

APPROVED REGULAR MEETING MINUTES
BOARD OF DIRECTORS - WHEAT BELT PPD

November 23, 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., Monday, November 23, 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 - left @ 12:40

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

Gortemaker made a motion to approve the Agenda as presented. Milanuk 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 Thursday, November 12, 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 Wendall Gaston, past Mayor of the City of Sidney, member of the City Council and a candidate for State Legislature from District 47. Cole Birkel, was introduced as the new Oshkosh Lineman. Adam Herink from Bluestem Energy Solutions arrived later.

Mr. Gaston spoke first about his background, and why he was running for the State Legislature position. Questions and answers followed.

APPROVAL OF OCTOBER 19, 2015, BOARD MINUTES

Smith made a motion to approve the October 19, 2015, Board Meeting Minutes as presented. Zimmerman seconded the motion. Roll call vote: Yea: All present. Motion carried.

PUBLIC HEARING & COMMENT PERIOD

Wendall Gaston was present.

GENERAL MANAGER' S REPORT

Personnel

Staffing is at 27 full-time employees. Lindahl and Melissa Garcia from Custer Public Power, will be holding an employee strategic planning session on December 15th in order to gain ideas on where the employees would like to see Wheat Belt in the next five years. Lindahl will present the information at the Strategic Planning Session in January.

Legislative & Regulatory

The final version of the Clean Power Plan was filed. There have been a multitude of lawsuits filed including Basin, Tri-State and NRECA. Lindahl included information in the Board book relating to the CPP.

Other:

Lindahl was asked to speak at the New and Emerging Technology (NET) Conference in February on the topic of Cyber Security, similar to the presentation given at the Region 7/9 Meeting. The cost of the conference will be waived and a portion of the travel will be reimbursed to the District. The Board consensus was there would be enough Wheat Belt Director presence at the NREA Legislative Conference being held at the same time, to allow Lindahl to participate in the NET Conference.

Lindahl met with Cathy Cash, of RE Magazine, while attending the NRECA Strategic Technology Advisory Council meeting. Her interview will appear in the RE magazine.

Lindahl included information on the kickoff of the NRECA “Serve Our Country, Serve our Coop” campaign, which will take place at the CEO Conference in January. The presentation will also be given at the NRECA Annual meeting in New Orleans.

Lindahl met with Rod Horn with the South Platte NRD, concerning the water restrictions that they are implementing or recommending, and how it would affect Wheat Belt and our customers.

Lindahl reported to the Board that TE Connectivity announced they will be closing their plant in March. Discussion followed on the reduction of Wheat Belt’s load.

Lindahl reported on the Cyber Security Insurance now being made available through Federated Insurance. He had not received a rate as of the Board meeting. Our current policy expires December 31, 2015. Our representative will be at the office on December 7th to discuss the Policy. Discussion followed regarding the two competing policy providers available and the consensus was to leave the decision to the manager’s discretion.

The Christmas Party is Friday, December 11th, at the Buffalo Point Goose Pit Lounge.

Lindahl met with Senator Schilz on the C-Bed project, and discussed the State Energy Plan.

Lindahl provided a health update on Jo Ann Emerson, the NRECA CEO.

Financials

Lindahl reviewed the financial reports, which were presented under separate cover and answered questions. Lindahl explained how figures are established for the Ten-Year Financial Forecast and the Cash Flow Budget.

The equity in our system and other co-ops was discussed by Morgan.

STRATEGIC ISSUES

Facility update: Progress continues at the new facility. No requests for change orders were received this month. Lindahl scheduled a tour following the Board meeting.

Lindahl included the memo that he sent by e-mail to the employees and Directors in the Board book. Many employees toured the facility within the last few weeks. Morgan commented on the e-mail that Lindahl sent. He would like to see an Open House in June, and conduct customer meetings at the new facilities. He would like to have a presentation created showing the process that the Board went through to reach the decision to build. Fehringer said that there will be a cornerstone ceremony, and if any Director had suggestions for the “time capsule”, to bring them forward.

Lindahl reported that we were not awarded the NEMA grant for backup generation of the new facility. There is a possibility of a second chance funding at the end of the year.

A motion was made by Milanuk to ratify the bill already paid to Eric Reichert Insulation and Construction, Inc., on November 16, 2015, in the amount of \$639,064.50. Morgan seconded the motion. Roll call vote: Yea: All present. Motion carried.

Facility Sale: Lindahl contacted the interested parties. Discussion will be held in the Executive session.

Rates: The new rates have been finalized and the process of communicating with customers has begun. The new rates will be included in the December magazine, along with explanations. Letters have been sent to the industrial customers, offering to hold meetings if they so desire. Staff will continue to explore alternate rates, as well as, continue to explore making sure the rates are properly aligned between classes, and between fixed and variable costs.

Chartered Territory: Nothing new to report.

Blue Creek Substation Land Sale: Lindahl reported that it is likely that the sale is off the table, and staff will operate it as we have in the past. NPPD and Tri-State continue to work on their mutual use of the Substation.

Sub-Transmission Project: Borges reported that the materials and poles have been ordered, and construction will begin soon by the Wheat Belt crew.

Large Truck Replacement: Lindahl will continue to work on some options, and present them at a later date.

Large Customer Line Extension Policy: Lindahl is working on a limit to be put into policy as a solution. Staff will propose a change at the December Board meeting, to go into effect in January, 2016. A risk cap will be established at a set percentage.

2016 Strategic Planning Session: Lindahl included a copy of the 2013 Strategic Plan Document in the Board book. He also included a memo that indicates where he thinks we are on each of the action items and goals. He will begin assembling an agenda for the January session. Lindahl provided Ruth Marks with a copy of the memo as well. The 2016 Strategic Planning Session is scheduled for January 27 and 28, with the Board orientation of Tri-State on the 29th. Lindahl asked the Directors to think of ideas about where they would like to see Wheat Belt in the next three to five years.

Renewable Energy: Lindahl met with Adam Herink of Bluestem Energy Solutions. The company is based in Nebraska, offers renewable generation projects within a utility territory, and does so through a power purchase agreement. They are currently working with several PPD's in the state to provide supplemental renewable energy, supposedly at an economic advantage over the PPD's contracted rates. We can generate up to five percent of our yearly energy and/or ten percent of our highest yearly capacity.

Lindahl built a model that shows the integration break-even price of wind or solar with the 2016 Tri-State rate. He calculated how much demand and energy would be offset, and the target price.

Lindahl is researching the legal issues entering in any agreement with another power supplier, as well as bidding requirements.

Other:

Lindahl reported on the Co-Bank contract. After further legal review, the attorneys have wording issues. Under the current terminology, we are on the hook, plus the Directors individually, and the attorneys could be held responsible also. Lindahl has not executed the contract. We have six months before we have to exercise the contract.

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

The meeting resumed at 10:05 a.m.

BUDGET

Preliminary Ten Year Large Items Budget: Lindahl reviewed his budget and explained how the figures were obtained. PCB testing was discussed and questioned. Lindahl announced that we received word from PCS that we have to do an update on our system.

Weeda presented proposals to move all the data and hardware to PCS for compliance issues and security issues as they monitor 24/7. Discussion followed. Fehringer recommended leaving the decision to Lindahl, Weeda and

Reuter. This would increase the large items budget.

Preliminary Cash Budget: The preliminary cash budget was presented in the Board book. Discussion with questions and answers by Lindahl followed. Lindahl will re-present the Cash Budget for formal approval in December.

An **Executive Session** was called by Gortemaker and seconded by Zimmerman at 10:25 a.m., to discuss personnel issues and the facilities sale. Roll call vote: Yea: All present. Motion carried.

A motion was made by Gortemaker and seconded by Blomenkamp to resume the meeting at 10:43 a.m. Roll call vote: Yea: All present. Motion carried.

Fehringer introduced Adam Herink, Vice President of Bluestem, Matt Robinette, Project Manager at Bluestem, and Senator Ken Schilz. Herink gave a power point presentation, and questions and answers followed. Herink explained the timeframe, and will be sending a contract and timeline schedule. It is the Board's fiduciary opportunity to explore this type of project.

Senator Ken Schilz fielded questions and provided answers. Discussion was held on several topics.

Tri-State Meeting Reports

Tri-State Board Meeting: Morgan reviewed his November report and discussion followed. Morgan discussed the Las Conchas Fire Trial settlement. There has been national publicity on the case, and Tri-State is looking at By-Law Changes. Morgan discussed the renewable projects and costs.

Tri-State FERC Complaint: No update.

MEETING REPORTS

Basin MAC Meeting: Lindahl reviewed his report in the Board book and answered questions.

Basin Annual Meeting: Lindahl reviewed his report in the Board book. Milanuk and Morgan also attended the meeting, and discussion among the Directors followed.

Nebraska Wind & Solar Conference: Fehringer attended the conference, and reported. Discussion followed.

NRECA Strategic Technology Advisory Committee Meeting: Lindahl reported and discussed cyber security issues in organizations across the nation with intrusions.

POLICIES & RESOLUTIONS

Policy E-28: Grievance Procedure; Policy E-29: Guidelines for Discipline and Termination; Policy E-30: Access to Employee Exposure and Medical Records; Policy E-31: Change in Work Hours and Premium Rates; Policy E-32: Exchange Time; Policy E-33: Military Leave for Reservists; Policy E-34: Personal Use of Wheat Belt Tools or Equipment; and Policy E-35: Prevention of Identity Theft: A motion was made by Gortemaker to readopt Policy E-28, Policy E-29, Policy E-30, Policy E-31, Policy E-32, Policy E-33, Policy E-34 and Policy E-35. The motion was seconded by Milanuk. Roll call vote: Yea: All present. Motion carried.

A lunch break was taken at 12:15 p.m.

The Meeting resumed at 12:53 p.m.

SAFETY ISSUES and SAFETY MEETING MINUTES

The November 10, 2015, Safety Meeting Minutes were reviewed and discussed.

Training for the November meeting was on the Dalton 115 Substation 38 kV breakers. Director Milanuk was also in attendance.

The November 10, 2015, Safety Committee Meeting Minutes were reviewed and discussed. Director Milanuk was present at the meeting.

CONSTRUCTION, MAINTENANCE & OPERATION

Major Outages

Reilly reported that there were no major outages for the month.

Insurance Claims

Reilly reported that there have been nine or ten customers that have contacted Wheat Belt concerning damages from the voltage spike on October 18, 2015. Federated has been notified and has assigned it a case number.

Dalton 115 Substation

The new breakers were energized November 5, 2015.

Unit 28

Sealed bids will be accepted until 10:00 a.m. December 16, 2015. The minimum bid is \$13,000, and the information is on the Wheat Belt website.

Work Plan Update

Borges reported that an Environmental Plan was not conducted for the new 2015-2018 Work Plan. The cost will be approximately \$6,000 and an action item will be presented at the December Board meeting.

Borges reported that another work plan item will be completed by the end of the year. The new breakers will be installed in the Sidney Substation.

Other

Reilly reported on the Lineman School internship program, and the new sign-ups for the May program.

BUSINESS REPORT

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

The pie and ice cream socials were a big hit again this year with our senior residents throughout the communities.

Another training session with PSN, the company who will be taking over the payment processing for PCS, was conducted. This will provide a better portal for our customers.

Wieser reported that we are not currently using the automated phone system. We are waiting for a sample letter from NRECA to send to our customers for authorization to use the automatic calling system for courtesy calls to the customers' cell phone.

METERING, INFORMATION and TECHNOLOGY

Rosenbaum reported that we received the Cannon circuit boards that were on backorder.

We lost twenty meters from the October 18th power surge on the Broadwater Sub while switching the Ethanol Plant. These were mostly single-phase, lower cost meters.

Rosenbaum met with the South Platte Natural Resources District to finalize the tree order for the new headquarters. The order is for 138 Austrian pines; 275 Rocky Mt. junipers and 46 Bur oaks at a cost of \$444.08. Planting cost is \$4,880. Rosenbaum was directed to check into the acreage watering and the drip system costs.

INFORMATION and TECHNOLOGY

Weeda reported that he worked on data comparisons with the new rates for the key accounts. He sent rate change letters to the key account customers and requested that they schedule a time to meet and discuss how the changes will affect them.

Weeda has been doing extensive shopping for new networking and security equipment for the new headquarters. He has purchased new network switches, and is in the process of finding a suitable security camera system.

FUTURE MEETINGS, TRAINING AND ARRANGEMENTS

Peterson reviewed the upcoming meetings with the Directors.

ELECTION OF DELEGATES AND OTHER ORGANIZATIONAL ITEMS

No changes were made.

NOVEMBER BOARD MEETING ADJOURNMENT

There being no further business to come before the Board, the President declared the meeting adjourned at 1:15 p.m.

ATTEST:

Bernard G. Fehringer, President

Marcus Milanuk, Secretary