

**MINUTES
RURAL MN ENERGY BOARD MEETING
MONDAY MARCH 27, 2006, 9:30 A.M.
MURRAY COUNTY GOVERNMENT CENTER
SLAYTON, MN**

MEMBERS PRESENT:

| | |
|--|------------------------------------|
| Blue Earth County.....Katy Wortel | Murray County..... Alfred Gertsema |
| Cottonwood CountyJohn Oeltjenbruns | Nobles County David Benson |
| Faribault CountyLoren Lein | Diane Thier |
| Jackson CountyBob Ferguson | Pipestone County... Jack Keers |
| Lincoln County.....Larry Hansen | Redwood County ... Brian Kletscher |
| Lyon County.....Bob Fenske | Renville County Bob Fox |
| Martin County.....Jack Potter | Rock County Ken Hoime |
| Mower CountyAbsent | Watsonwan County.. Scott Sanders |

ALSO PRESENT: George Crocker (NAWO), David Norgaard (CWN), Vince Robinson (Lincoln County Enterprise), Arlene Vee (MPCA), Lynn Anderson (Yellow Medicine Co), Mark Lindquist (The MN Project), Darrel Ellefson (LqP-Co P&Z), Harold Solem (LqP-Co Comm.), Jay Trusty (Staff), Annette Bair (Staff)

CALL TO ORDER: The meeting was called to order at 9:30 am by Chairman Keers.

ANNOUNCEMENTS:

- ? Bair announced that AURI is going to have a processors energy conference called "BioMass Alternatives to Natural Gas" on May 16 in Redwood Falls at the Community Center.

INTRODUCTION: Everyone present was asked to introduce themselves and who they represent. Guests from neighboring counties were welcomed to the meeting.

AGENDA: Bair identified the additions of the \$20,000 DOC grant for approval and discussion of non profit status by Jay Trusty. Both items were placed under Joint Powers business.

M/S/P Ferguson, Wortel to approve the changes to the agenda.

MINUTES:

M/S/P Benson, Oeltjenbruns to approve the January 23, 2006 minutes as written.

TREASURER'S REPORT: Bair distributed the Rural Minnesota Energy Board financial report. There are two bills to the Energy Board. The first is for January-February staff administrative work in the amount of \$2,135. The second is for hours in February for Jay Trusty who worked on two grant applications for the Rural Minnesota Energy Board (a \$20,000 Department of Commerce grant and a \$200,000 request for LCMR Funds).

M/S/P Ferguson, Potter to approve the two bills to the Energy Board of \$2,135 for administrative staff hours and \$1,330 for Jay Trusty's hours in February for a total amount of \$3,465.

Discussion: Bair was requested to send the work plan out to the Rural Minnesota Energy Board members.

JOINT POWERS ORGANIZATION BUSINESS

Report by Executive Committee:

Work Group Meeting. Keers reported that the Rural Minnesota Energy Board and Metro Counties Energy Task Force work groups will be meeting on Wednesday, March 29 from 2:30 - 4:00 pm during AMC. They will be meeting in the State Room 3 at the Crown Plaza Downtown St. Paul (formally the Radisson). The purpose of the meeting is to decide next steps for wind and renewable energy development projects. Everyone is welcome to attend that meeting.

Tax free bonds: How do the tax free bonds work? Members indicated that they are 20 year bonds. There is \$800,000,000 nationwide available for renewable projects. One option could be for every county to apply for the bonds.

\$20,000 DOC Grant:

M/S/P Hanson, Fenske to approve the grant from the Department of Commerce in the amount of \$20,000.

Discussion: Keers reported that the Deputy Commissioner Garvey found the funds in the Department of Commerce budget to initiate the project.

Withdrawal from the Joint Powers: Members discussed withdrawal procedure from the Joint Powers. It is a 6 month process. In question are the dues. Members discussed that during the 6 month period the county withdrawing is still able to vote on decisions and should pay dues for the time they are a voting member.

M/S/P Ferguson, Lein to pro-rate the dues for a county withdrawing from the Rural Minnesota Energy Board.

Discussion: Mower County is withdrawing more because of distance to get to the meetings. There maybe an effort in Southeast Minnesota to develop a group along in the area of the CERTs Region.

M/S/P Hoime, Benson to draft a letter of appreciation to Mower County and wish them well in their efforts for developing a group in Southeast Minnesota.

Protocol on travel expenses.

M/S/P Fenske, Gertsema to reaffirm that the travel expense on the Rural Minnesota Energy Board will be paid upon approval of the Energy Board Chair.

Late Fees Procedure.

M/S/P Benson, Ferguson to give the executive committee authority to approve bills if needed to avoid late fees.

Not for profit status: Trusty brought questions before the Energy Board regarding establishing non-profit status. Name of the non-profit - it should be for marketing purposes as well legal purposes. Second, does the Energy Board want to pay the funds to be incorporated at this time because it is unknown how the structure or the potential project with the Metro Counties will go. As this process (work with Metro Counties) develops, more will be known in a few months. The Energy Board directed Trusty to do nothing regarding the non-profit status as this time.

METRO COUNTY ENERGY TASK FORCE: Members reported that the \$20,000 Department of Commerce grant coming. The Metro Counties has indicated that they maybe matching part of the \$20,000 with some of their funds. There is also a \$200,000 LCMR request. The proposed legislative change identified in HF3612 (SF3305) is for \$300,000 of LCMR funds.

Trusty indicated that the SRDC is willing to do fiscal for the Energy Board through a contract. He noted that it would be important for the Energy Board to have their own audit trail and accounting system.

The Renewable Energy Standard and the Legislature: Keers reported that Peter McLaughlin will be supporting the Renewable Energy Standard. He had contacted Keers to make sure that is would not jeopardize the Rural-Metro Project.

Tour by Metro Counties of SW Minnesota Wind Farm: Distributed was a draft of the May 25-26 tour outline. This tour has been refined to a 12:00 - 12:00 timeframe as discussed with Metro Counties. The tour was designed to arrive at the Woodstock Wind Farm and then tour the Lincoln County Wind Project to review what the first Wind Projects were and the progression to the current Wind Projects. The tour would include a Renewable Energy Panel discussion at the Midwest Center for Wind Energy and would conclude on Friday in Redwood Falls at the Farmers Union Marketing and Process Association Bio-fuel Plant.

Discussion: Members asked how many members of the Metro Energy Task Force will be coming. Trusty indicated somewhere between 3 to 30. It is anticipated that the Metro Counties will be using a bus. Logistics will be worked out at a later date.

AURI Greenfield Grant Status: Bair reported that Denny Timmerman is working on the paperwork for this grant and he expects the project to be rolling sometime in April. Benson suggested that the Wind Handbook include the matrix that was developed by Nan Larson for Community Wind South.

COMMUNITY WIND PROJECT:

CWN: Norgaard reported on the updates of the Private Placement Memorandum for the 150 shareholders of CWN. They have approximately 75% completion of that document. They anticipate 60 days to execute with the shareholders. The PPA is being worked on and security funding elements of the contract are about 45 days away. MISO to the interconnection of the Yankee Sub-station is in question, who pays for what elements (clarification is needed). Discussion continues for the equity partners. They anticipate 45 to 60 days will coincide with the Private Placement Memorandum. If some of the current shareholders decide not to participate (drop out) a waiting list of people has been developed. If anyone is interested they need to send a letter of intent signed and sent to either Vince Robinson or David Norgaard to be placed on the waiting list.

Discussion: Wortel asked if CWN will be doing a Minnesota flip. Response: yes.

CWS: Benson reported that they are working on the PPA. They are in the MISO queue and they need to go to the Public Utilities Commission for clarification on the timing of the sub-stations, and as identified by Community Wind North, who pays for what elements regarding the sub-stations and linking to them.

Benson indicated that the initial idea for CWS was to not do the flip model. They are reluctantly looking at the flip and for partners because the non flip does not work financially. They are anticipating 400 members for the project, 105 could be non-qualified investors. They are looking at approximately \$3,000 per share up to 10% of the project. They are looking at 3 10MW projects. Unless something holds it up, they are looking at 60 days for the offering. Mark Willers is on the CWS Board.

There is some disagreement, the Xcel Transmission people assumed that the Fenton sub-station would be used. All development has been working on the Nobles sub-station near Reading. The Xcel Transmission people are looking at a 2011 date for the Nobles sub-station however, CWS needs it in 2007. It was assured as part of the CON with the PUC. that the lines would be activated in 2007.

M/S/P Benson, Wortel to empower the Executive Committee to testify or take action as an Intervener for the benefit of the Community Wind Projects regarding sub-stations, location and timing (clarifying the priority of sub-stations), interconnection sub-station costs clarification, and access to sub-stations.

MEMBER UPDATES:

- ? **Redwood County:** Kletscher reported on the Biodiesel plant with FUMPA and markets going to the east. The ethanol facility in Lamberton has established an interim board. There have been some C-BED projects. The Board approved a 31MW project in Redwood and Brown Counties (10MW in Redwood and 21MW in Brown) near the Springfield area. It will be owned by Harvestland. Home Farms Technology is close to the agreement with Central Bi-Products. Central Bi-Products was requiring security letters from financial institutions of Home Farms. There was a meeting on March 9 with MPCA and DNR regarding the permitting process and documentation.
- ? **Rock County:** Hoime reported that Loren Forest is working on the ethanol from Corn Stover Project. It uses a syngas technology. This would be a 20 to 25 million gallon plant. There are looking at establishing a drive for equity into the company and tying up contract of Stover. The City of Luverne wants it sited further from the Agri-Energy facility. For example at the IBP facility further away from town. Issues regarding spontaneous combustion of the Stover are an issue with the community.
- ? **Lincoln County:** Hanson reported that the CWN project was reported on earlier. He had met with Denny Timmerman of AURI about a bi-diesel generation.
- ? **Jackson County:** Ferguson reported that there is an expansion of 8 10MW C-BED projects however, the set backs are in question of one of those towers. There are 5 2MW towers 2 years out based on demand and delivery. The concrete is being poured at the Heron Lake Ethanol Facility. It looks to be a February or March of 2007 when they will be on line.
- ? **Faribault County:** Lein reported that there are two towers at Blue Earth and they are only operating once in a while. They are experiencing computer problems where the turbine computers are not talking to each other. He reported that they are trying to keep the E85 at a lower price. Currently it is \$.40 lower. Windfinity has 45 towers. Geothermal is something that additional information should be provided. The County is looking at 3 different sites for their law enforcement building and they plan to be putting geothermal into that building. They looked at Steele County, and Willmar, and Iowa with buildings also utilizing geothermal energy.
- ? **Yellow Medicine County:** Anderson reported that the Big Stone II project has a lot of controversy because it is burning coal. The power company (Ottertail Power) does not advocate access onto the line for wind energy.
- ? **Renville County:** Fox reported there they are working with the bio-diesel in North Redwood regarding the Prairie Line Railroad, and there is a 100 million gallon facility being developed in Winthrop. The Railroad Authority has a \$4 million request in for the railroad upgrade and it has gotten to the conference committee. The house would like us to go through the MRSI Program and that would require the shareholders to come up with a 20% match. There is approximately \$500,000 coming from the federal dollars. Buffalo Lake Plant is looking at an expansion; they have purchased the old elevator.
- ? **Lyon County:** Fenske reported that the County Board has approved a C-BED project south of Marshall. The PPA is with the Marshall Municipal Utilities and the wires will be underground. The project will be built this summer. They do have geothermal at their Publics Works building. Initially it was thought the payback would be within 12 years, now projects are a 6-7 year payback.
- ? **Cottonwood County:** Mountain Lake Utilities is looking at putting a tower up west of town. The Bingham Lake project has 11 towers up, and they were Suzlon. The 12th tower fell off the truck and a new tower was required.

- ? **Martin County:** Potter reported that the Trimont Area Wind Farm will be having a June dedication. Phase II is a 100-200MW farm. The Fairmont ethanol plant is moving forward and it looks like the Sherburn plant will be delayed. Potter reported that none of the wind or ethanol projects are locally owed. Ferguson reported that the Welcome facility is by Vera Sun and the Fairmont facility is a Delaware Corp. The front name for Cargill is Bio-Fuels of Colorado.
- ? **Nobles County:** Benson reported on that Rochester has geothermal with their jail. Southwest Mental Health is looking at a central site and would have the potential for installing geothermal. The Wolf Wind projects are working with John Deere as an equity partner. Currently John Deere is looking a pushing it to a 16 to 17 year flip model. There is concern regarding this because of the warranty on the wind turbines and longevity of the towers. Commissioners discussed clean-up of the wind farms and who is responsible for the clean-up. Benson also reported that there was a land sale west of Worthington where the 6 towers are. The bare land sold at \$1,600 per acre and the land with the wind farms went for \$2,600 per acre. It is believed that it is attributed to the lease income from the turbines.
- Thier reported that there is a group fighting the transmission lines because they are looking at an ongoing payment versus the one time payment. Keers indicated that the one time payment is in statute but it could be spread out over a longer period of time. There is a legislative steering committee that was to report 2 weeks ago, however that meeting was cancelled. What is occurring on is the land owners who have the wind towers are getting leases but the transmission lines are a one time payment. Those transmission land owners want a piece of the action. Both Crocker and Keers are on that legislative steering committee. What has come into question in relation to this is eminent domain.
- ? **NAWO:** Crocker reported on the Ottertail-Big Stone consortium. Currently there is a transmission analysis being completed in order to strategically place C-Bed projects. The preliminary data for the C-BED capacity has indicated that there is 1200MW that could be installed for about \$6 million, which would reduce the need for gas. This brings wind energy to a competitive advantage. An analysis is currently being done in the west central zone and is expected to be completed in May or June. The Southwest zone will be worked on next. The engineers are identifying what physically could be done. There are 7 zones in the state of Minnesota. Comments were that Big Stone II is a coal project and is not yet a done deal.
- ? **Blue Earth County:** Wortel reported that she has been going to the Region 9 Energy Task Force Meetings and they are thinking about developing a Wind District. They are looking at the potential of raising funds through a sales tax. The idea is intriguing, a Renewable Energy District to be community based. Wortel also reported that a wind project had been proposed some time ago asked the Blue Earth County Board to forgive the production tax. That project has not come back to the Blue Earth County Board. Energy Board members indicated that if it was a worth while project it would come back. Blue Earth County is also looking at a geothermal for a new criminal justice center. Soil borings are currently being done to see if the site is compatible for geothermal. Lein indicated that there are local CIP dollars that could help with costs. You need to have both the architect and the project manager on board with geothermal. The architect has to have an engineer that knows about geothermal on board with the project. He also cautioned that you need to make sure that the wells are dug deep enough and they are measured.
- ? Trusty reported that Congressman Gutknecht would like to see this area of the state promote a developer for the use of hydrogen stacking technology. Storing the hydrogen on an onsite silo. This issue was discussed amongst the Energy Board members. They requested a presentation regarding hydrogen stacking. Bair was requested to speak with Malachi.

Trusty also reported that the Southwest Minnesota Housing Partnership is building a green project in the City of Worthington (a public housing project). Currently the lenders are a little leery because there is no data on payback for this type of project. Lein reported that Boone, Iowa has an apartment complex using geothermal and it is a green building and working well. He indicated that Trusty could contact Keith Wells who lives in that complex. Trusty reported that the Worthington project will be used as a base line for investment and when payback will be.

- ? **The Minnesota Project:** Lindquist reported on SEED updates and that New Ulm is researching power issues. They appear to be leaning towards coal for long term use.
- ? **Pipestone County:** Keers reported that the Suzlon building is going up. There is rumor of an ethanol plant in the area. Also reported on an article in the Sioux Falls Argus Leader called "Wasting the Wind". It looks like South Dakota will be developing more wind, especially if Minnesota get the transmission in place. He also attended the Windustry Conference and received a lot of good information. There was very good attendance at the conference, people from 37 states and 3 countries.

Discussion: Energy in South Dakota is controlled by WAPA. C-BED in Minnesota and the Tribal resources over in South Dakota and Standing Rock and other reservations may have some possibility of joining together. Trusty reported that he had spoken with folks from the Flandreau Tribe.

SOUTHWEST CERTs UPDATE: Bair reported that the Minnesota Center for Energy and Environment is working with projects in Southwest Minnesota, a church over in Pipestone, and public facilities as well as businesses in Slayton and Tracy.

Lindquist reported on the Rebuild America which is energy efficiency projects in school buildings. It is a two year project for regional projects. Bair indicated that she requested that the workshop be deferred to the second year for Southwest Minnesota.

NEW BUSINESS: Anderson asked what the dues and fee were for the Rural Minnesota Energy Board. Bair indicated that the dues are \$2,000 however; there is a one time initial fee of \$1,000 to join the Rural Minnesota Energy Board.

Hanson asked who will be paying for the meals and rental of the Wind Center when the Metro Counties come to tour the projects in Southwest Minnesota. Response was that a sponsor or sponsors are hoped to be found for this project.

MEETING DATES: Chairman Keers asked that members set aside April 24 for a potential meeting.

ADJOURNMENT:

M/S/P Fox, Gertsema to adjourn the meeting at 12:00 pm.

Minutes Prepared By Annette Bair, Staff.

Minutes Reviewed By:

Minutes Approved By:

Ken Hoime
Energy Board Secretary

Jack Keers
Energy Board Chairperson