

APPROVED REGULAR MEETING MINUTES
BOARD OF DIRECTORS - WHEAT BELT PPD

March 6, 2015

The regular monthly meeting of the Board of Directors of Wheat Belt Public Power District was called to order by President Bernard Fehringer, at 8:30 a.m., Friday, March 6, 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
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.

Doug Smith was absent.

Debra Schlaman recorded these Minutes at the request of Board Secretary, Marcus Milanuk.

President Bernard Fehringer declared a quorum present.

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

APPROVAL OF AGENDA

Gortemaker made a motion to approve the Agenda as presented. Zimmerman seconded the motion. Yea: All present. Motion carried 6-0.

NOTICE OF MEETING

Notice of the Special meeting held in Lincoln, Nebraska, was given by publication in the Sidney Telegraph on Friday, January 30, 2015, and proof of publication showing such notice as published is attached and thereby made a part of these Minutes. Morgan made a motion to waive the reading of the meeting notice.

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Gortemaker seconded the motion. Yea: All present. Motion carried 6-0.

Notice of this meeting was given by publication in the Sidney Sun-Telegraph on Friday, February 20, 2015, and proof of publication showing such notice as published is attached and thereby made a part of these Minutes. Milanuk made a motion to waive the reading of the meeting notice. Zimmerman seconded the motion. Yea: All present. Motion carried 6-0.

Notice of Nondiscrimination was given by publication in the Sidney Telegraph on Wednesday, January 28, 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 Notice of Nondiscrimination. Milanuk seconded the motion. Yea: All present. Motion carried 6-0.

Notice of Nondiscrimination was given by publication in the Bridgeport News Blade on Wednesday, January 28, 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 Notice of Nondiscrimination. Milanuk seconded the motion. Yea: All present. Motion carried 6-0.

INTRODUCTION OF GUESTS

Roger Abrams, Area One Foreman, was scheduled to attend the meeting, but was called out. Roger Schmidt, Jr. of Schmidt and Company was also scheduled to attend the meeting via teleconference, but was detained at an airport due to a storm. The Audit Report will be given at the March 27, 2015, Board Meeting.

APPROVAL OF JANUARY 30, 2015, BOARD MINUTES

Lindahl informed the board of a discrepancy in the January 30, 2015, Board Minutes regarding the Board reorganization. After discussion, the Board agreed that the Minutes should read as follows: President Fehringer called for written nominations for **Treasurer**. Each director nominated a candidate for the office of Treasurer. Nominations were tallied and Gortemaker was nominated for the office of Treasurer. Gortemaker was elected to the office of Treasurer by a unanimous vote.

President Fehringer called for written nominations for **Assistant Secretary**. Each director nominated a candidate for the office of Assistant Secretary. Nominations were tallied and Morgan and Zimmerman were nominated for the office of Assistant Secretary. Morgan withdrew his name from consideration for the position. 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.

Gortemaker moved to waive the reading of the January 30, 2015, Board Meeting Minutes, and that they be approved as amended. Milanuk seconded the motion. Yea: All present. Motion carried 6-0.

APPROVAL OF FEBRUARY 3, 2015, SPECIAL BOARD MEETING MINUTES

Milanuk moved to waive the reading of the February 3, 2015, Special Board Meeting Minutes, and that they be approved as presented. Gortemaker seconded the motion. Yea: All present. Motion carried 6-0.

Fehringer reminded the Directors to return their Statements of Financial Interests to the State by April 1, 2015.

GENERAL MANAGER' S REPORT

Personnel

Lindahl reported that there were 26 employees currently, as Nathan Begger, Area 3 Lineman, accepted a position as Foreman for High West Energy in the Cheyenne, Wyoming area. His last day was February 23rd. Reilly and Waite have interviewed candidates and are still looking at prospective linemen.

Legislative & Regulatory

Lindahl reported that following the NREA banquet, he attended the State Chamber Banquet. As a result of the meeting, he met with Jim Prescott, Keystone Project Representative for Trans Canada and the Keystone Pipeline. Lindahl reported on the meeting and discussion followed. Lindahl asked for the Board's position on the pipeline situation.

Lindahl reported that the blue and white light bill did advance. Lindahl has begun weekly conference calls with Senator Schilz, and he had a productive discussion with him on his Energy Plan Bill. Lindahl reported on LB177 – High Office Personnel Serving on Other Public Power Boards. This Bill has been pulled back for further wording. Morgan asked Lindahl if the clean air bill was tied to the wind proposals in the state. Lindahl responded and discussion followed.

Other

Lindahl included the In Lieu of Tax report for 2014 in the Board book. Also included was an updated Organizational Chart.

Fehringer reported that Lindahl had a conflict with the April 24, 2015, Board Meeting. Following discussion, it was the consensus of the Board to move the meeting to Monday, April 27, 2015.

Financials

The January and February financials will be available at the March 27, 2015, Board Meeting.

STRATEGIC ISSUES

Facility Design: Lindahl reported that we received a finished copy of the bid design documents. The bid opening will be in the Board room on March 24th at 2:00 p.m. The bids will be presented to the Directors at the March 27th Board meeting for acceptance/rejection. Morgan asked if minor changes, suggestions, could still be presented on the building, if they do not affect the structure. It was agreed that changes can still be made to the plans.

Lindahl reported that scheduled customer meetings in the territory have been set for March 18th and March 25th. A Memo was included in the March billing with locations and times. Fehringer suggested that a director be present at each of the locations.

Lindahl included a cost/offset breakdown, with the most recent numbers for the new building in the Board book. Hostetler and Lindahl researched depreciation/appreciation options. Discussion followed. Morgan suggested that a professional engineer from Hewgley and Associates could state the years of depreciation for the new building. Fehringer stated that we are required to follow RUS accounting principles. Fehringer discussed about proposing a resolution to the NRECA and they go to the RUS and get them to allow generally accepted accounting principles. Hostetler brought up the salvage value to be considered. Discussion of ideas pursued.

Facility Sale: Nothing new to report.

Industrial Sub-Transmission Project Path/Construction Method: Borges reported that he has received all but one of the Easements. The University of Nebraska Board of Regents want the proposed site on their property surveyed prior to signing the Easement. Borges will contact the surveyor in Scottsbluff to proceed.

Rate Design: We continue to wait on the results of the Tri-State Rate Committee. Lindahl included a preliminary rate comparison in the Board book.

Physical and Cyber Security: Weeda demonstrated the physical security project at the Sidney Substation. Cameras have been installed and test projects initiated. Another set is ready to deploy at another substation. Fehringer suggested contacting Federated Insurance for a possible discount now that the cameras have been installed.

Chartered Territory: No further research on the chartered territory item in the Lisco area has been done.

Avian Protection Plan: Still waiting on the final word from Fish and Wildlife on approval of the Plan.

Blue Creek Substation Land Sale: Lindahl reported that when we sold the 115KV assets to Tri-State, we were left with one substation for which we continue to own the land and the building, but not much else. The contents of the sub are owned by Tri-State and NPPD. NPPD approached Reilly about purchasing the land and the building to simplify control, maintenance and security. It is the recommendation of staff to enter into an agreement with NPPD for the sale of the substation. Following discussion by the directors, a motion was made by Gortemaker to find out the fair market value of the land and research the sale of the land and the building. The motion was seconded by Milanuk. Yea: All present. Motion carried 6-0.

Board Minutes/Memorialization: Lindahl initiated the discussion on the subject of memorialization of the Board meetings and discussed ways of capturing the meeting as accurately as possible. Following discussion by the directors, the consensus is to continue recording the Board minutes as we currently are.

District Legal Counsel: Fehringer requested that a strategic discussion be initiated on the topic. It was decided to save the discussion for executive session.

Position Statements: Lindahl mentioned that position statements are developed in affiliated organizations. This is a good way to give staff guidelines to operate under between Board meetings or when questioned on certain subjects. Lindahl wanted to open the conversation to see if there is a need for something like this on the district level. Discussion followed, and it was decided to conduct the conversation in a strategic planning session possibly in January or February of 2016.

Water Rights: Fehringer asked to add this item to the agenda for discussion which ensued.

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

A break was taken at 10:12 a.m.

The meeting resumed at 10:25 a.m.

Legal Issues: Lindahl reported that the Nebraska Power Review Board received the application to amend retail Service Area Agreement 105. This was an application to amend an agreement between the City of Sidney and the Wheat Belt Public Power District. The Application is on the agenda for the Power Review Board's March 27, 2015, meeting. Following discussion, a motion was made by Gortemaker to ratify Lindahl's signature on the Amendment to the Retail Service Area Agreement 105. Milanuk seconded the motion. Yea: All present. Motion carried 6-0. Fehringer commended Lindahl for his efforts on the project.

Lindahl reported that the City of Sidney has annexed land situated south of Interstate 80 that is currently within the Wheat Belt Public Power District Service Territory. A copy of the annexation ordinance and a detailed map of the service territory in question, was included in the Board book. Following discussion, Morgan made a motion to accept the offer made by the City of Sidney allowing them to take over parcel #4 of the Wheat Belt Public Power District Service Territory. The motion was seconded by Zimmerman. Yea: All present. Motion carried 6-0.

An **Executive Session** was called for at 10:36 a.m. to discuss personnel issues. Motion was made by Gortemaker and seconded by Morgan. It was a unanimous roll call vote of the Directors to go into Executive Session. The meeting resumed at 11:07 a.m. by a motion made by Morgan and seconded by Gortemaker. Motion carried 6-0.

MEETING REPORTS

Tri-State Board Meeting

Morgan reviewed his February Tri-State Board Meeting report. Morgan reported that a settlement had been reached with Burlington Northern Sante Fe Railroad concerning coal freight rates. This has been ongoing for eight years. The settlement will keep rates lower for future coal deliveries and is a win for Tri-State and Basin.

Morgan reported on a dispute policy approved by the Tri-State Board to file a comment letter with FERC opposing FERC jurisdiction of Tri-State as requested in Delta-Montrose Electric Association's Petition for expedited action for increased renewables. Lindahl submitted a copy of a Motion to Intervene and Protest Delta-Montrose Electric Association's Petition for Declaratory Order and Request for Expedited Action to the Directors. This Motion supports Tri-State

and protests Delta Montrose in their efforts. Wheat Belt Public Power District hereby moves to intervene in the above captioned proceedings and protests the Petition for Declaratory Order and Request for Expedited Action. WBPPD respectfully requests that the Commission deny Delta Montrose Electric Association's Petition. A motion was made by Milanuk granting Lindahl the authority to sign the Motion and file it before the March 11 deadline. Zimmerman seconded the motion. Yea: All present. Motion carried 6-0.

Tri-State Rate Committee

Morgan presented his report in the Board book. Lindahl calculated the rate adjustments for Wheat Belt and they were presented in the Board book and discussed. Fehringer asked Morgan to push for a half month in September and a four hour minimum for demand.

Tri-State By-Laws

Morgan reported that there will be two By-Law changes proposed. One change has to do with retirement of capital credits and the other would be a title change from Executive Vice-President to Chief Executive Officer. Discussion followed among the directors and staff.

A lunch break was taken at 11:58 a.m.

The meeting resumed at 12:33 p.m.

MEETING REPORTS

NREA Legislative Meeting: Lindahl reported that the NREA will pursue a legislative fix to our annex/de-annex situation. Milanuk and Fehringer toured the Capital Building and sat in on a Committee Hearing.

NREA Winter Managers Meeting: Lindahl reported that Wheat Belt will be leading a statewide technology conference to discuss security, policy, and planning. The Statewide will coordinate the conference. Worker's comp issues were discussed at the meeting as well as the fire retardant standards. Net metering on irrigation accounts for solar in the corners of the pivots was also discussed.

Nebraska State Chamber of Commerce Annual Meeting: Lindahl reported that we are members and he attended the meeting.

NRECA Annual Meeting: Morgan reported that overall he felt the presentations were very good. He mentioned that Wheat Belt should consider a new rate for a basic charge increase to cover expenses. NRECA has developed a standard engineering design for solar panels and suggested considering putting up one or two panels at the new facilities as a PR means to evaluate and show customers. They can be purchased through the discounts program. Lindahl reported that there may be other organizations that might be able to help with costs also. Morgan also would like to see more communication with our customers and suggested a Wheat Belt app for phones for customers to utilize. With a load control program the app could be helpful. Morgan suggested radio talk shows, articles in newspapers to update customers, and educate non-customers to appear once a month. Also suggested, short one-minute videos be added to our social media page. Lindahl felt the annual meeting was the best one in the last few years. Fehringer reported as the CFC delegate that Sheldon Peterson's speech was on the coop model which is one of the strongest financial sectors in the United States.

POLICIES & RESOLUTIONS

Policy C-4: Work on Customer's Premises; Policy C-5: Relocation, Retirement, Removal of Facilities and Minimum Bills; Policy C-6: Standard Construction Practice; Policy C-7: Payment Responsibility; Policy C-8: Time Limitations; and Policy C-10: Reading of Meters & Meter Calibration: Gortemaker made a motion to readopt Policy C-4, Policy C-5, Policy C-6, Policy C-7, Policy C-8 and Policy C-10 as presented. Milanuk seconded the motion. Yea: All present. Motion carried 6-0.

Policy C-9: Disconnect for Nonpayment: Change to allow all forms of payments for all accounts. Also, updated after hours language and rates to make accurate. Updated returned payment language. Lindahl explained the reason for the changes and Wieser will report at the next meeting on the credit card usage and costs. Lindahl also visited with billing vendors and Wheat Belt could purchase a kiosk for payment by our customers. Following questions, answers, and discussion, Morgan made a motion to approve Policy C-9 as amended. Zimmerman seconded the motion. Yea: All present. Motion carried 6-0.

SAFETY ISSUES and SAFETY MEETING MINUTES

The February 13, 2015, Safety Meeting Minutes were reviewed and discussed. Kory Hildebrand was present at the meeting and employees viewed a video on flagging for roadside construction. Reilly reported that the training field will be named after Don Winkelman. Reilly reported that he, Lindahl, Gipfert and Jenkins will be attending the Safety Leadership Summit in April and will give a presentation at the Leading Practices Showcase. Reilly reported that the RESAP observation has been scheduled.

The February 13, 2015, Safety Committee Meeting Minutes were reviewed and discussed. The Committee reviewed the NREA Workers' Compensation Group Retention Update provided by Federated Rural Electric Insurance Exchange. Fehringer commended the outside and inside staff on Wheat Belt's experience mod with our safety status.

CONSTRUCTION, MAINTENANCE & OPERATIONS REPORT

Reilly reported on the January 31, 2015, snow storm. The outage lasted about three hours. A phase floater on a 34.5 line affected the Chappell, Big Springs, Cow Creek and Oshkosh South Substations.

There was an outage on Friday, February 27th. Crews were switching the Dalton 115 KV Substation back to normal. Crews had tied the Dalton 115 KV Substation to the Sidney WAPA Substation, when a 34.5 KV line burnt down between the Huntsman corner and Gurley. The outage lasted about a half hour.

Capital Budget:

Bids were opened February 23, 2015, to replace bucket truck, Unit 28. Custom Truck and Equipment won the bid for the new truck. Reilly reported that the old unit will be put out for bids or will be traded in.

Dalton 115KV Substation: The breakers have been ordered and ESC will get bids for the installation.

Borges reported that four customers have contacted him about irrigation wells. Work Plan project 300-88 has been completed, and we are no longer tied to Highline Electric Association.

BUSINESS REPORT

Wieser reported: The Chamber banquet was held in February and Lindahl showed the Keep Sidney Beautiful award received for our efforts in the electronic recycling event.

A kick-off meeting was held for the Ag Social, which is scheduled for April 10th.

Wieser is working with Tri-State for graphics on an advertising campaign for Lineman Appreciation Day.

METERING

Rosenbaum reported that he contacted the South Platte Natural Resource District on the new well and trees for the proposed headquarters. The well will

not exceed 45 gpm, so we will not need a variance from the NRD. However, if we go over 25 employees headquartered in the building, we will need to obtain a Public Water Supply System Permit. This would require quarterly water sampling.

The NRD recommendation for the trees would be two rows of Rocky Mt. Junipers and one row of Austrian Pine on the north and west sides. One row of Rocky Mt. Junipers and one row of Bur oak on the east side. Morgan thinks red cedar will grow faster and should be considered. Also, Pheasants Forever should be contacted for possible monetary assistance with the trees.

Rosenbaum reviewed the net metering report to the Nebraska Power Review Board included in the Board book and answered questions.

INFORMATION AND TECHNOLOGY REPORT

Weeda reported that the GIS System is fully deployed to the crews' laptops. He has completed implementation of a new backup system for offsite backups of all of the servers and data. Borges gave a demonstration on the new GIS system to the Board.

Weeda reported on an article involving a malware attack due to an employee clicking on an e-mail link. Forced efforts on cyber security is helping reduce the number of intrusions. Weeda reported to the Directors to be aware of e-mails from unknown sources. Discussion and questions followed.

FUTURE MEETING, TRAINING, AND ARRANGEMENTS

Morgan reported that Jo Ann Emerson, CEO for the National Rural Electric Cooperative Association, will be a speaker at the Tri-State Annual Meeting.

ELECTION OF DELEGATES AND OTHER ORGANIZATIONAL ITEMS

A motion was made by Zimmerman reaffirming Morgan as the Tri-State G & T Director and Voting Delegate, and Fehringer as the Alternate Voting Delegate for the coming year. Milanuk seconded the motion. Yea: All present. Motion carried 6-0.

Other: Schlaman asked the directors to sign new Security First Bank signature card information for check signing.

FEBRUARY BOARD MEETING ADJOURNMENT

There being no further business to come before the Board, the President declared the meeting adjourned at 1:50 p.m.

ATTEST:

Bernard G. Fehringer, President

Marcus Milanuk, Secretary