

APPROVED REGULAR MEETING MINUTES
BOARD OF DIRECTORS - WHEAT BELT PPD

May 22, 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, May 22, 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; Jim Weeda, IT Manager; 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

Morgan made a motion to approve the Agenda as presented. Gortemaker seconded the motion. Roll call vote: Yea: Morgan, Milanuk, Fehringer, Gortemaker, Blomenkamp and Zimmerman. Nay: Smith. Motion carried.

NOTICE OF MEETING

Notice of the meeting was given by publication in the Sidney Sun-Telegraph on Monday, May 11, 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. Gortemaker seconded the motion. Roll call vote: Yea: All present. Motion carried.

INTRODUCTION OF GUESTS

Fehringer introduced Dan Westman, Area 3 Lineman.

APPROVAL OF APRIL 27, 2015, BOARD MINUTES

Milanuk moved to waive the reading of the April 27, 2015, Board Meeting Minutes, and that they be approved as amended. Gortemaker seconded the motion. Roll call vote: Yea: All present. Motion carried.

PUBLIC HEARING & COMMENT PERIOD

No one appeared before the Board.

DISTRICT AUDIT REPORT

Lindahl reported that Hostetler made printed copies of the electronic version of the Audit Report available for presentation. Following discussion, Morgan made a motion to approve the Audit Report. Zimmerman seconded the motion. Roll call vote: Yea: All present.

The drafted Auditor Job Description was presented in the board book. Following questions and discussion, Gortemaker made a motion to adopt the Auditor Job Description as presented. It will become a Director Policy with addendums. Milanuk seconded the motion. Roll call vote: Yea: All present.

EXECUTIVE SESSION

An Executive Session was called to discuss personnel issues and the Auditor Contract. A motion was made by Smith and seconded by Zimmerman to go into Executive Session at 8:40 a.m. Roll call vote: Yea: All present. A motion was made by Smith and seconded by Zimmerman to resume the meeting at 9:25 a.m. Roll call vote: Yea: All present.

A BREAK WAS TAKEN AT 9:26 A.M.

THE MEETING RESUMED AT 9:32 A.M.

GENERAL MANAGER' S REPORT

Lindahl reported on production tax credits and how it can be used in CBED (Community Based Energy Development) projects. Lindahl included a statewide irrigation survey in the Board book for discussion purposes. A letter from First Security Power was included in the Board book and discussion on "Solar City" followed.

Personnel

Adam Lechman, Construction Lineman, tendered his two week notice. He has accepted a position at Highline Electric Association. Adam has been with Wheat Belt for eight years, and recently became a Journeyman.

Legislative & Regulatory

Lindahl discussed electronic notices and disconnects. Providing electronic disconnect notices, should a customer sign up for them, and electronic billing looks like it has support. Lindahl included an updated NREA Bill tracking document in the confidential packet of the Board book. We will now be able to use blue strobe or rotating lights on the trucks. One area of concern is LB177, the prohibition of certain public power district employees serving on another PPD board.

Financials

The financials were presented under separate cover. Lindahl and Hostetler reviewed and answered questions. Lindahl reported that the Tri-State rebates for the new facilities, were not as good as hoped.

STRATEGIC ISSUES

Facility Design: Progress has been very slow on the new building. Minimal dirt work has been completed due to the wet weather. An update meeting was held on Tuesday, May 12th, with Ryan Stearns and Eric Reichert.

Fehringer asked for ratification on the bill that was already paid to Eric Reichert Construction. Lindahl reported on a soil and concrete testing surprise bill that was received. The Directors felt that this should have been included in the original contract. The work has to be done, and should have been included in the initial costs. Also, the approved plans had a garage door in the wash bay, but was missing in the final plans. There is an additional change order cost to correct the final plans. Discussion followed. It was the consensus of the Board to pay for the door, but not the change order. Also, in the value engineered contract, a portion of the mezzanine was to be reinstated for \$6,000.

Lindahl felt that there have been some errors made on our part, and others on Ryan Stearns' part. Wieser stated that everyone runs into issues on building projects. Lindahl reported that there is an engineering discrepancy on the fire sprinkler water holding tank. Discussion followed.

During the meeting, Lindahl e-mailed Ryan Stearns about the concerns of the Directors. Lindahl stated:

- 1) That he was authorized to enter into the change order for cost of the door only.
- 2) That the Board feels strongly that the soil and concrete testing should have been part of the initial bid process. No authorization was given to enter into the change order until such time as it is part of the original cost agreements.
- 3) That the change order for the mezzanine indicates it is in addition to the 4.7M. The intent was that the reinstatement of the mezzanine was to be funded using the cost decreases under the 4.7M. No authorization was given at this time to enter into the change order.

Stearns replied that he was okay with the garage door. The testing is always handled by the owner, however, he feels the charges can be greatly reduced. He felt that the mezzanine was going to be covered by the rebates and other cost reductions. He needs to provide a “deduct change order” for the light fixtures.

A motion was made by Morgan to ratify the bill already paid to Eric Reichert Insulation and Construction, Inc. on May 15, 2015, in the amount of \$141,769.35. Gortemaker seconded the motion. Roll call vote: Yea: All present. Motion carried.

Lindahl has been researching proper ways to depreciate the new facilities, maintaining fair value, yet having minimal rate impact. A proposed idea was presented in the Board book for discussion.

Facility Sale: No new information.

Rates: Lindahl included the predicted system wide rate impact of the most current Tri-State wholesale rate proposal. Preliminarily, it seems to project about a two percent increase in our total cost of power.

Morgan reported on the Rate Committee meeting. Morgan felt the outside consultants did an excellent job. Discussion among the Directors and questions and answers followed. The Tri-State Board will have final approval in September. Lindahl will conduct his own “trial” to see how the figures look.

Avian Protection Plan: The United States Department of the Interior, Fish and Wildlife Services, fully endorsed the final document submitted by Wheat Belt PPD. The Plan was included in the Board book. A motion was made by Smith and seconded by Zimmerman to accept the new Avian Protection Plan. Roll call vote: Yea: All present.

Blue Creek Substation Land Sale: Reilly reported that a phone conference meeting was held with NPPD. Discussion, questions and answers followed and NPPD reported that they will be in contact with Tri-State.

District Legal Counsel: Lindahl reported that he received one inquiry to the letter Fehringer sent to the local law firms. The interested party visited the office on Friday, May 15th. Fehringer spoke to David Jarecke of Blankenau, Wilmoth and Jarecke, LLP, and asked him to submit questions for prospective candidate interviews. Discussion followed.

2016 Strategic Planning Session: Lindahl briefly visited with Ruth Marks at Tri-State to see if she and/or Tri-State would be willing to facilitate another planning session. January seems to be a good time to conduct the two-day planning session. Lindahl will contact Marks to see if it would work for her. Lindahl suggested a trip to a generation station. Also, Lindahl will request timing the session with an orientation by Tri-State staff members.

MEETING REPORTS

Tri-State Board Meeting

Morgan reviewed his May Tri-State Board Meeting report and discussion followed. Morgan reported on the WildEarth Guardians challenging the mining permit issued for the Colowyo Mine. Morgan reported that Tri-State is considering joining the Southwest Power Pool. Morgan showed a presentation on the Southwest Power pool, and discussion and questions followed.

Tri-State Rate Committee

Morgan presented his report in the Board book. Discussions at the Rate Committee meeting centered on transmission demand based on TPP/MCP. The Committee was split concerning the use of a power cost cap for member systems in the rate. The cap as a product and service was discussed

The Tri-State – Wheat Belt Load Forecast, Cost of Power with the 2016 proposed rate difference was included in the Board book.

Tri-State FERC Complaint

Lindahl did not have anything new to report.

MEETING REPORTS

NRECA Legislative Conference

Lindahl, Rosenbaum and Fehringer attended the Conference, and met with both of our Senators, as well as staff from each of Nebraska's House members. Fehringer reported that the House was not in session when they were there.

NREA Spring Meeting

Milanuk reported on the Public Information Committee meeting. Milanuk reported that female chaperones are needed for the NREA Youth Energy Leadership Camp. Lindahl's daughter will be attending the Camp this year as she won a WIRE Scholarship.

Fehringer reported on the updates from Co-Bank.

Fehringer also reported that Jarecke stated public power districts need to conduct annual meetings and hold budget hearings.

Lindahl's report in the Board book was reviewed.

CRN Cooperative Research Council

Lindahl reported on the dues, grants, etc. for research for the Council. Part of the current research is on drones. Questions and discussion followed. NRECA is setting up a "hiring veteran's initiative."

A lunch break was taken at 12:05 p.m.

The meeting resumed at 12:53 p.m.

POLICIES & RESOLUTIONS

Policy C-25: Irrigation Disconnect Rebate Program: Topics of discussion were presented to the directors. It was suggested to wait to implement the new Policy until 2016, or after the irrigation season. Proposed items for approval will be brought before the Board at a later date.

Policy D-1: Director Compensation and Expense Report Approval; Policy D-2: Director Insurance; Policy D-3: Student Scholarships; Policy D-4: Selection of General Manager; Policy D-5: Board of Directors Duties; Policy D-5A: Board of Directors Duties; Policy D-6: Board of Directors/General Manager Relationship; Policy D-6A: Board of Directors/General Manager Relationship; Policy D-7: Director Elections; Policy D-8: Director Absence from Meetings; D-10: Reliability Standards; Policy D-13: Non-Director Officers; and Policy D-14: Filling A Vacancy on the Board of Directors: Gortemaker made a motion to readopt Policy D-1, Policy D-2, Policy D-3, Policy D-4, Policy D-5, Policy D-5A, Policy D-6, Policy D-6A, Policy D-7, Policy D-8, Policy D-10, Policy D-13 and Policy D-14 as presented. Milanuk seconded the motion. Roll call vote: Yea: All present. Motion carried.

Policy D-11: Paperless Boardroom/Director Technology: Fehringer presented a revised Policy labeled Policy D-11D (for the Directors) and Policy D-11S (for staff). Following discussion, questions and answers, Smith made a motion to approve Policy D-11D and Policy D-11S as presented. Gortemaker seconded the motion. Roll call vote: Yea: All present. Motion carried.

Policy D-9: Electronic Communications: Following discussion, Gortemaker made a motion to approve Policy D-9 as it stands. Milanuk seconded the motion. Roll call vote: Yea: All present. Motion carried.

SAFETY ISSUES and SAFETY MEETING MINUTES

The May 11, 2015, Safety Meeting Minutes were reviewed and discussed. Director Smith was present at the meeting. Mike Davis from Tri-State conducted Switchman Training.

Reilly reported on an outage on a Sunday afternoon caused by a railroad contractor installing a signal antennae that came into contact with a 7,200 volt line.

SAFETY COMMITTEE MEETING MINUTES

The May 11, 2015, Safety Committee Meeting Minutes were reviewed and discussed. Director Smith was present at the meeting.

CONSTRUCTION, MAINTENANCE & OPERATIONS REPORT

Major Outages: Reilly reported on the Mother's Day snowstorm. Weather and wet areas have been an issue with the men getting around on the roads.

Construction, Maintenance & Operations: Reilly reported on what was noted in the Board book.

Dalton Warehouse: Reilly reported that the overhead door and opener had to be replaced at the Dalton Warehouse at the cost of \$5,802.50. He asked the Board for a variance to the budget. A motion was made by Smith and seconded by Gortemaker to approve the variance to the budget in the amount of \$5,802.50. Roll call vote: Yea: All present. Motion carried.

BUSINESS REPORT

Wieser reviewed her report in the Board book and answered questions.

Irrigation

Wieser asked the Directors for an irrigation write-off on Account 79209 in the

amount of \$480.85. A motion was made by Smith and seconded by Milanuk approving the write-off in the amount of \$480.85 on Account 79209. Roll call vote: Yea: All present. Motion carried.

METERING

Lindahl reviewed Rosenbaum's report in the Board book, and he and Weeda answered questions.

INFORMATION AND TECHNOLOGY REPORT

Weeda reviewed his report in the Board book and answered questions.

Weeda attended Landis+Gyr's product update and software training for their new meter programming software. At the meeting, he learned that Cannon is no longer doing any research or development for their power line carrier side. We currently use L+G's meters for all three-phase services. Lindahl stated that the topic will be placed on the agenda for the Strategic Planning session for further discussion.

The Wheat Belt 30-Day Load Chart was included in the Board book.

FUTURE MEETING, TRAINING, AND ARRANGEMENTS

Peterson reviewed the upcoming meetings.

ELECTION OF DELEGATES AND OTHER ORGANIZATIONAL ITEMS

No items for discussion.

OTHER

We were asked to provide representation to the Nebraska Public Safety Wireless Broadband Committee. Weeda will be our state representative.

MAY 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