



MEETING AGENDA – DECEMBER 13, 2016

BOARD ROOM
4000 EAST RIVER ROAD NE
ROCHESTER, MN 55906

4:00 PM

1. **3:00 PM Closed Meeting**

A closed meeting to receive a communication from, and to have a discussion with, the City Attorney regarding the status of and to discuss potential litigation strategies for the pending administrative legal proceedings involving the City and the U.S. Federal Energy Regulatory Commission ("FERC"). This case involves the City's request for FERC approval to allow Rochester Public Utilities' CapX2020's costs to be shared with other regional utility companies resulting in lower costs to the City and RPU. The administrative case is identified as Midcontinent Independent System Operator, Inc., FERC Docket No. ER15-277-000. The closed meeting will occur pursuant to Minnesota Statutes, Section 13D.05, subd. 3(b).

2. **4:00 PM Regular Meeting**

Call to Order

3. **Approval of Agenda**

4. **Approval of Minutes**

Public Utility Board - Regular Meeting - Nov 29, 2016 4:00 PM

5. **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.)

6. **Regular Agenda**

1. Risk Property, General Liability and Automotive Insurance Renewals for 2017
Resolution: All Risk Property Insurance Renewal for 2017
Resolution: Excess General Liability Insurance Renewal for 2017
Resolution: Commerical Automobile and General Liability Insurance Renewal for 2017
2. IBM Service Agreement Termination
Resolution: IBM Service Agreement Termination
3. Renewal of VMware NSX Licenses
Resolution: Renewal of VMware NSX Support and Subscription
4. Paymentus Electronic Bill Payment MSA
Resolution: Paymentus Electronic Bill Payment MSA
5. Authorized Depositories 2017
Resolution: Authorized Depositories 2017
- 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.igmp2.com/Citizens/Default.aspx>



MEETING MINUTES – NOVEMBER 29, 2016

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	
Dave Reichert	Board President	Present	
Mark Browning	Board Member	Present	
Melissa Graner Johnson	Board Member	Present	
Tim Haskin	Board Member	Present	
Terry Adkins	City Attorney	Present	

1. Approval of Agenda

1. **Motion to:** to approve Board agenda as presented

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Michael Wojcik, Board Member
SECONDER:	Melissa Graner Johnson, Board Member
AYES:	Wojcik, Reichert, Browning, Johnson, Haskin

2. Approval of Minutes

1. Public Utility Board - Special Meeting - Nov 15, 2016 4:00 PM

In regard to discussion that took place at this meeting, Board Member Mark Browning asked whether any rework or renovation of city infrastructure that the utility may need to do, resulting from any relocation that may be necessary due to the Destination Medical Center (DMC) expansion project, would be covered by the DMC budget. General Manager Mark Kotschevar remarked that DMC funds won't be approved for new loads, only relocations.

RESULT:	ACCEPTED [UNANIMOUS]
MOVER:	Michael Wojcik, Board Member
SECONDER:	Melissa Graner Johnson, Board Member
AYES:	Wojcik, Reichert, Browning, Johnson, Haskin

3. Approval of Accounts Payable

1. A/P board listing

RESULT:	APPROVED [UNANIMOUS]
MOVER:	Michael Wojcik, Board Member
SECONDER:	Mark Browning, Board Member
AYES:	Wojcik, Reichert, Browning, Johnson, Haskin

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.)

4. Regular Agenda

1. IBEW, Local 949 (Clerical) 2017-2019 Collective Bargaining Agreement

There was a brief discussion on the IBEW Local 949 (Clerical) 2017-2019 Collective Bargaining Agreement, during which General Manager Mark Kotschevar shared that the only changes to the contract include clarifying language that was added, and a change in rates that is consistent with other City contract rates.

Resolution - IBEW, Local 949 (Clerical) 2017-2019 Collective Bargaining Agreement

2. **Motion to:** to approve the IBEW Local 949 (Clerical) 2017-2019 Collective Bargaining Agreement as presented.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Melissa Graner Johnson, Board Member
SECONDER:	Michael Wojcik, Board Member
AYES:	Wojcik, Reichert, Browning, Johnson, Haskin

3. New Cingular Wireless (AT&T) Site Lease Agreement

Mona Hoeft, RPU Buyer, presented the proposal for the site lease agreement for new Cingular Wireless PCS that will service the wireless antennas at multiple RPU locations.

Board Member Mark Browning questioned if January 1, 2017 will be the effective date of the 4% annual adjustment factor and also when the annual rent of \$40,460 for each site will be due; Ms. Hoeft confirmed that January 1, 2017 is the effective date.

Board Member Melissa Graner Johnson referenced the late fee policy cited in the agreement, asking if the Utility Board has such a policy. According to Ms. Hoeft, the Utility is working to develop a policy. Ms. Johnson also asked why Exhibit E, referenced in the agreement, was missing from the Board packet, and recommended adding the wording "see attached". Ms. Hoeft stated that the language will be added.

Resolution: New Cingular Wireless PCS Site Lease Agreement

4. **Motion to:** to approve the New Cingular Wireless (AT&T) Site Lease Agreement as presented

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

5. CC VIII Operating, LLC (Charter Communications) Site Lease Agreement

Mona Hoeft, RPU Buyer, presented to the Board a lease agreement with Charter Communications (CC VIII Operating LLC) to provide communications services for property located at 501 20th Street NW, Rochester, MN. The five-year lease, with

the option to renew for three additional five-year terms, will be effective on January 1, 2017 and will have a 3% rate adjustment factor each year. The annual rent will be \$10,326.

Board Member Melissa Graner Johnson pointed out that the Exhibit A, referenced in the agreement, was missing from the Board packet. Ms. Hoeft stated that Exhibit A, the legal description of the property, will be added.

Resolution: CC VIII Operating, LLC (Charter Communications) Lease Agreement

6. **Motion to:** to approve the CC VIII Operating LLC (Charter Communications) Lease Agreement as presented

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Tim Haskin, Board Member
SECONDER:	Mark Browning, Board Member
AYES:	Wojcik, Reichert, Browning, Johnson, Haskin

7. Resolution Approving the Issuance of Electric Utility Revenue and Refunding Bonds, Series 2017A

Director of Corporate Services, Peter Hogan, presented a parameters resolution to authorize the City of Rochester's pricing committee to approve the sale of Electric Utility revenue and refunding bonds up to \$140,000,000 to support utility projects in 2017. General Manager Mark Kotschevar clarified that the Utility Board was approving the parameters language for the issuance of bonds, and the final authorization, which represents the governing resolution, will appear before the City Council at its December 7, 2016, meeting.

Board Member Melissa Graner Johnson, as an employee of US Bank, recused herself from voting due to conflict of interest. US Bank is being considered as an underwriter to the bond agreement.

Resolution Approving the Issuance of Electric Utility Revenue and Refunding Bonds, Series 2017A

8. **Motion to:** to approve the Issuance of Electric Utility Revenue and Refunding Bonds, Series 2017A as presented

RESULT:	ADOPTED [4 TO 0]
MOVER:	Tim Haskin, Board Member
SECONDER:	Michael Wojcik, Board Member
AYES:	Michael Wojcik, Dave Reichert, Mark Browning, Tim Haskin
RECUSED:	Melissa Graner Johnson

5. Informational

1. Hydro Dam Exterior Improvement Project Update - Informational Only

Patricia Bremer, Facilities Project Manager, presented the Board with an update on the work completed and yet to complete at the Lake Zumbro Hydro Dam exterior improvement project. Work has been done to improve the walkways and guardrails, the roof was replaced, interior piping was upgraded, parts of the interior was painted, exhaust fans and panels were upgraded, and the building exterior was pressure washed and painted. The project finished on schedule and

within budget. Future work anticipated at the dam include improvements to the operator deck, window replacement, interior painting, interior concrete crack repairs, interior and exterior cranes, electrical updates, exhaust fan replacement and a third wheel.

6. General Managers Report

General Manager Mark Kotschevar reported that the SMMPA Board elections were held in November, with the current president retiring and others being appointed to office. Mr. Kotschevar has been elected SMMPA Board Treasurer for 2017. In other business, Mr. Kotschevar shared that Stevan Kvenvold from the City Administrator's office publicly announced his plans for his retirement in Q2 2017 after 46 years of service with the City of Rochester.

Mr. Kotschevar was invited by Board Member Mike Wojcik to speak on behalf of RPU at the Rochester MN Green Drinks Event on December 1, 2016, with the RPU executive team members, for a discussion on renewable energy, conservation efforts and future planning.

Mr. Kotschevar announced two events - a dinner and program hosted by Senator Dave Senjem (R) District 25 on "Energy Transitions in Germany and Minnesota, What's Ahead, and Why Cities like Rochester are Poised to lead in the Global Clean Economy Transformation", featuring speaker Dr. Harry Lehmann, a leader at the Federal Environmental Agency of the Republic of Germany, and "Community Matters: What's at Stake in the Upcoming Legislative Session" at the Rochester Chamber of Commerce, with speaker Doug Loon, Minnesota Chamber of Commerce President. Both events were held on December 1, 2016.

7. Division Reports & Metrics

8. Other Business

9. Adjourn

1. **Motion to:** to adjourn the meeting

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Melissa Graner Johnson, Board Member
SECONDER:	Mark Browning, Board Member
AYES:	Wojcik, Reichert, Browning, Johnson, Haskin

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Submitted by:

Secretary

Approved by the Board

Board President

Date

Minutes Acceptance: Minutes of Nov 29, 2016 4:00 PM (Approval of Minutes)

ACCOUNTS PAYABLE

Meeting Date: 12/13/2016

SUBJECT: a/p board listing

PREPARED BY: Terri Engle

Please Approve

ROCHESTER PUBLIC UTILITIES
A/P Board Listing By Dollar Range
For 11/15/2016 To 12/02/2016
Consolidated & Summarized Below 1,000

Greater than 50,000 :

WESTSIDE ENERGY PARTNERS	Westside Energy Station EPC	1,538,240.47
MN DEPT OF REVENUE	October Sales & Use Tax	547,411.82
CONSTELLATION NEWENERGY-GAS D	October Natural Gas at SLP	187,484.99
CONSTELLATION NEWENERGY-GAS D	October Natural Gas at CC	86,415.22
CONSOLIDATED COMM ENTERPRISE	2016 Cisco SmartNet Main & Support	73,220.19
Price Range Total:		2,432,772.69

5,000 to 50,000 :

OSI-OPEN SYSTEMS INTERNATIONAL	SCADA Replacement - Electric-Contingency	44,983.69
LEXMARK ENTERPRISE SOFTWARE U	2017 ImageNow Software Maintenance	39,912.35
OSMOSE UTILITIES SERVICES INC	2016 Pole Testing & Treatment	36,668.27
CB & I INC.	St. Bridget's Water Tower construction	35,316.88
BURNS & MCDONNELL INC (P)	Combined Heat and Power Assessment	27,622.57
BLUESPIRE STRATEGIC MARKETING	2016 - 2019 RPU Plugged In Contract	27,059.68
ULTEIG ENGINEERS INC	Douglas Trail Substation Design EPIC	22,092.00
DAKOTA SUPPLY GROUP	Luminaire, 108W LED, PC 120-277V, Gray	18,339.75
WRIGHT TREE SERVICE INC	2016 Hourly Tree Trimming~	16,241.19
USIC LOCATING SERVICES INC	2016 Locating Services	15,007.21
TRIPWIRE INC	Foundation Training	15,000.00
GW ANDERSON & ASSOCIATES INC	Transformer Consulting Services	14,507.60
VERTEX US HOLDINGS INC	Consulting Services for Data Migration	14,352.30
PW POWER SYSTEMS INC	Retro, overboard bleed detect	12,804.00
HAWK & SON'S INC	Douglas substation 161kV deadend standup	12,253.00
BERGERSON CASWELL INC	Pump Unit Replacement Well #31	9,922.50
AMERICAN FENCE COMPANY	Install Fence Westside Energy Substation	9,678.00
AMETEK POWER INSTRUMENTS	Meter, FM9S JEMSTAR 2	9,672.19
CRESCENT ELECTRIC SUPPLY CO	Conduit, PVC Sch 40, 5.00, 20' length	9,384.48
GDS ASSOCIATES INC	Prof. Serv. for FERC filing	8,455.00
WIESER PRECAST STEPS INC (P)	Pulling vaults w/Xypex	8,400.00
ASPLUNDH TREE EXPERT CO INC (	Hydro Line Clearance~	7,828.19
STUART C IRBY CO INC	Metal Sec. Encl, 3ph, 30"x67"x22" 200Amp	7,212.50
PAYMENT REMITTANCE CENTER	Portable light system	7,182.41
BORDER STATES ELECTRIC SUPPLY	Wire, AL, 600V, 4/0-2/0 NEU YS Tri Urd	7,158.25
CRW ARCHITECTURE + DESIGN GRO	A/E Services- Zumbro Hydro Roof Repairs	6,308.25
BOONE MARK	Household Move-Mayflower Move Co	5,891.88
MIDWEST SAFETY COUNSELORS, IN	Safety Prof. for Douglas Trail Sub	5,515.00
CONSOLIDATED COMM ENTERPRISE	Cisco UC Phone 7945	5,298.80
COMPUTER TASK GROUP INC	Project Coordinator for Cayenta Project	5,265.00
UNITED RENTALS INC	Boom for week of 10/24 - 11/21 2016	5,118.32
VIKING ELECTRIC SUPPLY INC	Conduit, PVC Sch 40, 5.00, 20' length	5,045.87

Attachment: AP Board CRMO (6570 : a/p board listing)

ROCHESTER PUBLIC UTILITIES
A/P Board Listing By Dollar Range
For 11/15/2016 To 12/02/2016
Consolidated & Summarized Below 1,000

45	STUART C IRBY CO INC	Trans, PM, 1ph, 37.5kVA,13.8/8,240/120	5,008.00
46			
47		Price Range Total:	480,505.13
48			
49	<u>1,000 to 5,000 :</u>		
50			
51	PAYMENT REMITTANCE CENTER	Licensing T592	4,636.12
52	S L CONTRACTING INC	Pour drwy and sidewalk pane-2562 Boulder	4,340.00
53	ROCH AREA CHAMBER OF COMMERCE	Chamber Sponsorship	4,300.00
54	WIESER PRECAST STEPS INC (P)	Pulling vault w/Xypex	4,200.00
55	S L CONTRACTING INC	Rep curb,ped ramp, and sidewalks	4,136.00
56	STUART C IRBY CO INC	Grd Sleeve, 1ph Trans., 37 x 43 x 15	3,990.00
57	PW POWER SYSTEMS INC	Retro, turbo cooling air temp	3,923.40
58	MINNESOTA ENERGY RESOURCES CO	October Natural Gas at SLP	3,901.48
59	CONSOLIDATED COMM ENTERPRISE	Cisco Port Switch	3,729.00
60	UNITED RENTALS INC	Forklift 11/11 - 12/09 2016	3,703.25
61	WESCO DISTRIBUTION INC	Fuse Holder, Straight Line, Breakaway	3,579.75
62	BAIER GERALD	2016-17 Snow Removal (Oct	3,533.33
63	TORQBUDDY LLC	Valve box repair kit	3,500.00
64	ADVANTAGE DIST LLC (P)	Oil, Syn., Mobil Jet 254, (55 Gal Drum)	3,471.62
65	VIKING ELECTRIC SUPPLY INC	Conduit, PVC Sch 40, 5.00, 20' length	3,363.91
66	DAKOTA SUPPLY GROUP	Wire, Copper, 600V, 12-2 Solid w/Grd, UF	3,014.39
67	BURNS & MCDONNELL INC (P)	Engineering Services for WES Interconnec	2,887.30
68	BORDER STATES ELECTRIC SUPPLY	Elbow, 15kV, 200A, LB,1/0 Sol,175-220Mil	2,886.00
69	FRANKLIN ENERGY SERVICES LLC	DSM / CIP Services 2016	2,845.04
70	WESCO DISTRIBUTION INC	Insul, DE Susp, 10kv Bell 30,000lb Glass	2,763.60
71	BARR ENGINEERING COMPANY (P)	Water Sustainability Study Phase 3B	2,729.42
72	EXPRESS SERVICES INC	Seasonal staff grounds 2016	2,633.88
73	OLM COUNTY ENV RESOURCE SERVI	Water Test Fees July-Sept 2016	2,447.20
74	LEAGUE OF MN CITIES INS TRUST	LLuther Claim-9/19/16	2,395.88
75	PITNEY BOWES PURCHASE POWER	postage meter refill	2,388.25
76	MITCHELL1 dba	Yearly Shopkey service for fleet	2,309.69
77	MIDWEST SAFETY COUNSELORS, IN	Safety Professional for Misc	2,211.63
78	VIKING ELECTRIC SUPPLY INC	Conduit, PVC Sch 40, 3.00	2,160.75
79	STUART C IRBY CO INC	Vault, Fiber Optic, w/Cover 24"x36"x30"	2,140.00
80	D P C INDUSTRIES INC	2016 Carus 8500 Aqua Mag F35	2,131.60
81	JOHNSON PRINTING CO INC	Print 2017 Calendar	2,071.24
82	PAYMENT REMITTANCE CENTER	TT-107-System Operation (no ind)	2,003.60
83	WESCO DISTRIBUTION INC	CT, Bar Type, 600/5 600V High Accuracy	1,979.40
84	STUART C IRBY CO INC	Conn, Trans, 1/0-1000, 12-Tap, Bare	1,926.00
85	S L CONTRACTING INC	Repair frpm w/m break	1,873.00
86	D P C INDUSTRIES INC	2016 Hydrofluorosilicic Acid - Delivered	1,854.20
87	ASPLUNDH TREE EXPERT CO INC (803D Line Clearance~	1,847.32
88	BAIER GERALD	2015-2016 Sweeping Services Jan-December	1,704.66

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ROCHESTER PUBLIC UTILITIES
A/P Board Listing By Dollar Range
For 11/15/2016 To 12/02/2016
Consolidated & Summarized Below 1,000

89	UNITED RENTALS INC	Mini Excavator w bucket 11/07 - 12/05 20	1,659.11
90	CPMI INC	Building Expansion Consulting Services	1,650.00
91	AMERICAN FENCE COMPANY	Northern Hills fence re-install	1,587.09
92	D P C INDUSTRIES INC	2016 Chlorine, 150 lb Cyl	1,575.50
93	CENTURYLINK	2016 Monthly Telecommunications	1,568.72
94	RESCO	Arrester, 10kV, Dist, Riser MOV	1,542.50
95	STUART C IRBY CO INC	Inflator glove complete kit	1,480.00
96	PAYMENT REMITTANCE CENTER	#34 doors. Replace pump and chemical roo	1,460.00
97	WESCO DISTRIBUTION INC	Clamp, D.E., CRP, Assm, 556 ACSR	1,454.08
98	RESCO	Junction, LB, 200A, 4 Pos, w/Strap	1,452.48
99	CONSOLIDATED COMMUNICATIONS d	2014-2017 Collocation Agreement	1,442.50
100	WESCO DISTRIBUTION INC	Wire, AL, 600V, #6 Dup, Sheppard	1,416.05
101	MINNESOTA ENERGY RESOURCES CO	October Natural Gas at CC	1,346.09
102	VERTEX US HOLDINGS INC	Travel for Data Migration Services	1,344.22
103	ASPLUNDH TREE EXPERT CO INC (	904C Line Clearance~	1,337.06
104	PAYMENT REMITTANCE CENTER	Travel, T.Benson, Dig Mar Conf, Registra	1,295.00
105	CITRIX ONLINE LLC	2017 Go To Meetings Online Meetings	1,250.44
106	WIESER PRECAST STEPS INC (P)	Grd Sleeve, Switch Basement, PME	1,250.00
107	CONSOLIDATED COMMUNICATIONS d	2014-2017 Monthly Data Services	1,222.75
108	CHS ROCHESTER	Diesel Fuel	1,221.00
109	BOONE MARK	Relocation House Hunting, Mileage	1,210.00
110	ARNOLDS SUPPLY & KLEENIT CO (	2016 Lawn Services Special Projects	1,185.00
111	CONSOLIDATED COMM ENTERPRISE	2014-2017 Total Care Support	1,135.00
112	CLAREY'S SAFETY EQUIPMENT dba	Ladder gate	1,132.32
113	NARDINI FIRE EQUIPMENT CO INC	GT2 Fire Protection checks	1,131.81
114	S L CONTRACTING INC	Rep curb & sidewalk 7th St & 20th Ave SW	1,085.00
115	PAYMENT REMITTANCE CENTER	Natl Safety Conf, lodging	1,082.28
116	STUART C IRBY CO INC	Wire, Copper, #6 SD Solid, Bare	1,075.00
117	ROCHESTER ARMORED CAR CO INC	2016 Pick Up Services	1,041.89
118	CDW GOVERNMENT INC	Laserjet printer, M426fdn	1,002.51
119			
120		Price Range Total:	151,147.31

0 to 1,000 :

124	PAYMENT REMITTANCE CENTER	Summarized transactions: 61	8,572.31
125	EXPRESS SERVICES INC	Summarized transactions: 10	6,761.74
126	ASPLUNDH TREE EXPERT CO INC (	Summarized transactions: 8	5,414.15
127	WESCO DISTRIBUTION INC	Summarized transactions: 24	3,947.49
128	BORDER STATES ELECTRIC SUPPLY	Summarized transactions: 11	3,257.87
129	CINTAS CORP	Summarized transactions: 82	3,138.65
130	Customer Refunds (CIS)	Summarized transactions: 33	3,022.94
131	VIKING ELECTRIC SUPPLY INC	Summarized transactions: 29	2,911.27
132	STUART C IRBY CO INC	Summarized transactions: 13	2,605.02

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ROCHESTER PUBLIC UTILITIES
A/P Board Listing By Dollar Range
For 11/15/2016 To 12/02/2016
Consolidated & Summarized Below 1,000

133	WIESER PRECAST STEPS INC (P)	Summarized transactions: 5	1,961.72
134	REBATES	Summarized transactions: 14	1,679.88
135	ZEE MEDICAL SERVICE INC (P)	Summarized transactions: 4	1,662.57
136	S L CONTRACTING INC	Summarized transactions: 2	1,632.00
137	ARNOLDS SUPPLY & KLEENIT CO (	Summarized transactions: 4	1,599.93
138	CENTURYLINK	Summarized transactions: 3	1,522.10
139	ROCH AREA CHAMBER OF COMMERCE	Summarized transactions: 5	1,515.00
140	PW POWER SYSTEMS INC	Summarized transactions: 6	1,351.63
141	GARCIA GRAPHICS INC	Summarized transactions: 9	1,332.38
142	CDW GOVERNMENT INC	Summarized transactions: 13	1,281.84
143	CRESCENT ELECTRIC SUPPLY CO	Summarized transactions: 14	1,279.11
144	AMARIL UNIFORM COMPANY	Summarized transactions: 19	1,267.40
145	BOONE MARK	Summarized transactions: 4	1,233.60
146	SHORT ELLIOTT HENDRICKSON INC	Summarized transactions: 2	1,187.87
147	SCHLINK WALTER	Summarized transactions: 6	1,150.66
148	LAWSON PRODUCTS INC (P)	Summarized transactions: 3	1,097.41
149	TOTAL TOOL SUPPLY INC (P)	Summarized transactions: 3	1,008.14
150	ANCOM COMMUNICATIONS INC	Summarized transactions: 2	974.56
151	RESCO	Summarized transactions: 4	924.53
152	MINNESOTA ENERGY RESOURCES CO	Summarized transactions: 4	914.97
153	OPEN ACCESS TECHNOLOGY	Summarized transactions: 1	906.05
154	U S A SAFETY SUPPLY	Summarized transactions: 3	899.35
155	MIDWEST SAFETY COUNSELORS, IN	Summarized transactions: 1	881.75
156	REBATES	Summarized transactions: 9	875.00
157	NYHUS STEVE	Summarized transactions: 1	842.97
158	COOK STEVEN J	Summarized transactions: 5	817.09
159	RONCO ENGINEERING SALES INC	Summarized transactions: 1	810.00
160	FORBROOK LANDSCAPING SERVICES	Summarized transactions: 1	806.91
161	GRAINGER INC	Summarized transactions: 8	803.00
162	ALDEN POOL & MUNICIPAL SUPPLY	Summarized transactions: 4	791.00
163	PROGRESSIVE TRUCK BODY REPAIR	Summarized transactions: 3	779.44
164	CCI POWER SUPPLIES LLC - % PA	Summarized transactions: 3	770.57
165	BADGER METER INC (P)	Summarized transactions: 2	731.31
166	VERTICAL LIMIT CONSTRUCTION L	Summarized transactions: 1	720.00
167	J B CONTROLS INC	Summarized transactions: 2	718.18
168	MISSISSIPPI WELDERS SUPPLY CO	Summarized transactions: 3	713.21
169	TWIN CITY SECURITY INC	Summarized transactions: 2	705.38
170	PAAPE ENERGY SERVICE INC	Summarized transactions: 1	652.80
171	CONSOLIDATED COMM ENTERPRISE	Summarized transactions: 3	630.22
172	HACH COMPANY	Summarized transactions: 2	628.71
173	QUALITY OVERHEAD DOOR INC	Summarized transactions: 1	619.88
174	LOCATORS AND SUPPLIES	Summarized transactions: 5	618.14
175	LIEBENOW ANN	Summarized transactions: 2	617.46
176	MCMASTER CARR SUPPLY COMPANY	Summarized transactions: 7	613.27
177	SUTTON JEREMY	Summarized transactions: 4	601.33

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ROCHESTER PUBLIC UTILITIES
A/P Board Listing By Dollar Range
For 11/15/2016 To 12/02/2016
Consolidated & Summarized Below 1,000

178	SCHUMACHER ELEVATOR COMPANY	Summarized transactions: 1	600.00
179	NAPA AUTO PARTS (P)	Summarized transactions: 15	589.90
180	MEGGER (P)	Summarized transactions: 2	587.97
181	G A ERNST & ASSOCIATES INC	Summarized transactions: 3	567.00
182	DZUBAY TONY	Summarized transactions: 3	550.53
183	CLAREY'S SAFETY EQUIPMENT dba	Summarized transactions: 1	540.00
184	NALCO COMPANY	Summarized transactions: 3	526.27
185	UNITED RENTALS INC	Summarized transactions: 3	520.57
186	OLM COUNTY ENV RESOURCE SERVI	Summarized transactions: 1	519.00
187	GLOBAL EQUIPMENT COMPANY	Summarized transactions: 5	491.63
188	FERGUSON WATERWORKS SUPPLY	Summarized transactions: 3	487.91
189	CINTAS CORP	Summarized transactions: 3	481.38
190	MCMASTER CARR SUPPLY COMPANY	Summarized transactions: 12	464.83
191	CLEMENTS CHEVROLET CADILLAC S	Summarized transactions: 1	454.19
192	MN DEPT OF LABOR & INDUSTRY	Summarized transactions: 1	440.00
193	ANDERTON RANDY	Summarized transactions: 4	434.42
194	NORTHERN / BLUETARP FINANCIAL	Summarized transactions: 1	427.48
195	FEDEX	Summarized transactions: 10	426.37
196	MENARDS ROCHESTER NORTH	Summarized transactions: 6	425.28
197	MN PIPE & EQUIPMENT	Summarized transactions: 7	411.13
198	ACTON MOBILE dba	Summarized transactions: 2	407.83
199	KELLY BRIAN	Summarized transactions: 4	399.26
200	GREAT RIVER ENERGY	Summarized transactions: 1	371.75
201	HAWK & SON'S INC	Summarized transactions: 1	360.00
202	HAWK & SON'S INC	Summarized transactions: 1	360.00
203	READY MIX CONCRETE COMPANY LL	Summarized transactions: 1	320.63
204	CITY OF ROCHESTER	Summarized transactions: 1	309.75
205	CITY OF ROCHESTER	Summarized transactions: 4	303.29
206	PENTEK CHARLES	Summarized transactions: 2	296.50
207	DYNAMIC RECYCLING	Summarized transactions: 1	280.40
208	KAUTZ TRAILER SALES dba	Summarized transactions: 1	267.19
209	METRO SALES INC	Summarized transactions: 1	265.61
210	MENARDS ROCHESTER NORTH	Summarized transactions: 6	261.71
211	USA BLUE BOOK DBA	Summarized transactions: 2	259.93
212	FASTENAL COMPANY	Summarized transactions: 7	258.53
213	DAKOTA SUPPLY GROUP	Summarized transactions: 1	224.00
214	ALLIANCE EXPRESS CHICAGO INC	Summarized transactions: 2	203.10
215	WARNING LITES OF MN INC	Summarized transactions: 1	200.00
216	DEVTRA INC	Summarized transactions: 3	190.40
217	ADVANTAGE DIST LLC (P)	Summarized transactions: 2	189.29
218	AMETEK POWER INSTRUMENTS	Summarized transactions: 1	179.30
219	BLUESPIRE STRATEGIC MARKETING	Summarized transactions: 1	176.86
220	JACKSON SIDNEY	Summarized transactions: 3	169.59
221	FIRST CLASS PLUMBING & HEATIN	Summarized transactions: 1	161.57
222	TMS JOHNSON INC	Summarized transactions: 1	160.00

Attachment: AP Board CRMO (6570 : a/p board listing)

ROCHESTER PUBLIC UTILITIES
A/P Board Listing By Dollar Range
For 11/15/2016 To 12/02/2016
Consolidated & Summarized Below 1,000

223	REINDERS INC	Summarized transactions: 1	153.77
224	MN DEPT OF HEALTH	Summarized transactions: 1	150.00
225	CORPORATE WEB SERVICES INC	Summarized transactions: 1	135.00
226	BARRY SCREEN PRINT CO dba	Summarized transactions: 4	123.44
227	CLAREY'S SAFETY EQUIPMENT dba	Summarized transactions: 1	122.91
228	DAKOTA SUPPLY GROUP	Summarized transactions: 2	122.24
229	AIRGAS SAFETY INC	Summarized transactions: 3	122.05
230	CONNEY SAFETY PRODUCTS LLC	Summarized transactions: 2	116.98
231	MONSON STEVE	Summarized transactions: 2	110.14
232	JULIE OHM	Summarized transactions: 1	108.60
233	CENTER FOR ENERGY AND ENVIRON	Summarized transactions: 1	105.81
234	MIDWEST RENEWABLE ENERGY TRAC	Summarized transactions: 1	102.08
235	GOODIN COMPANY	Summarized transactions: 2	101.94
236	MENARDS ROCHESTER SOUTH	Summarized transactions: 1	99.95
237	OLM COUNTY PROPERTY RECORDS	Summarized transactions: 1	92.00
238	KOTSCHVAR MARK	Summarized transactions: 1	85.32
239	SLEEPY EYE TELEPHONE CO	Summarized transactions: 1	84.76
240	INNOVATIVE OFFICE SOLUTIONS L	Summarized transactions: 3	73.97
241	THRONDSOIL & LP GAS CO	Summarized transactions: 1	69.44
242	EDINALARM INC	Summarized transactions: 1	61.99
243	ARROW ACE HARDWARE-ST PETER	Summarized transactions: 1	59.83
244	TEREX UTILITIES INC	Summarized transactions: 2	57.34
245	WRIGHTS SMALL ENGINE SERVICE	Summarized transactions: 2	53.85
246	RIESS DANIEL	Summarized transactions: 1	53.44
247	NORTHERN / BLUETARP FINANCIAL	Summarized transactions: 1	34.99
248	ARROW ACE HARDWARE-ST PETER	Summarized transactions: 3	32.86
249	OSWEILER TODD	Summarized transactions: 2	28.04
250	FASTENAL COMPANY	Summarized transactions: 1	26.51
251	NORTH AMERICAN ELECTRIC RELIA	Summarized transactions: 1	25.40
252	MINNESOTA ENERGY RESOURCES CO	Summarized transactions: 1	25.21
253	MISSISSIPPI WELDERS SUPPLY CO	Summarized transactions: 1	21.92
254	CARQUEST AUTO PARTS	Summarized transactions: 2	19.23
255	GRAYBAR ELECTRIC COMPANY INC	Summarized transactions: 9	17.91
256	MENARDS ROCHESTER SOUTH	Summarized transactions: 1	9.59
257	CPMI INC	Summarized transactions: 1	8.00
258	FEDEX	Summarized transactions: 1	7.35
259			
260		Price Range Total:	103,907.97
261			
262		Grand Total:	3,168,333.10

Attachment: AP Board CRMO (6570 : a/p board listing)

FOR BOARD ACTION

Agenda Item # (ID # 6575)

Meeting Date: 12/13/2016

SUBJECT: Risk Property, General Liability and Automotive Insurance Renewals for 2017

PREPARED BY: Deb Donahue

ITEM DESCRIPTION:

Listed below are the recommended insurance quotations for obtaining all risk property insurance and general liability and automotive insurance for 2017.

ALL RISK PROPERTY INURANCE:

Quotes are based on current policy limits of \$250 million. The deductibles remain the same at \$100,000 for property and transformers and a range on the turbine generators from \$250,000 to \$400,000. Management is recommending property coverage with Wortham Insurance through ARGUS, a public utility specific purchasing group. The 40% reduction in property values is a result of the evaluation of replacement costs for the current steam only operational requirements at the Silver Lake facility.

	<u>PROPERTY VALUE</u>	<u>PREMIUM</u>
2013	\$ 385,643,017	\$ 464,185
2014	\$ 391,059,796	\$ 458,145
2015	\$ 404,940,221	\$ 452,154
2016	\$ 416,300,508	\$ 394,140
2017	\$ 253,368,823	\$ 243,252

The above coverage does not provide for acts of terrorism. We will continue to explore possible options to appropriately manage foreign and/or domestic terrorism risks to our operational facilities. We have not carried this coverage in the past.

LIABILITY AND COMMERICAL AUTO INSURANCE:

FOR BOARD ACTION

Agenda Item # (ID # 6575)

Meeting Date: 12/13/2016

Management recommends maintaining the same structure of coverage for liability and auto insurance, having the League of MN Cities provide the primary coverage up to \$1.5 million for claims in accordance with Minnesota statutory limits. The annual aggregate deductible remains at \$50,000 with \$25,000 per occurrence for all lines. In 2016, RPU received a dividend from the League of \$54,733. This year, the League will be distributing about \$26 million to its members based on premiums and incurred losses for all years of membership. RPU is expecting to receive \$84,437.

This policy also provides cyber protection or Data Security Breach coverage. Claims that fall within this definition are subject to a \$3 million aggregate limit for overall liability and \$500,000 for first-party data expenses. There is also a \$1 million sublimit for data restoration and a \$1 million terrorist activity sublimit.

Management also recommends maintaining AEGIS to provide blanket liability coverage with limits from

\$ 1,000,000 up to \$ 20,000,000.

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
League of MN Cities	\$137,187	\$117,353	\$113,661	\$125,133	\$131,616
AEGIS	\$228,275	\$253,087	\$274,899	\$286,000	\$291,024

FOR CAPITAL PURCHASES/BIDS/MAJOR PROJECTS:

All the insurance premiums are within the budgeted cost center items for 2017.

UTILITY BOARD ACTION REQUESTED:

Management recommends that the Board approve the attached resolutions for property and liability insurance for 2017.



RESOLUTION

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

ALL RISK PROPERTY INSURANCE

The insurance agreement to be for a twelve month policy period commencing December 31, 2016, and expiring December 31, 2017.

The amount of the contract agreement not to exceed TWO HUNDRED FORTY-THREE THOUSAND TWO HUNDRED FIFTY-TWO AND 00/100 DOLLARS (\$243,252.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 13th day of December, 2016.

President

Secretary



RESOLUTION

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 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, 2016, and expiring December 31, 2017.

The amount of the contract agreement not to exceed TWO HUNDRED NINETY-ONE THOUSAND TWENTY-FOUR AND 00/100 DOLLARS (\$291,024.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 13th day of December, 2016.

President

Secretary



RESOLUTION

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, 2016, and expiring December 31, 2017.

The amount of the contract agreement to be ONE HUNDRED THIRTY-ONE THOUSAND SIX HUNDRED SIXTEEN AND 00/100 DOLLARS (\$131,616.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 13th day of December, 2016.

President

Secretary

FOR BOARD ACTION

Agenda Item # (ID # 6551)

Meeting Date: 12/13/2016

SUBJECT: IBM Service Agreement Termination

PREPARED BY: Dru Larson

ITEM DESCRIPTION:

Since 1979, RPU has had an Electric Service Agreement with International Business Machines Corporation (IBM) to exclusively provide electricity, from the IBM substation, to IBM property and updated to serve the Mayo Support Center (along West Circle Drive NW) in 2011. With IBM's announcement that they are planning to sell some or all of its property, and the continued growth of Rochester, it is in the best interest of all ratepayers that RPU exercise its right to terminate the Agreement in order to serve future customers that may need to be served by this substation as further development in the area warrants.

RPU values IBM as a customer and will open negotiations with them on a new Electronic Service Agreement that satisfies the mutual needs of both parties.

The Agreement requires a full year notice that will need to be provided to IBM no later than December 31 for an effective date of December 31, 2017.

UTILITY BOARD ACTION REQUESTED:

Staff recommends the Board approve a resolution that affirms termination of the Electric Service Agreement with International Business Machines Corporation (IBM) effective December 31, 2017.

Agreement No. _____

ELECTRIC SERVICE AGREEMENT

This is an agreement ("Agreement"), effective as of January 1, 2012 (the "Effective Date"), by and between the City of Rochester, a Minnesota municipal corporation, hereinafter called "City," and International Business Machines Corporation, a New York corporation with a facility located in Rochester, Minnesota, hereinafter called "IBM."

WHEREAS, City owns, maintains, and operates a municipal electric utility for the purpose of supplying electrical power to retail customers in an area in which IBM's manufacturing facility is located;

WHEREAS, the City and IBM have entered into and are currently operating under that certain Electric Service Agreement, dated on or about May 25, 1990, and identified as Agreement No. 340-474 (the "Existing Agreement"); and

WHEREAS, IBM wishes to continue to purchase electrical power from City, pursuant to this Agreement;

NOW, THEREFORE, the parties agree to the following terms and conditions:

1 ELECTRIC SERVICE

1 Tariffs

IBM will purchase electrical power from City under tariffs now in effect, presently designated "Large Industrial Service" effective January 1, 2009, and attached hereto as Exhibit A, or as such tariff may be from time to time amended by City. IBM understands such tariff includes a purchased power adjustment clause which may be increased or decreased at any time by City.

2 Metering

Power will be metered on each 13.8 kV circuit and totalized into one set of recording watt and var meters for billing purposes. City will provide such meters in any building within any substation constructed on IBM's premises.

3 Demand

City will provide demand capacity and electrical power on a firm basis. IBM will provide City annually with its projected power requirements, and City will include such requirements in its power resource planning.

4 Billings

City will bill IBM monthly. IBM will pay City in accordance with the due date provisions of City's bills.

2 TERM AND TERMINATION

This Agreement will continue in effect for one-year periods (commencing each January 1 and running through and including December 31 of that particular calendar year) until either party notifies the other in writing twelve (12) months prior to the anniversary date of the Effective Date of this Agreement (December 31 of any year) of its intent to terminate this Agreement or subject to earlier termination as provided for in Section 6 below (for example, and for the

avoidance of doubt as to the intent of the foregoing-described right of termination, if IBM elects to terminate this Agreement respecting the calendar year commencing January 1, 2015, IBM must deliver notice of such election to terminate to the City no later than December 31, 2013).

Notice shall be effective upon deposit of such notice in the US Mail as certified mail addressed to the other party, and such termination will be effective as of the anniversary date of this Agreement of the next succeeding year.

The City and IBM hereby agree that (i) as of the Effective Date the Existing Agreement shall be deemed to be terminated (though it shall continue to govern any transaction that occurred during the period of time the Existing Agreement was in effect) and (ii) from and after the Effective Date this Agreement shall govern the City's sale of, and IBM's purchase of, electrical power, as described in this Agreement.

3 SUBSTATION(S) AND TRANSMISSION LINE FACILITIES

Any electric distribution or transmission lines and substation(s) that City constructs on IBM's premises will be maintained by City. The arrangement of any newly constructed modifications to the existing substation on IBM's premises are shown in Exhibit B attached hereto. In the event of such construction, City will restore the surface of IBM's land in a manner equivalent to its former condition including any improvements made under this Agreement. IBM will retain rights to use the easement areas provided such use does not materially interfere with the rights herein granted.

City will provide IBM with redundant or backup electrical supply whereby two (2) sources will be capable of supplying the total electrical power requirements of the IBM load. IBM has and will reimburse City for actual costs incurred for such facilities beyond those required for a single source. IBM retains access to the full capacity of the existing, redundant 37.5 MVA substation during the life of the existing transformers, notwithstanding anything herein to the contrary.

4 EASEMENTS OR RIGHT-OF-WAYS

City will designate easements or right-of-ways as may be required to accommodate its facilities that may be installed on IBM's premises. IBM will grant to City easements or right-of-ways for any construction, operation, and maintenance of electrical transmission lines to interconnect any substation with existing lines. Such easements or right-of-ways will be provided to City at no cost. IBM agrees to keep such easements or right-of-ways clear of obstructions and accessible for 25 feet on either side of the centerline of such easements or right-of-ways.

5 DISTRIBUTION CIRCUIT EQUIPMENT FOR OTHERS

City may install distribution circuit equipment in any substation(s) and circuit line exit(s) away from IBM's premises for the purpose of serving other electrical loads. Such equipment will be (a) separately connected to a 161 kV bus, will not limit the electrical capability of the facilities installed to serve IBM loads, and be electrically protected from facilities needed to serve IBM loads so that disturbances on such circuits will not affect the continuity of service to IBM or (b) two redundant circuits connected to the existing substation's 13.8 kV buses for the purpose of providing service to the Mayo Support Center Campus along West Circle Drive NW, given these circuits are separately connected to the 13.8 kV bus and electrically protected from the circuits serving IBM loads so that disturbances on such circuits will not affect the continuity of service to

IBM. Capacity from this substation to serve Mayo Support Center Campus load will be initially limited to 5 MVA, unless and until IBM consents to an increase thereto.

The project design and construction schedule of any new distribution or transmission equipment or circuits will be mutually agreed upon.

The City agrees to route any new circuits either overhead or underground in concrete capped duct bank along easements or rights-of-way of any 161 kV transmission line across IBM's property or across such other easements or rights-of-way as may be mutually agreed upon by the parties in the future.

If new circuits serving the Mayo Support Center Campus are connected to the 13.8 kV bus in the substation serving IBM, then the City will facilitate annual reviews of existing and projected electrical loads on the substation for the purpose of developing a forecast of potential need for substation capacity changes. The City will meet with IBM and Mayo to review the forecast and the City will propose possible changes or improvements to load balancing.

Any future costs associated with changes in the equipment providing a redundant power source will be shared in an equitable manner between the parties taking power from the substation based on existing and projected loads, and the parties hereto specifically acknowledge and agree that such equitable manner shall include the City asserting its rights under that certain "Agreement Between Rochester Public Utilities and Mayo Clinic for Service to the Mayo Support Center Campus," dated October 27, 2011, including paragraph 4 of the subsection thereto entitled "Rochester Public Utilities and Mayo Clinic mutually agree that:".

6 GENERATION OF ELECTRICAL POWER BY IBM

If IBM, at its option, begins to generate some or all of its electrical power needs, this Agreement shall terminate. IBM will give a minimum of twelve (12) months' written notice to City of its intent to generate such power.

7 NOTICES AND COMMUNICATIONS

All notices and communications between the parties concerning this Agreement, if given to City, will be in writing and sent by first class mail to:

City of Rochester
Attention General Manager
Public Utility Department
4000 East River Road NE
Rochester, MN 55904-2813

And, if given to IBM, will be in writing and sent by first class mail to:

International Business Machines Corporation
Attention Facilities Services Manager

3605 Highway 52 North
Rochester, MN 55901

With a copy to:

International Business Machines Corporation
New Orchard Road
Armonk, New York 10504
Attention: Associate General Counsel – Real Estate

For the purpose of this Agreement, a “notice” is deemed given upon receipt by the addressee.

Either party may change the above department or address by notifying the other party in the same manner as any other notice.

8 FORCE MAJEURE

City will use all reasonable care to provide continuous electrical service as herein provided and if City is prevented from delivering such service, wholly or in part, due to fire, accident, explosion, flood, strike, act of nature, or other causes, it shall diligently do whatever may be necessary to put its operation to work again and to supply electric service as herein provided. City will not be liable for any damage or loss resulting from interruptions, deficiencies, or imperfections of service due to such causes nor shall the same be considered a breach of this Agreement.

9 GOVERNING LAW

This Agreement shall be construed and the legal relations created herein between the parties shall be determined in accordance with the substantive laws of the State of Minnesota which pertain to agreements executed in, and fully performed within, the State of Minnesota. Any proceeding to enforce, or to resolve disputes arising under or relating to, this Agreement shall be brought before a court of competent jurisdiction in the State of Minnesota including a Federal District Court sitting within such State. The parties hereby expressly waive any right to a jury trial and agree that any proceeding hereunder shall be tried by a judge without a jury.

10 AMENDMENTS OR CHANGES

Except as provided for in Section 7 above, this Agreement may not be changed or amended except by a written agreement between the parties.

11 GENERAL

This Agreement shall be executed in two (2) copies, any of which shall be deemed to be an original.

12 HEADINGS

The headings of the subsections or sections of this Agreement are for convenience only and are not a part of this Agreement. They do not in any way limit or amplify the terms and provisions of this Agreement.

13 SEVERABILITY

If any provision of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions of this Agreement shall in no way be affected or impaired thereby.

14 SOLE AGREEMENT

- A This Agreement, together with Exhibits A and B, is the entire agreement on this subject between the parties. This Agreement supersedes all previous written or oral agreements on this subject between the parties or any of their officials or representatives.
- B It is expressly understood that IBM has made no inducement to City to enter into this Agreement other than the terms of this Agreement.

If the foregoing is in accordance with your understanding, please have an authorized person indicate your agreement by signing, dating, and returning one copy of this Agreement to Contract Administration, Department 396, IBM Corporation, Highway 52 and 37th Street Northwest, Rochester, MN 55901, keeping the other copies for your files.

INTERNATIONAL BUSINESS
MACHINES CORPORATION

CITY OF ROCHESTER

By M. David Ray

By Arden F. Bude
Its Mayor

Title SR REAL ESTATE PROGRAM MGR

By Taty Key Shew
Its City Clerk

Date 12/09/11

ROCHESTER PUBLIC UTILITIES

By Larry Kashin
Its General Manager

Attachments:

Exhibit A – 2011 Large Industrial Service Tariff

Exhibit B - One line diagram of Typical IBM Substation

APPROVED AS TO FORM
and EXECUTION

Serry Philkins
Rochester City Attorney

EXHIBIT A**ROCHESTER PUBLIC UTILITIES****LARGE INDUSTRIALS SERVICE TARIFF****ROCHESTER PUBLIC UTILITIES
(RPU)****RATE SCHEDULE LIS****LARGE INDUSTRIAL SERVICE****AVAILABILITY:**

At all locations for loads with measured demands in excess of 10,000 kW for three or more billing periods in a given calendar year, and where facilities of adequate capacity and voltage are adjacent to the premises to be served. For loads where the service desired by the customer is not adjacent to the premises to be served, contract arrangements may be required prior to service being furnished.

APPLICATION:

To industrial customers with all service taken at one point and measured through one meter or meter totalizer. Not applicable to stand-by service.

CHARACTER OF SERVICE:

Three phase 60 Hertz alternating current at 13,800 GRDY/7970 volts.

RATE:

Demand Charge:	\$17.583 per kW
Energy Charge:	4.746¢ per kWh

POWER SUPPLY ADJUSTMENT:

Bills computed under this rate schedule are subject to adjustment in accordance with the Power Supply Adjustment (PSA).

POWER FACTOR ADJUSTMENT:

The customer agrees to maintain an average power factor of 0.95 or greater for the billing period and to prevent a leading power factor. If the customer's average power factor is less than 0.95 for the billing period, the billing demand will be determined by multiplying the measured demand by 0.95 and dividing the results by the customer's average power factor. The average power factor is defined to be the quotient obtained by dividing the kWh used during the month by the square root of the sum of the squares of the kWh used and the lagging reactive kilovoltampere-hours supplied during the same period. The customer's average power factor will be determined by means of permanently installed meters.

DETERMINATION OF DEMAND:

Measured demand is defined as the maximum rate at which energy is used for any period of fifteen consecutive minutes during the billing period. The billing demand shall be the greater of the measured demand for the billing period adjusted for power factor, or 75% of the maximum measured demand for the most current June - September billing periods adjusted for power factor. Billing periods may not coincide with calendar months.

MINIMUM BILL:

The minimum bill shall not be less than the billing demand, as provided above, whether or not energy is used.

PAYMENT:

Payments are due on or before the due date.

CONDITIONS OF DELIVERY:

1. Service furnished under this rate schedule is subject to applicable provisions of RPU's published Electric Service Rules and Regulations.
2. Unless authorized by separate written agreement, stand-by electric generating equipment installed by the customer shall not be interconnected or operated in parallel with the RPU system: Customer shall own, install, operate, and maintain electrical interlocking equipment which will prevent parallel operation, and such equipment shall be approved by RPU prior to installation.
3. RPU shall not be liable for any damage or loss sustained by customer resulting from interruptions, deficiencies or imperfections of service provided under this rate.
4. Energy furnished under this rate shall not be resold.
5. Customer agrees to manage its utilization equipment so as not to unbalance the current per phase by more than 10%.
6. RPU may require a separate electric service agreement for service under this rate schedule.

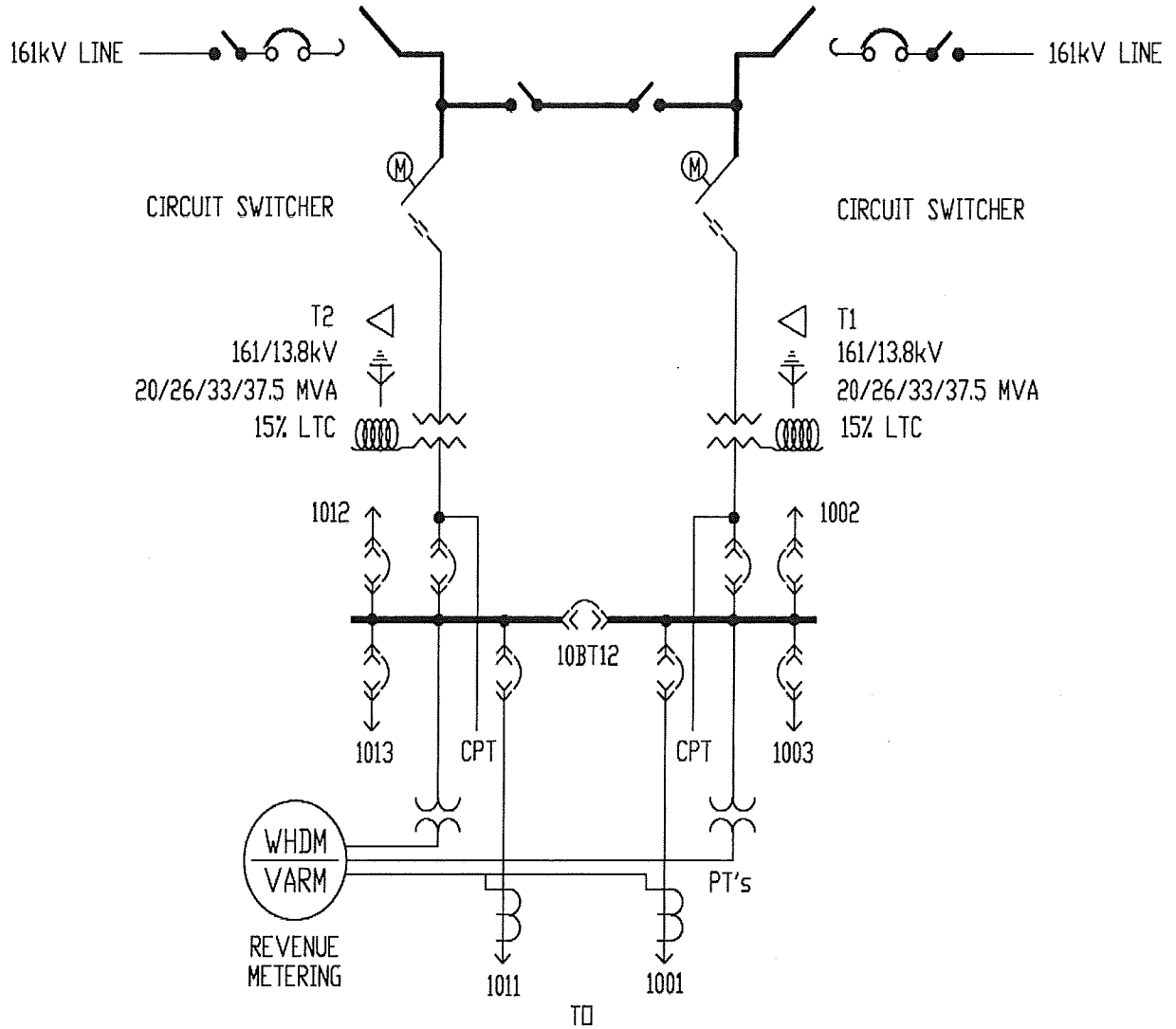
Approved by Rochester Public Utility Board: December 12, 2008

Effective Date: January 1, 2009

EXHIBIT B

ROCHESTER PUBLIC UTILITIES

ONE LINE DIAGRAM OF TYPICAL IBM SUBSTATION



ACKNOWLEDGMENT OF CORPORATIONAUTHORIZED SIGNATURESTATE OF IllinoisCOUNTY OF CookOn this 30th day of November, 2011, before me appearedM. DAVID RAY~~(name of officer)~~

to me personally known, who, being by me

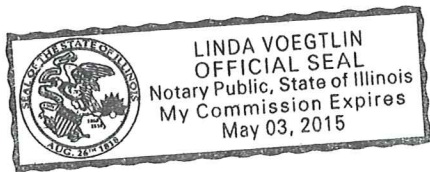
duly sworn, did say that he/she is the SR REAL ESTATE PROGRAM MGR of
(title)IBM

(name of corporation)

a corporation; and that said instrument

was executed in behalf of said M. DAVID RAY, acknowledged said
~~(name of officer)~~

instrument to be the free act and deed of said corporation.

Linda VoegtlinNotary Public Linda VoegtlinCounty CookMy Commission Expires 5/3/15



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to affirm termination of the IBM Service Agreement effective December 31, 2017.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 13th day of December, 2016.

President

Secretary

FOR BOARD ACTION

Agenda Item # (ID # 6560)

Meeting Date: 12/13/2016

SUBJECT: Renewal of VMware NSX Support and Subscription

PREPARED BY: Phil Teng

ITEM DESCRIPTION:

RPU purchased NSX virtual routing and switching software from VMware in 2015. This contract represents a three year maintenance and support agreement for this virtual networking system. We anticipate that NSX, which enhances security through micro-segmentation, will be an integral part of the city-wide IT infrastructure which we are currently designing.

UTILITY BOARD ACTION REQUESTED:

Management recommends that the Utility Board approve a purchase order agreement with Works Computing, Inc. in the amount of \$152,000.00, for three years of support and subscription of VMware NSX.



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a purchase order with Works Computing, Inc. for the renewal of support and subscription of

VMware NSX for VSphere

The amount of the purchase order to be ONE HUNDRED AND FIFTY TWO THOUSAND AND 0/100 DOLLARS (\$152,00.00).

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 13th day of December, 2016.

President

Secretary

FOR BOARD ACTION

Agenda Item # (ID # 6562)

Meeting Date: 12/13/2016

SUBJECT: Paymentus Electronic Bill Payment MSA

PREPARED BY: Bryan Blom

ITEM DESCRIPTION:

In conjunction with the replacement of our SAP customer service billing system with Cayenta, staff is seeking approval of a Master Service Agreement with Paymentus Corporation to provide electronic bill payment services. Staff evaluated two vendors to provide this service and also did a price comparison to our current vendor. Regarding annual costs, Paymentus was approximately \$67,000 and \$120,000 less than our current vendor and the other proposing vendor respectively. Paymentus also has the capability for real-time intergration with Cayenta so that payments made via Paymentus are posted immediately to the Cayenta system. Having real-time payment information in Cayenta will allow for efficiency gains by having better information available to RPU Customer Service Representatives and also through automated workflows such as cancelling a disconnection for non-payment before disconnection occurs when a payment is made.

Paymentus electronic bill payment services includes online invoice/account balance presentment, registration of electronic payment options including credit/debit card payments and electronic bank transfers; either one-time or automatically recurring, and pay-by-phone options through an interactive telephone voice response system (IVR) service.

The term of the initial agreement is five years with automatic annual renewals after the initial term with an estimated annual spend of \$312,000 which is included in the 2017 budget and will continue to be funded through the annual approval of the budget. The full five year contract price is \$1,560,000.

The City Attorney has reviewed the Agreement.

UTILITY BOARD ACTION REQUESTED:

Staff recommends the Utility Board approve a multi-year agreement with Paymentus Corporation for \$1,560,000 and authorize the Mayor and City Clerk to execute the agreement with future funding subject to Board and Common Council approval of the annual budget.

16-68-E

MASTER SERVICES AGREEMENT

Client:	Rochester Public Utilities MN
Client Address:	4000 East River Rd., Rochester MN 55906
Contact for Notices to Client:	Bryan Blom
Estimated Yearly Bills / Invoices:	600,000

This Master Services Agreement ("Master Agreement") is entered into as of the Effective Date below, by and between the City of Rochester, a Minnesota municipal corporation, acting by and through its Public Utility Board ("Client") identified above and **Paymentus Corporation**, a Delaware Corporation ("Paymentus").

WHEREAS Paymentus desires to provide and the Client desires to receive certain services under the terms and conditions set forth in this Agreement. Paymentus provides electronic bill payment services to utilities, municipalities, insurance and other businesses.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby covenant and agree as follows. This Agreement consists of this signature page, General Terms and Conditions, and the attachments ("**Attachments**") with schedules ("**Schedules**") listed below:

Schedule A: Paymentus Service Fee Schedule

By executing this Agreement, the parties acknowledge that they: (1) enter into and execute this Agreement knowingly, voluntarily and freely of their own volition with such consultation with legal counsel as they deem appropriate; (2) have had an opportunity to consult an attorney before signing this Agreement; (3) have read this Agreement, understand all of its terms and appreciate the significance of those terms; and (4) have not relied upon any representation or statement not set forth herein.

This agreement constitutes the entire agreement between the parties as to those matters contained therein, and supercedes any prior agreements between the parties relative to the matters contained herein. No waiver consent, modification or change of terms of this agreement shall bind either party unless in writing and signed by both parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instance and for the specific purpose given. There are no understandings, agreements or representations, oral or written, not specified herein regarding this agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

Attachment: 16-68-E Paymentus MSA (6562 : Paymentus Electronic Bill Payment MSA)

PAYMENTUS CORPORATION

By _____

Its

CITY OF ROCHESTER

By _____

Ardell Brede, Mayor

Attest _____

Valori Langseth, Acting City Clerk

Approved as to Form

Terry Adkins, City Attorney

ROCHESTER PUBLIC UTILITIES

Mark Kotschevar, General Manager

Attachment: 16-68-E Paymentus MSA (6562 : Paymentus Electronic Bill Payment MSA)

GENERAL TERMS AND CONDITIONS

1 Definitions:

For the purposes of this Agreement, the following terms and words shall have the meaning ascribed to them, unless the context clearly indicates otherwise.

1.1 **“Agreement”** or **“Contract”** shall refer to this Agreement, as amended from time to time, which shall constitute an authorization for the term of this contract for Paymentus to be the exclusive provider of services, stated herein, to the Client

1.2 **“User”** shall mean the users of the Client’s services

1.3 **“Effective Date”** shall be the last date upon which the parties signed this Agreement. The Agreement will not be effective against any party until the said date

1.4 **“Launch Date”** shall be the date on which Client launches this service to the Users

1.5 **“Payment”** shall mean Users to make payments for Client’s services or Client’s bills

1.6 **“Payment Amount”** shall mean the bill amount User wants to pay to the Client.

1.7 **“Services”** shall include the performance of the Services outlined in section 2 of this Agreement

1.8 **“Paymentus Authorized Processor”** shall mean a Paymentus authorized merchant account provider and payment processing gateway

1.9 **“Average Bill Amount”** shall mean the total amount of Payments collected through Paymentus system in a given month divided by the number of the Payments for the same month.

2 Description of Services to be performed

2.1 **Scope of Services**

Paymentus shall provide Users the opportunity to make Payments by Visa, MasterCard, Discover, E-check and other payment methods as deemed necessary by Paymentus, contingent on such other payment methods be accepted by the

Client. Payments may be made by Interactive Telephone Voice Response System (“IVR”) or secure Internet interface provided at the Paymentus Corporation’s web site or other websites part of Paymentus’ Instant Payment Network (“WebSites”), collectively referred to as the (“System” or “Platform”), or through point-of-sale card readers at the Client’s place of business integrated into the Paymentus system.

2.2 **Professionalism**

Paymentus shall perform in a professional manner all Services required to be performed under this Agreement.

3 Compensation

3.1 **No Cost Installation**

Paymentus will charge no fees related to the initial setup and personalization of its standard service for both Web and IVR interfaces, and will provide up to ten point-of-sale card readers with chip technology.

3.2 **Paymentus Service Fee**

For each payment, Paymentus will charge a Paymentus Service Fee as per Schedule A (hereinafter called “Paymentus Service Fee”).

For each payment, the Paymentus Service Fee collected will be used to pay the corresponding Credit Card transaction fees or transaction fees associated with Debit Cards or eChecks (hereinafter called “Transaction Fees”) except for the return items (eCheck returns or Credit/Debit Card chargebacks).

A schedule of Paymentus Service Fee is attached hereto as Schedule A. Paymentus can amend this schedule upon prior written notice to the Client, if such change is required due to changes in the Visa and MasterCard regulations or changes in Credit Card fees.

4 Payment Processing

4.1 **Integration with Client’s Billing System**

At no cost to Client, Paymentus will develop one (1) file format interface with Client's billing system using Client's existing text file format currently used to post payments to Client's billing system. Client will be responsible to provide Paymentus with the one file format specification and will fully cooperate with Paymentus during the development of the said interface. If Client chooses to create an automated file integration process to download the posting file, due to Paymentus security requirements, Client will use Paymentus specified integration process. Paymentus platform is an independent full service fully hosted platform per PCI-DSS requirements for a fully hosted solution. As such, Paymentus platform does and can function independent of any billing system integration. A payment posting file can be emailed or downloaded from Paymentus Agent Dashboard. If Client chooses to have Paymentus platform integrated with its billing system, Paymentus offers two options:

- (i) Paymentus standard integration specification that Client can use to integrate its billing systems with Paymentus platform ("Standard Integration"); (or)
- (ii) Paymentus to either customize or configure its platform to integrate with Client using file specification or APIs supported by Client's billing system ("Client Specific Integration") to achieve real-time posting of payments on the Client's billing system.

If Client chooses Standard Integration, Paymentus agrees to fully cooperate with Client and provide its specification to Client. Paymentus also agrees to participate in meetings with Client's software vendor to provide any information or clarifications needed to understand Standard Integration.

If Client chooses Client Specific Integration, Paymentus agrees to develop such integration at no cost to Client, provided however, Client agrees to fully cooperate with Paymentus and cause its software vendors to fully cooperate with Paymentus. Client agrees to provide all specification required for Client specific integration. Client further agrees to participate in testing with Paymentus and if needed, cause its billing software vendors to participate in testing.

Based on Client's use of Paymentus platform and respective modules selected under this Agreement, Paymentus will require the following integration points:

- (i) For one time Payment Module:

- a. Customer Information – Text File or Real-time
- b. Payment Posting – Text File or Real-time
- (ii) For Recurring Payment Module
 - a. Text File
- (iii) For E-billing Module
 - a. Billing Data - Text File or Real-time link to billing data
- (iv) For ECM Module
 - a. Audience File – Text File for customer engagement messages

Each of these can be based on Standard Integration or Client Specific Integration.

4.2 PCI Compliance

For PCI Compliance, Client has two options for using Paymentus platform:

- (i) Paymentus Fully Hosted Solution ;or
- (ii) Any other configuration

To substantially reduce or eliminate any PCI compliance risks and to render all Client systems out of scope from PCI compliance requirements, Client agrees to use Paymentus' fully hosted service where Paymentus uses its own platform to capture Payments and to manage the entire (end to end) user experience from all channels for Payment acceptance: Web, Mobile, IVR, POS devices, recurring payments, Ebill Presentment ("Paymentus Fully Hosted Solution"). If Client chooses any other integration such as third party web pages integrated with Paymentus APIs, third party gateway pages, or its own IVR systems or POS solution not provided by Paymentus, or a cashiering module from third party, Client expressly agrees that Client shall not be exempt from PCI requirements and shall be liable for any data breaches occurring at its own systems as Client recognizes that Client systems are participating in the transactions and are in scope for PCI compliance. Under such circumstances, Paymentus shall not be responsible for any PCI obligations outside of Paymentus own Platform and Paymentus expressly disclaims any PCI or security obligations related to Client systems or any third party systems that participate in the payment transactions.

Paymentus highly recommends that Client uses Paymentus Fully Hosted Solution to substantially reduce its PCI compliance and data breach risks.

If Client chooses to use any other option other than Paymentus Fully Hosted Solution, Client agrees and warrants that Client shall remain PCI compliant throughout the term of this Agreement. For clarity, just because Client uses PCI compliant applications such as its billing software, it does not eliminate the need for Client to be PCI compliant.

For clarity, if Client systems are participating in payment transactions in any form, Client systems fall within PCI compliance scope.

4.3 Explicit User Confirmation

Paymentus shall confirm the dollar amount of all Payments to be charged to a Card and electronically obtain the User approval of such charges prior to initiating Card authorizations transaction. Paymentus will provide User with electronic confirmation of all transactions.

4.4 Merchant Account

Paymentus will arrange for the Client to have a merchant account with the Paymentus Authorized Processor for processing and settlement of the credit card transactions. The fees described in Schedule A include the costs for service from the Paymentus Authorized Processor.

4.5 Card Authorization

For authorization purposes, Paymentus will electronically transmit all Card transactions to the appropriate card associations in real time as the transactions occur.

4.6 Settlement

Paymentus together with its authorized Card processor shall forward the payment transactions to the appropriate card organizations for settlement directly to the Client's depository bank account previously designated by the Client (hereinafter the "Client Bank Account").

Paymentus will debit the Paymentus Service Fees from Client's account on a monthly basis. Paymentus together with Paymentus Authorized Processor will continuously review its settlement and direct debit processes for its simplicity and efficiencies. Client and Paymentus agree to fully co-operate with each other if Paymentus were to change its settlement and invoicing processes.

5 General Conditions of Services

5.1 Service Reports

Paymentus shall provide Client with reports summarizing use of the Services by Users for a given reporting period.

5.2 User Adoption Communication by Client

Client will make Paymentus' Services available to its residential and commercial Clients by different means of Client communication including a) through bills, invoices and other notices; b) by providing IVR and Web payment details on the Client's website including a "Pay Now" or similar link on a mutually agreed prominent place on the web site; c) through Client's general IVR/Phone system; and d) other channels deemed appropriate by the Client. At the discretion of the Client, the types of Paymentus' Services available may vary dependent on customer classification; residential or commercial. The Client reserves the right to discontinue specific payment channels, such as credit cards, while keeping other payment channels such as debit cards and E-checks open.

Paymentus shall provide Client with logos, graphics and other marketing materials for Client's use in its communications with its users regarding the Services and/or Paymentus.

Both parties agree that Paymentus will be presented as a payment method option. Client will communicate Paymentus option to its end residential and commercial Clients wherever Client usually communicates its other payment methods.

5.3 Independent Contractor

Client and Paymentus agree and understand that the relationship between both parties is that of an independent contractor.

5.4 Client's Responsibilities

In order for Paymentus to provide Services outlined in this Agreement, the Client shall co-operate with Paymentus by:

- (i) Client will enter into all applicable merchant Card or cash management agreements.
- (ii) For the duration of this Agreement, Client will keep a bill payment link connecting to Paymentus System at a prominent and mutually agreed location on the Client website. The phone number for the IVR payment will also be added to the web site. Client

will also add the IVR payment option as part of the Client's general phone system.

(iii) User Adoption marketing as described in 5.2.

(iv) Within 30 days of the merchant account setup, Client will launch the service to the Users. The anticipated go live date is November 2017.

(v) For the purpose of providing Client a posting file for posting to Client's billing system, Client will provide the file format specification currently used to post its payments to the billing system. Client will fully cooperate with Paymentus and provide the information required to integrate with Client's billing system to achieve real-time posting of payments on the Client's billing system.

6 Governing Laws

This Agreement shall be governed by the laws of the state of Minnesota.

7 Insurance

Paymentus shall obtain the following described types and limits of insurance coverage. All policies called for herein shall become effective before Paymentus undertakes any work under this Agreement and shall remain in full force and effect for a minimum of one year after closing of this Agreement. Further, Paymentus shall furnish Client with an insurance certificate or certificates at the time the Agreement is consummated between the parties, evidencing such insurance coverage prior to work commencing on said project. Each of said certificates shall provide the following:

- 7.1 A 30-day notice of cancellation and/or non-renewal.
- 7.2 Workers' compensation and employer's liability of \$500,000 per accident/ per disease, per employee/per disease, policy limits.
- 7.3 Commercial Liability Insurance with limits of \$1,000,000 each occurrence/\$2,000,000 aggregate for both bodily injury & property damage liability to cover claims for injury or damage resulting or arising from the negligent actions of the Paymentus, 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.

7.4 The liability limits may be afforded under the Commercial Policy, or in combination with an umbrella or excess liability policy provided coverages afforded by the umbrella or excess policy are not less than the underlying liability coverages.

7.5 Professional Liability Insurance with limits of at least \$1,000,000 each claim/\$2,000,000 aggregate to cover claims for injury, repairs or damages arising out of professional errors or omissions.

7.6 Commercial Auto Insurance with limits of \$1,000,000 each occurrence for both bodily injury & property damage liability to cover claims for injury or damage resulting or arising from the negligent actions of the Paymentus, its officers, employees or agents, including hired and non-owned vehicles, during the contract. **If such insurance contains a combined single limit, that limit shall not be less than \$2,000,000.**

7.7 The required liability insurance policies shall include the City of Rochester as an additional insured for claims from work conducted pursuant to this Agreement. Paymentus's required liability insurance shall be primary to any insurance held by the City of Rochester.

7.8 The Paymentus shall provide, 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) eligible 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

8 Communications

8.1 Authorized Representative

Each party shall designate an individual to act as a representative for the respective party, with the authority to transmit instructions and receive information. The parties may from time to time

designate other individuals or change the individuals.

8.2 Notices

All notices of any type hereunder shall be in writing and shall be given by Certified Mail or by a national courier or by hand delivery to an individual authorized to receive mail for the below listed individuals, all to the following individuals at the following locations:

To Client

C/O: RPU Controller
Address: 4000 E River Rd NE
Rochester, MN 55906
Email: bbloom@rpu.org

To Paymentus

C/O: President and CEO
Address: 13024 Ballantyne Corporate Place
Suite 450
Charlotte, NC 28277
Email: ceo@paymentus.com

Notices shall be declared to have been given or received on the date the notice is physically received if given by hand delivery, or if notices given by US Post, then notice shall be deemed to have been given upon on date said notice was deposited in the mail addressed in the manner set forth above. Any party hereto by giving notice in the manner set forth herein may unilaterally change the name of the person to whom notice is to be given or the address at which the notice is to be received.

8.3 Interpretation

It is the intent of the parties that no portion of this Agreement shall be interpreted more harshly against either of the parties as the drafter.

8.4 Amendment of Agreement

Modifications or changes in this Agreement must be in writing and executed by the parties bound to this Agreement.

8.5 Severability

If a word, sentence or paragraph herein shall be declared illegal, unenforceable, or unconstitutional, the said word, sentence or paragraph shall be severed from this Agreement, and this Agreement shall be read as if said word, sentence or paragraph did not exist.

8.6 Attorney's Fees

Should any litigation arise concerning this Agreement between the parties hereto, the parties agree to bear their own costs and attorney's fees.

8.7 Confidentiality

Client will not disclose to any third party or use for any purpose inconsistent with this Agreement any confidential or proprietary non-public information it obtains during the term of this Agreement about Paymentus' business, operations, financial condition, technology, systems, no-how, products, services, suppliers, Clients, marketing data, plans, and models, and personnel. Paymentus will not disclose to any third party or use for any purpose inconsistent with this Agreement any confidential User information it receives in connection with its performance of the services. Paymentus agrees to comply with the Minnesota Government Data Practices Act in performing the work covered by this agreement. As required by Minnesota Statutes, section 13.05, subd. 11(a), Paymentus acknowledges that it is subject to the requirements of Minnesota Statutes chapter 13 in creating, collecting, receiving, storing, using, maintaining, or disseminating data pertaining to this agreement.

8.8 Privacy

If, in the course of providing any services, Paymentus has or obtains, to any extent and for any reason, any access to Customer Data, then the terms and conditions of this Section 8.8 will apply.

Definition of Customer Data. "*Customer Data*" means any information about Client's existing or prospective customers that Paymentus acquires, develops, or derives under this Agreement. Customer Data may include, without limitation, any personally identifying information relating to an existing or prospective customer, or any other information that, either individually or when combined with other information could be used to derive information specific to a particular customer or prospective customer, which information is not generally available to the public and which Paymentus acquires or derives in carrying out its obligations under this Agreement. Customer Data includes, but is not limited to, information regarding a User's identity social security number, telephone number, credit card number, e-mail address, account information, service purchase and usage information.

Use of Customer Data. Paymentus may only collect, access, use, maintain, or disclose Customer Data to fulfill its obligations under this Agreement. Paymentus shall not provide Customer Data to any third party without Client's approval. Client exclusively owns all Customer Data and Paymentus agrees to return, or at the election of the Client, destroy (and confirm in writing the destruction) all Customer Data upon the termination or expiration of this Agreement, or earlier if requested to do so in writing by the Client.

Reservation of Rights to the Client. Subject to the limited rights granted by the Client hereunder, Paymentus acquires no right, title or interest from the Client or its licensors under this Agreement in or to Customer Data, including any Intellectual Property rights (defined below) in that Customer Data.

Safeguards. Paymentus will employ administrative, physical, and technical safeguards that are reasonably designed to prevent unauthorized collection, access, disclosure, and use of Customer Data while in its custody ("*Safeguards*"). The Safeguards Paymentus employs must: (1) meet, at a minimum, SOC, ISO compliance or equivalent; and (2) be reasonably designed to ensure that only Paymentus personnel with a need to know the Customer Data have access to it. Paymentus will promptly notify the Client of any known breach of any Safeguards, and Paymentus and Client will cooperate to investigate and remedy any such breach and any related dispute, inquiry, or claim.

Miscellaneous. This Section 8.8 supplements Section 8.7 ("*Confidentiality*"), and the provisions of this Section 8.8 shall control if they conflict with Section 8.7 ("*Confidentiality*"). A breach of any Customer Data provision may result in irreparable harm to the Client, for which monetary damages may not provide a sufficient remedy, Client may seek both monetary damages and equitable relief.

8.9 Intellectual Property

In order that the Client may promote the Services and Paymentus' role in providing the Services, Paymentus grants to Client a revocable, non-exclusive, royalty-free, license to use Paymentus' logo and other service marks (the "Paymentus Marks") for such purpose only. Client does not have any right, title, license or interest, express or implied in and to any object code, software, hardware, trademarks, service mark, trade name, formula, system, know-how, telephone number, telephone line, domain name, URL, copyright image, text, script (including, without

limitation, any script used by Paymentus on the IVR or the WebSite) or other intellectual property right of Paymentus ("Paymentus Intellectual Property"). All Paymentus Marks, Paymentus Intellectual Property, and the System and all rights therein (other than rights expressly granted herein) and goodwill pertain thereto belong exclusively to Paymentus.

Paymentus shall defend at its expense any third party notices, allegations, claims, suits or proceedings against the Client, its departments, officers, agents or employees, alleging that the Client's use of Paymentus' products or services as permitted by this Agreement infringes, violates or misappropriates the Intellectual Property Rights of any third party, and to pay costs and damages finally awarded in any such suit or agreed to by Paymentus in settlement with such third party (including reasonable attorney's fees and expenses) provided that Paymentus is notified promptly in writing of the suit and at Paymentus' request and at its expense is given control of said suit and all requested reasonable assistance for defense of same. Paymentus agrees that it shall not settle any claim unless the Client, its departments, officers, agents and employees are unconditionally released from any and all liability as part of any settlement.

8.10 Force Majeure

Paymentus will be excused from performing the Services as contemplated by this Agreement to the extent its performance is delayed, impaired or rendered impossible by acts of God or other events that are beyond Paymentus' reasonable control and without its fault or judgment, including without limitation, natural disasters, war, terrorist acts, riots, acts of a governmental entity (in a sovereign or contractual capacity), fire, storms, quarantine restrictions, floods, explosions, labor strikes, labor walk-outs, extra-ordinary losses utilities (including telecommunications services), external computer "hacker" attacks, and/or delays of common carrier.

8.11 Time of the Essence

Paymentus and Client acknowledge and agree that time is of the essence for the completion of the Services to be performed and each parties respective obligations under this Agreement.

8.12 Assignment

Neither party may assign this Agreement without the written consent of the other party.

9 Indemnification

9.1 **Paymentus Indemnification and Hold Harmless**

Paymentus agrees to the fullest extent permitted by law, to indemnify and hold harmless the Client and its governing officials, agents, employees, and attorneys (collectively, the "Client Indemnitees") from and against all liabilities, demands, losses, damages, costs or expenses (including reasonable attorney's fees and costs), incurred by any Client Indemnatee as a result or arising out of (i) the willful misconduct or negligence of Paymentus in performing the Services or (ii) a material breach by Paymentus of its covenants.

9.2 **Client Indemnification and Hold Harmless**

Client agrees to the fullest extent permitted by law, to indemnify and hold harmless Paymentus, its affiliates, officers, directors, stockholders, agents, employees, and representatives, (collectively, the "Paymentus Indemnitees") from and against all liabilities, demands, losses, damages, costs or expenses (including without limitation reasonable attorney's fees and expenses) incurred by any Paymentus Indemnatee as a result or arising out of (i) the willful misconduct or negligence of Client related to the Services or (ii) a material breach of Client's covenants.

9.3 **Warranty Disclaimer**

Except as expressly set forth in this Agreement, Paymentus disclaims all other representations or warranties, express or implied, made to the Client or any other person, including without limitation, any warranties regarding quality, suitability, merchantability, fitness, for a particular purpose or otherwise of any services or any good provided incidental to the Services provided under this Agreement.

9.4 **Limitation of Liability**

Notwithstanding the foregoing, the parties agree that neither party shall be liable to the other for any lost profits, lost savings or other special, indirect or consequential damages, even if the party has been advised of or could have foreseen the possibility of such damages.

10 Term and Termination

10.1 **Term**

The term of this Agreement shall commence on the effective date of this Agreement and continue for a period of 5 (five) years ("Initial Term") from the Launch Date. Services under this Agreement shall begin within 30 days of the merchant account setup.

At the end of the Initial Term, this Agreement will automatically renew for successive one (1) year periods unless either Client or Paymentus provide the other party with not less than 6 (six) months prior written notice before such automatic renewal date that such party elects not to automatically renew the term of this Agreement.

10.2 Material Breach

A material breach of this Agreement shall be cured within 90 (ninety) days ("Cure Period") after a party notifies the other of such breach. In the event, such material breach has not been cured within the Cure Period, the non-breaching party can terminate this Agreement by providing the other party with a 30 (thirty) days notice.

10.3 Upon Termination

Upon termination of this Agreement, the parties agree to cooperate with one another to ensure that all Payments are accounted for and all refundable transactions have been completed. Upon termination, Paymentus shall cease all Services being provided hereunder unless otherwise directed by the Client in writing.



Schedule A – Paymentus Service Fee Schedule

Paymentus Service Fee charged to the Client will be based on the following model:

Absorbed Fee Model	
<input type="checkbox"/>	Absorbed Model
<input type="checkbox"/>	Average Bill Amount: \$ 172.00
<input type="checkbox"/>	Paymentus Service Fee per transaction by web (Cayenta CSS) <ul style="list-style-type: none"> • Visa, MasterCard Discover Utility Rate Transactions Interchange plus \$ 0.75 per transaction • E-Check \$ 0.40 per transaction
<input type="checkbox"/>	Outbound Messages: 50,000 per year at no cost. \$0.09 per message for any additional messages sent.

Note: Maximum Amount per Payment is \$2,000.00

The Client has the option to convert the fee structure to a Convenience or Surcharge Fee model during this agreement. The Paymentus Service Fee would be commensurate with the average bill amount at that time. A single fee or surcharge percentage would be introduced for all payment types.

The Paymentus Service Fee would be collected in addition to the end-user bill payment total. Paymentus may apply different limits per transactions for user adoption or to mitigate risks.



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a Master Service Agreement for electronic bill payment services with Paymentus Corporation, in the amount of \$1,560,000, funded annually through the annual approval of the budget, and authorize the Mayor and the City Clerk to execute the agreement.

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 13th day of December, 2016.

President

Secretary

FOR BOARD ACTION

Agenda Item # (ID # 6584)

Meeting Date: 12/13/2016

SUBJECT: Authorized Depositories 2017

PREPARED BY: Peter Hogan

ITEM DESCRIPTION:

Each year the Board must pass a resolution authorizing the depositories for Utility monies. The Utility uses the same depositories as the City and follows the investment policies established by the City. The attached resolution shows the depositories to be used by RPU for investment activities for the calendar year 2017.

UTILITY BOARD ACTION REQUESTED:

The Board is requested to approve the attached resolution.



RESOLUTION

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, 2017 through the 31st day of December, 2017.

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 13th day of December, 2016.

President

Secretary