

City of Tipton, Iowa

Meeting:	Tipton Special City Council Meeting
Place:	Tipton City Hall, 407 Lynn Street, Tipton, Iowa 52772
Date/Time:	April 23, 2007 – 7:30 PM
Web Page:	www.tiptoniowa.org
Posted:	April 20, 2007 (website & front door of City Hall)

Mayor:	Donald G. Young	City Manager:	Doug Boldt
Council At Large:	Warren Wethington	City Attorney:	Lowell Dendinger
Council At Large:	Donald McGlaughlin	City Clerk:	John Foley
Council Ward #1:	Shirley Kepford	City Finance Officer:	Lorna Fletcher
Council Ward #2:	Dean Anderson	D. of Public Works:	Steve Nash
Council Ward #3:	Klav Johnson	Chief of Police:	Roger Hakeman

A. Call to Order – 7:30 PM

B. Roll Call

C. Agenda Additions/Agenda Approval

D. Motions for Approval

1. Motion to Approve Purchase of Emergency Steel Gas Pipe Shut off Tool
2. Motion to Approve Electric Transmission Investment
3. Motion to Approve Advance on Loan Agreement with Tipton Economic Development Corporation
4. Motion to Approve Purchase of Real Estate (Closed Session in Accordance with Iowa Code 21.5.j)

E. Adjournment

Pursuant to §21.4(2) of the Code of Iowa, the City has the right to amend this agenda up until 24 hours before the posted meeting time.

If anyone with a disability would like to attend the meeting, please call City Hall at 886-6187 to arrange for accommodations/transportation.

**AGENDA INFORMATION
TIPTON CITY COUNCIL COMMUNICATION**

DATE:	April 20, 2007
AGENDA ITEM:	Motion to Approve Purchase of Emergency Steel Gas Pipe Shut off Tool
ACTION:	Motion
FILE: mydocuments/city/reportstocouncil/elec & gas/Emergency Gas Shut off Tool	


SYNOPSIS: After the recent ice storm we have been re-evaluating the city’s emergency procedures, equipment and communications at the staff level. Recently, I distributed an Emergency Phone Tree in a previous council packet. Virgil Penrod has identified a piece of equipment he believes would be advantageous in our emergency preparedness process. The recent accident that happened in Montezuma has pushed this to the forefront for the Gas Department. Below is a summary from Virgil:

With the recent disasters, Ice Storm and District Station hit at Montezuma. The gas departments, along with all city departments, have been thinking of ways to be better prepared for an event. With construction season approaching, one of the biggest threats the gas department has would be a line hit. For an example, a backhoe severing a distribution main in the right location could cause an uncontrollable leak and could possibly interrupt all of Tipton’s customers. The procedure to restore pressure and service after repairs would take a minimum of 24 hours to complete.

We would like to recommend the purchase of an Emergency Steel Gas Pipe Shut off Tool. With this tool, used in combination with an isolation valve, service interruption could be kept at a minimum and only interrupting a few customers in most foreseeable events. This shut off tool is only designed for steel pipe and the City already has a squeeze tool for plastic pipe. The squeeze tool can only be used on a maximum steel pipe size of 2” or smaller. Tipton has 14 miles of 2” or smaller steel pipe and 4 miles of 3” to 6”.

The squeeze tool is a hydraulic unit and after the hole is dug only takes minutes to squeeze the pipe. The cost is \$2,625 and comes complete with pump.

Squeeze Tools - Steel Squeezer - Huskie - up to 2" coated



Emergency Steel Gas Pipe Shut Off Tools.
The Huskie Model PS-62A is a lightweight (29 lbs), self-contained hydraulic squeeze tool. The PS-62A has jaws large enough to shut down up to 2" IPS, coated, Schedule 40 pipe, whether or not the pipe jacket is removed. Rapid closure with short, sure pump strokes that deliver 18 tons of controlled squeeze force in a matter of seconds.

An alternative to the self-contained unit is the Huskie Model SPS-50 Remote Squeeze Off Head. The SPS-50 can be operated using either the Model HP-50 Hydraulic Hand Pump or the Model AP201L Automatic Pump. All combinations can effectively cinch off 2" IPS Schedule 40 coated pipe.

Catalog Number	Product Description	Units	Price*
PS-62A	Huskie PS-62A Hydraulic hand operated for 2" and smaller steel pipe. Wt 29 lbs	ea.	\$2,625.00
SPS-50	Huskie SPS-50 Remote head only	ea.	\$1,860.00
HP-50	Huskie HP-50 High Pressure Hydraulic Hand Pump	ea.	\$800.00

BUDGET ITEM:

MAYOR/COUNCIL ACTION: Motion to Approve

ATTACHMENTS:

PREPARED BY: Doug Boldt, Virgil Penrod

DATE PREPARED: April 20, 2007

**AGENDA INFORMATION
TIPTON CITY COUNCIL COMMUNICATION**

DATE: April 19, 2007

AGENDA ITEM: Motion to Approve Electric Transmission Investment

ACTION: Motion

FILE:: mgr/c/mydocuments/city/reports to Council/Electric Transmission Investment

SYNOPSIS: Attached is a memo from John Packwood explaining a transmission investment opportunity Tipton has as a part of being a member of Resale Power Group of Iowa (RPGI). This is not something that would be new to Tipton as we used to have an investment in some transmission lines with Iowa Electric Light & Power (IES). Prior to the merge with Alliant, IES exercised its option to buy back our transmission investment at the depreciated value. Tipton's return on investment at the time was also between 12% - 14%. When Tipton's share of the transmission was bought back by IES we received \$145,000. RPGI, John and I believe this would be a wise investment.

STATUTORY REFERENCES/AUTHORITY:

BUDGET ITEM: 630-820-2-64940

MAYOR/COUNCIL ACTION: Motion to Approve Transmission Investment

ATTACHMENTS:

PREPARED BY: Doug Boldt

DATE PREPARED: April 19, 2007

Interoffice Memo

Date: April 18, 2007
To: Doug Boldt, City Manager
From: John Packwood
Re: Council Agenda Item: Transmission Investment Opportunity

A Brief History

When MidAmerican Energy Company (MEC) lost the power supply contract with the Resale Power Group of Iowa (RPGI) to Ameren Electric Energy Inc (AEE) in St. Louis, MEC was quick to point out that this energy would have to pass through the Quad Cities West Flow Gate (QCW) which would likely create congestion during peak load periods for which AEE, and thus RPGI could face congestion charges of several hundred dollars per kW hour of congestion. This could amount to hundreds of thousands of dollars for each incident. MEC offered to manage and mitigate any congestion for a fee of over 1 million dollars annually. RPGI filed a complaint with the Federal Energy Regulatory Commission (FERC). As a result of this filing, FERC ruled that MEC was to rebuild QCW to eliminate any possibility of congestion, establish a new tariff to recover the cost, and offer to sell the portion of QCW reserved for RPGI to RPGI in the form of a transmission investment for which RPGI would receive the same rate of return as MEC, thus mitigating the tariff increase.

Recommended Action

MEC offered this transmission investment to RPGI amounting to \$293,637.30. RPGI has made this investment and is offering shares to the members proportional to each member's share of the 2006 RPGI peak demand. The investment share available to Tipton is about 4.7% or \$13,814.25. The return on this investment is expected to be 12% to 14% annually. We feel this is an excellent opportunity to recover a portion of our power purchase expense and that we should make this investment.

If the Council approves this investment it would be charged to the Electric Purchase account 630-820-2-64940. The agreement to execute this purchase is attached for your review.

QUAD CITIES WEST FLOWGATE FACILITIES INVESTMENT AGREEMENT

This Agreement, made and entered into this ___ day of _____, 2007, by and between Resale Power Group of Iowa (RPGI), an association of public and private agencies existing pursuant to an agreement authorized by Chapter 28E of the Code of Iowa and the City of _____, (referred to collectively with other participating cities as Participants or individually as Participant) acting for and on behalf of its electric utility.

WHEREAS, the Parties to this Agreement recognize that in order to expeditiously perform, pursuant to the Joint Investment and Ownership Agreement for Quad Cities West Flowgate upgrades (Quad Cities West Agreement) between and among MidAmerican Energy, Dairyland Power Cooperative, Resale Power Group of Iowa, and Iowa Public Power Agency, it is necessary and desirable to enter into this Agreement between RPGI and its Investing Participants; and

WHEREAS, RPGI has entered into the Quad Cities West Agreement which specifically grants investment rights to RPGI in the amount of \$293,637.30 as its share of joint ownership in transmission line upgrades and improvements to a transmission facility owned and operated by MEC; and

WHEREAS, RPGI desires to make available to Participants based on their individual percentages of contribution to the total RPGI demand in kilowatts Participant investment rights in the above referenced RPGI investment rights; and

WHEREAS, those RPGI Participants choosing to invest in these investment rights will be Investing Participants and these Investing Participants will acquire all of the above Referenced RPGI investment rights; and

WHEREAS, RPGI will earn a return on the above referenced RPGI investment rights and desires to distribute those returns to RPGI Investing Participants based on their individual levels of investment rights; and

WHEREAS, RPGI desires to establish a method for transfer of Investing Participant investment rights back to RPGI in the event an Investing Participant should sever its relationship with RPGI;

NOW, THEREFORE, in consideration of the mutual undertakings herein contained RPGI and Investing Participant agree as follows:

Section 1. RPGI, MidAmerican Energy, Dairyland Power Company and Iowa Public Power Association have executed the Quad Cities West Agreement that grants to RPGI investment rights in the amount of \$293,637.30 and provides for RPGI to receive revenue credits or other negotiated mechanisms for RPGI to receive consideration for its investment. It is understood and agreed that RPGI has entered into the Quad Cities West Agreement on behalf of Investing Participant and other Investing Participants..

Section 2. All provisions of the Quad Cities West Agreement and any subsequent amendments thereto are hereby incorporated by this reference into this Agreement between RPGI and Investing Participant and both RPGI and Investing Participant agree to be bound by the Quad Cities West Agreement.

Section 3. It is the intent of the parties to this Agreement that investments will be undertaken in accordance with the terms of the Quad Cities West Agreement. Investing Participant specifically acknowledges that it is a Participant in RPGI.

Section 4. RPGI will make the total of RPGI investment rights determined in the Quad Cities West Agreement available to Investing Participants. The method for determining the Investing Participant investment rights is detailed in Attachment "A" to this Agreement and hereby incorporated by this reference. Investing Participant specifically agrees to the method for determining investment rights and all other provisions of Attachment "A".

Section 5. RPGI will receive a return on the investment in the Quad Cities West Agreement from MEC as provided in that agreement. The return on this investment is in the form of revenue credits or other negotiated mechanisms for RPGI to receive consideration for its investment as provided in the Quad Cities West Agreement. RPGI will distribute the returns received to Investing Participant and other Investing Participants as described in Attachment "A".

Section 6. It is recognized that the proper and fair operation of this Agreement requires that Investing Participant be and remain a Participant in RPGI. If Investing Participant for any reason causes termination of its relationship with RPGI it shall forfeit its investment rights and the balance remaining under this Agreement and the Quad Cities West Agreement in return for payment to it by RPGI of that Investing Participant's balance. Upon such termination, Investing Participant shall not be entitled to take any transmission payments, transmission credits or other consideration under the Quad Cities West Agreement and RPGI on behalf of the other Investing Participants shall be entitled to all of the transmission payments, transmission credits and other consideration in the same proportion as respective interests shall appear or as otherwise agreed, together with responsibility for the payment of all costs associated therewith. RPGI shall reallocate

that Investing Participant's balance, transmission payments, transmission credits and other consideration to other Investing Participants as described in Attachment "A".

Section 7. Investing Participant may not assign its interest in this Agreement or the Quad Cities West Agreement to any other person or entity without the specific written approval of RPGI.

Section 8. This Agreement shall be read together with the Quad Cities West Agreement hereinbefore incorporated by reference and shall be governed by the laws of the State of Iowa.

Section 9. This Agreement may be amended from time to time by an instrument or instruments, in writing, signed by the parties hereto, provided that this Agreement shall not be terminated or cancelled but shall remain in effect so long as the Quad Cities West Agreement is in effect. Provided further that this Agreement may not be amended in such manner as to be inconsistent with the Quad Cities West Agreement. Investing Participant may withdraw from this Agreement, but only if such withdrawal can be accomplished in accordance with the provisions hereof and the provisions for termination, assignment and transfer set out in the Quad Cities West Agreement. Provided further, that all obligations to RPGI and other Investing Participants shall have first been satisfied.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed on the date first above written.

RESALE POWER GROUP OF IOWA INVESTING PARTICIPANT

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

ATTEST: _____ ATTEST: _____

Name : _____ Name: _____

Title: _____ Title: _____

ATTACHMENT "A"

QUAD CITIES WEST FLOWGATE FACILITIES INVESTMENT AGREEMENT DETERMINATION OF INVESTMENT RIGHTS AND DISTRIBUTION OF PAYMENTS.

Participant Annual Demand is the sum of RPGI Participant's monthly NET BILLING DEMAND for the calendar year 2006.

RPGI Annual Demand is the sum of all **Participant Annual Demands**.

Investment Ratio in the QCW (Quad Cities West Flowgate Upgrades) is **Participant Annual Demand** divided by the **RPGI Annual Demand**.

Investment Right in QCW is determined by multiplying **Investment Ratio** by the total dollars allocated to RPGI as set forth in the "JOINT INVESTMENT AND OWNERSHIP AGREEMENT FOR QUAD CITIES WEST FLOWGATE UPGRADES" as filed with FERC.

Investing Participants are RPGI Participants choosing to exercise their **Investment Rights**.

RPGI Participants will be notified of their **Investment Rights** within the first week of January 2007.

Each RPGI Participant will need to notify RPGI by May 1, 2007 of whether they intend to become an **Investing Participant**. IF ANY RPGI PARTICIPANT DOES NOT RESPOND BY MAY 1, 2007 RPGI WILL CONSIDER THE LACK OF RESPONSE AS AN INDICATION THAT THE RPGI PARTICIPANT HAS CHOSEN NOT TO BE AN INVESTING PARTICIPANT.

The **Investment Rights** of all RPGI Participants choosing not to become an **Investing Participant** will be re-allocated to the **Investing Participants**. The re-allocation will be accomplished by removing the **Participant Annual Demand** of those that have chosen not to invest from the formula described above. If a reallocation process becomes necessary the **Investing Participants** will be notified of their recalculated **Investment Rights** by May 7, 2007.

Further, if any **Investing Participant**, for any reason, ceases to be a RPGI Participant under the terms of the RPGI Participant Agreement, the **Investing Participant** will surrender the balance of its **Investment Rights** to RPGI, and be paid for such balance as stated in the Quad Cities West Flowgate Facilities Investment Agreement. The balance will be reallocated amongst the remaining **Investing Participants** that choose to invest in this balance in the same manner as the reallocation determination described above.

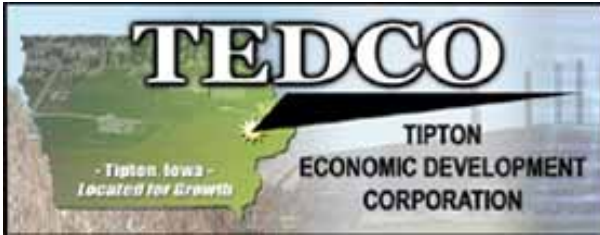
Payment for **Investment Rights** to RPGI by the **Investing Participants** will be due on July 1, 2007. Payment must be made so that funds are available to RPGI no later than July 10, 2007.

On the first of the month, following receipt by RPGI of transmission payments, transmission

credits or other consideration, as the case may be, from MEC for the investment in the Quad Cities West Flowgate Upgrades, RPGI will make payment, by check, to the **Investing Participants**. Payments will be determined by multiplying the amount of the monthly payment, credit or other consideration by the Participant's QCW **Investment Ratio**, as determined above.

Utility	ANNUAL DEMAND	Investment Ratio	Investment Right
Afton	13895	1.1105%	\$ 3,260.83
Amana	183387	14.6564%	\$ 43,036.68
Anita	5513	0.4406%	\$ 1,293.77
Burt	7140	0.5706%	\$ 1,675.59
Coggon	7223	0.5773%	\$ 1,695.07
Danville	11818	0.9445%	\$ 2,773.41
Dike	11656	0.9316%	\$ 2,735.39
Dysart	18856	1.5070%	\$ 4,425.07
Farmers	38692	3.0923%	\$ 9,080.12
Gr. Junction	10454	0.8355%	\$ 2,453.31
Hopkinton	9708	0.7759%	\$ 2,278.24
Hudson	28405	2.2701%	\$ 6,666.00
La Porte	30869	2.4671%	\$ 7,244.24
Long Grove	5762	0.4605%	\$ 1,352.21
Maquoketa	152345	12.1755%	\$ 35,751.85
Mt. Pleasant	151053	12.0723%	\$ 35,448.64
New London	30359	2.4263%	\$ 7,124.55
Ogden	26968	2.1553%	\$ 6,328.77
Preston	20575	1.6444%	\$ 4,828.48
Sibley	39134	3.1276%	\$ 9,183.84
Stanhope	5391	0.4309%	\$ 1,265.14
State Center	25191	2.0133%	\$ 5,911.74
Story City	108168	8.6449%	\$ 25,384.53
Strawberry Point	17353	1.3869%	\$ 4,072.35
Tipton	58865	4.7045%	\$ 13,814.25
Traer	41947	3.3524%	\$ 9,843.99
Vinton	77568	6.1993%	\$ 18,203.41
W. Liberty	103625	8.2818%	\$ 24,318.39
Whittemore	9321	0.7449%	\$ 2,187.42
TOTAL	1251241	100%	\$ 293,637.30

ANNUAL DEMAND is sum of Monthly Billing Demand



April 19, 2007

Dear Tipton City Council:

The Tipton Economic Development Corporation (TEDCO) is in the process of negotiating the purchase of an additional 43 acres for the Tipton Business Park from Don, Ron and Keith Lamp. The goal of this purchase is to create a completely usable and marketable development area which will allow us the flexibility and acreage necessary for continued development success. With land prices steadily increasing, TEDCO feels this is the best time to make this purchase. Please see the attached illustration for the area of interest.

At this time the TEDCO Board of Directors is making a request to take an advance under the current loan agreement with the City. We propose to take an advance of \$125,000 which would increase the current loan amount of \$605,448.63 to a new total loan sum of \$730,448.63. TEDCO's current Loan Agreement with the City establishes a limit of \$875,000. This advance will allow TEDCO to make the necessary down payment on the above mentioned land. It is our understanding that the additional funds are available in the City's *Economic/Industrial Development Fund*.

The sale of three parcels in the Industrial Park has allowed TEDCO to reduce its loan with the City. However, as all three parcels have been sold using separate tax increment financing (TIF) incentive agreements, the cash proceeds from these sales will be received over a period of years. The proposed contract purchase allows the cash from notes receivable to replenish available funds for an additional payment at the 6 year balloon date of the contract.

TEDCO representatives will be at the Council meeting on April 23rd to answer any questions you may have about our request. I thank you for your time and consideration.

Respectfully Submitted,

Jeffrey Meyer
President, Tipton Economic Development Corporation

TEDCO
- Tipton, Iowa -
Located for Growth
TIPTON
ECONOMIC DEVELOPMENT
CORPORATION

TIPTON BUSINESS PARK

updated 4/2007

NORTH
HORIZONTAL SCALE IN FEET
0 200 400
DRAWING MAY HAVE BEEN REDUCED

