

Kimball Board of Public Works
Special Meeting
June 2, 2017

A special meeting of the Board of Public Works was convened in open and public session at 5:00 p.m. on June 2, 2017 at the City Council Chambers. Board members Cederburg, Fossand, and Porter were present. Board members Rowley and Robinson were absent. Also present were City Administrator Dean, Electric Utilities Superintendent Hinton, City Treasurer Sisk and City Clerk Russell. The public was represented.

Notice of the meeting was given in advance by publication in the Star Herald. Notice of the meeting was given to the members and a copy of their acknowledgement of receipt of notice and the agenda is on record at the office of the City Clerk. Availability of the agenda was communicated in advance notice and in the notice to the members. All proceedings hereafter shown were taken while the convened meeting was open to the attendance of the public.

Chairperson Cederburg called the meeting to order at 5:00 p.m. and acknowledged the posted Open Meetings Act.

Eric Johnson, President of Sandhills Energy, presented the background of the wind farm project. Sandhills Energy was awarded the RFP from MEAN to decommission the current 10MW wind farm. The proposal was in December and Sandhills Energy has been hard at work finalizing everything with MEAN and PPA and doing all the pre-development. Johnson said they are committed to understand the transmission system and will use 30MW for the new wind farm facility. Johnson said it became clear from their perspective that it would be beneficial for them to bypass the City transmission line entirely. That lead to the path of putting the line underground. Basically, the agreement for wheeling rates is the last remaining piece of the project.

Johnson indicated his letter of June 1, 2017 is a counter-proposal of what they think is justified and justified their fair share of covering the maintenance costs. The new facility eliminates transmission of energy through the City's 34kVA distribution grid by connecting directly to the City's 115 kVA line near the south substation. It is definitely an advantage for them to pay to use the 115 kVA line. In the counter-proposal, Johnson has outlined two proposals and he explained the options. Johnson indicated he has also outlined the macro-benefits of having a wind farm or if it would go away.

Conceptually, the project is very unique for Sandhills Energy as the developer. They were very aggressive with the pricing on the RFP in order to win the proposal and keep the project in Kimball. Johnson said the rebuild of the wind farm will bring in approximately \$13.4 million of direct benefits to the City of Kimball, Kimball County, and the local community. They will be using as many general contractors as they can and will try to keep them local.

Johnson indicated that it is obvious that the City and Sandhills Energy are a ways apart on a wheeling number and he hopes an agreement can be reached so they can move the project forward.

Johnson said that Sandhills Energy is doing business as Kimball Wind. They have an equity investor who will be providing a large amount of capital (\$45 to \$50 million) to actually own the facility. Kimball Wind maintains the ownership on a continuous basis. Dean inquired if he had estimated what the cost would be to build the six miles of line and Johnson indicated that the total cost would be roughly \$2.5 million. It is a significant savings for them to use the 115 kVA line.

Dean commented that Sandhills Energy proposal to MEAN was aggressive and inquired if it anticipated wheeling fees. Johnson said yes, however, there was never any definite number for them to factor in. The counter-proposal is the high end of what they had anticipated. Dean indicated that if this is what they anticipated or took into account, the City of Kimball is paying an inordinate percentage of it to secure the revenue in order for MEAN and others to have such a nice rate. It seems that MEAN got a really good deal and the City is getting a really bad deal. Johnson indicated he can see Dean's perspective. The typical wheeling rate and moving a couple hundred miles is \$2 or \$3 a MW. Sandhills Energy feels that the \$30,000 annual wheeling rate reflects covering the maintenance cost.

Johnson said he doesn't enjoy putting a board on a quick timeline or in this position; however, he wanted to stress the importance of getting this done.

There being no further discussion, Porter moved to enter into closed session at 5:21 p.m. to conduct a strategy session and for the protection of public interest. Closed session to include Board members, City staff and Mayor Prunty. Seconded by Fossand. On roll call vote, the following votes were recorded on the electronic voting board. Aye: Cederburg, Fossand, and Porter. Nay: None. Absent: Rowley and Robinson. Motion passed.

Cederburg stated the motion has passed to enter into closed session at 5:21 p.m. for the protection of the public interest and to conduct a strategy session.

Mayor Prunty left the closed session at 5:53 p.m.

Board members took a short break at 6:00 p.m.

Fossand moved and Porter seconded to end closed session at 6:05 p.m. On roll call vote, the following votes were recorded on the electronic voting board. Aye: Cederburg, Fossand, and Porter. Nay: None. Absent: Rowley and Robinson. Motion passed.

Cederburg opened discussion on replacement of electrical panels at the Wastewater Treatment Plant. Dean indicated that the WWTP took a lightning strike last Friday and

two panels and a variable speed control panel were destroyed. Dean said he doesn't know what insurance will pay. The cost for new panels is approximately \$43,000 and Dean indicated there is really no choice in the matter. He added that \$20,000 has already been set aside in the budget for panel upgrades.

Due to the time frame, Porter moved and Fossand seconded to recommend giving the City Administrator the authority to purchase new equipment to replace the damaged panels. On roll call vote, the following votes were recorded on the electronic voting board. Aye: Cederburg, Fossand, and Porter. Nay: None. Absent: Rowley and Robinson. Motion passed.

Fossand moved to re-enter into closed session at 6:10 p.m. to conduct a strategy session and for the protection of public interest. Closed session to include Board members and City staff. Seconded by Porter. On roll call vote, the following votes were recorded on the electronic voting board. Aye: Cederburg, Fossand, and Porter. Nay: None. Absent: Rowley and Robinson. Motion passed.

Cederburg stated the motion has passed to enter into closed session at 6:10 p.m. for the protection of the public interest and to conduct a strategy session.

Porter moved and Fossand seconded to end closed session at 6:33 p.m. On roll call vote, the following votes were recorded on the electronic voting board. Aye: Cederburg, Fossand, and Porter. Nay: None. Absent: Rowley and Robinson. Motion passed.

Further discussion was held on the proposal submitted by Sandhills Energy and the different option and Johnson offered \$250,000 with option #1 for wheeling.

Fossand moved and Porter seconded to adopt Option #1 of the Kimball Wind and City of Kimball Facility Charges Proposal submitted by Sandhills Energy with an additional \$250,000 up front payment. On roll call vote, the following votes were recorded on the electronic voting board. Aye: Cederburg, Fossand, and Porter. Nay: None. Absent: Rowley and Robinson. Motion passed.

Dean indicated that for clarification, this will be included in the GIA to formalize it. Cederburg said it is a fair agreement. Johnson expressed his appreciation to the Board members.

There being no further business to come before the Board of Public Works, Porter moved and Fossand seconded to adjourn the meeting at 6:37 p.m. On roll call vote, the following votes were recorded on the electronic voting board. Aye: Cederburg, Fossand, and Porter. Nay: None. Absent: Rowley and Robinson. Motion passed.

Chairperson

City Clerk