

**ROCHELLE CITY COUNCIL
SPECIAL COUNCIL MEETING MINUTES
April, 16, 2018**

The Rochelle City Council met in Special Session at 6:00 p.m. on Monday, April 16, 2018 in the Council Chambers of City Hall; 420 N. 6th Street; Rochelle, IL 61068.

PLEDGE TO THE FLAG & PRAYER: The Prayer was said by Deputy Clerk Messer.

ROLL CALL: Present on Roll Call was Councilmembers Bearrows, Burke, Hayes, D. McDermott, T. McDermott, and Shaw-Dickey. Absent: Mayor Olson. A quorum of six was present. Also present were City Manager Jeff Fiegenschuh, Deputy Clerks Sue Messer and Rose Huéramo and City Attorney Lanzito.

Councilor D. McDermott moved and second by Councilor Bearrows, **"I move the Council appoint Councilman Burke as Mayor Pro Tem for tonight's meeting."** A roll call vote was taken.

Ayes: Councilor Bearrows, Hayes, D. McDermott, T. McDermott, Shaw-Dickey and Mayor Pro Tem Burke.
Nays: None. Motion passed 6-0.

BUSINESS ITEMS:

- 1) Collective Bargaining Agreement between the Fraternal Order of Police and City of Rochelle – May 1, 2018-April 30, 2021.** The current collective bargaining agreement with the Illinois Fraternal Order of Police (IL FOP) is set to expire on May 1, 2018. Our team met with the IL FOP in late February and again in early April to negotiate a new agreement. Our teams reached a tentative agreement for the entire package that has been ratified by the members of the FOP and is now ready for council approval. The proposal represents a good compromise, where both sides gave and received concessions. Attached to this staff report is the redlined tentative agreement with the new provisions. Most of the provisions from the current agreement carried over into the new one. Below is a brief summary of the major changes to the current agreement that expires on May 1. The FOP approved this version of the contract on April 11. Councilor Hayes moved and seconded by Councilor D. McDermott, **"I move Agreement 18-4832, a Collective Bargaining Agreement between the City of Rochelle and Rochelle Fraternal Order of Police Lodge #127 and its Bargaining Unit Members for the period of May 1, 2018 through April 30, 2021, be approved."** A roll call vote was taken. Ayes: Bearrows, Hayes, D. McDermott, T. McDermott, Shaw-Dickey, and Mayor Pro Tem Burke. Nays: None. Motion passed 6-0.

- 2) **Transmission Asset Purchase Agreement with NextEra Energy Transmission MidAtlantic, LLC and Franchise Agreement with NextEra Energy Transmission MidAtlantic, LLC.** Rochelle currently owns approximately 20 miles of 138 kV transmission lines and associated substation facilities at Caron Road and Twombly (Substation #2). Since August 1, 2015, RMU has operated these facilities as a transmission owner ("TO") under the applicable tariff and related agreements of PJM Interconnection, LLC ("PJM"). As a PJM TO, Rochelle recovers an annual revenue requirement for its transmission facilities, which allows Rochelle to recover all necessary transmission-related expenses, including transmission O&M, A&G, taxes, insurance, and depreciation, earn a return on transmission rate base and recover a Payment in Lieu of Taxes. The transmission function has served Rochelle well by enabling the City to meet PJM reliability requirements and regional compliance obligations, with the necessary cost being shared by customers throughout the applicable transmission zone rather than solely by RMU customers. However, RMU's primary focus as an electric utility is on providing electric distribution service to retail and commercial customers, not the provision of transmission-related services. In order to better enable RMU to meet current operational needs and better situate it to meet potential future needs, RMU issued a request for proposals on July 12, 2017, to explore opportunities either for a transmission-related strategic partnership, or an outright sale of its transmission assets to a transmission-focused company. Rochelle received competitive proposals from six respondents, four of which were bids for an outright sale of RMU's transmission assets. These proposals were evaluated by RMU staff and its consulting team and follow-up interviews were conducted with four of the respondents. The results of these evaluations have been shared with council members over the course of two executive sessions, most recently on November 13th. After consideration, RMU and staff recommended that the council authorize the City Manager to execute a Letter of Intent ("LOI") and enter into negotiations over a potential definitive agreement with Nextera Energy Transmission MidAtlantic LLC ("NEET"). Resolution 17-24 was approved by City Council on November 27, 2017 and then the parties subsequently negotiated the Asset Purchase Agreement for the City's transmission assets. The APA, which is before this council, provides for a payment of 200% of the Net Book Value of the transmission assets, payment for use of the City right of way pursuant to the proposed franchise ordinance, a payment of \$20,000 for the next 10 years to be used for community development projects, and a commitment to undertake commercially reasonable efforts to design, develop, construct and energize an east-west, 138 kV electric power transmission line to fortify the flow of electricity to the City's distribution assets. The sale of the transmission assets will allow RMU to focus on distribution and serving its current residential and business customers. Further, the City will be able to recover the 5% PILOT from the total revenues generated by the distribution assets going forward, which will be sufficient to cover the City's bond obligations. Jason Bird was present to answer any questions. Councilor Bearrows moved and second by Councilor Shaw-Dickey, **"I move Ordinance 18-4833, an Ordinance authorizing the City Manager to Execute an Asset Purchase Agreement with NextEra Energy Transmission Mid-Atlantic, LLC and the ancillary documents attached thereto, be approved."** A roll call vote was taken. Ayes: Bearrows, Hayes, D. McDermott, T. McDermott, Shaw-Dickey, and Mayor Pro Tem Burke. Nays: None. Motion passed 6-0. Councilor Bearrows moved and second by Councilor Hayes, **"I move Ordinance 18-4834, an Ordinance Authorizing Nextera Energy Transmission Mid-Atlantic, LLC and its Successors and Assigns to Construct, Operate and Maintain an Electric Transmission and Power System in and through the City of Rochelle, Ogle County Illinois and the ancillary documents attached thereto, be approved."** A roll call was taken. Ayes: Bearrows, Hayes, D. McDermott, T. McDermott, Shaw-Dickey and Mayor Pro Tem Burke. Nays: None. Motion passed 6-0.

ADJOURNMENT: At 6:18 PM, moved by Councilor Bearrows and second by Councilor Shaw-Dickey. I **move the Council adjourn.** Motion passed by voice vote without dissent.


Don Burke
Mayor Pro Tem


Susan L. Messer
Deputy City Clerk, City of Rochelle

