

APPROVED REGULAR MEETING MINUTES
BOARD OF DIRECTORS - WHEAT BELT PPD

March 27, 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 27, 2015, at the District Headquarters, 2104 Illinois Street, Sidney, Cheyenne County, Nebraska.

ROLL CALL

The following Directors were present:

Mike Blomenkamp
Bernard 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; and Kelli Chaon, Executive Assistant.

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

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

Lindahl suggested that Item the Public Comment Period – be moved to 8:40 a.m., for future meetings.

NOTICE OF MEETING

Notice of the meeting was given by publication in the Sidney Telegraph on Monday, March 16, 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. Milanuk seconded the motion. Yea: All present. Motion carried.

INTRODUCTION OF GUESTS

Fehringer introduced Roger Abrams, Area One Foreman, and Roger Schmidt, Jr. of Schmidt and Company. Ryan Stearns and Joseph Hewgley of Hewgley and Associates were scheduled to be present at 10:00 a.m.

APPROVAL OF MARCH 6, 2015, BOARD MINUTES

Morgan moved to waive the reading of the March 6, 2015, Board Meeting Minutes, and that they be approved as presented. Zimmerman seconded the motion. Yea: All present. Motion carried.

DISTRICT FINANCIAL AUDIT REPORT

Roger Schmidt, Jr. of Schmidt & Company, the District's auditor, began the District Financial Audit at 8:33 a.m. Mr. Schmidt reviewed the Independent Auditor's Draft Report and Financial Statement for the period January 1, 2014, to December 31, 2014. Copies were distributed to the Directors and staff. Mr. Schmidt had not received the Confirmation of Account Balances from Tri-State, so he had not been able to prepare the Final Report. The Management's Discussion and Analysis report submitted by Lindahl was also reviewed.

Schmidt reported that no errors were discovered, no misstatements or fraud were found, and no weaknesses in the internal control were noted. Schmidt stated that it was a very clean audit. As soon as he receives the allocation statement from Tri-State, the Final Report and a letter will be sent for distribution to the staff and Directors. Mr. Schmidt stated that if anything new was found, he would appear again before the Directors to report.

Morgan made a motion to go into Executive Session at 8:54 a.m. to discuss the Audit with the auditor. A second was made by Gortemaker. It was a consensus of the directors to go into Executive Session by roll call vote.

The meeting resumed at 9:06 a.m. with a motion by Smith and a second by Zimmerman.

Schmidt thanked Lindahl and staff for another successful audit.

Morgan asked for an Executive Session to discuss the outcome of the building bids and bid specs. A motion was made by Gortemaker and seconded by Smith. It was a consensus of the Directors to go into Executive Session by roll-call vote at 9:10 a.m.

The meeting resumed at 9:31 a.m. with a motion by Smith and a second by Milanuk.

GENERAL MANAGER' S REPORT

Lindahl reported that an Addendum to the Board book has been created to hold information that comes up after the Board book is produced, and prior to the Board meeting. A confidential packet will include items that would not be considered public documents. The directors asked to be informed of the documents added into the Addendum by e-mail. A progressive Board book was discussed.

Personnel

Lindahl reported that there are 26 employees currently, and that Dan Westman has been hired to replace Nate Begger at the Dalton outpost. He will begin April 13th.

National Lineman Appreciation day set by NRECA, is April 13th. Tri-State used Wheat Belt personnel in an advertising campaign, and will showcase some of our industrial customers.

Legislative & Regulatory

Lindahl included an updated bill tracking document in the Addendum book. Dave Jarecke's fees were discussed. Lindahl included a copy of the Nebraska Congressional Delegation Directory in the Board book.

Other

Morgan asked about doing a mobile app for our customers. Lindahl provided a quote and discussion followed. We will keep exploring the issue.

Lindahl reported that there will be another tour of the Bell Pole & Lumber plant before the NREA summer meeting.

Financials

The financials were presented under separate cover. The large dollar items budget was explained and discussed. A question was raised on the mills usage on the February energy bill. Reilly and Lindahl explained that February was a flat usage month and some of the industrial load has dropped off.

10:00 Public Comment Period

Joseph Hewgley, and Ryan Stearns from Hewgley & Associates, Ben Schmitt,

Specialized Engineering Solutions, and Eric Reichert of Reichert Insulation and Construction, Inc., appeared before the Board at 10:00 a.m.

Eric Reichert of Reichert Insulation and Construction, Inc. won the bid for construction of the new headquarters facilities. New cost savings reports were presented by Ryan Stearns to the Directors. Questions, answers and discussion followed with Stearns, Hewgley and Reichert.

An Executive Session was called for to get a dollars number to build the headquarters building. A motion was made by Gortemaker and seconded by Zimmerman. A consensus of the directors was obtained by a roll-call vote to go into Executive Session at 10:48 a.m.

A motion was made by Gortemaker and seconded by Morgan to go out of Executive Session at 11:48 a.m. Yea: All present. Motion carried.

Following the Executive Session, Milanuk made a motion to approve a bid of 4.7 million dollars, and make Lindahl the contact person to make the decisions on the design and development. Lindahl was given the authority to enter into a Value Engineer Contract with Eric Reichert Insulation and Construction, Inc., for a maximum of 4.7 million dollars. Smith seconded the motion. Yea: All present. Motion carried. A Notice to Proceed with a value engineering of 4.7 million dollars, was presented to Hewgley & Associates.

STRATEGIC ISSUES

Facility Design: Lindahl reported that we received three bids at the Tuesday, March 23rd bid opening.

Lindahl reported on the customer meetings.

Facility Sale: Nothing new to report.

Industrial Sub-Transmission Project Path/Construction Method: Borges reported the surveys should be completed very soon. He had to re-submit two easements.

A lunch break was taken at 12:03 p.m.

The meeting resumed at 12:40 p.m.

Discussion was held on trees being placed on the east and the north side of the new headquarters property. Reilly contacted Bonnie Kettler and informed her that the budget had been approved, and that a contract had not been approved to date, and that no six foot trees would be planted.

Rate Design: We continue to wait on the results of the Tri-State Rate Committee. Lindahl did not budget for ESC to update our rates this year. He suggested that we might need to add some funds to the budget for this purpose. Lindahl will visit with ESC, and get an estimate of what it might cost. It was suggested that he wait until after the May Tri-State Meeting to contact ESC. The subject was tabled for budgeting purposes until after the May meeting with a motion by Morgan and a second by Gortemaker. Yea: All present. Motion carried.

Morgan reported on the Tri-State Rate Committee. There will be another meeting after the Annual Meeting. Discussion followed.

Physical and Cyber Security: Weeda and Reuter continue to work on the project. Lindahl showed the video of the newly installed security cameras working at the Sidney Substation to the MDM Group.

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

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

Blue Creek Substation Land Sale: An offer was made to NPPD for the sale of the substation facilities. Reilly has not heard from NPPD yet if the offer has been accepted/rejected. A motion was made by Gortemaker giving Lindahl the authority to sell the substation facilities at a price advantageous to the District. If the offer is substantially less, Lindahl will bring it to the Board for approval. Morgan seconded the motion: Yea: All present. Motion carried.

District Legal Counsel: A draft of the Job Description, which was developed by staff, was included in the Board book. Fehringer felt that the Job Description needed to be approved so that requests could be sent out. The Board would like to have an attorney on board by the September Legal Seminar and be able to take over in January of 2016. The Board employs the attorney and will conduct the interviews. A motion was made by Morgan to approve the Job Description with the suggested changes. Gortemaker seconded the motion. Yea: All present. Motion carried. Lindahl will add the Job Description to the policies to be approved yearly. A job description will also be created for our audit firm.

MEETING REPORTS

Tri-State Board Meeting

Morgan reviewed his March Tri-State Board Meeting report and discussion followed.

Tri-State Rate Committee

Morgan presented his report in the Board book.

Tri-State By-Laws

The pros and cons were in the Board book and discussion among the Directors and Lindahl followed.

Tri-State FERC Complaint

Lindahl filed a motion to intervene as did Poudre Valley.

MEETING REPORTS

Wheat Belt Customer Meetings

Lindahl reported on the attendance at the meetings and discussed the concerns voiced by the customers.

WyoBraska MDM Meeting

Lindahl reported on the meeting. Roosevelt extended an invitation to attend their 80th Birthday Party on April 17th.

POLICIES & RESOLUTIONS

Policy C-12: Exceptions to General Provisions; Policy C-13: Nondiscrimination; Policy C-15: Failure of Customer Equipment; Policy C-16: Tree Trimming; and Policy C-17: Yard and Lease/Rental Lights:

Gortemaker made a motion to readopt Policy C-12, Policy C-13, Policy C-15, Policy C-16, and Policy C-17 as presented. Milanuk seconded the motion. Yea: All present. Motion carried.

Policy C-11: Irrigation Accounts: Grammatical changes in paragraph two were recommended. Add “Should an irrigation well go dry...” and add “...customer requests a line extension...” Milanuk made a motion to approve Policy C-11 as amended. Gortemaker seconded the motion. Yea: All present. Motion carried.

Policy C-14: Damage to District Property: Wording change in paragraph two from “will” to “may” in holding a customer responsible. This will add flexibility to the policy. Gortemaker made a motion to approve Policy C-14 as amended. Morgan seconded the motion. Yea: All present. Motion carried.

SAFETY ISSUES and SAFETY MEETING MINUTES

The March 11, 2015, Safety Meeting Minutes were reviewed and discussed. Morgan attended the meeting and the topic was RESAP Observation. Reilly reported on a vehicle/pole accident near Lodgepole where electrical lines were hooked on the vehicle. Wheat Belt crews are talking to and trying to educate accident response personnel. Abrams and Gipfert showed a video at the Chappell Fire meeting. Personnel are also using the safety demo trailer to show emergency volunteers what can happen when encountering hot lines. Reilly thanked Chaon for working on the Wheat Belt “Increasing Safety Awareness Through Employee Involvement” storyboard that will be presented at the Safety Summit meeting in Indianapolis. The storyboard was included in the Board book.

CONSTRUCTION, MAINTENANCE & OPERATIONS REPORT

Major Outages: No major outages were reported.

Construction, Maintenance & Operations: Reilly reported on what was noted in the Board book. Tri-State and NPPD are working at the substations on major maintenance projects. A lot of switching has taken place.

Blue Creek Substation: Reilly reported that he should hear from NPPD soon on the sale of the facilities.

New house services at the Lake have been built. The crews have built three new irrigation services, and still have to bury underground secondary wire to six irrigation wells.

Borges reported he is obtaining easements for Work Plan 300-104 to rebuild line for the Oshkosh Substation on the West Circuit.

BUSINESS REPORT

Wieser reviewed her report in the Board book.

Surge Suppression: Wieser reported on the surge suppression program from more than a decade ago. She asked the Board for approval to stop the billing of \$5.95 per month and allow the customers to keep the sockets. Following discussion, Morgan made a motion to terminate the program and cease billing the customers. Milanuk seconded the motion. Yea: All present. Motion carried. A letter will be sent to the customers advising them that the program has been terminated.

Scholarships: The Scholarship winners were named in the Board book and a news release was in all of the District newspapers.

Wieser is working with Tri-State for graphics on an advertising campaign for Lineman Appreciation Day. Several sample photos were included in the Board book with “Power,” Dylan Bradley, Kevin Coss and Kevin’s daughter Natalie.

METERING

Rosenbaum was reading meters and Weeda was working on an IT issue. Lindahl reviewed their Board reports and answered questions.

INFORMATION AND TECHNOLOGY REPORT

The Wheat Belt 30-Day Load Chart was included in the Board book and showed the flat load for the month. There was some bad data as there was a communication error.

FUTURE MEETING, TRAINING, AND ARRANGEMENTS

Peterson reviewed the upcoming meetings.

Other: Schlaman asked the Directors to sign new Security First Bank signature cards.

MARCH 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