summarized transactions: 5	1,917.61
321	MASTEC NORTH AMERICA INC	Summarized transactions: 3	1,794.50
322	MULCAHY COMPANY INC	Summarized transactions: 4	1,606.79
323	STEVE BENNING ELECTRIC	Summarized transactions: 7	1,603.45
324	NOVASPECT INC	Summarized transactions: 13	1,581.86
325	GARCIA GRAPHICS INC	Summarized transactions: 11	1,505.98
326	U S A SAFETY SUPPLY	Summarized transactions: 12	1,500.03
327	ALL SYSTEMS INSTALLATION INC	Summarized transactions: 3	1,482.03
328	GRAINGER INC	Summarized transactions: 17	1,472.42
329	MINNESOTA ENERGY RESOURCES CO	Summarized transactions: 3	1,471.86

Attachment: AP Board CRMO (3324 : A/P Board Listing)

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/10/2014 To 01/14/2015

Consolidated & Summarized Below 1,000

330	DAKOTA SUPPLY GROUP	Summarized transactions: 12	1,436.67
331	CHS ROCHESTER	Summarized transactions: 3	1,361.05
332	STEVE BENNING ELECTRIC	Summarized transactions: 4	1,310.94
333	FASTENAL COMPANY	Summarized transactions: 21	1,298.74
334	CENTURYLINK	Summarized transactions: 6	1,266.38
335	VIKING ELECTRIC SUPPLY INC	Summarized transactions: 17	1,250.65
336	RESCO	Summarized transactions: 5	1,180.64
337	ENVENTIS	Summarized transactions: 3	1,172.28
338	GRAYBAR ELECTRIC COMPANY INC	Summarized transactions: 7	1,142.83
339	METRO SALES INC	Summarized transactions: 3	1,117.39
340	CITY OF ROCHESTER	Summarized transactions: 3	1,063.72
341	ACTION BATTERY WHOLESALERS IN	Summarized transactions: 1	996.08
342	DELL MARKETING LP	Summarized transactions: 7	981.74
343	MCMASTER CARR SUPPLY COMPANY	Summarized transactions: 25	961.38
344	USA BLUE BOOK DBA	Summarized transactions: 4	935.79
345	ROCH SAND & GRAVEL INC	Summarized transactions: 2	932.51
346	SCHLINK WALTER	Summarized transactions: 4	920.95
347	WIDSETH SMITH NOTLING & ASSOC	Summarized transactions: 1	901.25
348	TWO SOCKETS - TWO METERS INC	Summarized transactions: 5	894.42
349	DAVIES PRINTING COMPANY INC	Summarized transactions: 1	884.93
350	CLAREY'S SAFETY EQUIPMENT dba	Summarized transactions: 4	871.23
351	G A ERNST & ASSOCIATES INC	Summarized transactions: 1	862.00
352	POSITRON INC	Summarized transactions: 3	859.53
353	CUSTOM TRUCK BODY & EQ CO INC	Summarized transactions: 2	853.75
354	OPEN ACCESS TECHNOLOGY	Summarized transactions: 1	811.70
355	HEWLETT PACKARD CO INC	Summarized transactions: 1	810.65
356	CORPORATE WEB SERVICES INC	Summarized transactions: 3	805.85
357	WINTHROP & WEINSTINE INC	Summarized transactions: 1	800.00
358	WINKELS ELECTRIC INC	Summarized transactions: 2	779.00
359	CHARTER MEDIA	Summarized transactions: 2	775.00
360	VIDEO GUIDANCE	Summarized transactions: 1	772.61
361	RONCO ENGINEERING SALES INC	Summarized transactions: 5	771.67
362	JACKSON SIDNEY	Summarized transactions: 9	768.14
363	NORTH AMERICAN ENERGY MARKETS	Summarized transactions: 1	750.00
364	ARROW ACE HARDWARE-ST PETER	Summarized transactions: 5	746.03
365	NALCO COMPANY	Summarized transactions: 7	742.26
366	ONLINE INFORMATION SERVICES I	Summarized transactions: 2	733.50
367	ELECTROCON INTERNATIONAL INC	Summarized transactions: 1	731.03
368	APPLIANCE VILLAGE INC	Summarized transactions: 4	676.18
369	POST BULLETIN CO	Summarized transactions: 2	671.58
370	J B CONTROLS INC	Summarized transactions: 2	665.62
371	AUTHORIZE.NET	Summarized transactions: 1	664.20
372	JOHN HENRY FOSTER MN INC	Summarized transactions: 3	653.81
373	ARNOLDS SUPPLY & KLEENIT CO (Summarized transactions: 8	652.95
374	PEOPLES ENERGY COOPERATIVE	Summarized transactions: 2	643.11
375	GLOBAL EQUIPMENT COMPANY	Summarized transactions: 3	634.11
376	LEAGUE OF MN CITIES INS TRUST	Summarized transactions: 1	610.56
377	HACH COMPANY	Summarized transactions: 4	604.60
378	ROCH REGIONAL SCIENCE FAIR	Summarized transactions: 1	600.00
379	WSB & ASSOCIATES	Summarized transactions: 1	590.50
380	PRUDENT PUBLISHING	Summarized transactions: 2	584.75
381	G & K SERVICES	Summarized transactions: 7	580.98
382	HAWK & SON'S INC	Summarized transactions: 2	580.00
383	ROCH PLUMBING & HEATING CO IN	Summarized transactions: 2	568.81
384	CENTER FOR ENERGY AND ENVIRON	Summarized transactions: 1	557.89

Attachment: AP Board CRMO (3324 : A/P Board Listing)

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/10/2014 To 01/14/2015

Consolidated & Summarized Below 1,000

385	O'REILLY AUTO PARTS	Summarized transactions: 3	550.33
386	THOMAS TOOL & SUPPLY INC	Summarized transactions: 2	532.48
387	MSC INDUSTRIAL SUPPLY CO INC	Summarized transactions: 6	524.37
388	SCHWAB VOLLHABER LUBRATT CORP	Summarized transactions: 2	509.70
389	VIDEO GUIDANCE	Summarized transactions: 1	501.81
390	ALTEC INDUSTRIES INC	Summarized transactions: 6	501.19
391	SOLARWINDS INC	Summarized transactions: 2	500.79
392	MAVO SYSTEMS INC (P)	Summarized transactions: 1	489.00
393	EDEL OIL SERVICE INC	Summarized transactions: 1	470.00
394	INSTY PRINTS ROCHESTER (P)	Summarized transactions: 4	466.08
395	HAWK & SON'S INC	Summarized transactions: 2	450.00
396	BOBCAT OF ROCHESTER	Summarized transactions: 2	447.82
397	MED CITY COLLISION INC	Summarized transactions: 1	445.13
398	KEEPRS INC	Summarized transactions: 3	440.31
399	BEST BUY BUSINESS ADVANTAGE d	Summarized transactions: 5	432.03
400	MENARDS ROCHESTER NORTH	Summarized transactions: 6	430.49
401	ARROW ACE HARDWARE-ST PETER	Summarized transactions: 7	428.11
402	TSP INC	Summarized transactions: 2	426.08
403	SNAP ON INDUSTRIAL	Summarized transactions: 3	403.92
404	GATEWAY THE ROCHESTER CHAPTER	Summarized transactions: 1	400.00
405	STATUS INSTRUMENTS INC	Summarized transactions: 4	394.12
406	A T & T	Summarized transactions: 1	387.14
407	ZEE MEDICAL SERVICE INC (P)	Summarized transactions: 2	377.75
408	CULLIGAN OF ROCHESTER INC	Summarized transactions: 5	373.32
409	R D O - POWERPLAN OIB	Summarized transactions: 6	370.98
410	JETTER CLEAN INC	Summarized transactions: 1	350.00
411	REBATES	Summarized transactions: 3	350.00
412	OLM COUNTY AUDITOR/TREASURER	Summarized transactions: 1	346.72
413	CLEMENTS GM PARTS	Summarized transactions: 3	346.58
414	OLM COUNTY HAZARDOUS WASTE	Summarized transactions: 1	339.66
415	MISSISSIPPI WELDERS SUPPLY CO	Summarized transactions: 2	328.54
416	VIKING ELECTRIC SUPPLY INC	Summarized transactions: 3	327.71
417	CENTURYLINK	Summarized transactions: 1	325.95
418	DONOVAN DAN J	Summarized transactions: 1	325.00
419	BENNETT PETER	Summarized transactions: 2	316.56
420	FIEK STEVEN	Summarized transactions: 2	316.56
421	OLM COUNTY PROPERTY RECORDS	Summarized transactions: 5	308.00
422	PROGRESSIVE BUSINESS PUBLICAT	Summarized transactions: 1	299.00
423	SCHONSTEDT INSTRUMENT COMPANY	Summarized transactions: 3	297.03
424	CDW GOVERNMENT INC (P)	Summarized transactions: 4	296.60
425	ON SITE SANITATION INC	Summarized transactions: 4	295.08
426	WILLIAMS JERRY	Summarized transactions: 3	294.83
427	WRIGHTS SMALL ENGINE SERVICE	Summarized transactions: 2	281.56
428	HUDSON WORKWEAR CO INC	Summarized transactions: 8	271.43
429	NETWORK SERVICES COMPANY	Summarized transactions: 6	269.29
430	TOKAY SOFTWARE	Summarized transactions: 1	267.19
431	NEW PIG CORPORATION	Summarized transactions: 3	264.81
432	PEOPLES ENERGY COOPERATIVE	Summarized transactions: 1	259.14
433	FRONTIER	Summarized transactions: 1	258.72
434	BOWMANS SAFE & LOCK SHOP LTD	Summarized transactions: 5	254.26
435	PUGLEASA COMPANY INC	Summarized transactions: 2	252.23
436	SEMA	Summarized transactions: 1	251.62
437	COOK STEVEN J	Summarized transactions: 1	249.00
438	MENARDS ROCHESTER SOUTH	Summarized transactions: 4	245.41
439	RONCO ENGINEERING SALES INC	Summarized transactions: 2	243.17

Attachment: AP Board CRMO (3324 : A/P Board Listing)

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/10/2014 To 01/14/2015

Consolidated & Summarized Below 1,000

440	FLOWERVE PUMP CORPORATION	Summarized transactions: 3	235.73
441	IRON MOUNTAIN DBA	Summarized transactions: 1	229.61
442	AFFILIATED GROUP INC	Summarized transactions: 1	228.00
443	TEMP PRO INC	Summarized transactions: 2	227.57
444	KOSHIRE LARRY J	Summarized transactions: 2	226.42
445	DIMENSION PLUMBING AND HEATIN	Summarized transactions: 1	221.60
446	VANCO SERVICES LLC	Summarized transactions: 1	219.60
447	BLUESPIRE STRATEGIC MARKETING	Summarized transactions: 1	214.51
448	WRIGHT TREE SERVICE INC	Summarized transactions: 1	213.32
449	UNITED SURFACE PREPARATION IN	Summarized transactions: 2	209.72
450	GOPHER STATE ONE CALL	Summarized transactions: 1	208.23
451	GOPHER STATE ONE CALL	Summarized transactions: 1	208.22
452	GREAT RIVER ENERGY	Summarized transactions: 2	206.11
453	AFFILIATED CREDIT SERVICES IN	Summarized transactions: 2	202.02
454	BILLTRUST dba	Summarized transactions: 2	200.81
455	WEIS BUILDERS INC	Summarized transactions: 1	200.00
456	OLM COUNTY PUBLIC WORKS DEPT	Summarized transactions: 2	200.00
457	TARCO INDUSTRIES INC	Summarized transactions: 2	196.60
458	MENARDS ROCHESTER SOUTH	Summarized transactions: 3	194.80
459	IDEXX DISTRIBUTION CORP	Summarized transactions: 2	192.19
460	ASSOC OF ENERGY ENGINEERS	Summarized transactions: 1	190.00
461	KOTSCHVAR MARK	Summarized transactions: 2	187.10
462	VIDEO GUIDANCE	Summarized transactions: 2	180.62
463	FEDEX	Summarized transactions: 10	177.23
464	PRATT & WHITNEY POWER SYSTEMS	Summarized transactions: 4	160.43
465	FIRST CLASS PLUMBING & HEATIN	Summarized transactions: 1	159.04
466	HI LINE UTILITY SUPPLY CO (P)	Summarized transactions: 1	154.58
467	U S A SAFETY SUPPLY	Summarized transactions: 2	154.27
468	HY VEE	Summarized transactions: 3	153.99
469	NU-TELECOM dba	Summarized transactions: 1	152.64
470	CARQUEST AUTO PARTS	Summarized transactions: 4	151.07
471	SHERWIN WILLIAMS CO	Summarized transactions: 1	149.63
472	OLLENDIECK PHIL	Summarized transactions: 1	148.42
473	DZUBAY TONY	Summarized transactions: 1	148.01
474	HACH COMPANY	Summarized transactions: 6	145.37
475	TOTAL RESTAURANT SUPPLY	Summarized transactions: 5	135.66
476	ALTERNATIVE TECHNOLOGIES INC	Summarized transactions: 1	130.00
477	SPX TRANSFORMER SOLUTIONS INC	Summarized transactions: 2	128.25
478	GARCIA GRAPHICS INC	Summarized transactions: 1	125.00
479	A P I SUPPLY INC	Summarized transactions: 1	122.56
480	T E C INDUSTRIAL INC	Summarized transactions: 3	119.61
481	SWAGELOK MN INC (P)	Summarized transactions: 1	119.27
482	HEIMER WILLIAM T	Summarized transactions: 1	118.80
483	MCMASTER CARR SUPPLY COMPANY	Summarized transactions: 4	115.44
484	A T & T	Summarized transactions: 3	113.35
485	ROCH RESTAURANT SUPPLY	Summarized transactions: 1	112.01
486	BABCOCK & WILCOX COMPANY INC	Summarized transactions: 4	108.76
487	LITTLE DAVID	Summarized transactions: 2	108.00
488	INCOM DIRECT	Summarized transactions: 1	106.94
489	MN GROUND WATER ASSOC	Summarized transactions: 2	105.00
490	HUSKIE TOOLS INC	Summarized transactions: 2	100.07
491	MN DEPT OF HEALTH - WELL MGMT	Summarized transactions: 1	100.00
492	INTERSTATE MOTOR TRUCKS INC	Summarized transactions: 1	96.41
493	FIRST SUPPLY (P)	Summarized transactions: 1	94.53
494	MENARDS ROCHESTER NORTH	Summarized transactions: 2	90.63

Attachment: AP Board CRMO (3324 : A/P Board Listing)

ROCHESTER PUBLIC UTILITIES

A/P Board Listing By Dollar Range

For 12/10/2014 To 01/14/2015

Consolidated & Summarized Below 1,000

495	PUTZIER KRISTOPHER	Summarized transactions: 1	89.99
496	LANGUAGE LINE SERVICES INC	Summarized transactions: 2	86.23
497	TOTAL TOOL SUPPLY INC (P)	Summarized transactions: 4	85.74
498	SLEEPY EYE TELEPHONE CO	Summarized transactions: 1	84.76
499	CRESCENT ELECTRIC SUPPLY CO	Summarized transactions: 2	83.89
500	McGRANN SHEA CARNIVAL STRAUGH	Summarized transactions: 1	81.25
501	CHARTER COMMUNICATIONS HOLDIN	Summarized transactions: 1	80.27
502	STEFFL TIM	Summarized transactions: 1	78.00
503	RYAN ELECTRIC OF ROCHESTER IN	Summarized transactions: 1	78.00
504	TENSION ENVELOPE CORPORATION	Summarized transactions: 1	74.81
505	GOODIN COMPANY	Summarized transactions: 2	74.43
506	MN GROUND WATER ASSOC	Summarized transactions: 1	70.00
507	POST BULLETIN CO	Summarized transactions: 1	69.12
508	37TH STREET TIRE & AUTO SVC I	Summarized transactions: 1	69.00
509	AGRICULTURAL WEATHER INFO SER	Summarized transactions: 1	65.00
510	NORTHERN / BLUETARP FINANCIAL	Summarized transactions: 1	64.10
511	DEX MEDIA	Summarized transactions: 1	63.87
512	MAINTENANCE ENGINEERING	Summarized transactions: 2	61.47
513	POMPS TIRE SERVICE INC	Summarized transactions: 2	56.29
514	ROCH AREA BUILDERS INC	Summarized transactions: 1	50.00
515	REINDERS INC	Summarized transactions: 1	46.78
516	DAKOTA SUPPLY GROUP	Summarized transactions: 1	42.93
517	BATTERIES PLUS	Summarized transactions: 1	42.73
518	VIDEO GUIDANCE	Summarized transactions: 1	40.96
519	NAPA AUTO PARTS (P)	Summarized transactions: 1	37.99
520	HANSON PATRICIA S	Summarized transactions: 2	30.00
521	BLEVINS JAN	Summarized transactions: 1	30.00
522	HATHAWAY TREE SERVICE INC	Summarized transactions: 1	30.00
523	OLM COUNTY CENTRAL FINANCE	Summarized transactions: 1	28.80
524	DAVE SYVERSON TRUCK CENTER IN	Summarized transactions: 1	27.45
525	L & S ELECTRIC INC	Summarized transactions: 1	22.46
526	BLACKHAWK INC	Summarized transactions: 3	20.86
527	DOUBLETREE HOTEL - BGDS HOTEL	Summarized transactions: 1	20.00
528	MINNESOTA ENERGY RESOURCES CO	Summarized transactions: 1	19.01
529	SOUTHERN MN AUTO SUPPLY INC	Summarized transactions: 1	16.45
530	BIERBAUM DIRK	Summarized transactions: 1	15.00
531	HUMPHREY STEPHANIE	Summarized transactions: 1	15.00
532	LARSON DRU	Summarized transactions: 1	15.00
533	DONAHUE DEBRA	Summarized transactions: 2	15.00
534	ABILITY BUILDING CENTER INC	Summarized transactions: 3	14.96
535	FEDEX	Summarized transactions: 2	13.52
536	CONNEY SAFETY PRODUCTS LLC	Summarized transactions: 2	12.72
537	NORTHERN / BLUETARP FINANCIAL	Summarized transactions: 1	3.49
538			
539		Price Range Total:	198,437.32
540			
541		Grand Total:	12,278,750.44

Attachment: AP Board CRMO (3324 : A/P Board Listing)

FOR BOARD ACTION

Agenda Item # (ID # 3273)

Meeting Date: 1/27/2015

SUBJECT: IBM Standby Electric Service and License Agreement

PREPARED BY: Dru Larson

ITEM DESCRIPTION:

The previous Agreement between RPU and International Business Machines Corporation (IBM) for standby electric service for two RPU owned generators expired in July, 2014. The existing agreement remained in effect until both parties were able to reach agreement on the terms of the new agreement. Both parties desire to continue the relationship to provide standby electric service for system load-serving purposes and agreed on October 1st to enter into the new Agreement and subsequent License Agreement.

It has taken until now for the new Agreement to be approved by IBM and is retro-active to October 1, 2014. IBM will pay for services on a monthly fixed charge of \$3,175 per generator that reflects the operation, maintenance and administration of the generators, plus a fuel consumption charge. This is lower than the original agreement due to the fact that the debt service has been paid off on the units. Initial prices are fixed for five years.

The Agreement has been reviewed by the City Attorney.

UTILITY BOARD ACTION REQUESTED:

Staff recommends the board approve the Standby Electric Service and License Agreements with International Business Machines Corporation (IBM) and approve a resolution authorizing the Mayor and City Clerk to execute the Agreement.

**License Agreement
Between
The City of Rochester and IBM Corporation**

REAL ESTATE LICENSE FOR BUILDING 301 AND 020

THIS REAL ESTATE LICENSE made between INTERNATIONAL BUSINESS MACHINES CORPORATION (IBM), ("**Licensor**"), a New York corporation and the CITY OF ROCHESTER, ("**Licensee**"), a Minnesota municipal corporation, acting through its Public Utility Board (RPU).

WHEREAS, the parties desire by this License to provide for the licensing by Licensor to Licensee of the right to use that certain part of Licensor's owned property located at 3605 Highway 52, North Rochester, MN 55901, as more particularly described on EXHIBIT A, attached hereto and made a part hereof (the "**License Area**"). Such License Areas are located adjacent to Buildings 301 and 020 (the "Buildings") on land and within buildings owned by Licensor (the "**Property**").

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby covenant and agree as follows:

1. License. (a) Licensor hereby grants to Licensee a license (the "**License**") to use the License Area for the License Period (as hereinafter defined), together with the right to access the License Area through the common areas of the Property. Licensee shall use the License Area for the purposes set forth in Paragraph 2 hereof.

(b) Licensee has inspected and is familiar with the License Area and accepts it in its "as is" condition, Licensor shall not be required to perform any work or furnish any materials in order to prepare the License Area for Licensee's use.

2. Use. Licensee may use the License Area for the purpose of installing, operating and maintaining a standby generator, self-contained fuel source and secure enclosure and related equipment ("**License Facilities**") to provide standby electric service as needed to support Licensor's load. All of Licensee's construction, installation and maintenance work shall be performed at Licensee's sole cost and expense and in a good and workmanlike manner. Licensee shall be responsible for obtaining at its sole cost and expense all permits required by law or code for the construction, installation and maintenance of the Licensee Facilities. Licensee agrees to provide

Attachment: License and Standby Agreement Final (3273 : IBM Standby Electric Service and License Agreement)

Licensor with names of its proposed contractors and its plans for any work and obtained Licensor's prior approval.

3. Area License Period. The "**License Period**" shall commence on October 1, 2014 and shall continue until September 30, 2024 unless terminated earlier per the terms of the Standby Electric Service Agreement (Exhibit B).

4. License Fee. In consideration of the promises and covenants contained herein and for other good and valuable consideration including but not limited to that which is contained in the Agreement for Standby Electric Service of even date herewith between Licensor and Licensee (the "Agreement"), Licensee has paid to Licensor a onetime fee in the amount of TEN DOLLARS (\$10.00).

5. Services. During the License Period, Licensor shall provide those services to the License Area currently being supplied to the Property(s) as the same may reasonably be modified by Licensor from time-to-time.

6. Mechanics' Liens. Licensee shall discharge by payment, bond or otherwise those mechanics' liens filed against the Property(s) for work, labor, services or materials claimed to have been performed at or furnished to the License Area for or on behalf of Licensee, except that Licensee shall not be liable hereunder when any mechanics' lien is filed by a contractor, supplier, material man or laborer retained by or on behalf of Licensor.

7. Compliance with Laws and Regulations.

(a) Licensee shall promptly comply with all present and future (i) reasonable rules published by Licensor (including, without limitation, rules applicable to the use, storage and disposal of hazardous substances and waste and other environmental matters) providing Licensee has received a copy of such rules and (ii) applicable laws and regulations of state, federal, municipal and local governments, departments, commissions and boards and any direction of any public officer pursuant to law and all orders, rules and regulations of any Board of Fire Underwriters or any similar body (collectively "**Laws**") having jurisdiction which shall impose any obligation or duty upon Licensor, or upon Licensee with respect to the License Area; except that such compliance by Licensee shall relate only to Licensee's use and manner of use of a License Area. Also, Licensee agrees to cooperate with Licensor and do all things reasonably necessary for Licensor to comply with Laws.

(b) To the extent Licensee is not required to comply with any Laws pursuant to subparagraph (a) above, Licensor shall comply with such Laws applicable to the License Area.

8. Access. Licensee, its employees, contractors and agents shall have the right of twenty-four (24) hours per day, seven (7) days per week access to the License Area. Such access of Licensee, and Licensee's agents, employees and contractors shall include pedestrian and vehicular ingress and egress across the Property. Licensee shall observe and faithfully comply with all reasonable rules and regulations including, without limitation, security policies and procedures, Licensor may publish from time to time (and of which Licensee is notified) with respect to the use of and such access to the License Area.

9. Repairs. Throughout the License Period, Licensee shall take good care of the License Area and the Licensee Facilities. Licensee shall also be responsible for the cost to repair any damage to the License Area other than if caused by the actions of Licensor its respective agents or employees.

10. Damage and Destruction.

(a) Neither Licensor, nor Licensee, shall have any responsibility in the event of any damage to or theft or loss of any equipment or property of the other party, and the party incurring such damage, theft or loss shall look to its own insurance coverage (and to any self-insured portion of the damage, theft or loss), if any, for recovery in the event of any such damage, loss or theft.

(b) If the License Area or the Building(s) are destroyed or damaged by fire or other casualty, either Licensor or Licensee may elect to terminate the License. In the event neither Licensor nor Licensee terminates the License, Licensor may proceed after adjustment of the insurance loss, if any, to repair such damage to the Building(s) to the condition existing prior to such damage. Licensee shall be responsible for restoring the License Area and Licensee Facilities to the condition existing prior to the damage at its own cost and expense.

11. Insurance/Indemnity.

(a) Licensor and Licensee shall each, at their own cost and expense, maintain and keep in force at all times during the License Period:

(i) commercial general public liability insurance, which shall include coverage of such party's contractual liability obligation expressed in subparagraphs (c) and (d) below, against claims for personal injury, death or property damage occurring on, in or about the License Area, primary coverage to be a minimum combined single limit amount of not less than \$2,000,000 and excess umbrella coverage of not less than \$5,000,000; and

(ii) Employers' Liability and Workers' Compensation Insurance to the extent required by the Laws of the State of Minnesota.

(iii) All risk insurance on its property. Licensee shall provide Licensor with evidence of such insurance within 10 days prior to the Effective Date.

Notwithstanding the foregoing, Licensor may, upon notice to Licensee, elect to self-insure and be liable to cover any claims which would otherwise be payable hereunder by a third party insurer.

(b) Indemnification of Licensor. Licensee shall indemnify, defend and hold Licensor, and any partner, officer, agent, employee and director of Licensor (the "**Licensor Indemnitees**") harmless from and shall defend Licensor Indemnitees against all claims made or judicial or administrative actions filed which allege that any one of the Licensor Indemnitees is liable to the claimant by reason of: (i) any injury to or death of any person, or damage to or loss of property, or any other thing occurring on or about any part of the Property, or in any manner growing out of, resulting from or connected with the use, condition or occupancy of, the Property if caused by any negligent or wrongful act or omission of Licensee or its agents, partners, contractors, employees, permitted assignees, licensees, subleases, invitees or any other person or entity for whose conduct Licensee is legally responsible; (ii) violation by Licensee of any contract or agreement to which Licensee is a party in each case affecting any part of the Property or the occupancy or use thereof by Licensee; and (iii) violation of or failure to observe or perform any condition, provision or agreement of the License on Licensee's part to be observed or performed hereunder.

(c) Indemnification of Licensee. Licensor shall indemnify, defend and hold Licensee, and any partner, officer, agent, employee and director of Licensee (the "**Licensee Indemnitees**") harmless from and defend Licensee Indemnitees against all claims made or judicial or administrative actions filed which allege that any one of the Licensee Indemnitees is liable to the claimant by reason of: (i) any injury to or death of any person, or damage to or loss of property, or any other thing occurring on or about any part of the Property, or in any manner growing out of, resulting from or connected with the use, condition or occupancy of any part of the Property if caused by any negligent or wrongful act or omission of Licensor or its employees, agents, contractors, permitted assignees, licensees, subleases, in vi tees or any other person or entity for whose conduct Licensor is legally responsible; (ii) violation of or failure to observe or perform any condition, provision or agreement of this License on Licensor's part to be observed or performed hereunder, and (iii) violation by Licensor of any contract or agreement to which Licensor is a party, in each case affecting any part of the Property or the occupancy or use thereof by Licensor.

12. Assignment or Sublicensing. The License granted hereby is personal to Licensee and shall not be assigned, nor shall Licensee sublicense or otherwise permit or suffer the occupancy of the License Area by any person other than Licensee.

13. Alteration; Restoration. No alterations may be made by Licensee to the License Area without first obtaining the prior written consent of Licensor which, as to nonstructural alterations, shall not be unreasonably withheld, delayed or conditioned. At the time Licensor consents to a particular alteration, Licensor shall notify Licensee if such alteration must be removed and the License Area restored at the expiration or sooner termination of the License Period. Licensor shall also have the right to approve Licensee's contractor(s).

14. Default and Termination.

(a) If either party defaults in the performance of any of its obligations hereunder with respect to the License Area and such default continues for more than five (5) days with respect to a monetary default and thirty (30) days with respect to a nonmonetary default, in all cases after receipt of written notice from the non-defaulting party (except that if such nonmonetary default cannot be reasonably cured with the exercise of reasonable diligence during said thirty (30) day period, such period shall be extended for reasonable additional time, provided that the defaulting party has commenced to cure such default within the thirty (30) day period and proceeds diligently thereafter to effect such cure) , the non-defaulting party shall have the right to terminate this License with respect to the License Area and pursue any other remedies available at Law or in equity.

(b) In the event of a termination of the Agreement, this License shall also terminate.

15. Limitation of Liability. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LICENSE AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY INDIRECT, PUNITIVE, SPECIAL, CONSEQUENTIAL OR INCIDENTAL DAMAGES WHATSOEVER, INCLUDING LOSS OF GOODWILL OR LOSS OF PROFITS.

16. Quiet Enjoyment. Licensor covenants and agrees that, so long as Licensee shall fully, faithfully and timely observe and perform the agreements, covenants and conditions of this License on its part to be observed and performed with respect to the License Area, Licensee shall and may peaceably and quietly have, hold and enjoy the License Area for the License Period, as same may be extended, without disturbance, hindrance, ejection or molestation by, or from Licensor (subject, however, to the provisions hereof) or any one claiming by, through or under Licensor.

17. Waiver of Subrogation. Licensor and Licensee each hereby waives its respective right of recovery against the other and each releases the other from any claim for damage to property of the other, arising out of loss, damage or destruction to any part of the Property, and contents thereon or therein, whether or not such loss, damage or destruction may be attributable to the fault or negligence of either party or its respective agents, invitees, contractors or employees. Each property insurance policy carried by either party shall include a waiver of the insurer's rights of subrogation against the party hereto who is not an insured under said policy, if available at reasonable cost. Each party shall look solely to the proceeds of its respective property insurance policy (and to its own funds to the extent it is self-insured) to compensate it for any such loss, damage or destruction.

18. Surrender. Upon termination of the Standby Electric Service Agreement, Licensee shall vacate and surrender full and complete possession of the License Area to Licensor, broom clean and return in substantially the same condition as existed on the effective date of the original agreement. Notwithstanding the foregoing, Licensee shall have access to the License Area for up to thirty (30) days following termination to remove the Licensee Facilities.

19. Subordination. The License granted herein is subject and subordinate to all ground and underlying leases affecting the Property, and to all mortgages which may now or hereafter affect the Property.

20. Warranties. EXCEPT AS SET FORTH IN THIS AGREEMENT, THE PARTIES DO NOT MAKE ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THIS LICENSE AGREEMENT OR THE LICENSE AREA, INCLUDING THE WARRANTIES OF MERCHANTABILITY OR SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF LICENSEE'S, WHETHER OR NOT LICENSOR HAS BEEN MADE AWARE OF ANY SUCH PURPOSE.

21. Inability To Perform. Neither party shall be responsible for delays in the performance of its obligations caused by events beyond that party's reasonable control, including, but not limited to, acts of God.

22. Miscellaneous.

(b) Governing Law. This License shall be governed by the laws of the State of Minnesota.

(c) Section Headings. The section titles herein are for convenience only and do not define, limit or construe the contents of such sections.

(d) Attachments and Exhibits. All attachments and exhibits to this License are hereby made a part hereof as if fully set out herein.

(e) Severability. If any provision or provisions in this License is found to be in violation of any Law or otherwise unenforceable, all other provisions will remain unaffected in full force and effect.

23. Nonliability. Licensor and Licensee agree that neither their respective directors, officers, employees, shareholders nor any of their respective agents shall have any personal obligation hereunder, and that Licensor and Licensee shall not seek to assert any claim or enforce any of their rights hereunder against such directors, officers, employees, shareholders or agents.

24. Binding Effect. This License shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, and shall not be modified except by an express written agreement signed by duly authorized representative of both parties.

IN WITNESS THEREOF, the parties have caused this Agreement to be executed the day and year first above written.

CITY OF ROCHESTER MINNESOTA

INTERNATIONAL BUSINESS MACHINES CORPORATION

By: _____
Mayor

By: _____
IBM Program Manager

By: _____
City Clerk

Approved As to Form:

By: _____
City Attorney

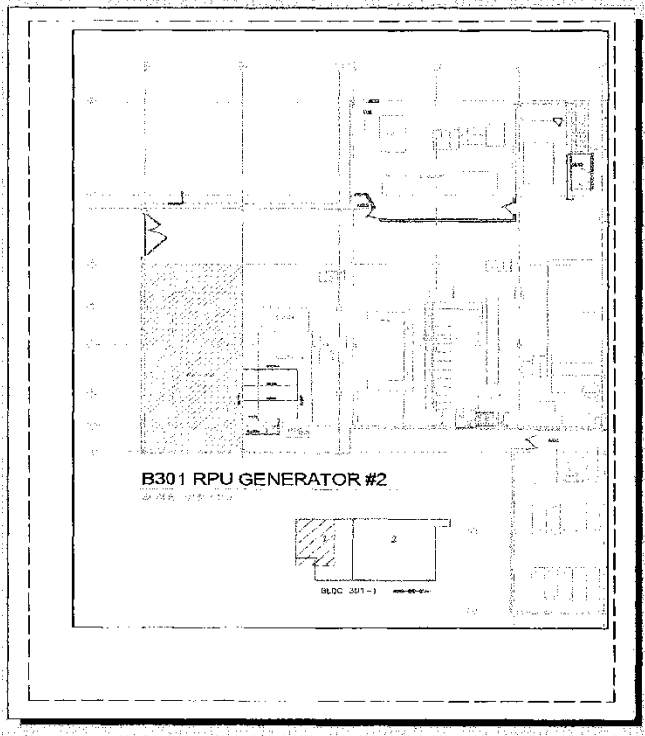
Rochester Pubic Utilities

By: _____
General Manager

Attachment: License and Standby Agreement Final (3273 : IBM Standby Electric Service and License Agreement)

EXHIBIT A
License Area

Attached floor plans



License Area

Attached floor plans

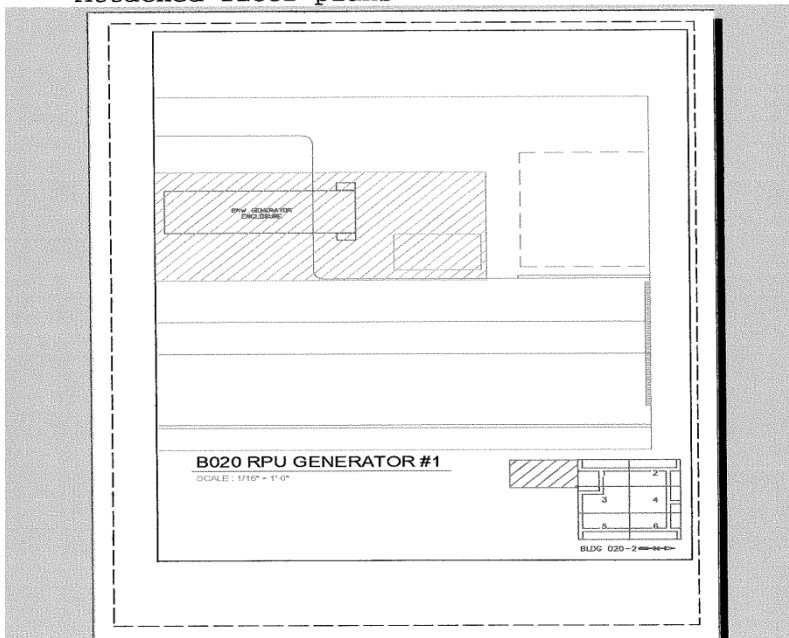


EXHIBIT B
AGREEMENT FOR STANDBY ELECTRIC SERVICE
B020/EG#1 and B301/EG#2
 Between
THE CITY OF ROCHESTER
 And
IBM CORPORATION

This Standby Electric Service Agreement (“Agreement”) is made and entered into this ____ day of January, 2015, by and between the International Business Machines Corporation (IBM), a New York corporation and the City of Rochester Minnesota, a Minnesota municipal corporation, acting through its Public Utility Board (RPU). Both IBM and RPU are sometimes hereinafter referred to individually as a “Party” and collectively as “Parties”.

WITNESS

WHEREAS RPU requires various generating resources in its provision of electric service; and

WHEREAS IBM requires standby electric service at its Rochester, Minnesota facility; and

WHEREAS, the Parties have heretoforth entered into that certain Agreement for Standby Electric Service dated July 20, 2004 in connection with Building 301 at the Property (the “Building 301 Agreement”) wherein RPU sold standby electric services to IBM in combination with RPU’s operation of the generator for system load-serving purposes; and

WHEREAS, the Parties have heretoforth entered into that certain Agreement for Standby Electric Service dated July 20, 2004 in connection with Building 020 at the Property (the “Building 020 Agreement”) wherein RPU sold standby electric services to IBM in combination with RPU’s operation of the generator for system load-serving purposes; and

WHEREAS, the Parties now desire to terminate the original agreement and corresponding licenses effective September 30, 2014 and consolidate the terms and conditions set forth in the Building 301 Agreement and the Building 020 Agreement as more particularly set forth herein;

WHEREAS, more specifically, the Parties desire to enter into an agreement for the purchase of standby electric services by IBM from RPU, and the sale by RPU to IBM of standby electric services in combination with RPU’s operation of the generator for system load-serving purposes, as provided herein:

NOW THEREFORE, in consideration of the premises and mutual agreements and covenants contained herein, the legal sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I **DEFINITIONS**

Auxiliary Power – The 120/208 Volt, three-phase power supply provided by IBM to operate the generator’s auxiliary equipment.

Contract Year – Any subsequent twelve-month period measured from the date on which Standby Electric Service is implemented under the terms of this agreement.

Designated Representative – The individual assigned by a Party to administer this Agreement.

Fuel – No. 2 diesel, less than 0.0015% sulfur content, stored in on-board, double-wall tank, capacity sufficient for 24 hours operation at full load.

Displaced Plant Energy – Energy that would normally be delivered to IBM through traditional transmission, produced by the Gensets.

Fuel Adder – A charge that RPU adds to each gallon of fuel billed to IBM. The charge is intended to recover expenses incidental to ordering and handling fuel in the smaller quantities related to the needs of backup service. For service provided in excess of normal, the Fuel Adder charge per gallon of fuel billed to IBM will be doubled.

Genset – RPU’s Standby Generator Equipment.

Interconnected Electrical Load – That portion of IBM’s electrical load that is normally available to be automatically, upon synchronization, interconnected to the genset via 480 Volt switching and capable of accepting up to the Prime-Rated Output of the genset.

IBM Loading Availability – The availability of IBM’s Interconnected Electrical Load to accept the Prime-Rated Output of the genset.

License – An authorization provided by IBM (Licensor) to RPU (Licensee) to use certain parts of IBM’s property for the purpose of installing, operating, and maintaining the Genset(s).

Load-Serving Dispatch – Scheduled or emergency operation of the genset(s) by RPU to meet system needs. Except for system conditions which limit RPU’s receipt of power from Southern Minnesota Municipal Power Agency, scheduled dispatch will occur only when RPU’s SMMPA load exceeds the Contract Rate of Delivery established by the Power Sales Contract between SMMPA and RPU.

Normal Charge – The charge to IBM per gallon of fuel burned in the provision of up to 328,000 kilowatt-hours annually per genset of Standby Electric Service.

Operating Permits – The regulatory permits required for operation of the genset(s) by RPU on IBM’s site. All costs for obtaining and complying with the permits will be paid by RPU.

Point of Delivery – The physical point/location of the electrical power connections between the genset(s) and IBM’s cable/equipment. The power connections will be in a junction cabinet provided by IBM and located adjacent to the genset(s). RPU’s ownership and responsibilities end at the genset(s) cable terminations in the junction cabinet. See Exhibit B-1.

Premium Charge – The charge per gallon of fuel burned in the provision of Standby Electric Service in excess of 328,000 kilowatt-hours annually per genset.

Prime Rated Output – The maximum rated capability of the genset(s) for continuous, extended operation.

RPU’s Standard Electric Service – Electric service provided to the IBM site under RPU’s applicable retail tariff and service rules.

Sound Attenuation – Genset housing insulation provided to reduce operating noise to no more than 65 dBA at 10 feet.

Spill Containment – The physical features incorporated into the fuel tank, genset enclosure, and/or genset foundation/surroundings for the purpose of capturing and holding any leaking or spilled fluids that may occur as a consequence of operating the genset for the purposes of this Agreement.

Standby Electric Service Load – The electrical equipment designated by IBM to receive Standby Electric Service.

Standby Generator Equipment – The equipment owned and operated by RPU in the provision of Standby Electric Service to IBM, including a diesel engine, electrical generator, fuel tank, 480 Volt breaker, automatic transfer switch, sound attenuated enclosure, and hospital-grade silencer on the exhaust.

Synchronization – The electrical matching of frequency and voltage between the output of the genset and RPU’s Standard Electric Service.

ARTICLE II

TERM

2.01 Contract Term. This Agreement shall become effective on October 1, 2014 and it shall remain in effect, unless terminated earlier as provided for in Article 2.02.

2.02 Termination. In addition to termination that might arise pursuant to other Articles of this Agreement, this Agreement shall terminate on the occurrence of any of the following conditions:

(a) Either Party, with one year’s notice, may terminate this Agreement by submitting a written notice of its intention to terminate this Agreement. Termination shall become effective one year after receipt of notice. Notwithstanding the foregoing, and in addition to such other rights of IBM herein, in the

event of a sale, leasing or other transfer of IBM's interest in and to Building 020, 301 or the Property, as such terms are defined in the License, IBM, upon the giving of ninety (90) days' notice, may terminate the Agreement with respect to either or both of the Building(s) or Property.

(b) If either Party should fail to perform or cause delays in performance of, unless excused by Uncontrollable Force, as such term is defined in Article 7.03, any of its obligations under this Agreement; be adjudged bankrupt; have a general assignment of its assets made for the benefit of its creditors; have a receiver appointed for it or for any of its property; or violate any of the material conditions of this Agreement, then the aggrieved Party may serve written notice upon the other Party of its intent to terminate this Agreement. Unless within ninety (90) days after the service of such notice a satisfactory arrangement is made to remedy the aforementioned acts of omissions, then the aggrieved Party at its election may terminate the Agreement by written notice of termination to the other Party. Subject to Article 7.01, nothing herein shall be construed to limit or restrict any other legal rights or remedies at law or equity of the aggrieved Party.

(c) In the event of a termination of the License between the Parties, this Agreement shall also terminate.

Notwithstanding the reason for termination, each Party shall retain ownership and responsibility for its equipment. Within thirty (30) days of Agreement termination, RPU shall either 1) disconnect and remove each genset from the IBM site or 2) in the event RPU wishes to leave its equipment on the IBM site for purposes of Load-Serving Dispatch operation, shall negotiate with IBM for a license to allow RPU to leave its equipment in place on terms and conditions mutually acceptable to both parties.

ARTICLE III

RESPONSIBILITIES FOR STANDBY GENERATOR EQUIPMENT

3.01 RPU Responsibilities. RPU owns, tests, meters the electrical output of, operates, re-fuels, and maintains the Standby Generator Equipment necessary for the provision of Standby Electric Service to the Point of Delivery. RPU shall permit the genset(s) as an RPU owned and controlled emissions unit. RPU shall maintain equipment that meets IBM's requirements for Sound Attenuation, Spill Containment, and air quality.

3.02 IBM Responsibilities. IBM shall own, operate, and maintain the electric facilities necessary to interconnect to the Standby Generator Equipment at the Point of Delivery. IBM shall provide necessary site and electrical interconnection data to support RPU's design and construction needs and to support RPU's application(s) for all required Operating Permits for the genset. IBM shall provide sufficient Interconnected Electrical Load during RPU's Peaking Operations to allow RPU to operate each genset at its Prime-Rated Output. IBM shall provide a continuous 120 Volt signal for use in synchronizing each genset to Interconnected Electrical Load, and shall provide the appropriate switching equipment and controls to allow genset(s) operation for Standby Generator Service and for RPU's Load-Serving Dispatch needs. IBM shall provide a 120/208 Volt, 300 Amp capacity auxiliary power supply to each genset.

ARTICLE IV **CONTRACT TERMS**

4.01 Standby Electric Service. RPU hereby agrees to provide and IBM hereby agrees to purchase Standby Electric Service rated at three-phase, four-wire, 480 Volts, with a minimum continuous prime capability of 1640 kilowatts from each generator. When there is a loss of RPU's Standard Electric Service to the IBM site, the RPU genset(s) will start, synchronize, and run automatically to provide Standby Electric Service to the Standby Electric Service Load. Sufficient Fuel will be available from the genset's onboard fuel tank to operate a minimum of twenty-four (24) continuous hours at Prime-Rated Output. RPU will monitor and control each genset operation remotely, and refuel each genset as required, to provide Standby Electric Service energy up to 328,000 kilowatt-hours per Contract Year per genset at the Normal Charge. Standby Electric Service provided in excess of 328,000 kilowatt-hours per genset in a Contract Year will be provided and billed at the Premium Charge.

Except for the provisions of Section 4.07, RPU will not supply energy for Standby Electric Service or Load-Serving Dispatch under circumstances that are the responsibility of SMMPA under the Power Sales Contract.

Energy produced in the provision of Standby Electric Service as a result of the loss of RPU's Standard Electric Service to Standby Electric Service Load will not be considered in the billing of plant electrical usage under the RPU tariff, but will be billed to IBM as a fuel charge under Section 5.022.

4.02 Load-Serving Dispatch of Genset(s) by RPU. Except during periods of operation for Standby Electric Service, RPU will be free to utilize each genset for Load-Serving Dispatch for up to 328,000 kilowatt-hours in a Contract Year per genset. RPU will generally provide IBM with two hours' notice of such planned start-ups, but may dispatch the unit with shorter notice when system conditions warrant unplanned dispatch. IBM will operate its facilities electrically interconnected to the Point of Delivery such that upon synchronization, IBM will maintain a load-serving electrical path to permit RPU to operate the genset for Load-Serving Dispatch purposes at a level up to the genset's Prime-Rated Output.

Energy produced for Load-Serving Dispatch which has the effect of reducing normal plant load will be considered in the billing of plant electrical usage under the RPU Standard Electric Service tariff and will not be billed to IBM as a fuel charge under Section 5.022. Such metered energy will be added to the plant usage on a coincident basis to produce corrected demand and energy quantities for purposes of plant billing.

4.03 Interruption of Deliveries. If either Party causes an interruption in genset(s) delivery, the responsible Party shall immediately notify the other Party of the cause of the interruption and of the expected duration. In such event, the Parties shall cooperate with each other to determine the cause and to affect a cure, which cure may be temporary in nature until a final cure can be made. If the

interruption is not cured within ten (10) days, the Party not responsible for such interruption may terminate the contract for cause. Interruptions covered under Section 7.03 are excluded from the remedies of this section.

4.04 Emergency Load-Serving Operation. In the event that RPU's system conditions require unplanned operation of generation facilities to achieve system stability, IBM will maintain a load-serving electrical path to permit RPU to obtain the Prime-Rated Output of the genset.

4.05 Designated Representative. Each Party will appoint one individual as the contact person for contract administration. RPU's Designated Representative is the Key Account Representative responsible for IBM business. IBM's Designated Representative is the IBM Rochester RESO Site Operations Manager.

4.06 Site Access. IBM will grant RPU representatives with 24/7 site/License access pursuant to the terms and conditions of the License for purposes of maintaining, testing, refueling, and operating the genset(s). RPU will follow IBM's security procedures in accessing the IBM site. RPU will keep the genset(s) enclosure locked and will furnish IBM with a key for emergency purposes only. For safety reasons, IBM personnel must not enter the genset(s) enclosure without prior notification of RPU except in the event of an emergency.

4.07 Genset(s) Maintenance and Testing. RPU will inspect and maintain each genset on a monthly basis. Unless dispatched for other purposes, RPU will start and run each genset engine for approximately one hour each month. In addition, RPU will perform scheduled maintenance on the equipment per the manufacturer's recommendation. Such maintenance is expected to result in the unavailability of Standby Electric Service for approximately 36 continuous hours annually. Scheduled maintenance will be mutually planned.

Testing of synchronization and switching equipment will be accomplished as mutually agreed upon. Energy produced during maintenance and testing that replaces energy otherwise supplied by SMMPA under the Power Sales Contract will be metered and sold to SMMPA and will not result in a reduction in IBM plant electrical usage or RPU purchases from SMMPA.

4.08 Environmental Clean-up. RPU will be solely responsible for the clean-up of fuel, oils, and fluids released as a result of refueling, maintenance activities, or operation of each genset.

4.09 Right of Audit. IBM may periodically request supporting data for charges billed by RPU. IBM may audit RPU's records and practices related to pricing and billing. Upon submission of a data or audit request by IBM, RPU shall provide the requested data or identify a date for accommodating an in-house audit within thirty (30) days of receiving the request.

ARTICLE V

BILLINGS AND PAYMENTS

5.01 Billings, Payments, and Disputes. RPU shall, by the tenth (10th) of each month, invoice IBM for services, other than fuel consumption and fuel adder, rendered during the previous month. The invoice for fuel consumption and fuel adder would occur on the 10th of each month, but would address services rendered during the second month prior to the 10th. These bills shall itemize charges as provided in Article 5.02. Payment shall be made by the last day of the month. When the due date falls on a Saturday, Sunday or a federal holiday, the due date will be the next business day thereafter. If any bill is not paid when due, it shall become delinquent and shall be managed under the same terms as other commercial delinquent accounts. Disputed bills shall be paid in full when due and adjusted subsequent to settlement of the dispute. If IBM prevails in any dispute, IBM shall receive interest from the date paid. The remedies under this Article are not in lieu of other remedies available at law or equity.

5.02 Charges. RPU will provide Standby Electric Service to IBM on the basis of a monthly fixed charge (5.021), plus a fuel consumption charge (5.022) for each genset operation provided to IBM for testing or backup service.

5.021 Standby Electric Service Fixed Charge. A monthly charge, fixed for the Contract Term, (except for the provisions of Articles 4.10 and 6.02) that reflects the operation, maintenance, and administration of the generators will be billed at the end of each calendar month.

5.022 Fuel Consumption Charge. A charge billed at the end of any calendar month in which Standby Electric Service was provided, computed as the cost of fuel used to provide service per Article 4.01, including a Fuel Adder (FA) that is intended to recover certain incremental expenses associated with energy production.

For the first 328,000 kilowatt-hours per genset:

$$\text{Normal Charge (\$)} = \text{No. of Gallons of Fuel Used} \times (\text{LIFO Cost of Fuel per Gallon} + \text{FA})$$

For energy produced for service in excess of 328,000 kilowatt-hours per genset:

$$\text{Premium Charge (\$)} = \text{No. of Gallons of Fuel Used} \times (\text{LIFO Cost of Fuel per Gallon} + 2 \times \text{FA})$$

where LIFO is the Last-In-First-Out method of accounting that RPU will utilize in deriving fuel prices for billing purposes.

A sample bill calculation is attached as Exhibit B-2 to this Agreement.

ARTICLE VI

PRICING

6.01 Pricing for Standby Generator Service. Unless modified per Article 6.02, the initial prices applicable to Article 5.02 for the services identified in the Agreement are fixed for five years. Prior to the fifth anniversary of the Agreement, RPU will present IBM with any required pricing adjustments for continuing Standby Electric Service beyond five years. Applicable prices are identified in Exhibit B-2, as revised from time to time by the Parties within the provisions of the Agreement.

6.02 Cost Adjustments. In the instance where RPU incurs additional, unforeseen, expenses related to the provision of Standby Electric Service to IBM which are not currently incorporated into the cost recovery provisions of this Agreement, including but not limited to increases in taxes or environmental costs required by applicable environmental laws enacted after the date of this Agreement execution and not due to RPU's act or omission, such expenses, upon proper documentation by RPU and acceptance by IBM, may be immediately incorporated into the appropriate monthly charge to IBM.

ARTICLE VII

GENERAL PROVISIONS

7.01 Damages. In no event, shall either IBM or the City be liable to the other Party for any indirect, consequential, punitive, or similar damages arising from, or in any other way connected with, this Agreement.

7.02 Waiver. Any waiver at any time by either Party of its rights with respect to a default under this Agreement shall not be deemed a waiver with respect to any other default or other matter arising in connection herein. Any delay short of the statutory of limitation in asserting or enforcing any right shall not be deemed a waiver of such rights.

7.03 Uncontrollable Force. The Parties will exercise reasonable diligence and care to meet their respective obligations and duties hereunder. However, a Party will not be in default of this Agreement and will not be liable for any obligations hereunder if the same is due to causes or contingencies beyond the control of that Party which could not reasonably have been avoided, including but not limited to accidents, breakdown of equipment, loss or curtailment of delivery system, acts of God or the public enemy, authority and orders of government, fires, strikes, sabotage, riots, or war. In the cases of all Uncontrollable Forces, the Parties will make reasonable effort to remedy the conditions, except that any labor dispute may be settled at the discretion of the involved Party.

7.04 Applicable Law. In order to promote uniformity in the interpretation of this Agreement, it is agreed that the laws of the State of Minnesota shall control the rights and obligations established by this Agreement and the performance and enforcement thereof, to the extent that such rights and obligations are not governed by Federal law.

7.05 Assignment. Neither party may assign its interest in this Agreement without the prior written consent of the other party, except that IBM may assign its interest to any legal affiliate of IBM as long as it gives RPU written notice of such assignment.

7.06 Entire Agreement. As to the subject matter of this Agreement, this Agreement supercedes any and all proposals and/or understandings, oral and in writing, between the Parties hereto and constitutes their sole and only Agreement. Title and paragraph headings are for convenient reference and are not part of this Agreement.

7.07 Notices. Any notices, demands, or requests required or authorized by the Agreement shall be deemed properly given if mailed postage prepaid to:

Key Account Representative
Rochester Public Utilities
4000 East River Road NE
Rochester, Minnesota 55906-2813

on behalf of Rochester Public Utilities and to:

IBM Rochester RESO Site Operations Manager
International Business Machines Corporation
3605 Hwy 52 North
Rochester, MN 55901

on behalf of IBM. Either Party may change its address or the position to which notices are to be sent by providing written notice.

7.08 Dispute Resolution. Any claim, controversy or dispute arising out of this Agreement shall be subject to non-binding mediation as a condition precedent to the institution of legal or equitable proceedings by either party. The mediation shall be conducted in Olmsted County, Minnesota, and in accordance with the Minnesota Civil Mediation Act, Minn. Stat. 572.31, et., seq. Any claim, controversy or dispute not resolved by mediation may be the subject of legal or equitable proceedings filed by either party. The venue for legal or equitable proceedings shall be in Olmsted County, Minnesota. The parties waive all rights to and claims for monetary awards other than compensatory damages.

7.09 Prohibited Business Practices. RPU and IBM each shall be familiar with and will strictly comply with all laws related to bribery, corruption, and prohibited business practices. The Parties and their affiliates have not and will not, for the purpose of unlawfully influencing or inducing anyone to influence decisions in favor of IBM, RPU and RPU's representatives or any of either party's affiliates, offer, promise or make or agree to make, directly or indirectly, any political contributions of any kind or any payment to or for the benefit of any public official, whether elected or appointed, (b) any payment for gifts, meals, travel or other value for a government employee or his/her family members or (c) any payments or gifts (of money or anything of value) to anyone. The Parties shall not, under any circumstances, reimburse one another for any such political contributions, payments or gifts.

IN WITNESS THEREOF, the parties have caused this Agreement to be executed the day and year first above written.

CITY OF ROCHESTER MINNESOTA

IBM

By: _____
Its Mayor

By: _____
IBM Rochester RESO Site Operations
Manager

By: _____
Its City Clerk

Approved As to Form:

By: _____
City Attorney

Rochester Pubic Utilities

By: _____
General Manager

Attachment: License and Standby Agreement Final (3273 : IBM Standby Electric Service and License Agreement)

EXHIBIT B-1

One-line diagrams of each RPU genset interconnection to IBM electrical system to effect the provisions of the Standby Electric Service Agreement between the City of Rochester and the IBM Corporation.

(See separate sheet)

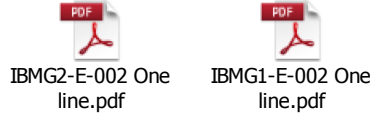


EXHIBIT B-2

Example application of assumed billing charges for Standby Electric Service (SES) and Load-Serving Dispatch (LSD) for the month and contract year-to-date (CYTD):

Assumptions:

Backup Generation Services Building 20

Kilowatt-hours produced this period for SES:	5,400 kWh
Kilowatt-hours produced CYTD for SES:	330,000 kWh
Kilowatt-hours produced this period for LSD:	8,000 kWh
Kilowatt-hours produced CYTD for LSD:	150,000 kWh

Operation this period for Standby Electric Service:	
Metered energy production:	5,400 kWh
Metered Fuel used:	367 gallons
LIFO Fuel price:	\$3.79/gallon

Operation this period for Load-Serving Dispatch:
 Displaced plant energy (billed separately at current rate): 8,000 kWh

Backup Generation Services Building 301

Kilowatt-hours produced this period for SES:	800 kWh
Kilowatt-hours produced CYTD for SES:	125,000 kWh
Kilowatt-hours produced this period for LSD:	8,000 kWh
Kilowatt-hours produced CYTD for LSD:	150,000 kWh

Operation this period for Standby Electric Service:	
Metered energy production:	800 kWh
Metered Fuel used:	67 gallons
LIFO Fuel price:	\$3.79/gallon

Operation this period for Load-Serving Dispatch:
 Displaced plant energy (billed separately at current rate): 0 kWh

Calculations:

Backup Generation Services Building 20

SES energy at Normal Charge: [5,400 – (330,000 – 328,000)]	3,400 kWh
Total Fuel used:	367 gallons
Fuel Adder at Normal Charge:	\$0.15/gallon

Attachment: License and Standby Agreement Final (3273 : IBM Standby Electric Service and License Agreement)

(3400/5400 x 367)=231gal
 SES energy at Premium Charge: 2,000 kWh
 (5,400 – 3,400)
 Fuel used at Premium Charge: 136 gallons
 (367 – 231)
 Fuel Adder at Premium Charge: \$0.30/gallon
 136 gal

Backup Generation Services Building 301

SES energy at Normal Charge: 800 kWh
 [(125,000 – 328,000)<0 therefore 800 kWh]
 Fuel used at Normal Charge: 67 gallons
 Fuel adder at Normal Charge: \$0.15/gallon
 67 gal
 SES energy at Premium Charge: 0 kWh
 0
 Fuel used at Premium Charge: 0 gallons
 0
 Price of Fuel at Premium Charge: \$0.30/gallon
 0 gal

Backup Generation Services – Building 20	
Building 20 Energy Charge	\$391.04
Standby Lease Charge	\$3,175.00
Standby Electric Communication	\$80.92
Fuel Consumption Charge	\$1,390.93
Fuel Adder Normal	\$34.65
Fuel Adder Premium	\$40.80
Total	\$5,113.34

Backup Generation Services – Building 301	
Building 301 Energy Charge	\$0.00
Standby Lease Charge	\$3,175.00
Standby Electric Communication	\$80.92
Fuel Consumption Charge	\$253.93
Fuel Adder Normal	\$10.05
Fuel Adder Premium	\$0.00
Total	\$3,519.90



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the Standby Electric Service and License Agreements with International Business Machines Corporation (IBM) and authorize the Mayor and City Clerk to execute the agreements.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 27th day of January, 2015.

President

Secretary

FOR BOARD ACTION

Agenda Item # (ID # 3322)

Meeting Date: 1/27/2015

SUBJECT: Annual SAP Enterprise Support

PREPARED BY: Phil Teng

ITEM DESCRIPTION:

RPU uses enterprise business software from SAP Public Services. The software is used for financial and management reporting, front-office customer support services and back-office business processes. SAP Public Services provides regular maintenance updates and global access to support experts to resolve system problems. The total annual cost for these maintenance and support services for 2015 is \$122,148.39, including sales tax. This is 21.4% of the current retail price for the enterprise business software of \$563,045. The maintenance agreement support increased 2.885% over 2014.

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

This is within RPU's approved 2015 budget.

UTILITY BOARD ACTION REQUESTED:

Management recommends that the Utility Board approve a purchase order agreement with SAP Public Services Inc. in the amount of \$122,148.39, including tax, for annual maintenance and support of the enterprise business software for 2015.



RESOLUTION

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

Annual Maintenance and Support of Enterprise Business Software for
2015

The amount of the purchase order agreement to be ONE HUNDRED TWENTY TWO THOUSAND ONE HUNDRED FORTY EIGHT AND 39/100 DOLLARS (\$122,148.39).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 27TH day of January, 2015.

President

Secretary

FOR BOARD ACTION

Agenda Item # (ID # 3161)

Meeting Date: 1/27/2015

SUBJECT: Sprint Site Lease Agreements

PREPARED BY: Mona Hoeft

ITEM DESCRIPTION:

As a result of Sprint Spectrum L.P.'s application to upgrade their network, staff has negotiated a new lease and is proposing the following for all (6) of their antenna sites:

RPU Site ID	Sprint Site ID	Annual Rent
#96 Airport High Level	MS03NP109	\$33,000
#92 Baihly High Level	MN03NP114	\$33,000
#83 John Adams Tower	MS03NP116	\$33,000
#97 North Park High Level	MS03NP141	\$33,000
#89 CCM High Level	MS03NP444	\$35,435
#94 Willow Hgts. High Level	MS03NP730	\$36,530

One of Doug Rovang's goals with respect to wireless communication lease agreements was to transition carriers from their existing lease to a new lease at the time they submit a request for upgrades. Sprint is the first carrier to agree to a new lease for which your approval is being sought.

The new lease accomplishes the following:

- 1) Upgrades the listing of equipment allowed to be installed at each location.
- 2) Simplifies lease administration and amendments by having one lease per site rather than one lease for multiple sites.
- 3) Allows for consistent notification requirements.
- 4) Changes annual increases from an annual CPI-U adjustment to a straight percentage which

FOR BOARD ACTION

Agenda Item # (ID # 3161)

Meeting Date: 1/27/2015

will allow RPU to accurately budget and invoice more timely.

- 5) Outlines a site access procedure.
- 6) Allows RPU to disapprove upgrades if any other antenna agreements are in default.
- 7) Allows for RPU to utilize an escrow account so carriers pay in advance for all costs associated with review and approval of their construction plans.
- 8) Updates language and provisions.

The application and subsequent construction documents will be attached to the lease and as soon as that information is complete a lease for each site will be executed.

The City Attorney has reviewed the lease.

UTILITY BOARD ACTION REQUESTED:

Staff recommends the Board approve a resolution authorizing the Mayor and City Clerk to execute one lease per site listed above with Sprint Spectrum L.P. in addition to authorizing the General Manager and City Attorney to approve any final technical attachments to the lease.

RPU Contract #:

RPU Site ID:

Tenant Site ID:

COMMUNICATIONS SITE LEASE AGREEMENT

This Lease Agreement (“Lease”) is entered into this ___ day of _____, 2015 between the **CITY OF ROCHESTER**, a Minnesota municipal corporation, acting through its Public Utility Board (“Landlord”), whose address is 4000 East River Road NE, Rochester, Minnesota, 55906 and **SPRINT SPECTRUM L.P.**, a Delaware limited partnership, a Delaware limited partnership (“Tenant”) whose address is 6391 Sprint Parkway, Overland Park, Kansas 60251-2650.

Recitals

WHEREAS, the Landlord is the owner of the property located at _____, Rochester, Minnesota 5590_ known as _____ “Water Tower”, as legally described in Exhibit “A” attached hereto (“Property”); and

WHEREAS, Landlord and Tenant entered into a Communication Site Lease Agreement dated _____ (“Original Lease”), which Original Lease expires by its terms on _____; and

WHEREAS, in lieu of extending the Original Lease, Landlord and Tenant agree to enter into a new lease for the continued use of Tenant’s wireless telecommunications described in Appendix A and B attached. Landlord and Tenant hereby agree that the Original Lease shall terminate effective as of 11:59 p.m. of the day prior to the Commencement Date (defined below) of this Lease as if such date were originally stated to be the termination date of the Original Lease. The termination of the Original Lease shall be effective without further documentation.

NOW, THEREFORE, the parties agree as follows:

1. Leased Premises.

(a) Landlord hereby leases to Tenant certain space located at and on _____, located at _____ and legally described in Appendix A, *Legal Description*, attached hereto and incorporated herein. The water storage facility and its appurtenances (“Structure”), and the Landlord’s land upon which the Structure is situated are collectively called (“the Property”). The property interest leased and granted by the Landlord to Tenant (collectively, the “Leased Premises”) consists of the following:

- (1) ground space comprised of approximately _____ square feet, subject to any and all existing easements;
- (2) structure exterior space for attachment of antennas at alpha, beta & gamma sectors at _____ FAGL;
- (3) space required for cable runs to connect equipment and antennas;
- (4) non-exclusive easements required to run utility lines and cables;
- (5) a non-exclusive easement across the Property for reasonable access.

- (b) No other space or property interests are being leased to Tenant except as described above and as described on Appendix A, *Legal Description*.

2. Terms/Renewals.

- (a) The initial term of this Lease shall commence on _____, 2015 (the “Commencement Date”), and shall expire on December 31, 2020 (“Initial Term”).
- (b) Tenant shall have the right to extend this Lease for three (3) additional five (5) year terms (each a “Renewal Term”) subject to (c) below.
- (c) This Lease shall automatically be renewed for each successive Renewal Term unless Tenant is in default beyond applicable notice and cure periods of any of the terms or conditions of this Lease or any other lease Landlord currently has with Tenant, or unless Tenant provides Landlord with written notice of its intention not to renew not less than ninety (90) days prior to the expiration of the Initial Term or any succeeding Renewal Term.

3. Rent.

- (a) Tenant shall make all payments of rent to Landlord to the address as listed on the invoice.
- (b) Tenant shall pay rent annually in advance, as indicated in the payment schedule below:
- (1) Tenant shall pay Landlord, as rent, the sum of \$_____ per year based upon Tenant’s installation and operation of the antenna facilities and frequencies identified in Appendix B, *Antenna Site Application*, (“Antenna Facilities”), attached hereto and incorporated herein.
 - (2) The first year’s rent shall be pro-rated based on the Commencement Date, and shall be paid within thirty (30) days following full execution of the Lease. Thereafter, the rent due hereunder shall be paid on or before the fifth (5th) day of each January of each succeeding year.
 - (3) Late fees shall be assessed as determined by Landlord’s Board approved policy at the time of the delinquency, provided that such policy is provided to Tenant in writing, in advance.
 - (4) Tenant shall not install, and/or operate any additional antennas or related equipment beyond those identified in Appendix B, *Antenna Site Application* without the prior written consent of Landlord, such consent not to be withheld, conditioned or delayed without cause. Such additional equipment may require an amendment to the Lease and increase in rent, as may be reasonably determined by Landlord. Notwithstanding, Tenant has the right to perform routine maintenance and repairs upon notice to Landlord as indicated by Appendix C, *Site Access Procedure*.
 - (5) Commencing January 1, 2015, and on January 1st of each subsequent year, the rent shall be increased annually by five percent (5%). The rent shall never be decreased.

4. Engineering Studies

(a) Structural Study

Prior to installing any Antenna Facilities different than the facilities identified in Appendix B, Tenant must obtain an engineering study carried out by a qualified engineer, showing that the structure is able to support the existing Antenna Facilities and provisions for the Tenant's proposed additional Antenna Facilities. If the study finds that the proposed structure is inadequate to support the proposed antenna loads, Tenant may not install the additional equipment.

(b) Interference Study

Tenant must obtain a radio frequency interference study carried out by an independent professional radio frequency engineer ("RF Engineer") showing that Tenant's intended use will not interfere with any existing communications systems. RF Engineer shall provide said evaluation no later than thirty (30) days after frequencies are provided by Tenant. Tenant shall provide Landlord with a copy of a satisfactorily completed RF evaluation prior to transmitting or receiving radio waves at the Property.

5. Use of Leased Premises.

(a) Primary Use of Property

The primary use and purpose of the Property, including the Leased Premises, is for a water storage structure and appurtenances to provide water service to customers of the Landlord ("Primary Use"). Landlord's operations in connection with pursuit of the Primary Use ("Landlord's Operations") take priority over Tenant's operations.

(b) User priority

Tenant agrees that the following priorities of use, in descending order, shall apply in the event of communication interference, emergency public safety needs, structure repair or reconditioning, or other conflict while this Lease is in effect, and Tenant's use shall be subordinate accordingly:

- (1) Landlord;
- (2) Public safety agencies, including law enforcement, fire, and ambulance services, that are not related to Landlord;
- (3) Other governmental agencies where use is not related to public safety;
- (4) Pre-existing Tenants (a Pre-existing Tenant is defined as a tenant that installed its equipment prior to the installation of Tenant's equipment under the Original Lease);
- (5) Tenant.

(c) Jeopardy of Primary Use

- (1) In the event that the Landlord's Primary Use of the Structure is put at risk because of Tenant's operations ("Jeopardy"), it shall become the immediate and affirmative duty of the Tenant to diligently pursue a cure of the occurrence that causes the Jeopardy.

- (2) The parties agree that such an occurrence caused by Tenant's use or operation of Tenant's Communication Facility warrants an emergency response whereby the Landlord shall provide notice verbally by telephone, by facsimile or by e-mail, whichever is determined by the Landlord to be the most immediate method of notification. Notice of Jeopardy of primary use of Tenant's operations shall be phone or e-mailed to the following:

Tenant's Emergency Responder	Landlord Solutions
Telephone Number	800-357-7641
Email	landlordsolutions@sprint.com

- (3) Tenant shall send a qualified technician or representative to the Leased Premises within twenty-four (24) hours from the time that the notice of Jeopardy is provided by Landlord. The required twenty-four (24) hour emergency response time under these circumstances is applicable 24 hours a day, 7 days a week. The qualified technician or representative shall be capable of assessing the situation and eliciting the necessary response, including any repairs, alterations or modifications to Tenant's antennas, towers or ground equipment.
- (4) If such Jeopardy cannot be cured within twenty-four (24) hours after the notice was received, the Tenant shall immediately cease operation of the Antenna Facilities or the use of the specific equipment causing such Jeopardy until such Jeopardy is cured to the reasonable satisfaction of Landlord.
- (5) In the event of Jeopardy that poses an immediate threat of substantial harm or damage to the water supply, to persons, and/or property on the Leased Premises, as solely determined by Landlord ("Severe Jeopardy"), Landlord may enter the Leased Premises and take actions it determines are required to protect the water, individuals or personal property from such Severe Jeopardy; provided that promptly after such emergency entry onto the Leased Premises, and in no event later than twenty-four (24) hours after such entry, Landlord gives written notice to Tenant of Landlord's emergency entrance and the specific action taken by the Landlord at the Leased Premises.

(d) Tenant's Use of Leased Premises

- (1) Tenant shall have the non-exclusive right, at its sole cost and expense, to use the Leased Premises for the transmission and reception of communications signals ("Approved Use").
- (2) In accordance with this Approved Use, the Tenant has the right to install, operate, maintain, repair, replace, store or remove its antennas, utility building, equipment, personal property, leasehold improvements, and appurtenances as shown in Appendix B, *Antenna Site Application* and attached Appendix A, *Legal Description*.
- (3) Tenant shall be responsible for all reasonable expenses incurred by the Landlord resulting from the use and/or occupancy of the Leased Premises by Tenant. Landlord shall submit an itemized invoice of such expenses together with reasonable

supporting documentation evidencing such expenses to Tenant and Tenant shall make payment to Landlord within thirty (30) days of receipt.

(e) Laws Governing Use

Tenant shall use the Leased Premises only in compliance with all applicable Federal Communications Commission (“FCC”), federal, state, and local rules, laws and regulations.

6. Installation of Equipment and Leasehold Improvements.

(a) Construction Plans

For the initial installation of all Antenna Facilities and for any and all subsequent revisions and/or modifications thereof, or additions thereto, Tenant shall complete an application (Appendix B) and provide Landlord with construction plans (“Construction Plans”) consisting of the following:

- (1) line or CAD drawings showing location of all planned installations plus materials and construction methods;
- (2) specifications for all planned installations;
- (3) diagrams of proposed Antenna Facilities for initial installation, and subsequently, diagrams of proposed antenna facilities for any and all approved revisions, modifications, or additions;
- (4) a complete and detailed inventory of all equipment and personal property of Tenant actually placed on the Leased Premises. Landlord retains the right, at its sole cost and expense, to survey the installed equipment.

- (b) Landlord reserves the right to contract with a third party for construction related services.
- (c) Construction Plans shall be easily readable and subject to prior written approval by the Landlord or their designated party, which shall not be withheld, conditioned or delayed without cause.
- (d) Tenant shall be solely responsible for all costs associated with said review and approval of Construction Plans by Landlord for either the review of the Construction Plans for the initial installation or for the review of the Construction Plans for each subsequent approved revision, modification, or addition to the Antenna Facilities.
- (e) Landlord may utilize an escrow account as indicated on the application to facilitate the reimbursement process. The Landlord and their designated party will discontinue all review under this Paragraph if the amount of the original escrow account is insufficient to cover its costs, until the escrow account is adequately funded by Tenant such that Landlord is able to cover its costs of review. Upon request, Landlord agrees to provide Tenant with reasonable supporting documentation describing such insufficiency and the proposed amounts required by Landlord to cover its costs of review.

(f) Contractor Approval

Any contractor chosen by Tenant to carry out construction, installation, maintenance or any other work on the water tower must be pre-approved by the Landlord prior to the pre-construction meeting.

The Landlord retains sole discretion and reserves the right to reject any and all contractors the Tenant may choose for the installation work as determined to be in the best interests of the Landlord and to waive any informalities. If Landlord rejects all contractors that Tenant proposes, Landlord shall provide the name of at least two (2) contractors that will be acceptable to Landlord.

(g) Construction Inspection.

All construction activity shall be subject to inspection and approval by the Landlord, such approval not to be unreasonably withheld, conditioned or delayed, to ensure compliance with the approved Construction Plans and the terms of this Lease. Inspection will be performed beginning with the pre-construction meeting and continuing through installation/construction/punch-list and verification of as-built drawings at project completion as determined by Landlord. The anticipated cost of said inspections (“Inspection Fees”) is included in the escrow fee when the application is submitted.

Landlord will not arbitrarily require more inspection than is reasonably necessary to insure the continued delivery of service and security of Landlord's property.

If deemed necessary by the Landlord, construction work performed without approval will not be accepted and shall be removed or uninstalled at Tenant’s sole expense, provided Landlord notifies Tenant of such non-compliance within thirty (30) days of submission of as-built drawings to Landlord.

(h) Exposed Antenna Facilities

All Antenna Facilities affixed to the structure which have exterior exposure shall be as close to the color of the structure as is commercially available to the Tenant. For exposed coaxial cables, Landlord reserves the right to require Tenant to provide cables in manufactured colors in lieu of painting.

(i) Damage by Tenant

Any damage to the Property, Leased Premises, Landlord’s equipment or any other tenant’s equipment or utilities thereon caused by Tenant's installation or operations shall be repaired or replaced by Tenant, at Tenant’s expense, and to Landlord’s reasonable satisfaction within 30 days following receipt of written notice.

(j) As-built drawings

Within thirty (30) days after Tenant activates the Antenna Facilities, Tenant shall provide Landlord with a Site Plan in electronic file format compatible with Landlord’s record file system consisting of as-built drawings of the Antenna Facilities and the improvements installed on the Property, which shall show the actual location of all equipment and improvements. Said drawings shall be accompanied by a complete and detailed site survey of the property, inventory of all equipment, personal property, and Antenna Facilities.

7. Modifications.

- (a) Before the Tenant may update or replace the Antenna Facilities, Tenant must provide a detailed proposal to Landlord in the form of an Antenna Site Application (Appendix B).

The application shall include any information reasonably requested by Landlord of such requested update or replacement, including but not limited to construction drawings and specifications as may be required under *Section 6. Installation of Equipment and Leasehold Improvements*, and engineering studies as may be required under *Section 4. Engineering Studies* of this Lease, carried out at Tenant's expense. The application must be approved by Landlord, which will not be unreasonably withheld, conditioned or delayed.

- (b) Tenant shall provide at least thirty (30) days written notice to Landlord before modifying frequencies on the Leased Premises. Said notice shall describe all equipment and frequencies proposed to be added or modified and shall be subject to review and approval by the RF Engineer, which shall not be withheld, conditioned or delayed without cause. Said review shall consist of necessary interference studies to ensure that the modified or additional frequencies will not cause harmful radio interference to Landlord's Operations or the operations of Landlord's existing tenants. Tenant shall pay all costs for any such interference studies. In the alternative, Tenant may perform the interference studies and submit the results to the Landlord for review and approval. However, Landlord shall, in its sole discretion, retain the right provided herein to submit the study results to the RF Engineer for review at Tenant's sole expense.
- (c) If Tenant seeks to increase the number of antennas and/or associated transmitting accessories, and such installation shall exceed the requirements or standard discussed in the engineering report as required by Section 4(a), then Tenant must obtain an engineering study carried out by a qualified professional demonstrating that the Structure can structurally support the additional accessories.

8. Maintenance and Repairs.

(a) Property

Landlord reserves the right to take any action it deems necessary, in its sole and reasonable discretion, to repair, maintain, alter, or improve the Property in connection with Landlord's Operations.

(b) Leased Premises

Tenant shall, at its own cost and expense, maintain the Antenna Facilities in good and safe condition, and in compliance with applicable fire, health, building, and other life safety codes applicable to Tenant's Authorized Use of the Leased Premises.

(c) Structure Reconditioning and Repairs

- (1) From time to time, Landlord paints, reconditions, or otherwise improves or repairs the Structure in a substantial way ("Reconditioning Work"). Landlord shall reasonably cooperate with Tenant to carry out Reconditioning Work activities in a timely manner and in a manner that minimizes interference with Tenant's Approved Use.
- (2) Prior to commencing Reconditioning Work, Landlord shall provide Tenant with not less than ninety (90) days prior written notice thereof. Upon receiving such notice, it shall be the sole responsibility of Tenant to provide adequate measures to cover or otherwise protect Tenant's Antenna Facilities from the consequences of such

activities, including but not limited to paint and debris fallout. Landlord reserves the right to require Tenant to temporarily remove all Antenna Facilities from the Structure and Leased Premises during Reconditioning work.

- (3) During Landlord's Reconditioning Work, Tenant may, with Landlord's written approval, which approval will not be unreasonably withheld, conditioned or delayed, maintain a mobile site, install a temporary pole on the Property or, on any land owned or controlled by Landlord in the immediate area of the Property. Tenant agrees to dismantle temporary pole and return mobile equipment to the permanent pole within 30 days following completion of Reconditioning Work.

If Property will not accommodate mobile equipment, it shall be Tenant's responsibility to locate auxiliary sites. Landlord agrees to abate rent during any period that Tenant is unable to operate at the Property due to the Reconditioning Work.

- (4) For minor repairs or maintenance affecting the leased premises, Landlord agrees to provide Tenant with at least fourteen (14) days advance written notice of any such activities and to reasonably cooperate with Tenant to carry out such activities in a manner that minimizes interference with Tenant's Approved Use.

9. Property Access.

Access to the Property, including the Leased Premises, by outside persons, including Tenant's employees, agents and assigns, shall at all times be governed by Landlord's Site Access Requirements, attached hereto and incorporated herein as Appendix C. Tenant agrees it shall conduct its operations on the Property and the Leased Premises in accordance with all requirements and conditions of said Appendix. Subject to said requirements and conditions Tenant and Landlord agree to the following:

- (a) Landlord shall, at all times provide Tenant ingress, egress, and access to the Premises over the Access Easement, subject to (i) the terms of this Lease; (ii) the Landlord's hours of operation and prevailing wages that are due for such department employees to provide access, and (iii) twenty-four hours advance notice by Tenant to Landlord.
- (b) Landlord will not allow any mechanics' or materialmen's liens to be placed against the Property as a result of Tenant's work on the Property.
- (c) Access to antenna equipment on the Water Tower shall be with prior notice, Tenant's employee's identification and in the presence of Landlord's employee.
- (d) Both Landlord and Tenant shall maintain a written record of all site visits, including the name of all personnel.
- (e) In the event it is necessary for Tenant to have access to the Water Tower at some time other than the normal working hours of Landlord, Landlord may charge Tenant for whatever reasonable expense, including employees' wages that Landlord may incur in providing such access to Tenant.
- (f) Tenant shall have access to the ground equipment Premises at all times, in accordance with the requirements of this section.
- (g) Landlord retains the right to examine and inspect the Leased Premises for safety reasons and to ensure Tenant's compliance with the terms of this Lease. Landlord shall be liable for, and hold harmless Tenant from, any damage to the Leased Premises or to Tenant's equipment and Antenna Facilities caused by Landlord in exercising its right to examine and inspect the Leased Premises. Except in an emergency, Landlord will not enter the

exterior ground space portion of the Leased Premises without a representative of Tenant being present.

10. Utilities.

- (a) Landlord makes no representations that utilities adequate for Tenant's use of the Leased Premises are available. Tenant shall separately meter charges for the consumption of electricity and other utilities associated with its use of the Premises and shall be responsible to promptly pay all costs associated therewith. Landlord will cooperate with Tenant in Tenant's efforts to obtain utilities from any location provided by the servicing utility.
- (b) All of Tenant's electrical wire, telephone cables and related equipment ("Utilities") and Tenant's communication lines on the Property and/or the Premises shall be located underground, except for the utility pedestal or h-frame, if any, hybrid cables on the Water Tower, and within the Utility Easement, according to the Landlord's applicable code, rules and regulations and all state codes, rules and regulations. Tenant shall, within thirty (30) days following receipt of written request from Landlord, provide Landlord with an as-built plan showing the exact location of all Tenant's Utilities and hybrid cables installed on the Premises and the Property. Tenant shall furnish Landlord with pertinent information as to the exact type of AC power used by the Tenant. The Tenant agrees that, within ten (10) days following the receipt of written request of the Landlord, it will field locate all Utilities and hybrid cables at Tenant's expense.
- (c) It shall be the responsibility of Tenant, its agents, contractors and/or subcontractors at Tenant's sole cost and expense to contact Gopher One Call and/or all other parties including, but not limited to, Landlord and all of Landlord's other tenants occupying the premises for locate requests prior to any construction or installation of the Tenant's antennas, tower equipment, ground equipment, utilities or hybrid cables and other equipment described in this Lease, on the Property. If any of the Landlord's other tenants decline to locate their utilities, it shall be the responsibility of Tenant to locate said Tenant's Utilities at Tenant's sole cost and expense. Landlord agrees that it will assist with contact information for the other tenants upon the written request of the Tenant. Tenant agrees that Tenant will, upon the reasonable request of the Landlord or another tenant of the Landlord, locate all of its cables, conduit and utilities.
- (d) As partial consideration for Rent paid under this Lease, Landlord hereby grants to the Tenant an appurtenant non-exclusive easement for Tenant's Utilities and Hybrid Cable over the Utility Easement and an appurtenant non-exclusive easement for ingress, egress, and access to the Premises over the Access Easement to service Tenant's Existing Ground Equipment and Future Ground Equipment at all times during the term of this Lease or any Renewal Term. Upon notice, Landlord shall have the right, at Landlord's sole expense, to relocate the Access Easement, provided such new location shall not materially interfere with Tenant's operations. The Utility and Access Easements provided hereunder shall have the same term as this Lease.

11. Personal Property and Real Estate Taxes.

If any of Tenant's improvements constructed on the Leased Premises should cause the Property, or any portion of it, to be taxed for real estate purposes, it shall be the liability of Tenant to pay that portion of such property taxes directly attributable to Tenant's equipment, provided Landlord shall give Tenant prior written notification of such taxes so that Tenant will have the opportunity to appear before the taxing authority to contest such taxes. Notwithstanding Tenant's right to contest such taxes, Tenant shall pay its share of such taxes within ninety (90) days of receiving notice of the same.

12. Compliance and Statutes, Regulations, and Approvals.

- (a) Tenant's use of the Leased Premises herein is contingent upon its obtaining all certificates, permits, zoning, and other approvals that may be required by any federal, state or local authority, including but not limited to an engineering study and a radio frequency interference study. Tenant shall, at its sole cost and expense, obtain all such necessary permits, licenses and other approvals and Landlord agrees to cooperate with Tenant in Tenant's pursuit of all such necessary permits, licenses or approvals, and Tenant shall reimburse Landlord its reasonable costs to provide such cooperation.
- (b) Tenant's Antenna Facilities and any other facilities shall be installed, maintained, and operated in accordance with all state or federal or local or municipal statutes, ordinances, rules, or regulations now in effect, or that hereafter may be issued by the FCC or any other governing bodies which apply to Tenant's Authorized Use of the Leased Premises.

13. Interference.

- (a) In the performance of its Approved Use, Tenant shall not damage or interfere with Landlord's operations, including its radio frequency transmissions, or approved operations of other parties that were in place on the Property prior to the Commencement Date of this Lease, provided that the equipment used by Landlord or other tenants is operating within the technical parameters specified by its manufacturer and/or as defined by the FCC. In the event of any such interference, Tenant shall immediately cease such interference, except for brief tests necessary for the elimination of the interference, and until Tenant is able to resolve the problem. In the event Tenant cannot correct the interference, Tenant shall have the option to terminate this Lease, pursuant to *Section 14. Termination*. Tenant shall not be responsible for interference that results from a change in the operations of other tenants after the Commencement Date of this Lease.
- (b) Tenant acknowledges that Landlord may lease the Property, or any part of it, to other parties in close proximity to the Leased Premises, and Tenant agrees to work cooperatively with any such other parties, using accepted technical standards in accordance with FCC standards, to ensure that such other parties' use and Tenant's use will be compatible and will not cause interference with each other.
- (c) Landlord in no way guarantees to Tenant noninterference with Tenant's transmission operations provided, however, that in the event that any other party requests permission to place any type of additional antenna or transmission facility on the Property, the procedures of this Section shall govern to determine whether such antenna or transmission facility will interfere with Tenant's transmission operations.

- (d) In the event that Tenant or other tenants on the Property experience interference of their approved frequencies and they cannot reach agreement as to the cause and remedy of such interference, the RF Engineer shall determine such cause and remedy and Tenant shall abide by the RF Engineer's determination, subject to Tenant's right to terminate this Lease.

14. Termination.

- (a) Except as provided herein, , this Lease may be terminated upon sixty (60) days written notice to the other party without penalty or further liability, as follows:
- (1) By either party, upon a material default of any other covenant or term hereof by the other party; which default is not cured within thirty (30) days of receipt of written notice of default to the other party (without, however, limiting any other rights of the parties at law, in equity, or pursuant to any other provisions hereof), or if such cure cannot be completed within thirty (30) days, within such reasonable time as may be required, provided the defaulting party commences the cure within thirty (30) days of receipt of written notice of default and diligently pursues such cure to completion;
 - (2) By Tenant, in the event that:
 - a. Tenant is unable to obtain or maintain any license, permit, or other governmental approval necessary for the construction and/or operation of the Antenna Facilities;
 - b. The Leased Premises are or become unusable under Tenant's design or engineering specifications for its Antenna Facilities, or the communications system to which the Antenna Facilities belong; or
 - c. Tenant's transmission is interfered with by Landlord or its other tenants' equipment. Such right to terminate shall become void if Landlord cures such interference within thirty (30) days of receipt of written notice.
 - (3) By Landlord, in the event that:
 - a. Landlord reasonably determines, after review by an independent structural engineer, that the Property is structurally unsound, including but not limited to consideration of age of the Structure, damage or destruction of all or part of the Property from any source, or factors relating to condition of the Property;
 - b. Tenant fails to pay rent provided for in *Section 3. Rent* within thirty (30) days of Tenant's receipt of written notice from Landlord of a rent payment being overdue;
 - c. Tenant does not complete installation of its Antenna Facilities as shown on Appendix B, *Antenna Site Application* within one (1) year of the Commencement Date of this Lease.
 - d. Upon 180 days prior written notice by the Landlord to Tenant if Landlord decides, for any reason, to redevelop and/or discontinue use of the Leased Premises in a manner inconsistent with Landlord's Primary Use.
- (b) If this Lease is terminated, pursuant to subparagraph 14(a)(1) and 14(a)(2)(a) and (c), and 14(a)(3)(a) and (d), rent shall be pro-rated to the expiration date or the date on which all of Tenant's equipment is removed from the Leased Premises, whichever is later. The parties shall give notice of termination of this lease in accordance with Section 18 of this lease. All rent paid for by Tenant prior to said termination date shall be retained by Landlord.

- (c) The parties agree that the Landlord will incur damages should Tenant decide to terminate this Lease pursuant to subparagraph 14(a)(2)(b). However, the amount of damages incurred by the Landlord following Tenant's termination of this Lease pursuant to subparagraph 14(a)(2)(b) cannot be determined or measured by ordinary rules. For the purpose of liquidating the amount of damages, and not as a penalty, it is agreed that in case of the Tenant's early termination of this Lease, as permitted by subparagraph 14(a)(2)(b), the damages caused shall be and are hereby fixed, liquidated, and determined in the sum of 150% of the annual applicable Rent for the year in which Tenant terminates.
- (d) In the event Tenant becomes aware of any hazardous materials on the Property, or any environmental, health or safety conditions or matter relating to the Property, that, in Tenant's sole determination, renders the condition of the Leased Premises or Property unsuitable for Tenant's use, or if Tenant believes that the leasing or continued leasing of the Leased Premises would expose Tenant to undue risks of liability to a government agency or third party, Tenant will have the right, in addition to any other rights it may have at law or in equity, to terminate this Lease upon written notice to Landlord specifically identifying all such materials, conditions or matters relating to the Property.

15. Insurance.

Tenant and all subcontractors shall obtain, as a minimum, the types and limits of insurance coverage as set forth in Appendix D. All policies called for herein shall become effective before Tenant undertakes any work under this Lease and shall remain in full force and effect as indicated by the Appendix. Further, Tenant shall furnish Landlord with an insurance certificate at the time the agreement is consummated between the parties, evidencing such insurance coverage prior to work commencing on said project.

16. Indemnity.

Tenant agrees to defend, indemnify and hold harmless Landlord and its elected officials, officers, employees, agents, and representatives, from and against any and all claims, costs, losses, expenses, demands, actions, or causes of action, including reasonable attorneys' fees and other costs and expenses of litigation, which may be asserted against or incurred by Landlord or for which the Landlord may be liable in the performance of this Lease, except to the extent those which arise from the negligence, or willful misconduct of Landlord, or its respective employees, agents or contractors. Tenant shall further defend and indemnify all claims arising out of the installation, operation, use, maintenance, repair, removal, or presence of the Tenant's Communication Facility on the Leased Premises, except to the extent such claims arise out of the negligence or willful misconduct of Landlord, its agents, employees, contractors and tenants.

17. Damage or Destruction.

If the leased premises or any portion thereof is destroyed or damaged so as to materially hinder the effective use of the premises by Tenant through no fault or negligence of Tenant, Tenant may elect to terminate this Lease upon thirty (30) days' written notice to Landlord. In such event, all rights and obligations of the parties shall cease (except as to the Tenant's obligations under this Lease to remove Tenant's equipment and antenna facilities) as of the date of the notice to Landlord and Tenant shall be entitled to the reimbursement of any Rent prepaid by Tenant. If Tenant elects to continue this Lease, then the Rent shall abate for a

period of one hundred eighty (180) days or until Tenant's equipment and antenna facilities are restored to the condition existing prior to the damage or destruction, whichever is earlier.

18. Notices.

All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed given if personally delivered or mailed, certified mail, return receipt requested, or delivered by a nationally recognized overnight courier service, to the following addresses or to any other address of Tenant or Landlord that is given from time to time to the other party pursuant to this provision, regarding written notice:

If to Landlord:	Rochester Public Utilities Attn: _____ 4000 East River Road NE Rochester, Minnesota 55906
If to Tenant:	Sprint Spectrum, L.P. Sprint Property Services Site ID: MS03XC197 Mailstop KSOPHT0101-Z2650 6391 Sprint Parkway Overland Park, KS 60251-2650 Phone: 800-357-7641 Fax: 913-523-9735 Email: landlordsolutions@sprint.com
with a copy to:	Sprint Law Department Attn: Real Estate Attorney Site ID: MS03XC197 Mailstop KSOPHT0101-Z2020 6391 Sprint Parkway Overland Park, KS 66251-2020

19. Representations and Warranties.

- (a) Landlord represents that (i) it has full right, power, and authority to execute this Lease; (ii) it has good and unencumbered title to the Property free and clear of any liens or mortgages, subject to such liens of record; (iii) Tenant shall have quiet enjoyment of the Leased Premises during the term of this Lease in accordance with its terms.
- (b) The parties acknowledge that this is a nonexclusive lease. Nothing in this Lease shall preclude Landlord from leasing other space on the Property to any other person or entity which may be in competition with Tenant, or any other party, subject to the conditions set forth in *Section 13. Interference*.
- (c) Tenant warrants that the individuals signing and executing this Lease on behalf of Tenant have the requisite corporate power and authority to enter into and perform this Lease on behalf of Tenant. Landlord warrants that the individuals signing and executing this Lease on behalf of Landlord have the requisite corporate power and authority to enter into and

perform this Lease on behalf of Landlord.

- (d) Landlord represents that it has no knowledge of any substance, chemical or waste on the Property that is identified as hazardous, toxic or dangerous in any applicable federal, state or local law or regulation, as defined in Section 19(e) of this Lease. Landlord will be solely liable for and will defend, indemnify and hold Tenant, its agents and employees harmless from and against any and all direct claims, costs and liabilities, including reasonable attorneys' fees and costs, arising out of or in connection with the removal, cleanup or restoration of the Property with respect to hazardous, toxic or dangerous materials from any and all sources other than those hazardous, toxic or dangerous materials introduced to the Property by Tenant. Tenant represents and warrants that its use of the Leased Premises herein will not generate and it will not store or dispose on the Property nor transport to or over the Property any hazardous substance, chemical or waste contrary to any applicable law or regulation. Tenant further agrees to hold Landlord harmless from and indemnify Landlord against any release of any such hazardous substance, and any damage, loss, expense, or liability resulting from the breach of this representation or from the violation of any applicable state or federal law by such release associated with Tenant's use of hazardous substances, including payment of all reasonable attorneys' fees, costs, and penalties incurred as a result thereof, except for any release caused by the negligence or willful misconduct of Landlord, its employees, or agents.
- (e) "Hazardous substance" shall be interpreted broadly to mean any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, hazardous or toxic or radioactive substance, or other similar term by any federal, state, or local environmental law, regulation or rule presently in effect or promulgated in the future, as such laws, regulations, or rules may be amended from time to time. Landlord acknowledges Tenant's use of batteries and diesel fuel needed for back-up power and deems them acceptable as long as such batteries and fuel are used and disposed of in accordance with all applicable laws.

20. No Liability on Landlord.

Except due to Landlord's willful misconduct or negligence, Landlord shall not be liable for: (i) any damage to Tenant's equipment or Antenna Facilities, including but not limited to vandalism or malicious mischief caused by third parties, known or unknown, to Tenant's equipment or facilities, or (ii) for any lost revenue, business or profits of Tenant.

21. Assignment.

This Lease, or rights thereunder, may not be sold, assigned, or transferred in whole or in part, or subleased or sublicensed at any time by Tenant without the written consent of the Landlord, except to Tenant's parent, affiliates or subsidiaries, or subsidiaries of its parent, or any party that merges or consolidates with Tenant or Tenant's parent, or any party that purchases or otherwise acquires all or substantially all of Tenant's stock or assets. Any written consent required in this Paragraph will not be unreasonably withheld, conditioned or delayed. For purposes of this paragraph, an "affiliate" or "subsidiary" means an entity in which Tenant owns greater than a 50% interest. Landlord hereby consents to the assignment by Tenant of its rights under this Lease as collateral to any entity which provides financing

for the purchase of the Tower Equipment to be installed at the Leased Premises subject to Landlord's rights to retain the Tenant's Communication Facility and other improvements if Tenant fails to remove them as provided in this Lease. Tenant shall provide Landlord written notice of such assignments within thirty (30) days of execution.

22. Condemnation.

Landlord shall provide to Tenant notice of any condemnation proceedings within thirty (30) business days of receipt. In the event the whole of the Leased Premises is taken by eminent domain, this Lease shall terminate as of the date title to the Leased Premises vests in the condemning authority. In event a portion of the Leased Premises is taken by eminent domain, either party shall have the right to terminate this Lease as of said date of title transfer, by giving thirty (30) days' written notice to the other party. In the event of any taking under the power of eminent domain, Tenant shall not be entitled to any portion of the reward paid for the taking and the Landlord shall receive full amount of such award. Tenant hereby expressly waives any right or claim to any portion thereof. Although all damages, whether awarded as compensation for diminution in value of the leasehold or to the fee of the Leased Premises, shall belong to Landlord, Tenant shall have the right to claim and recover from the condemning authority, but not from Landlord, such compensation as may be separately awarded or recoverable by Tenant on account of any and all damage to Tenant's business and any costs or expenses incurred by Tenant in moving/removing its equipment, personal property, Antenna Facilities, and leasehold improvements.

23. Successors and Assigns.

This Lease shall run with the Property. This Lease shall be binding upon and inure to the benefit of the parties, their respective successors, personal representatives and assigns.

24. Surrender of Leased Premises.

- (a) All portions of the Antenna Facilities brought onto the Leased Premises by Tenant will be and shall remain Tenant's personal property and, at Tenant's option, may be removed by Tenant at any time during or after the Term or extension thereof. In the event that this Lease is terminated or not renewed, Tenant shall have sixty (60) days from the termination or expirations date to quit peacefully and surrender possession of the Leased Premises in as good condition as when it was delivered to Tenant, reasonable wear and tear and casualty loss excepted. Tenant shall remove its equipment, personal property, Antenna Facilities, and leasehold improvements from the Property, and shall repair any damage to the Property caused by such equipment, all at Tenant's own cost and expense.
- (b) In the event that Tenant's Antenna Facilities and related equipment are not removed to the reasonable satisfaction of the Landlord within sixty (60) days from the termination or expiration date, the Landlord shall have the option to fully decommission the Antenna Facilities, have the Antenna Facilities removed, and repair the site and restore the property, and Tenant shall be responsible for the cost of such actions.

25. Marking and Lighting Requirements.

- (a) Landlord acknowledges that it shall be responsible, at its sole cost and expense, for compliance with all building marking and lighting requirements that the Federal Aviation Administration (“FAA”) may require with respect solely to the height of the Structure. The responsibility, however, is expressly limited to the requirements that would be required of an elevated water storage facility having no communications equipment installed on it, irrespective of Tenant’s Antenna Facilities. Landlord shall indemnify and hold harmless Tenant from any fines or other liabilities caused by Landlord’s failure to comply with such requirements for an elevated water storage facility Structure. Further, should the FAA cite Landlord, or in the event any claims are brought against Landlord because the Structure alone is not in compliance, as opposed to the Structure with Antenna Facilities, then Landlord shall indemnify Tenant for full costs, liabilities, damages and expenses, including reasonable attorney’s fees. Further, if Landlord does not cure the conditions of noncompliance on the Structure within the time frame allowed by the citing agency, Tenant may terminate this Lease immediately without any further liability hereunder upon written notice to Landlord.
- (b) Tenant acknowledges that it shall be responsible at its sole cost and expense, for compliance with all building marking and lighting requirements that the FAA may require with respect to Tenant’s Antenna Facilities. In the event the FAA determines that the Structure must be additionally marked, lighted, or in any way modified, due to the existence of Tenant’s Antenna Facilities, Tenant shall have the option to mark, light or modify the Structure at its sole expense, or to terminate this Lease, pursuant to *Section 14. Termination*. Said marking, lighting and modifying shall be subject to prior written approval by Landlord, such approval not to be withheld without cause. Landlord shall approve or object to such plans within a reasonable period of time to allow timely compliance with FAA regulations.

26. RF Radiation Compliance.

- (a) An RF Engineer chosen by the Landlord and agreed to by the tenant shall perform a radiation survey of the Property following Tenant’s initial RF transmissions on the Leased Premises. Tenant shall be responsible for all costs of such survey, to be paid within forty-five (45) days of receipt of a detailed invoice from Landlord.
- (b) Tenant shall implement all measures at the transmission site required by FCC regulations, including but not limited to posting signs and markings. Landlord shall cooperate with and permit Tenant to implement all reasonable measures in order for Tenant to fulfill its Radio Frequency exposure obligations. Landlord agrees that in the event any future party causes the entire site to exceed FCC Radio Frequency radiation limits, as measured on the Property, Landlord shall hold such future party liable for all such later-arising non-compliance.

27. Noise Restrictions.

Noise from Tenant’s equipment shall not exceed the level allowed by the local jurisdiction (“Allowable Noise Level”), as measured at any location on neighboring property. Landlord will take noise level measurements from time to time to verify compliance. In the event it is found that Tenant’s equipment exceeds the Allowable Noise Level, Landlord shall provide Tenant with written notice and Tenant shall take immediate steps to provide permanent

reduction in the noise of its equipment to below Allowable Noise Level. If Tenant does not so reduce its Measured Sound Level within sixty (60) days of receipt of written notice of event, said occurrence shall constitute an event of default as otherwise defined in *Section 14. Termination*.

28. Miscellaneous.

- (a) Each party agrees to furnish to the other, within thirty (30) days after notice of receipt of the request, such truthful estoppel information as the other party may reasonably request.
- (b) This Lease constitutes the entire agreement and understanding of the parties and supersedes any and all offers, negotiations, or other agreements of any kind. There are no representations or understandings of any kind not set forth herein. Any modification of or amendment to this Lease must be in writing and executed by both parties. No provision of this Lease will be deemed waived by either party unless expressly waived in writing by the waiving party. No waiver shall be implied by delay or any other act or omission of either party. No waiver by either party of any provisions of this Lease shall be deemed a waiver of such provision with respect to any subsequent matter relating to such provision. This Lease may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute a single instrument.
- (c) This Lease shall be construed in accordance with the laws of the State of Minnesota. Any legal action may only be commenced and proceed in the relevant district court in Olmsted County, Rochester, Minnesota.
- (d) If any term of this Lease is found to be void or invalid, such invalidity shall not affect the remaining terms of this Lease, which shall continue in full force and effect.
- (e) Upon request by Tenant, Landlord agrees to execute a recordable Memorandum of this Lease.
- (f) Any terms and conditions contained in this Lease that by their sense and context are intended to survive the termination or expiration of this Lease shall so survive.
- (g) The submission of this Lease to any party for examination or consideration does not constitute an offer, reservation of or option for the Leased Premises based on the terms set forth herein. This lease will become effective as a binding Lease only upon the handwritten legal execution and delivery hereof by Landlord and Tenant.
- (h) The Recitals set forth above and the terms and definitions therein are hereby incorporated in this Lease as though they were set forth in the body of the Lease.
- (i) Any claim, controversy or dispute arising out of this Lease not resolved within sixty (60) days following notice of the dispute shall be submitted first and promptly to mediation. Each party shall bear its own cost of mediation. If mediation does not result in settlement within forty-five (45) days after the mediator declares an impasse, either party may file any legal proceeding to enforce this agreement. The legal proceeding must be venued in Olmsted County, Minnesota.

(j) Appendix A through D listed below are hereby incorporated into this Lease by reference.

Appendix A *Legal Description*

Appendix B *Antenna Site Application with Proposed Site Technical Information*

Appendix C *Site Access Requirements*

Appendix D *Insurance Requirements*

IN WITNESS WHEREOF, the parties hereto have executed this Lease, the day and year first written below.

SPRINT SPECTRUM L.P.

CITY OF ROCHESTER

Approved:

By _____
Click here to enter text.

By _____
Ardell Brede, Mayor

By _____
Aaron Reeves, City Clerk

Approved as to form:

By _____
Terry Adkins, City Attorney

ROCHESTER PUBLIC UTILITIES

By _____
Mark Kotschevar, General Manager

Attachment: Sprint Lease Final 1.22.15 (3161 : Sprint Site Lease Agreements)

Appendix A
Legal Description and Site Plan

Attachment: Sprint Lease Final 1.22.15 (3161 : Sprint Site Lease Agreements)

Appendix B
Antenna Site Application

Attachment: Sprint Lease Final 1.22.15 (3161 : Sprint Site Lease Agreements)



Appendix C

Site Access Procedure

1.0 REQUEST ACCESS

1.01 Request for access must be provided via email to antenna@rpu.org and must include the following information:

- 1) name and contact information of tenant
- 2) your relationship to tenant
- 3) description of work to be completed
- 4) length of time access is needed
- 5) date and time of access
- 6) your contact information.

1.02 Emergencies

1. Contact RPU Water Operations at 507.273.5030 or Electric System Operations at 507.280.1697 after submitting email request for access. Inform caller that an email request has been submitted.
2. Under certain conditions, water operations personnel may not be available, in which case RPU will use their best judgment to determine if there is another way to grant access to the agent, or to deny or delay access.

Important: The police will be called to the site if a written request is not made to RPU prior to entry.

RPU staff will verify the request and arrange to meet agent on site and allow for access after checking for proper ID.

1.03 While at site:

- a) Authorized agents are required to perform their necessary work on the site in a manner that does not compromise site security. This includes, but is not limited to, securing all doors and gates before leaving the site.
- b) RPU employees will determine whether or not they will need to monitor the activity at the site. If RPU employee believes that the agent is not there for a legitimate business reason, the employee should get to a safe area and call 911 to have police confront the agent and remove them if necessary.

1.04 Leaving site:

- a) Authorized agents must notify RPU Water Operations (507.273.5030) when leaving the site.

2.0 **IDENTIFICATION PROCEDURES**

2.01 Tenant, contractors or agents seeking entrance to a remote facility are required to show a valid photo ID. RPU employee allowing them access will forward the name and phone number of the entrant to the RPU Water Infrastructure Engineer to confirm that access should be granted.

3.0 **SITE SAFETY**

3.01 Tenant, contractors or agents seeking entrance will be required to complete a Safety Acknowledgement Water Facilities Form provided by the owner each time access is requested.

3.02 Contractor must provide required personal protective equipment including but not limited to fall protection equipment as appropriate for the tasks to be completed onsite.

3.03 Contractor must have the ability to summon emergency assistance (such as a mobile phone) if needed as these sites are seldom equipped with telephones.

4.0 **FACILITY LOCKS**

3.01 All RPU Facilities are secured with high-security locks utilizing high-security keys.

- a) No other locks are permitted, and all such other locks will be removed and disposed of.
- b) RPU may make some exceptions in cases where, for the convenience of RPU staff, contractor locks will be allowed to be “daisy-chained” onto a RPU water facility. These exceptions will be on a case by case basis, and the decision to allow this will be made by RPU Manager of Water Operations.
- c) For sites that are undergoing construction, RPU will install construction locks and give contractors construction keys.

5.0 **RPU CONTACTS**

Normal and emergency access after normal business hours:

507.273.5030 5:00 AM – 12:30 AM

507.280.1696 12:31 AM – 4:59 AM

Any access granted between the hours of 12:31 AM to 5:00 AM will be billed at the current RPU overtime rate.

Appendix D Insurance Requirements

Tenant and all subcontractors shall obtain and maintain the following insurance to protect the parties against claims, demands, actions, judgments, expenses, and liabilities that may arise out of or result from Tenant's use of the Leased Premises:

- a. A 30-day notice of cancellation and/or non-renewal.
- b. Workers' Compensation with limits of at least \$500,000 per incident or injury to cover claims for injury or disease resulting or arising from the actions of the Tenant, its officers, employees or agents during the contract. Insurance coverage will meet statutory requirements for Minnesota.
- c. Commercial Liability Insurance with limits of at least \$1,500,000 each occurrence/\$3,000,000 aggregate for both bodily injury & property damage liability to cover claims for injury or damage resulting or arising from the actions of the Tenant, its officers, employees or agents during the term of the contract. Products and completed operations coverage is to be included within the required limits with coverage for a minimum of two years after construction is completed.
- d. The liability limits may be afforded under the Commercial Policy, or in combination with an umbrella or excess liability policy provided coverages of rides afforded by the umbrella or excess policy are not less than the underlying Liability coverages.
- e. Commercial auto insurance with limits of at least \$1,000,000 each occurrence for both bodily injury & property damage liability to cover claims for injury or damage resulting or arising from the actions of the Tenant, its officers, employees or agents, including hired and non-owned vehicles, during the contract. **If such insurance contains a general aggregate limit, the general aggregate limit shall not be less than \$2,000,000.**
- f. The liability insurance policies shall name the City of Rochester as an additional insured for claims from work conducted pursuant to this agreement. Tenant's liability insurance shall be primary to any insurance held by the City of Rochester.
- g. The Tenant shall provide, prior to tenancy, evidence of the required insurance in the form of a Certificate of Insurance issued by a company (rated A- or better by Best Insurance Guide) authorized to do business in the state of Minnesota, which includes all coverage required and named as follows:

City of Rochester
Acting Through Its Public Utility Board
4000 East River Road NE
Rochester MN 55906-2813

ACKNOWLEDGEMENTS

CITY OF ROCHESTER

STATE OF MINNESOTA)
) ss.
COUNTY OF OLMSTED)

The foregoing instrument was acknowledged before me this _____ day of _____, 20__, by Ardell Brede, Mayor, Aaron Reeves, City Clerk, Terry Adkins City Attorney and Mark Kotschevar, Rochester Public Utilities General Manger, of the City of Rochester, a Minnesota municipal corporation, on behalf of said corporation.

Witness my hand and official seal.

Notary Public

TENANT

STATE OF _ _____)
) ss.
COUNTY OF _ _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the _____ of _____, a _____ company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

Witness my hand and official seal.

Notary Public

Attachment: Sprint Lease Final 1.22.15 (3161 : Sprint Site Lease Agreements)



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to authorize the Mayor and City Clerk to execute one lease per site with Sprint Spectrum L.P. in addition to authorizing the General Manager and City Attorney to approve any final technical attachments to the lease.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 27th day of January, 2015.

President

Secretary

FOR BOARD ACTION

Agenda Item # (ID # 3229)

Meeting Date: 1/27/2015

SUBJECT: Cash Reserves Policy

PREPARED BY: Peter Hogan

ITEM DESCRIPTION:

The liquidity policy requires updating to conform to the utility basis cost of service study. While it is very similar to the reserve funds we have had in the past, some of the calculations have changed. The most significant change is in the capital & major maintenance reserve. This fund will build over time to provide cash to replace assets in the future. The Debt Service, Clean Air Rider Excess and Special Capital and Major Maintenance reserve calculations are unchanged.

The Working Capital Reserve is currently set at 45 days of operating expenses excluding depreciation and power supply costs. While this portion will not change, the new policy does include a reserve for power supply costs. This adjustment addresses both working capital related to power supply costs and any unanticipated increase in costs above the budgeted base rate. Unanticipated cost of power increases will be collected over the following 12 months through the power rate adjustment factor. This reserve provides the cash to allow for the slower recovery.

The Contingency Reserve is changing from a calculation on one significant event to being a percentage based on the average age of our assets (Currently 51% - Net Book Value/Historical Investment in Assets) between 1% and 3% of the historical investment in assets. Under this method our current rate would be 2% or \$7.6 million versus our prior estimate of the cool summer being about \$5.6 million.

The Capital & Major Maintenance Reserve is the one that will change the most due to a change to the utility method and using the average future assets purchases as the basis for the calculation. The calculation is 20% of the average of the next five year's capital improvement program less any improvements funded through the issuance of bonds or already included in the Special Capital and Major Maintenance Reserve. Below is a comparison of the old policy to the proposed policy as of December 31, 2014:

FOR BOARD ACTION

Agenda Item # (ID # 3229)

Meeting Date: 1/27/2015

	Current Policy	Proposed Policy
Debt Service (As of December 31, 2014)	744,000	744,000
Clean Air Rider Excess	7,200,000	7,200,000
Working Capital Reserve	\$ 17,400,000	\$ 18,100,000
Special Capital & Major Maintenance Reserve	1,617,000	1,617,000
Contingency Reserve	5,600,000	7,600,000
Capital & Major Maintenance Reserve	3,900,000	11,200,000
Total	<u>\$ 36,461,000</u>	<u>\$ 46,461,000</u>

Since our cash balances will not allow for full funding of all the reserves, there will be priority to funding the various reserves. This is sometimes referred to as a waterfall funding. The priority will be:

1. Debt Service Reserve
2. Clean Air Rider Excess
3. Working Capital Reserve
4. Special Capital and Major Maintenance Reserve
5. Contingency Reserve
6. Capital & Major Maintenance Reserve

The policy calls for action to occur to restore reserve levels to the minimum over the subsequent five years. The cost of service has the minimum reserves being built over the next five years with the last reserve to be completely funded to the minimum being the Capital & Major Maintenance Reserve.

The reserves defined in the policy are Board Restricted reserves. Legally restricted reserves are above and beyond these reserves. The most typical legally restricted reserves are construction funds from bond sale and the debt service reserve accounts created under the bond covenants.

Staff will be available to answer any questions.

UTILITY BOARD ACTION REQUESTED:

Approve the updated Electric Utility Cash Reserve Policy and attached resolution.

ROCHESTER PUBLIC
UTILITIES BOARD POLICY
STATEMENT

POLICY SUBJECT: Electric Utility Cash Reserve Policy

POLICY OBJECTIVE:

The Board recognizes the need to develop access to liquid reserves, using financial targets as a guide to determining future revenue requirements. Funding levels may vary as circumstances dictate.

POLICY STATEMENT:

The Board intends to establish the types and levels of reserves needed to cover various risks and needs. These reserves, and their levels, are intended as guides only, and are meant to apply under normal circumstances. However, the Board intends to work with the General Manager to take the necessary steps to attain the reserve levels established in this board policy. The required reserves may be met by any combination of internally-financed reserves and access to external liquid reserves-unrestricted cash, cash equivalents or external borrowing.

To help ensure timely completion of capital improvements and enable the utility to meet requirements for large unexpected expenditures, a minimum cash reserve policy will be established. Minimum cash reserves attempts to quantify the minimum amount of cash the utility should keep in reserve, ~~the a~~ Actual cash reserves may vary above the minimum and ~~is are~~ dependent on the life cycle of assets currently in service. The minimum cash reserve calculation considers the risk “in total” and not each individual category. For example: the amount that the utility is required to expend to respond to an unanticipated catastrophic event; catastrophic events can occur and the amount may far exceed the amount set aside under the Contingency Reserve. ~~This category should also consider short term financing and the reserves set aside in the remaining categories.~~ Other Board designated funds in the remaining categories, unrestricted funds and short term financing would be options that may be used to address the expenditures related to an unanticipated catastrophe. –

~~The methodology used is based on certain assumptions related to percent of~~ When establishing or adjusting minimum cash reserves for each of the reserve accounts identified in this policy, due consideration will be given generally to the following: operation and maintenance expense, rate base, capital improvements, and debt service. ~~The establishment of minimum cash reserves should consider a number factors including:~~ Additionally, for each reserve account component specific assumptions and factors will influence the amount of the reserve, as described in each category below:

1. Annual debt service – Debt service payments do not occur evenly throughout the year and often occur at periodic times, typically every six months. It is the policy of the board that the ~~The~~ utility ~~has to ensure~~ maintains adequate cash reserves

- ~~exist~~ to fund the next occurring debt service payment when the payment is due. ~~To ensure that adequate reserve levels are maintained, Each~~ month 1/12th of the debt service payment ~~is will be~~ moved from working capital to the debt service reserve. ~~RPU's current schedule for semi-annual debt service payments is June 1st and December 1st. The cash reserve policy will include 100% of the current portion of debt service when due.~~
2. Clean Air Rider Adjustment ~~—When this rider was established, the Board made the decision to have a level amount of rider collected each year. The related debt service amounts are lower than the level payment amount in the early years and higher in the later years. The~~ Since the inception of the Clean Air Rider (“CAR”) ~~the utility has collected a level CAR amount, even though the related debt service varied over time. This resulted in over-collection at times. Nevertheless, the~~ funds collected in excess of the debt service are restricted for future debt service payments, to be applied when the actual debt service payments will exceed the amounts collected through the rider. The amount of this reserve is calculated annually, based on actual collections and debt service.
 3. Working Funds Reserve. ~~Because there are T~~ timing differences ~~occur~~ between when expenses are incurred and revenues are received from customers, ~~Establishing a~~ minimum cash-working funds reserve helps ensure ~~cash exists that the utility will have adequate liquidity (or working funds)~~ to pay expenses in a timely manner. The ~~cash-working funds~~ reserve ~~policy will include will at all times be maintained at a~~ minimum level equal to 12.3% (approximately 45 days) of annual operating expenses (excluding depreciation and power supply costs), plus 16% (approximately 60 days) of annual power supply costs.
 4. Special Capital and Major Maintenance Reserve. ~~This reserve is meant to pay for that~~ The purpose of the special capital and major maintenance reserve is to defray all or a portion of significant a future capital and major maintenance projects, ~~or external expenditures that are is not externally financed. There will be one reserve—A separate sub reserve~~ for each ~~significant~~ project will be established. Each reserve will be funded over the number of years, and up to a certain amount of the project's planned total expenditures, as determined by the Board and the General Manager for each ~~significant~~ project. These reserves will be set up and used only as needed.
 5. Contingency Reserve. Catastrophic events such as ice storms, wind storms, floods, or tornadoes may occur that require a substantial ~~investments financial outlay by the utility~~ to replace damaged assets. ~~Some examples of catastrophic events include ice storms, wind storms, floods, or tornadoes.~~ The percentage used to calculate the minimum cash reserves is dependent on the age of the assets in service and the level of risk of a catastrophic type event. The age of the assets in service will be computed by dividing the Net Book Value by the ~~Historical Investment in cost of~~ Capital Assets to arrive at the Percent of Assets Depreciated. The ~~cash-contingency~~ reserve ~~policy will include have a minimum funding amount equal to the product obtained when~~ the Reserve Percent (shown below) corresponding to the Percent of Assets Depreciated is multiplied by the ~~Historical Investment in cost of~~ Capital

Assets as recorded in the financial statements

Percent of Assets Depreciated	Reserve Percent
Greater than 55%	3.0%
45% to 55%	2.0%
Below 45%	1.0%

6. Capital and Major Maintenance Reserve. ~~Because some~~ Some capital improvements are funded through bond issuances and some are funded through cash reserves, ~~the utility will maintain a~~ The establishment of a minimum cash reserve level for capital and major maintenance projects ~~helps~~ reserve to ensure timely replacement or construction of ~~assets utility infrastructure.~~ The ~~cash capital and major maintenance~~ reserve policy will include ~~204~~ 20% of the ~~cost of average~~ cost of average capital improvements anticipated during the following five ~~year's~~ years, less any improvements funded through the issuance of bonds, less any capital projects included in capital improvements specifically reserved in the Special Capital and Major Maintenance Reserve for the same period.

The General Manager will have the authority to move funds among all the reserves. When practical, the General Manager will consult with the Board before moving funds involving the *Contingency Reserve*. In that case he will report to the Board as soon as practical when ~~he authorized~~ such transactions are authorized without first informing the Board.

Ordinarily, the order of replenishment among these reserves is as follows:

1. Debt Service Reserve
2. Clean Air Rider Reserve
3. Working Funds Reserve
4. Special Capital and Major Maintenance Reserve
5. Contingency Reserve
6. Capital & Major Maintenance Reserve

Annually at budget time the General Manager will recommend funding levels for each reserve. If anything causes actual reserve amounts to fall below the minimum levels described in this policy ~~certain events occur that result in cash reserves falling below the minimum cash reserves levels~~, the Board shall take action to restore the cash reserves to the minimum levels over the subsequent five years or revise this policy to discontinue certain reserves or adjust the minimum levels of the existing reserves. ~~These actions may include:~~

1. ~~Rate adjustments~~
2. ~~Cost reductions~~
3. ~~Issuance of bonds to fund capital improvement programs~~
4. ~~Modification of the assumptions used to determine the cash reserve levels~~

The reserve levels described in this policy are meant to be long-term average balances, and it is understood that achieving the recommended reserve level may not occur immediately, thus jeopardizing the overall financial wellbeing of the utility. ~~It will usually take several~~

~~months to achieve the revised reserve levels this policy requires (based on annual recalculations due to updates to RPU's long term plans).~~ There will be times when the reserve balances will fall below the established ~~acceptable minimum~~ levels. The General Manager will advise the Board on various matters related to the reserves, such as whether a current deviation from the established acceptable levels is expected to be short-term or whether any action needs to be taken.

EFFECTIVE DATE OF POLICY: April 27, 1999

DATE OF LAST POLICY REVISION: ~~December 16,~~
~~2014~~ January 27, 2015

POLICY APPROVAL:

Board President

~~Date~~ _____
~~Date~~ _____

Attachment: Cash Reserves Policy Redlined V4 (3229 : Cash Reserves Policy)

ROCHESTER PUBLIC
UTILITIES BOARD POLICY
STATEMENT

POLICY SUBJECT: Electric Utility Cash Reserve Policy

POLICY OBJECTIVE:

The Board recognizes the need to develop access to liquid reserves, using financial targets as a guide to determining future revenue requirements. Funding levels may vary as circumstances dictate.

POLICY STATEMENT:

The Board intends to establish the types and levels of reserves needed to cover various risks and needs. These reserves, and their levels, are intended as guides only, and are meant to apply under normal circumstances. However, the Board intends to work with the General Manager to take the necessary steps to attain the reserve levels established in this board policy. The required reserves may be met by any combination of unrestricted cash, cash equivalents or external borrowing.

To help ensure timely completion of capital improvements and enable the utility to meet requirements for large unexpected expenditures, a minimum cash reserve policy will be established. Minimum cash reserves attempt to quantify the minimum amount of cash the utility should keep in reserve. Actual cash reserves may vary above the minimum and are dependent on the life cycle of assets currently in service. The minimum cash reserve calculation considers the risk “in total” and not each individual category. For example: the amount that the utility is required to expend to respond to an unanticipated catastrophic event may far exceed the amount set aside under the Contingency Reserve. Other Board designated funds in the remaining categories, unrestricted funds and short term financing would be options that may be used to address the expenditures related to an unanticipated catastrophe.

When establishing or adjusting minimum cash reserves for each of the reserve accounts identified in this policy, due consideration will be given generally to the following: operation and maintenance expense, rate base, capital improvements, and debt service. Additionally, for each reserve account component specific assumptions and factors will influence the amount of the reserve, as described in each category below:

1. Annual debt service – Debt service payments do not occur evenly throughout the year and often occur at periodic times, typically every six months. It is the policy of the board that the utility maintains adequate cash reserves to fund the next occurring debt service payment when the payment is due. To ensure that adequate reserve levels are maintained, each month 1/12th of the debt service payment will be moved from working capital to the debt service reserve.
2. Clean Air Rider Adjustment – Since the inception of the Clean Air Rider (“CAR”)

the utility has collected a level CAR amount, even though the related debt service varied over time. This resulted in over-collection at times. Nevertheless, the funds collected in excess of the debt service are restricted for future debt service payments, to be applied when the actual debt service payments will exceed the amounts collected through the rider. The amount of this reserve is calculated annually, based on actual collections and debt service.

- 3. Working Funds Reserve. Because there are timing differences between when expenses are incurred and revenues are received from customers, a minimum working funds reserve helps ensure that the utility will have adequate liquidity (or working funds) to pay expenses in a timely manner. The working funds reserve will at all times be maintained at a minimum level equal to 12.3% (approximately 45 days) of annual operating expenses (excluding depreciation and power supply costs), plus 16% (approximately 60 days) of annual power supply costs.
- 4. Special Capital and Major Maintenance Reserve. The purpose of the special capital and major maintenance reserve is to defray all or a portion of a future capital and major maintenance project or external expenditure that is *not* externally financed. A separate sub reserve for each project will be established. Each reserve will be funded over the number of years, and up to a certain amount of the project's planned total expenditures, as determined by the Board and the General Manager for each project. These reserves will be set up and used only as needed.
- 5. Contingency Reserve. Catastrophic events such as ice storms, wind storms, floods, or tornadoes may occur that require a substantial financial outlay by the utility to replace damaged assets. The percentage used to calculate the minimum cash reserves is dependent on the age of the assets in service and the level of risk of a catastrophic type event. The age of the assets in service will be computed by dividing the Net Book Value by the cost of Capital Assets to arrive at the Percent of Assets Depreciated. The contingency reserve will have a minimum funding amount equal to the product obtained when the Reserve Percent (shown below) corresponding to the Percent of Assets Depreciated is multiplied by the cost of Capital Assets as recorded in the financial statements

Percent of Assets Depreciated	Reserve Percent
Greater than 55%	3.0%
45% to 55%	2.0%
Below 45%	1.0%

- 6. Capital and Major Maintenance Reserve. Because some capital improvements are funded through bond issuances and some are funded through cash reserves, the utility will maintain a capital and major maintenance project reserve to ensure timely replacement or construction of utility infrastructure. The capital and major maintenance reserve will include 4% of the cost of capital improvements anticipated during the following five years, less any improvements funded through the issuance of bonds, less any capital projects included in capital improvements

Attachment: Cash Reserves Policy Final (3229 : Cash Reserves Policy)

specifically reserved in the Special Capital and Major Maintenance Reserve for the same period.

The General Manager will have the authority to move funds among all the reserves. When practical, the General Manager will consult with the Board before moving funds involving the *Contingency Reserve*. In that case he will report to the Board as soon as practical when such transactions are authorized without first informing the Board.

Ordinarily, the order of replenishment among these reserves is as follows:

1. Debt Service Reserve
2. Clean Air Rider Reserve
3. Working Funds Reserve
4. Special Capital and Major Maintenance Reserve
5. Contingency Reserve
6. Capital & Major Maintenance Reserve

Annually at budget time the General Manager will recommend funding levels for each reserve. If anything causes actual reserve amounts to fall below the minimum levels described in this policy, the Board shall take action to restore the cash reserves to the minimum levels over the subsequent five years or revise this policy to discontinue certain reserves or adjust the minimum levels of the existing reserves.

The reserve levels described in this policy are meant to be long-term average balances, and it is understood that achieving the recommended reserve level may not occur immediately, thus jeopardizing the overall financial wellbeing of the utility. There will be times when the reserve balances will fall below the established minimum levels. The General Manager will advise the Board on various matters related to the reserves, such as whether a current deviation from the established acceptable levels is expected to be short-term or whether any action needs to be taken.

EFFECTIVE DATE OF POLICY: April 27, 1999

DATE OF LAST POLICY REVISION: January 27, 2015

POLICY APPROVAL:

Board President

Date

Attachment: Cash Reserves Policy Final (3229 : Cash Reserves Policy)



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the updated

Electric Utility Cash Reserve Policy

effective January 27, 2015.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 27th day of January, 2015.

President

Secretary