

APPROVED REGULAR MEETING MINUTES
BOARD OF DIRECTORS - WHEAT BELT PPD

January 30, 2015

The regular monthly meeting of the Board of Directors of Wheat Belt Public Power District was called to order by President Doug Smith, at 8:30 a.m., Friday, January 30, 2015, at the District Headquarters, 2104 Illinois Street, Sidney, Cheyenne County, Nebraska.

ROLL CALL

The following Directors were present:

Mike Blomenkamp
Bernie Fehringer
John Gortemaker
Marcus Milanuk

Stuart Morgan
Doug Smith
Brian Zimmerman

Also present were Tim Lindahl, General Manager; Carolyn Hostetler, Chief Financial Officer; Pam Wieser, Business Manager; Earl Reilly, Operations Manager; Ryan Borges, Staking Engineer; Jeff Rosenbaum, Senior Meter Technician; Jim Weeda, IT Manager; and Kelli Chaon, Executive Assistant.

Debra Schlaman recorded these Minutes at the request of Board Secretary, Bernard Fehringer.

President Doug Smith declared a quorum present.

Attention of the Directors and attendees was directed to the Open Meetings poster.

APPROVAL OF AGENDA

Milanuk made a motion to approve the Agenda as presented. Gortemaker seconded the motion. Yea: All present. Motion carried.

NOTICE OF MEETING

Notice of this meeting was given by publication in the Sidney Sun-Telegraph on Monday, January 19, 2015, and proof of publication showing such notice as published is attached and thereby made a part of these Minutes. Gortemaker made a motion to waive the reading of the meeting notice. Fehringer seconded the motion. Yea: All present. Motion carried.

INTRODUCTION OF GUESTS

Smith introduced guest Brandon Reuter, AMI/Technology Tech. Smith reported that Ron Asche, United Power Cooperative CEO will join the meeting via audio chat at 10:00 a.m. Also, Ryan Stearns of Hewgley & Associates, will join the meeting at 11:00 a.m. (Mr. Stearns arrived at 10:15 a.m.)

APPROVAL OF DECEMBER 19, 2014, BOARD MINUTES

Morgan moved to waive the reading of the December 19, 2014, Board Meeting Minutes, and that they be approved as presented. Milanuk seconded the motion. Yea: All present. Motion carried.

APPROVAL OF JANUARY 24, 2015, EMERGENCY BOARD MEETING MINUTES

Fehringer moved to waive the reading of the January 24, 2015, Emergency Board Meeting Minutes, and that they be approved as presented. Milanuk seconded the motion. Yea: All present. Motion carried.

Lindahl reported that he had tentatively planned a legal discussion meeting with Mr. Jarecke (legal counsel for NREA) for next Tuesday, February 3, 2015, to discuss the City of Sidney annexation issue, for strategy purposes. Following discussion, it was the consensus of the Board to publish in the Sidney Sun Telegraph for a Special Meeting of the Board of Directors to begin at noon CST, Tuesday, February 3, 2015, in Lincoln, Nebraska, and gave authority to Lindahl to engage Dave Jarecke of the Blankenau Wilmoth Jarecke LLP law firm, as legal counsel.

OATH OF OFFICE

John Gortemaker read the Oath of Office to all present at the Board Meeting and accepted the oath. The Oaths were signed by Blomenkamp and Gortemaker and they will be filed with the State of Nebraska.

REORGANIZATION OF BOARD: ELECTION OF OFFICERS

The Chair was surrendered to the General Manager for written nominations for the office of **President**. Each director nominated a candidate for the office of President. Nominations were tallied and Fehringer and Smith were nominated for the office of President. The directors cast election ballots and Fehringer received the majority of votes. Fehringer was elected President of the Board.

The Chair was returned to the President Fehringer. Fehringer called for written nominations for **Vice-President**. Each director nominated a candidate for Vice-President. Nominations were tallied and Morgan and Smith were nominated for

the office of Vice-President. Directors cast election ballots and Smith received the majority of votes. Smith was elected to the office of Vice-President.

President Fehringer called for written nominations for **Secretary**. Each director nominated a candidate for the office of Secretary. Nominations were tallied and Milanuk, Zimmerman, Gortemaker and Morgan received nominations. Directors cast election ballots and Milanuk received the majority of votes. Milanuk was elected as Secretary of the Board.

President Fehringer called for written nominations for **Treasurer**. Each director nominated a candidate for the office of Treasurer. Nominations were tallied and Gortemaker and Morgan were nominated for the office of Treasurer. Morgan withdrew and Gortemaker was elected to the office of Treasurer.

President Fehringer called for written nominations for **Assistant Secretary**. Each director nominated a candidate for the office of Assistant Secretary. Nominations were tallied and Zimmerman was nominated for the office of Assistant Secretary. Motion was made by Morgan and seconded by Gortemaker to cast a unanimous vote for Zimmerman. Zimmerman was elected to the office of Assistant Secretary.

Lindahl reported that the Statements of Financial Interest are due in the Secretary of State's office by April 1, 2015. Copies of the Statement of Financial Interest were distributed to the Directors.

GENERAL MANAGER' S REPORT

Personnel

Lindahl reported that there were 27 employees at the current time and introduced and welcomed Brandon Reuter as the new IT/AMI Technician. Reuter gave a brief history of his background and experience.

Legislative & Regulatory

Lindahl reported that the Bill introductions were completed. The Unicameral took action on LB 177, which would prohibit public power district employees from serving on another public power district board. LB 177 passed.

Discussion was held on the NREA dues. Fehringer reported that the assessment for "Working for Nebraska" is included in the dues. Salaries, legislation, regulatory updates, and an increase for inflation were also included in the dues. The Board agreed that there are benefits in being a member of the Nebraska Rural Electric Association.

Other

Lindahl mentioned the cost controls on the diesel pickups and displayed the charts on maintenance costs comparisons. Lindahl will wait and see how the resale value compares with the gas pickups. Discussion followed.

Lindahl mentioned that Tri-State is again conducting the Energy Conference for teachers. We are continuing to recruit teachers to attend and Wieser reported. Gortemaker asked for copies of the registration and information. He will distribute them in the Garden County area to the teachers.

Financials

Lindahl reviewed the reports, which were sent under separate cover, and he and Hostetler answered questions. Lindahl asked the directors if they wanted the auditor to appear in person or by video chat. The consensus was to conduct the video chat at the March 6, 2015, Board meeting.

Milanuk questioned the Tri-State estimated allocation and Lindahl explained. Discussion followed and Morgan asked about the Tri-State patronage. Lindahl had questions with regard to the level of the investments. Suggestions and discussion followed. Lindahl explained the investment policies to the new director, Blomenkamp.

STRATEGIC ISSUES

Facility Design: Ryan Stearns reported.

Facility Sale: Nothing new to report.

Industrial Sub-Transmission Project Path/Construction Method: Borges has received verbal acceptance of all of the affected landowners. He will appear before the County Commissioners on Monday, February 2, 2015, to ask permission of them for some of the infrastructure to be placed on the right-of-way. Borges reported that two of the Easements have been returned. We hope to build the six and a half miles in a month, once material has arrived and if weather permits.

Rate Design: We continue to wait on the results of the Tri-State Rate Committee. Fehringer attended the meeting, and Morgan is on the Committee. Fehringer had a copy of his meeting report in the Board book.

Physical and Cyber Security: Weeda reported that Reuter is highly qualified in the cyber security field. They attended the RMEL Conference on cyber security, and feel that Wheat Belt has a good system in place. Fortunately we have a good firewall and the main control is safe. Weeda indicated that a security camera system for the Sidney Substation has been ordered, and will be installed

next week. The camera will record 24/7, and the information can be downloaded. If all goes well, more cameras will be installed at the substations, beginning with the ones remotely located.

A break was taken at 9:47 a.m.

The meeting resumed at 9:55 a.m.

10:00 Public Hearing and Comment Period: No one appeared before the Board of Directors.

The Audio Chat with Ron Asche, Chair of the Tri-State Rate Committee, began at 10:02 a.m. He reported on the cost of service study, methodology, and rate design. The committee is trying to design a postage stamp rate as directed by the Tri-State Board. He will report at Tri-State's June Board meeting with the results of the study. Questions were directed to Mr. Asche from the directors.

The meeting resumed at 10:39 a.m.

Ryan Stearns, architect with Hewgley and Associates, arrived early, and he began his report at 10:40 a.m. The building facility expenses were presented and compared to the original. Preliminary costs are ninety percent complete. He discussed the wells and geo thermal costs. Costs were reported on a per square foot basis for the offices. Questions and discussion followed on products, space, heating, etc.

A motion was made by Gortemaker to proceed with the bid process by Hewgley and Associates. Morgan seconded the motion. Wheat Belt reserves the right to reject or accept any and all bids. Yea: All present. Motion carried 7-0. The legal notice for the bids will be published for three consecutive weeks. The bid opening will be March 24, 2015, at 2:00 p.m. and Mr. Stearns will be present. That will leave two days to review and qualify the bids, and Stearns will be present at the March 27th Board meeting to report.

Stearns reported that the well drillers can get started, and the land work can begin. Stearns discussed whether to bid for backup generation to serve the building at critical load or full load capacity. Directors asked for the unit cost per square foot for paving. Also discussed was the tree planting situation. Stearns was going to stop by the NRD and ask their advice. He will ask if they would check the site for recommendations. A motion was made by Milanuk and seconded by Zimmerman, authorizing Lindahl to order the trees, using his best judgment. Yea: All present. Motion carried 7-0. There was also a suggestion to contact Pheasants Forever on the possibility of cost sharing on the trees. Stearns mentioned that we could need a waiver for the well as it is a ninety gallon instead of a fifty gallon.

The meeting resumed at 11:52 a.m. and Stearns was going to visit with

employees concerning the new building space.

Consultant Expense Reimbursement: A motion was made by Gortemaker and seconded by Morgan to reimburse Milanuk and Blomenkamp for mileage to two board meetings at the IRS rate at the time of their appearances at the meetings prior to their taking their seats as directors. Yea: All present. Motion carried 7-0.

Chartered Territory: Lindahl explained to Blomenkamp the reasoning behind the item on the agenda. A brief discussion followed and Lindahl will spend time on the subject at his earliest convenience.

Avian Protection Plan: Tabled until next month.

A lunch Break was taken at 12:02 p.m.

The meeting resumed at 12:40

Engagement of Alternate legal Counsel: Morgan made a motion to engage Dave Jarecke, of the Blankenau Wilmoth Jarecke LLP law firm as legal counsel, for the City of Sidney Industrial Park service territory annexation situation. Milanuk seconded the motion. Yea: All present. Motion carried 7-0.

City of Sidney Industrial Park Service Territory: The subject to be discussed in Executive Session. A motion was made by Smith authorizing Lindahl to agree to a settlement with the City of Sidney. The motion was seconded by Milanuk. Yea: All present. Lindahl announced that there would be a Workshop meeting with members from the City of Sidney on Friday, February 6, 2015, at 1:00 p.m. to discuss options.

An **Executive Session** was called for at 12:45 p.m. to discuss personnel issues and the City of Sidney Industrial Park annexation. Motion was made by Milanuk and seconded by Zimmerman. It was a unanimous roll call vote of the directors to go into Executive Session. The meeting resumed at 1:53 p.m. by a motion made by Milanuk and seconded by Zimmerman. Motion carried 7-0.

MEETING REPORTS

Tri-State Board Meeting

Morgan reviewed his January Tri-State Board meeting report. The new changes to the Tri-State By-Laws were included in the Board book. Morgan reported on and discussed the legalities of the Mexico Los Conseus fire. Morgan asked if there was any further information the directors would like to see in his reports and if he was informing everyone well enough. Fehringer would like a “password” in order to view presentations, etc. at the Member Information Center website. Morgan explained what was needed for him to receive his password.

Tri-State Contract Committee

Lindahl included a memo from Mike McInnes in the Board book. Contract Committee recommendations were included in the Board book. Rick Gordon's Memo expressing his appreciation for the time and effort given to the Contract Committee was also included in the Board book. Lindahl reported that the recommendations will be presented to the Tri-State Board next week with no changes to the contracts.

NRECA CEO Conference

Lindahl has the presentation and is willing to share it with the Board if they are interested. Lindahl is a committee member of the CRN group which met at the Conference. The CRN group will meet again at the NRECA Annual Meeting, which Lindahl will be attending.

Basin Manager Advisory Committee Meeting

Lindahl attended and reported. The Tri-State Managers group Vice-Chair serves on the Basin Manager Advisory Committee. Lindahl reported on the well productions and building infrastructures. Basin is exploring the idea of buying out of RUS like Tri-State did.

POLICIES & RESOLUTIONS

Policy A-1: Purpose, Formulation, Adoption, Review and Distribution of Board Policies; Policy C-1: Line Extension Policy; Policy C-2: Right of Way and Policy C-3: Attachments to Poles: Gortemaker made a motion to readopt Policy A-1, Policy C-2, and Policy C-3 as presented. Zimmerman seconded the motion. Yea: All present. Motion carried 7-0.

SAFETY ISSUES and SAFETY MEETING MINUTES

The December 12, 2014, Safety Meeting Minutes were reviewed and discussed.

The January 14, 2015, Safety Meeting Minutes were reviewed and discussed.

Lindahl reported that the company had zero lost-time accidents and zero reportable incidents for 2014.

Borges answered a question from a director concerning an incident reported in the December 12, 2014, Safety Meeting Minutes.

CONSTRUCTION, MAINTENANCE & OPERATIONS REPORT

There were no major outages to report.

Borges reported that the crews are working on Work Plan Item 300-88 – Chappell single phase to three phase. Borges has received two requests for quotes on new irrigation services, and one contract has already been returned.

Capital Budget:

The new one-ton pickup, Unit 2, was delivered December 18, 2014.
The new Versalift bucket truck, Unit 25, was delivered January 14, 2015.
Bids will be opened February 23, 2015, to replace bucket truck, Unit 28.

Borges reported that the Cost of Construction study for 2015, was included in the Board Book. Borges also included the 2014 copper weld removal report in the Board Book and answered questions regarding the report.

GIS Update:

Due to time constraints, the GIS update report will be given at the next Board meeting.

BUSINESS REPORT

Wieser reported:

Reilly and Chaon served pie and ice cream at the Farm and Ranch Ice Cream Social held in Oshkosh, January 29, 2014.

Wieser attended the Rate Committee meeting at Tri-State in mid-January. Educating the members on different philosophies, and objectives of the different methods of design was a large portion of the meeting.

After the write-off conversation at the last board meeting, Wieser verified information on credit and collections and reported in the Board book.

Continuance of Service Charge:

Wieser reported on a commercial account company that received multiple continuance of service fees after their one-time grace was used. They made a request that an allowance be made or to reduce or waive the fees. Wieser reported that the commercial account indicated that the USPS was responsible for their not receiving their bills in a timely manner. Following discussion, the director's consensus was to adhere to policy.

Milanuk asked a question concerning the LED security lights vs. the normal

security light charges and Wieser and Reilly explained.

METERING

Rosenbaum's report was reviewed by the directors. Weeda reported and answered questions. Crews are building the three-phase line to the Julesburg area where we are tied to Highline Electric. The meters have been replaced so they can be read with the Cannon system.

INFORMATION AND TECHNOLOGY REPORT

Jim Weeda reported on server and hard drive issues that occurred during the month. He believes that some of the issues may be caused by prior power fluctuations. We are now seeing hard drive issues as a result.

Weeda has been working on the GIS system, which is now in operation.

FUTURE MEETING, TRAINING, AND ARRANGEMENTS

The NREA Agenda was included in the Board book.

Smith will not be able to attend the March 6, 2015, Board meeting.

Lindahl has a conflict with the April 24th Board meeting.

ELECTION OF DELEGATES AND OTHER ORGANIZATIONAL ITEMS

A motion was made by Milanuk reaffirming the directors and voting delegates for the coming year. Gortemaker seconded the motion. Yea: All present 7-0.

JANUARY BOARD MEETING ADJOURNMENT

There being no further business to come before the Board, the President declared the meeting adjourned at 2:40 p.m.

ATTEST:

Bernard G. Fehring, President

Marcus Milanuk, Secretary