

APPROVED REGULAR MEETING MINUTES
BOARD OF DIRECTORS - WHEAT BELT PPD

August 28, 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 8:35 a.m., Friday, August 28, 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; Earl Reilly, Operations Manager; Ryan Borges, Staking Engineer; Jim Weeda, IT Manager and Jeff Rosenbaum, Senior Meter Tech.

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.

The Guide Book for Nebraska Public Meeting Laws was distributed to the Directors.

APPROVAL OF AGENDA

Zimmerman made a motion to approve the amended Agenda as presented. Gortemaker seconded the motion. Roll call vote: Yea: All Present. Motion carried.

NOTICE OF MEETING

Notice of the meeting was given by publication in the Sidney Sun-Telegraph on Monday, August 17, 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. Gortemaker seconded the motion. Roll call vote: Yea: All present. Motion carried.

INTRODUCTION OF GUESTS

James Dukesherer, Nebraska Rural Electric Association's Grassroots Coordinator, will arrive later.

Gary Asksamit from First Security Power, said he would not be attending.

Lindahl notified Tri-State that Asksamit had been invited to the Board meeting and that we were exercising our right under our All Requirements Contract to possibly purchase up to five percent of our wholesale power from an alternative source.

APPROVAL OF July 24, 2015, BOARD MINUTES

Milanuk moved to waive the reading of the July 24, 2015, Board Meeting Minutes, and that they be approved as presented. Smith seconded the motion. Roll call vote: Yea: All present. Motion carried.

PUBLIC HEARING & COMMENT PERIOD

No one appeared before the Board.

GENERAL MANAGER' S REPORT

Lindahl reported on the City of Sidney news: Public Works Director John Hehnke was fired and the City Manager, Gary Person, resigned. A discussion was held on the effect this will have on Wheat Belt. A zoning discussion followed.

Personnel

Staffing is at 27 full-time employees. Lindahl reported that current and former employees came together on August 20th for the annual summer picnic. The turnout was one of the better ones in recent times.

Legislative & Regulatory

The big news was the release of the EPA's Clean Power Plan (CPP). Lindahl listened to the President unveil it at a news conference. The plan is being challenged by several states, including Nebraska. Discussion followed on the topic and on climate change.

Lindahl included a study showing the impact of electricity on the rural economy in the Board book. He also included a press release from the USDA on upcoming funding for renewable energy and energy efficiency projects.

Other:

Lindahl reported on the rural broadband initiative meeting he and Weeda hosted at Wheat Belt. Lindahl included in the Board book a map showing the fiber optic network installed in Nebraska. Discussion followed.

Lindahl reported that sales tax revenue audits have been conducted in the area. Discussion was held concerning charging sales tax on delinquent fees, etc. Lindahl and staff will conduct more research and report at the September Board meeting.

Lindahl reported that the General Manager Review is due next month. Milanuk will meet with Peterson to work out the details. The Employee Issues Committee will present the proposed wage and salary packet at the September Board meeting.

Lindahl reported on an Irrigation Power Agreement being filed at the Garden County Clerk's office that was mis-categorized. A customer contacted several Directors regarding the transfer of four quarters of land to Wheat Belt as printed in the Garden County Newspaper. The Clerk's office will print a correction/retraction in the paper. Discussion was held on how to proceed and an explanation of the office procedures.

Fehringer asked about the retirement of accounts and Lindahl explained. An in-line service fee has been discussed among the staff. Staff is working on finalizing a policy, and will present it to the Board when completed.

Blomenkamp asked about state-owned ground where no lien can be filed, so a deposit has to be paid by the leaseholder. Discussion was held regarding customers who have irrigation accounts on state ground being able to submit a Letter of Credit to Wheat Belt instead of paying the deposit.

Last month Lindahl included the raw statistics from the KRTA. Chaon put the data into graph form for easier comparison. A lengthy discussion followed concerning the graphs and questions were answered by Lindahl. Fehringer thanked Chaon for doing the charts.

On August 27th, NREA dedicated the utility training field to Don Winkelman's memory. Don's family and many of the retired and current employees were present for the dedication of "The Don Winkelman Training Field."

Financials

Lindahl reviewed the financial reports and answered questions. The load factor for the month was discussed as well as the load graph included in the Board book.

A break was taken at 9:51 a.m.

The meeting resumed at 10:00 a.m.

James Dukeshere's presentation on Grassroots began at 10:02 a.m. Discussion and questions and answers followed.

The meeting resumed at 11:05 a.m.

STRATEGIC ISSUES

Facility update: Progress is being made at the new facility. Walls have been framed, the water storage tank for the fire system has been installed, and a large portion of the steel for the warehouse has been delivered.

We did not received a bill in July from Reichert. Reichert contacted us on the delay in payment. We received the July bill with the August bill from Ryan Stearns, and paid them both in August. They were included for the Director's review and approval. A motion was made by Milanuk to ratify the July and August bills already paid to Eric Reichert Insulation and Construction, Inc., on August 4, 2015, in the amount of \$608,528.75. Gortemaker seconded the motion. Roll call vote: Yea: All present. Motion carried.

Lindahl reported that there was a break-in at the site. The camera was not working at the time.

Reichert asked about adding some of the concrete back in to the budget, especially between the building and the transformer pad. He also suggested paving the drive into the site. He thought it would be much more economical to do it while the concrete contractors had all of their equipment on site, rather than later. Lindahl had not received a cost estimate prior to the meeting. Discussion followed.

Facility Sale: No additional information at this time.

Rates Design: Lindahl reported that the wholesale rate will be approved at the September Tri-State Board meeting. A 3.31 percent increase, based on our five year average in cost of power, is forecasted for Wheat Belt. Discussion followed with Lindahl and Morgan answering questions. Lindahl will present the positive or negative impact on each rate class at the September Board meeting.

Blue Creek Substation Sale: Staff continues to work with Tri-State and NPPD on the issues. The legal strategy will be discussed in Executive Session.

District Legal Counsel: Five firms were interviewed by the committee during the past month. The outcome will be discussed in Executive Session.

District Auditor: To be discussed in Executive Session.

Co-Bank Line of Credit: All of the necessary paperwork has been submitted.

EXECUTIVE SESSION

An Executive Session was called to discuss personnel issues and legal matters. A motion was made by Gortemaker and seconded by Zimmerman to go into Executive session at 11:26 a.m. Roll call vote: Yea: All present. Motion carried.

A motion was made by Gortemaker and seconded by Zimmerman to come out of Executive session at 12:07 p.m. Roll call vote: Yea: All present. Motion carried.

Following the Executive Session, a motion was made by Milanuk and seconded by Morgan to have Lindahl and Fehringer negotiate an agreement with Matzke and Mattoon for representing Wheat Belt as legal counsel. Roll call vote: Yea: All present. Motion carried.

A lunch break was taken at 12:10 p.m.

The meeting resumed at 12:56 p.m.

TRI-STATE

Tri-State Board Meeting

Morgan reviewed his August Tri-State Board Meeting report and discussion followed. A joint meeting with the Basin Board and Tri-State Board was conducted in July. Discussion was held on the Colo-Wyo mine situation.

Tri-State FERC Complaint

Nothing new to report.

MEETING REPORTS

NREA Summer Meeting

Nothing to report.

NRECA Interact Conference

Lindahl, Wieser and Peterson attended the Conference. Lindahl reported on the Insurance increases. Discussion followed with questions answered by Lindahl.

POLICIES & RESOLUTIONS

Policy E-19: Drug Free Workplace; Policy E-19A: Drug and Alcohol Testing; Policy E-20: Safety Policy; Policy E-20B: Emergency Management Evacuation Plan; Policy E-20C: Hazard Communication Plan; Policy E-20D: Bloodborne Pathogen Program; Policy E-20E: Hearing Conservation Program; Policy E-20F: Powered Industrial Trucks; Policy E-20G: Fire Prevention Plan and Policy E-20H: Energy Control (Lock-out/Tag-out) Program Milanuk made a motion to readopt Policy E-19, Policy E-19A, Policy E-20, Policy E-20B, Policy E-20C, Policy E-20D, Policy E-20E, Policy E-20F, Policy E-20G and Policy E-20H, as presented. Smith seconded the motion. Roll call vote: Yea: All present. Motion carried.

Policy E-20A: Safety and Injury Prevention Program: Motion was made by Zimmerman to readopt Policy E-20A with name and title changes. Motion was seconded by Gortemaker. Roll call vote: Yea: All present. Motion carried.

Resolution #15-02: Hazard Mitigation Plan Annex to State Plan: Gortemaker made a motion to approve Resolution #15-02 as presented. Zimmerman seconded the motion. Roll call vote: Yea: All present. Motion carried. This Resolution will make Wheat Belt eligible for pre-disaster and post-disaster federal funding for mitigation purposes.

SAFETY ISSUES and SAFETY MEETING MINUTES

The August 14, 2015, Safety Meeting minutes were reviewed and discussed.

NREA JT&S Instructor Kory Hildebrand conducted pole top rescue. May Day training was also conducted with inside and outside employees. Director Zimmerman was present at the meeting.

SAFETY COMMITTEE MEETING MINUTES

The August 14, 2015, Safety Committee Meeting minutes were reviewed and discussed. Director Zimmerman was present at the meeting.

CONSTRUCTION, MAINTENANCE & OPERATIONS REPORT

Major Outages: Reilly reported that we lost 26 poles as a result of a storm on August 1. Reilly reported that pole replacements, due to storms and rotten poles, totaled \$72,730 for one month.

Construction, Maintenance & Operations: Reilly reported on what was noted in the Board book. He also informed the Board that tree trimming began August 26th in the Lorenzo area, and they will finish at the Lake.

Dalton Transmission Substation: Besler Inc. of Rapid City, South Dakota was awarded the bid to replace the three 38 KV breakers. The breakers, new breaker controls, installation cost, new wiring, and the engineering costs total about \$300,000.

Reilly reported that Tri-State is wanting to build a switched 115kV capacitor bank on Wheat Belt ground south of the Dalton Transmission Substation. Tri-State will fence off an additional 165 x 210 feet of ground. Discussion followed. The Board decided that they will not ask Tri-State for compensation for the use of the ground.

Four Year Work Plan

Reilly presented to the Board a plan to move monies from one work order to another under the 2015-18 Work Plan. This was included in the Board book.

Borges would like to build a 1.8 mile stretch of line south of the river so we have an additional feed to the line. This would be an additional \$75,000 added to the 2015-18 Work Plan.

Following questions, answers and discussion, Smith made a motion to modify the 2015-18 Work Plan as presented by Reilly and Borges. Gortemaker seconded the motion. Roll call vote: Yea: All present. Motion carried.

BUSINESS REPORT

Wieser did not attend the meeting and Lindahl reviewed her report.

The updated version of the HRA document was included in the Board book for review by the Directors. Discussion last month was on the issue of a retiring employee or a new hire that could be adversely affected by the prorate wording on such a large deductible with co-pays. The change will cover the deductible portion only, but then any additional expenses would be on a prorated basis. A motion was made by Gortemaker and seconded by Smith to accept the updated version of the HRA document. Roll call vote: Yea: All present. Motion carried.

Irrigation

One of the directors was approached by an irrigation customer that is also a Chimney Rock irrigation customer stating that Wheat Belt's rate was higher. Apple to apple comparison charts were included in the Board book. Discussion followed. Lindahl stated that when time allows, more neighboring comparisons

will be conducted.

METERING

Rosenbaum reviewed his report. The meter department is pursuing what it would cost to migrate our current meters into the new Landis & Gyr Gridstream AMI system.

INFORMATION AND TECHNOLOGY REPORT

Weeda reported on cellular modems being installed on the key accounts so daily readings can be taken. Also, he reported that the recycling event was successful; 5500 pounds of electronics were collected in 45 minutes. Consideration was given to conducting two events per year.

Other: Morgan reported that the new 4-H building will need electrical work, and are asking for assistance. Discussion followed.

FUTURE MEETINGS, TRAINING, AND ARRANGEMENTS

Peterson reviewed the upcoming meetings.

ELECTION OF DELEGATES AND OTHER ORGANIZATIONAL ITEMS

The CFC and Midwest Electric Consumers Voting Delegates and Alternate Delegates were due for renewal. A motion was made by Morgan and seconded by Milanuk to maintain Zimmerman as the CFC voting delegate and Fehringer as the alternate. Also, to maintain Zimmerman as the Midwest Electric Consumers voting delegate and Fehringer as the alternate. Roll call vote: Yea: All present. Motion carried.

AUGUST BOARD MEETING ADJOURNMENT

There being no further business to come before the Board, the President declared the meeting adjourned at 1:51 p.m.

ATTEST:

Bernard G. Fehringer, President

Marcus Milanuk, Secretary