

**MINUTES**  
**RURAL MN ENERGY BOARD MEETING**  
**Wednesday April 8, 2009, 9:30 A.M.**  
**CRD, SLAYTON, MN**

**MEMBERS PRESENT:**

Blue Earth County .....	Excused	Murray County .....	Kevin Vickerman
Chippewa County .....	Excused	Nobles County .....	David Benson
Cottonwood County....	John Oletjenbruns	Pipestone County ....	Marv Tinklenberg
Faribault County .....	Tom Warmka	Redwood County .....	John Schueller
Jackson County.....	Roger Ringkob	.....	Lon Walling
Lincoln County .....	Larry Hansen	Renville County.....	Robert Fox
Lyon County .....	Steve Ritter	Rock County .....	Ken Hoime
Martin County .....	Jack Potter	Watonwan County ...	Scott Sanders
Mower County .....	Absent	Yellow Medicine Co ...	Excused

**ALSO PRESENT:** Scott Williams (Chippewa Co), John Roper (Faribault Co), and Annette Bair (Staff).

**CALL TO ORDER:** Chairman Fox called the meeting to order at 9:30 a.m.

**INTRODUCTION:** Chairman Fox asked those present to introduce themselves.

**ANNOUCEMENTS:**

- Sign in sheet. Bair requested all present to sign in and check/change their mileage. (Members on their sign-in sheet and guests on the page at the back).
- New report from CAPX2020 Utilities website [www.minnelectrans.com](http://www.minnelectrans.com).
- Commissioners noted the Star Tribune had an article regarding Scott County voting to oppose CAPX2020.

**MINUTES:**

**M/S/P** Tinklenberg, Warmka to approve the minutes of March 23, 2009 as written.

**LCCMR Project:**

Bair provided an overview via a PowerPoint presentation of the RMEB history, impacts, as well as interaction with the Metro counties.

Discussion/Question: When was the Waste to Energy Legislative Initiative? Bair will check in previous minutes and get back to the RMEB.

Trusty described the RFP for a project in 2006. Lindquest & Venum and Avant were selected as the consultants to define a legal entity for a joint wind project between rural and metro counties. The results of that project did not provide the RMEB with a desirable outcome direction. The 2006 project cost was \$60,000 (\$20,000 DOC, \$20,000 Metro Counties, \$20,000 REMB).

The second RFP (for a Project Management Team to identify wind sites and review options for available project) was developed with the assistance and support of DOC staff (Mike Bull & Stacy Miller), who led and coordinated an LCCMR funding request to further explore a public Renewable Energy Project. LCCMR funding is at \$200,000 with in-kind match. There are elements that are not eligible for LCCMR funds and metro Counties and RMEB each have targeted \$12,500 for these costs. The LCCMR element of the project needs to be completed by the end of June 2009.

HGA was selected as lead consultant of the Management Team. The RMEB LCCMR committee, Metro Workgroup & consultants met on April 1<sup>st</sup>. The result of the consultants work to this point was discussed and RMEB members were referred to the 3 page memo outlining next steps. RMEB members were also provided with the Joint Powers Agreement and referred to page 3, Article IV, "Capital Expenditure Cost", information about options available to the rural and metro counties. The meeting today is to review the information and to ask each county member to present it to their representative boards to identify "yes" or "no" on project concept, knowledge it would come back later for identification of financial commitment to the project.

Next Steps: Counties will be asked yes or no to support concept. Those counties who say yes will come together to further discuss and determine financial needs for commitment. Those who have identified yes will then be asked to return to their perspective counties for financial commitment.

The concept is to install two 1.65 MW wind towers at the Lyon County Landfill site, SW of Marshall. In order to cash flow the project, the project entity partner will have to be involved that has an appetite for the tax benefits available. In order for the project to go forward, RMEB member counties need to determine individually if they wish to participate financially in the project. The estimated project costs are as follows:

Total Project Cost	\$8 million
Less Private Equity	<u>\$1.6 million</u>
	\$6.4 million
Less Tax Benefits *	<u>\$2.4 million</u> (1/2 to RMEB)
	\$4.0 million divided by RMEB and MEPC =
	\$2.0 million long term capital investments by RMEB Member County

\* This money will need to be up fronted by the counties and will be recovered when the towers go on line.

If ten member counties opt to participate, each county could invest as follows: \$200,000 in long term capital plus half of the recoverable short term capital of \$120,000. Based on the current power purchase agreement discussions, the return on the investments is expected to be between 7% and 7.5%. Trusty was asked to develop a one page memo that would be sent to the Rural Minnesota Energy Board counties to make the project information clearer. The counties next looked at the Joint Powers Agreement and will refer to page 3, Article IV, "Capital Expenditure Cost".

Members asked who would be the owner of the project. The response is that it is assumed that it will be a joint entity of the counties who are participating. Those counties will need to get together to develop a RFP to find a developer. The project is looking at having a private entity for the first ten to eleven years until the equity partner is done, and then flip. There would likely be a ten to fifteen life of the project after the flip. Bair was asked to contact Jim Nichols to see if he would send a sample of an investment costs and return on investments with realistic numbers based. Staff was also requested to develop a resolution for counties to indicate, "yes" they agreed with concept and were looking potentially investing in the project or "no", they were not willing to participate in the project.

Members discussed how the process would work in identifying the counties. First the counties will be asked to review and discuss the proposed project to ensure that each county has had the opportunity to participate in the project, each county will be asked if they agree with the concept with the knowledge that at a future date, a decision on the actual fiscal amount would need to be made. A meeting room was asked for at the AMC Legislative Conference for the afternoon of April 29<sup>th</sup> to further explain the project. A deadline of Tuesday, May 5<sup>th</sup> for individual county response to Bair on "yes" the counties support the concept and potential dollar amount if known or "no", the county is not interested in participating in the project.

Step Two: This will entail gathering the counties who responded "yes" to further flush out financial participation. The goal for the rural county participation would be 50% of the project. If that is not a financially feasible option, it will be look at a lesser percentage.

The Lyon County Landfill has just completed a project regarding a methane study to see whether generation of methane would be a viable option for the landfill. Fox and Trusty were asked to come to a Lyon Co. Board meeting along with the consultant to discuss both the wind project at the Lyon County Landfill as well as the potential of combining it with the methane project.

**USDA REAP SUPPORT LETTERS:**

M/S/P Warmka, Hoime to authorize Fox to sign letters of support for REAP applicants from the RMEB counties.

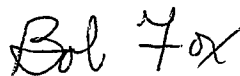
Next Meeting: Chairman Fox announced the next meeting will be Monday, May 18<sup>th</sup> in Faribault County at the new Law Enforcement Center.

Adjourn: Chairman Fox adjourned the meeting at 11:10 a.m. and thanked everyone for coming.

Minutes Prepared By Annette Bair, Staff 

Minutes Reviewed By:

Minutes Approved By:



Energy Board Secretary

Energy Board Chairperson