

MINUTES
SPECIAL CITY COUNCIL MEETING
November 23, 2010

The Wayne City Council met in special session at City Hall on Tuesday, November 23, 2010, at 5:30 P.M. Mayor Lois Shelton called the meeting to order with the following in attendance: Councilmembers Brian Frevert, Jim Van Delden, Jon Haase, Kaki Ley, and Ken Chamberlain; City Attorney Amy Miller; City Administrator Lowell Johnson; and City Clerk Betty McGuire. Absent: Councilmembers Dale Alexander and Kathy Berry.

Notice of the convening meeting was given in advance by posting in three places (City Hall, Auditorium and Library) on November 19, 2010, and a copy of the meeting notice and agenda were simultaneously given to the Mayor and all members of the City Council. All proceedings hereafter shown were taken while the Council convened in open session.

Garry Poutre, Superintendent of Public Works and Utilities, was present to explain what is being amended to the Power Purchase Agreement with IP Wayne, LLC, for the wind power turbine project that was approved at the last Council meeting. The only changes are in Section 7 - Payment for Energy Output (a) Price for Energy Output.

Said Section 7 is proposed to be amended as follows:

7. Payment for Energy Output

(a) Price for Energy Output

CITY agrees to purchase from Seller any Energy Output produced for sale by Seller at a base rate of \$0.050 per kWh, subject to annual review and subsequent change/true-up as agreed upon by both CITY and Seller. 'True-up', for purposes of this agreement, is broadly considered to be the difference between base and actual proven avoided City costs.

Avoided cost shall be determined by calculating actual cost of power (demand and energy) purchased from Nebraska Public Power District (NPPD) at the same time as IP-Wayne was generating for sale to CITY. This will be done using data collected from NPPD and IP-Wayne on an hourly and seasonal basis and applying published 2011 NPPD component rates and conditions as applicable.

The base cost for the subsequent year shall be the avoided cost multiplied by 1.07 escalation.

The difference between base and actual avoided cost (adjustment amount) shall be resolved and reimbursed annually by the respective parties. Annual carrying costs for undercollection/overpayment by either Seller or CITY shall be 2% for 2011 adjustments and calculated using Treasury Bill annual percent yield for the adjustment period thereafter and shall be paid with the adjustment amount. For the period following the 30-day period specified in Section 5(a)(2) until the Completion Date, Seller shall be responsible for payment of all fixed charges required under the Delivery Arrangements Agreement for the use of the Grid, except as such delay is caused by CITY's negligence or its breach of, or default under, this Agreement or the Delivery Arrangements Agreement.

Mr. Poutre advised the Council that the agreement has been amended, at the request of the developer, to include a 7% annual escalation rather than matching NPPD's escalation. Their financiers want to have a solid escalation number for future years. The Agreement that was approved on November 2nd called for the escalation to be what NPPD's escalation is, minus a 1% discount. We will still recalculate or true-up at the end of the year. If they owe us money at the end of the year, they will pay that money back at 2% interest or whatever the current interest rate might be. If we would owe them money at the end of the year, we would pay them interest on that amount, too.

This amendment has been approved by our rate consultant and city attorney.

Councilmember Alexander arrived at 5:35 p.m.

Councilmember Ley introduced Resolution No. 2010-91 and moved for its approval; Councilmember Frevert seconded.

RESOLUTION NO. 2010-91

A RESOLUTION AMENDING THE POWER PURCHASE AGREEMENT WITH IP WAYNE, LLC (WIND POWER TURBINE PROJECT).

Mayor Shelton stated the motion, and the result of roll call being all Yeas, the Mayor declared the motion carried.

Councilmember Frevert made a motion and seconded by Councilmember Alexander to adjourn the meeting. Mayor Shelton stated the motion, and the result of roll call being all Yeas, the Mayor declared the motion carried and the meeting adjourned at 5:39 p.m.