

**Renville-Sibley Fiber Project
BOARD OF DIRECTORS
Thursday, October 24th, 2012
7:00 p.m.
Winthrop City Hall**

ATTENDANCE

<input type="checkbox"/> Brad Augustin (B)	<input type="checkbox"/> Jeff Erkenbrack (B)	<input type="checkbox"/> Doug Munsch (B)	<input type="checkbox"/> Marcia S-Volz (B)	<input type="checkbox"/> Dale Zumberge
<input type="checkbox"/> Ruth Bauer	<input type="checkbox"/> Bob Fox (B)	<input type="checkbox"/> Bob Nielsen	<input type="checkbox"/> Darrin Saffert (B)	<input type="checkbox"/>
<input type="checkbox"/> Doug Block (B)	<input type="checkbox"/> Jeff Gatton (B)	<input type="checkbox"/> Joyce Nyhus (B)	<input type="checkbox"/> Paul Setzepfandt (B)	<input type="checkbox"/>
<input type="checkbox"/> Randal Bruegger (B)	<input type="checkbox"/> Cindy Gerholz	<input type="checkbox"/> Tim Nytes (B)	<input type="checkbox"/> Peggy Soeffker	<input type="checkbox"/>
<input type="checkbox"/> Curt Carrigan (B)	<input type="checkbox"/> Jon Hammel	<input type="checkbox"/> Brenda Pautsch (B)	<input type="checkbox"/> Jim Swanson (B)	<input type="checkbox"/>
<input type="checkbox"/> Joy Cohrs (B)	<input type="checkbox"/> Linda Kramer	<input type="checkbox"/> Julie Pederson (B)	<input type="checkbox"/> Shannon Sweeney	<input type="checkbox"/>
<input type="checkbox"/> Al Cole	<input type="checkbox"/> Jim Landaas (B)	<input type="checkbox"/> Ed Pelletier (B)	<input type="checkbox"/> Dave Trebelhorn (B)	<input type="checkbox"/>
<input type="checkbox"/> Tim Dolan	<input type="checkbox"/> Steve Langhoff (B)	<input type="checkbox"/> Jacob Rieke	<input type="checkbox"/> Mark Wentzlaff (B)	<input type="checkbox"/>
<input type="checkbox"/> Mark Erickson	<input type="checkbox"/> Paul Menne (B)	<input type="checkbox"/> Jeremy Rieke (B)	<input type="checkbox"/> Joe Ziegler	<input type="checkbox"/>

Meeting Agenda

1. Call to order: Time: _____
2. Adoption of Agenda: Motion _____ Seconded _____
3. Minutes of October 11th, 2012: Motion _____ Second _____
4. Operations
 - a. Discussion on decision by Sibley County to withdraw from JPB
 - i. Doug Dawson is available early via phone
 1. Revise business plan
 2. Revise construction costs
 - ii. Status of Henderson
 - iii. Timeline moving forward
5. Legal
 - a. Introduction of Peter Cooper, McGrann Shea
 - i. Discussion on legal opinion process and timeline
 - ii. Process to have McGrann Shea represent 11 entities for legal opinion
 - iii. Timeline moving forward
6. Finance
 - a. Approve payment of the bills (Brad)

7. Marketing Report

8. Next JPB Meeting _____?

9. Adjournment: Motion _____ Second _____ Time _____

Renville Sibley Fiber Joint Powers Board

MINUTES

October 11th, 2012– Winthrop City Hall

Members Present: Brad Augustin, Doug Block, Joy Cohrs, Bob Fox, Jeff Gatton, Doug Munsch, Joyce Nyhus, Ed Pelletier, Jim Swanson, Dave Trebelhorn

Guests: Mark Erickson, Tim Dolan, Shannon Sweeney, Al Cole, Cindy Gerholz, Bob Nielsen, Jacob Rieke, Peggy Soeffker and Mark Brandt.

Meeting called to order at 7:03 p.m. by Vice Chari Dave Trebelhorn

1. Adoption of Agenda

Motion Swanson, second Munsch to approve the agenda as presented. Passed on a voice vote.

2. Approval of Minutes

Motion Gatton, second Munsch to approve the September 27th, 2012 minutes. Passed on a voice vote.

3. Finance

Payment of Bills – Motion Block second Fox to approve the bills as presented. Passed on a voice vote.

Update on special counsel for 13 entities – Shannon updated the board on the effort to find special counsel for the 13 entities saying they should know by Friday or Monday whether McGrann Shea will accept that role. Swanson asked what firm has decline. Shannon said Kutak Roack passed on the opportunity. If McGrann Shea decline three other firms will be approached. Swanson asked if four firms has decline and Bob Vose says they are held to a higher standard of proof how are we going to find one that will go by the same standards. Shannon said that Kennedy-Graven was surprised by the push back. It is a small bond community that talk to each other and formulated their opinion before they were even asked and didn't give the issues due diligence. McGrann Shea and Kutak Rock are legitimate because they weren't involved in the previous discussions. He added he liked McGrann Shea because they work with a lot of communities who operate municipal utilities. Gerholz asked what the issues were for declining to provide an opinion. Shannon said it's the issue of the DSRF replenishment agreement. They don't believe the cities/counties will appropriate if the full \$5 million reserve fund is drawn upon. Jim Swanson said you really can't blame them because we've been saying we can walk away from the obligation. Shannon answered that we've been clear about our ability to walk away from the deal and there is a cost involved. Block asked if we can't get an opinion then Oppenheimer can't sell the bonds. Shannon said that was correct. Nielsen asked if it was Oppenheimer requiring the opinion. Shannon said it was and it's a fairly standard

opinion. Munsch asked how long it would take to get the opinion once a firm says they will do it. Shannon didn't think it would take too long but the matter will have to go back to all the cities for their approval. Block said it seems like we're running around in circles because we've already approved it.. Swanson said Bob Vose indicated each city will need to approve it and asked if it had to be a bond attorney. Shannon answered that Oppenheimer says it needs to be a nationally recognized legal counsel, not necessarily bond counsel, adding that McGrann Shea is a nationally recognize firm and a bond counsel. Dolan asked how that affects the billing for the opinion. Shannon answered that the cost of the opinion is budget in the project to be paid for from bond proceeds. Fox said it would be an executive committee recommendation back to the cities to approve special counsel. Augustin asked what the drop dead date is for counsel to be selected to get the bonds sold this year. Erickson answered it probably needed to get done in two weeks because there is a rating process that needs to happen as well. Shannon said that if McGrann Shea says no we have one or two more firms to look at and then we're done. Swanson answers that he think the Sibley County board is already at that point as well as a couple of other cities that he wouldn't name. Shannon said if we don't have bond counsel to hire by the next meeting the board has to be prepared to talk about what happens next. Rieke said that in his opinion nothing has changed and we still have a good project. Nyhus said that Buffalo Lake got in late to the project and recognizes the completeness of the work that has been done, adding that she appreciates all of the hard work. She added there is no way Buffalo Lake is backing out because there are a lot of positives. Swanson said we have to listen to what the attorneys (those who have declined the provide an opinion) say. Nielsen asked if the attorneys that declined to give an opinion look at all the documents and business plans. Shannon said they have not seen all of the documents or business plan.

Bond Interest Rate for Project – Swanson said the board has talked about what would be a good interest rate. It was 5% and now its move to 5.5%. He said he would like to see the board go on record on what we think the top rate is. Shannon and Mark answered that the deciding factor really isn't the interest rate but the annual debt payment. The bond can be offered and sold under different interest rate scenarios and it is the annual debt payment that has to match the business plan. Once the bonds are sold and before the JPB acts on them, Doug Dawson will see if the terms fit the business plan.

Freedom Foundation Response – Erickson said Jim Landaas couldn't be at the meeting but would like the board to consider a response to the story the Freedom Foundation put in the Arlington paper a week ago. He said the project needs to counter their misinformation. After discussion it was decided that Erickson would write a response and provide it to board members for their approval.

Next meeting will be October 24th at 7 p.m. at Winthrop City Hall.

Meeting adjourned at 8:30 p.m.

CCG Report on RS Fiber Next Steps

CCF is now doing the following:

1. Engineer Derrel Dupelchin of CCG and Spectrum engineers are looking today at breaking out the construction costs for Sibley County. We know there will be a significant drop in fiber construction costs. This might also change a few other things like the routing of the rings which had been designed to pass everyone in the rural areas. It is also going to eliminate a few huts that we had designed to serve the rural areas.
2. We are also looking at the cost to drop Henderson out in case they vote to leave the project.
3. I expect we have the engineering estimates done soon which will allow me to revise the business plan and have it to the JPB by next Wednesday. Rather than wait for the Henderson decision I will work on the business plan with and without Henderson. That will save a week rather than waiting on a decision from them next week.
4. We had looked at this issue a long time ago as a what-if and my recollection is that this ought to lower the customer penetration rate needed to break even. That is the primary thing I will be looking at in the revised business plan. The bond size will also get smaller, and the amount of guarantee for the DSRF that any City is making will get smaller.
5. I am also having Spectrum give us a revised estimate of their costs for engineering and construction management.
6. I do need some input from the Joint Board. First, I need to know the estimated new legal costs for the project that will be reimbursed from the bond proceeds. I also need to know if you plan to reimburse the County for the costs they have put in so far, and if not, how much that is.