

APPROVED REGULAR MEETING MINUTES
BOARD OF DIRECTORS - WHEAT BELT PPD

December 21, 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, December 21, 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; 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

Milanuk made a motion to approve the 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 Thursday, December 10, 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. Zimmerman seconded the motion. Roll call vote: Yea: All present. Motion carried.

INTRODUCTION OF GUESTS

Fehringer introduced Rollie Waite, Dalton Area Foreman. Adam Herink from Bluestem Energy Solutions was scheduled to arrive later.

APPROVAL OF NOVEMBER 23, 2015, BOARD MINUTES

Morgan made a motion to approve the November 23, 2015, Board Meeting Minutes as presented. Gortemaker 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

Personnel

Staffing is at 27 full-time employees. Melissa Garcia from Custer Public Power, cancelled the employee strategic planning session on December 15th due to inclement weather. Lindahl is working with Garcia on a date to conduct the planning session prior to the January meeting.

Legislative & Regulatory

An update was given on the Legislative and Regulatory items at the NREA Annual Meeting.

Other:

Discussion was held on billing key accounts. When the new Tri-State rates go into effect on January 1, 2016, we will have to modify our billing procedure for certain accounts. The Tri-State bill arrives around the 15th of the month. E1 and E2 accounts are billed on their contribution on our coincident peak, so they can't be billed at the same time as the other accounts. Staff recommendation is to bill the current month's kWh and peak KW. Then the coincident peak will be billed on the following month's bill. Following discussion, the Directors would like staff to inform the customers of the new billing practice, and that they will need to "catch up" on the coincident peak down the road if Tri-State changes the rate again.

The Cyber Security Insurance quote from Federated came in at a substantially lower cost than what was currently being paid to Lockton. Lindahl bound the coverage as of January 1, 2016. Discussion followed and Lindahl answered questions from the Directors.

The security at the new headquarters will be increased. Fobs will be used to gain access to the building.

Lindahl reported on the Veterans project, and that they are trying to get it introduced at the statewide level.

Lindahl reported that the new IRS mileage rate will be \$.54 beginning January 1, 2016.

The revised contract with Bluestem was on the Directors tables for discussion and consideration.

Lindahl included a list of Board meeting dates for 2016 in the Board book. These are set automatically based on the fourth Friday of the month. Discussion followed, and it was decided to move the February 26th meeting to March 4th due to scheduling conflicts.

WNCC has requested a contribution for some expansion of their Lineman school. Since Wheat Belt has been a sponsor of the Lineman School from inception, Smith made a motion to pledge \$5,000 a year for five years, for a total of \$25,000, to support the school. Gortemaker seconded the motion. Roll call vote: Yea: all present. Motion carried.

The Open Meetings Act was discussed with emphasis on ensuring that the minutes reflect the reason for going into an executive session.

Financials

Lindahl reviewed the financial reports, which were presented under separate cover and answered questions. Lindahl explained the overage on the Cash Requirements under "Operations."

Following a discussion on OPPD changing their basic rate, it was decided to add a discussion item on basic rates to the Strategic Planning meeting agenda.

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. The roofing issues have been resolved. There was a mix up on the lighting, and that has also been resolved. The water line from the well to the building was an issue, and it too has been resolved.

A motion was made by Smith to ratify the bill already paid to Eric Reichert Insulation and Construction, Inc., in December, in the amount of \$376,764.49. Milanuk seconded the motion. Roll call vote: Yea: All present. Motion carried.

Facility Sale: Lindahl reported that there has been interest shown in the facilities. Lindahl is exploring options to professionally list the property. Chaon has been able to obtain several realtor costs. Discussion was held on a “lease to own” option on the building. Our attorney will research the subject.

2016 Strategic Planning Session: Lindahl asked the directors to complete the on-line strategic planning survey so he can compile the information. He will present the results to the Board, and relay the information to Ms. Marks for scheduling at the planning session. Lindahl reviewed what the Tri-State orientation will be and Morgan also answered questions on the subject. The Directors would like to see energy efficiency and something on load control under the new rates on the schedule. Also, interest rates and borrowing was suggested as an additional topic. Lindahl explained his list of items to be discussed.

9:30 BUDGET HEARING

No one appeared before the Board. There are two changes to the budget from the previous revisions. Weeda has added the PCS upgrades to the large item budget for \$27,000. Rosenbaum requested moving the meter test board up to 2016 from 2017 so that the old board does not have to be moved and installed. The cost is \$35,000.

BLUESTEM CONTRACT

The Bluestem Contract, which was included in the Board book, was reviewed by our attorneys and returned with changes. Lindahl presented the changes and a lengthy discussion followed. Fehringer stated that the directors should present their concerns to Herink. Lindahl will visit with Tri-State concerning the Contract, and will report to the Board at the January Board meeting. It will then be discussed at the Strategic Planning Session, and taken up again at the March 4th Board meeting.

Rates: Lindahl and staff will be starting the process in the near future of creating alternate rates.

Chartered Territory: Nothing new to report.

Sub-Transmission Project: Borges reported that the materials are arriving and construction will begin soon by the Wheat Belt crew.

Large Customer Line Extension Policy: Lindahl and staff proposed the maximum amount for a line extension contribution by the District will not exceed \$1,000,000. The updated recommendation appeared in the Policy section of the Board book. A motion was made by Gortemaker to approve Policy C-1: Line Extension Policy, with the recommended changes. Motion was seconded by

Smith. Roll call vote: Yea: All present.

A coffee break was taken at 9:53 a.m.

The meeting resumed at 10:05 a.m.

BUDGET

Operating Budget: Lindahl reviewed the Budget and again explained the proposed item changes to the Budget. Weeda explained his request and why he was asking for the change. By having the spare servers during the building transition, we could have both sets of servers running and be able to test the system without interruption to daily business. Rosenbaum and Lindahl reported and explained the need for the meter testing board. Discussion followed with the recommendation to explore more options on the meter testing board.

A motion was made by Gortemaker to accept the Budget as proposed including the two additional items that were presented by Weeda and Rosenbaum. It will be left to Lindahl and staff's discretion on whether or not to spend the money. Smith seconded the motion. Roll call vote: Yea: All present.

An **Executive Session** was called by Morgan and seconded by Milanuk at 10:26 a.m., to discuss a Tri-State issue concerning wholesale supply. Roll call vote: Yea: All present. Motion carried.

A motion was made by Gortemaker and seconded by Zimmerman to resume the meeting at 10:37 a.m. Roll call vote: Yea: All present. Motion carried.

Bluestem Energy Renewable Energy

Fehringer introduced Adam Herink, Vice President of Bluestem, Matt Robinette, Project Manager at Bluestem, and Senator Ken Schilz. Herink provided an update on the Contract and Kendra Strommen, District Counsel, was also in attendance to provide legal counsel. She discussed and questioned Herink on issues contained in the Contract. Herink answered and responded to all of the questions. He will need substation information, and retail and wholesale rate information.

Tri-State Meeting Reports

Tri-State Board Meeting: Morgan reviewed his December report and discussion followed. Morgan reported that because of the decisions made in the Las Conchas trial, Tri-State was named a defendant in the Tres Lagunas fire, which was in Mora San Miguel's territory. Damage claims are smaller in this case.

Tri-State FERC Complaint: No update.

Tri-State Policy 116 Change Notification: A Notification of proposed wording change (Chief Executive Officer) to Policy 116, Member System Load Shedding Policy, to become effective March 3, 2016, was presented for information only. Morgan discussed the change.

Tri-State Patronage Retirement: Lindahl included the 2015 Patronage Refund information in the Board book. Wheat Belt PPD will receive \$183,963.

MEETING REPORTS

NREA Annual Meeting: Lindahl reported and the Directors commented. Milanuk was nominated for the Statewide Services Committee.

Midwest Electric Consumers Association Meeting: Lindahl and Fehringer reported and discussion followed among the Directors.

POLICIES & RESOLUTIONS

Milanuk made a motion to readopt the District Bylaws. Zimmerman seconded the motion. Roll call vote: Yea: All present.

SAFETY ISSUES and SAFETY MEETING MINUTES

The December 11, 2015, Safety Meeting Minutes were reviewed and discussed.

Training for the December meeting was conducted by NREA JT&S Kory Hildebrand on the OSHA 1910 changes. Director Blomenkamp was also in attendance.

Reilly reported that an intern has been hired for 180 hours, and will be working on Fridays. Reilly also reported that he will be serving on the committee for replacement of Bob Cooper, the JT&S Coordinator. Fehringer reported that he will be serving as Chairman of the JT&S Committee.

CONSTRUCTION, MAINTENANCE & OPERATION

Major Outages

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

Construction, Maintenance & Operations

Reilly reported that Electro-test had been testing transformers, regulators and breakers in the substation. It was determined that the bushings need to be

replaced on the transformer at the Sidney Substation. The installation of three new reclosers has been completed at the Sidney Sub.

Insurance Claims

Reilly reported that there have been two customer claims submitted on the high voltage issues. Federated will settle on the customer claims.

Unit 28

There were no sealed bids submitted for Unit 28. The Unit will be used as a trade-in.

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.

A motion was made by Smith for approval of the Work Plan Amendment for an Environmental Assessment. Blomenkamp seconded the motion. Roll call vote: Yea: All present.

Other

Lindahl met with our Federated representative and reviewed our claims. We have an extremely low MOD rate. A premium adjustment and refund will be forthcoming.

The new safety slogan cards were distributed to the Directors.

Borges reported on the results of the physical inventory. Borges asked for a write-off negative adjustment of \$463.95. Milanuk made a motion to approve the physical inventory negative adjustment of \$463.95. Zimmerman seconded the motion. Roll call vote: Yea: All present.

BUSINESS REPORT

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

Wieser reported that the Customer Surveys have been completed. Lindahl will discuss the results at Strategic Planning. He will have the list compiled and presented prior to the meeting.

Wieser submitted the Bad Debt Write-Off List for approval by the Directors in the amount of \$3,328.61. A motion was made by Smith and seconded by Zimmerman to approve the 2015 Bad Debt Write-Offs in the amount of

\$3,328.61. Roll call vote: Yea: All present.

Wieser and Borges reported and updated the Board on a customer account without 50 amp pads at a campground. Borges has been working with the State of Nebraska.

Chaon sent letters to the Youth Camp participants to attend the Youth Tour and received no responses.

Wieser reported that she still has not received a copy of the letter from Dave Jarecke on the authorization letter. We are making personal calls to customers, which take a lot of time.

METERING, INFORMATION and TECHNOLOGY

Rosenbaum reported that we received the Metrum/Verizon cell phone modems for the large industrial account meters. There is a teleconference scheduled with Metrum's sales reps December 22nd for installation and setup instructions.

Rosenbaum reported that there are a total of 134 remote disconnect meters installed on the system as of December 1st.

INFORMATION and TECHNOLOGY

Weeda reviewed his Board book report and answered questions. Security cameras for the new headquarters have been purchased. He has been working with Dalton Telephone to finalize the specifics of the new phone system.

John Gortemaker wished to extend a "Thank You" to Peterson and the staff for the Christmas Party.

FUTURE MEETINGS, TRAINING AND ARRANGEMENTS

The preliminary District calendars were included in the Board book.

ELECTION OF DELEGATES AND OTHER ORGANIZATIONAL ITEMS

The NRECA Voting Delegate Certification was reviewed. Smith will remain as the Director voting delegate and Fehringer will remain as the alternate delegate.

The NRTC alternate voting delegate was changed to Morgan instead of Zimmerman, by a Motion made by Gortemaker and seconded by Milanuk. Roll call vote: Yea: All present.

OTHER:

Lindahl will be sending information on the hotel, dinners, etc. for the Strategic Planning Session as soon as everything is confirmed.

The letter included in the Board book from Dave Jarecke on “Director Due Diligence” was mentioned.

DECEMBER BOARD MEETING ADJOURNMENT

There being no further business to come before the Board, the President declared the meeting adjourned at 11:51 a.m.

ATTEST:

Bernard G. Fehringer, President

Marcus Milanuk, Secretary