

APPROVED REGULAR MEETING MINUTES
BOARD OF DIRECTORS - WHEAT BELT PPD

January 22, 2016

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, January 22, 2016, 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; 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 Monday, January 11, 2016, 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. Roll call vote: Yea: All present. Motion carried.

INTRODUCTION OF GUESTS

Fehringer introduced Tom Mathine, Construction Lineman. Adam Herink from Bluestem Energy Solutions was scheduled to arrive at 9:45 a.m.

APPROVAL OF DECEMBER 21, 2015, BOARD MINUTES

Morgan made a motion to approve the December 21, 2015, Board Meeting Minutes as presented. Zimmerman seconded the motion. Roll call vote: Yea: All present. Motion carried.

REORGANIZATION OF BOARD: ELECTION OF OFFICERS

Fehringer asked that Lindahl and Chaon duly tally the nominations.

The Chair was surrendered to the General Manager for written nominations for the office of **President**. Each director nominated a candidate for the office of President. Nominations were tallied and Fehringer and Morgan were nominated for the office of President. Morgan withdrew his nomination. Motion was made by Morgan and seconded by Milanuk to cast a unanimous vote for Fehringer for President. Roll call vote: Yea: All present. Motion carried. Fehringer was elected to the office of President.

The chair was returned to President Fehringer. Fehringer called for written nominations for **Vice-President**. Each director nominated a candidate for Vice-President. Nominations were tallied and Smith was nominated for the office of Vice-President. A Motion was made by Gortemaker and seconded by Zimmerman to cast a unanimous ballot for Smith for Vice-President. Roll call vote: Yea: All present. Motion carried. Smith was elected Vice-President.

President Fehringer called for written nominations for **Secretary**. Each director nominated a candidate for the office of Secretary. Nominations were tallied and Milanuk was nominated for the office of Secretary. Motion was made by Zimmerman and seconded by Milanuk to cast a unanimous ballot for Milanuk for Secretary. Roll call vote: Yea: All present. Motion carried. Milanuk was elected Secretary.

President Fehringer called for written nominations for **Treasurer**. Each director nominated a candidate for the office of Treasurer. Nominations were tallied and Gortemaker was nominated for the office of Treasurer. Motion was made by Milanuk and seconded by Blomenkamp to cast a unanimous ballot for Gortemaker for Treasurer. Roll call vote: Yea: All present. Motion carried. Gortemaker was elected Treasurer.

President Fehringer called for written nominations for **Assistant Secretary**. Each director nominated a candidate for the office of Assistant Secretary.

Nominations were tallied and Zimmerman was nominated for the office of Assistant Secretary. Motion was made by Gortemaker and seconded by Milanuk to cast a unanimous ballot for Zimmerman for the office of Assistant Secretary. Roll call vote: Yea: All present. Motion carried. Zimmerman was elected Assistant Secretary.

PUBLIC HEARING AND COMMENT PERIOD

No one appeared before the Board.

GENERAL MANAGER' S REPORT

Personnel

Staffing is at 27 full-time employees with one intern. Currently, there is one employee on disability and there may be another one. These are not work related leaves. The employee strategic planning session was held on Friday, January 15th with Melissa Garcia from Custer Public Power District serving as facilitator. Mathine was asked to comment on the strategic planning session. Lindahl stated that Melissa gave him a report on the concepts that were brought up, and he will discuss the results with staff.

Other:

Lindahl reported on the Co-Bank contract status. Mattoon would like more time in order to conduct a more thorough due diligence search on the matter. Mattoon's office stated that they would like to come to the office, and research files and records to better understand the business.

Lindahl met with Tri-State to discuss the Bluestem Agreement. A Power Purchase Agreement has to have the approval of Tri-State. Lindahl discussed Tri-State's Policy 115 and Policy 117. Discussion and questions followed with Lindahl replying. Lindahl met with our attorneys and Adam Herink concerning the contract changes/negotiations. The wording had been changed and copies of the Contract were on the Directors' desks.

Lindahl and staff met with the representatives from the Village of Lodgepole to discuss the options available to Wheat Belt for serving their electrical needs. Lindahl invited their electrical representative to a Wheat Belt Safety Meeting for a sharing of knowledge. Discussion followed among the Board.

Discussion reverted back to Bluestem Energy. The Board reviewed the Contract given to them, and voiced no concerns.

The NREA Strategic Planning Session was discussed. Fehringer was chosen by the Directors to attend. The question was raised concerning what services are

provided by NREA, and the direction for the safety program. Milanuk asked if he was expected to serve on the Statewide Services Committee as he had not received any notification. Lindahl stated that he would check on his appointment to the Committee.

Lindahl reminded the Board that the Statements of Financial Interest are due in April.

Discussion was held concerning inviting Legislative Candidates for the 47th District to the Board meetings. Following discussion, it was decided to wait until after the Primary Election in May. The successful candidates will be contacted with the invitation at that time.

Lindahl reminded the Board that at the March meeting, the Board Evaluations will be due. Peterson will send out the Survey to each of the Directors, and Milanuk will tabulate the results and report.

The Platte Institute Report was included in the Board book and discussed.

Lindahl included the Loss Analysis Report from Federated Insurance in the Board book.

Lindahl included a list of dues paid in 2015 for memberships in associations. Discussion followed concerning participation/contributions in all of the County Chambers of Commerce in the service territory.

A question was raised concerning the donation to WNCC for the Lineman School. Lindahl will clarify that the money is to be used solely for the Lineman School.

Legislative & Regulatory

Bill introduction continues in Nebraska. Kristen Gottschalk is posting updated Bill tracking documents that are pertinent to the electrical industry. Senator Harr introduced LB 1068 with regards to the Public Service Commission reviewing and approving electric utility rate increases. NREA is backing a CBED Bill. Another Bill introduced would allow voting on i-Pads as long as it is posted so the public could view.

Financials

Lindahl reviewed the financial reports, which were presented under separate cover and answered questions. The auditors were on-site this past week. Lindahl had asked the auditors about the new building depreciation and reported to the Board. A Resolution will be needed to change the present accounting procedures to regulatory instead of GAP standard for the new facilities.

Discussion followed. No year-end financials will be available until the Tri-State allocation is received, and after approval from the Auditors.

STRATEGIC ISSUES

Facility update: Progress continues at the new facility. Lindahl scheduled a tour following the Board meeting. Work is progressing on getting the permanent power installed. HVAC will be installed in the near future.

A motion was made by Gortemaker to ratify the bill already paid to Eric Reichert Insulation and Construction, Inc., in January, in the amount of \$364,164.90. Zimmerman seconded the motion. Roll call vote: Yea: All present. Motion carried.

Facility Sale: Lindahl reported that there has been interest shown in the facilities. There is considerably more interest shown in the out buildings. Chaon reported on the sale of “pieces” instead of “whole”, and the going rate for the realtors. Following discussion among the Directors, it was the consensus of the Board to authorize Lindahl to pursue marketing for individual parcels of the property, ie the truck barn and land.

Facility Change Order

A Change Order was submitted in the amount of \$51,250, for the addition of crushed concrete to the pole storage area and where the trucks drive; approximately three acres. This was not included in the original bid, nor was it added in when the concrete was removed. A motion was made by Smith and seconded by Gortemaker to approve the Change Order for the addition of crushed concrete to the pole storage area and where the trucks drive in the amount of \$51,250. Roll call vote: Yea: All present. Motion carried.

Milanuk asked for clarification on wording in the Change Order to add four inches of one and a quarter inch or smaller aggregate crushed concrete over the pole storage and drive areas of trucks. Lindahl will contact Hewgley & Associates for the change.

Lindahl reported that Tri-State has to remove between 500 and 2,000 yards of dirt from the Dalton Substation area. The dirt will be dumped into the hole/pond at the new facilities.

Bluestem Energy

Adam Herink and Matt Robinette appeared before the Board at 9:50 a.m. for consideration of the Bluestem Development Agreement. Lindahl reported on his visit with Tri-State to Herink. Herink said he would do his best to move things along as quickly as possible in order to deal within the Tri-State policy issues.

Following questions and discussion, Morgan made a motion to approve the Exclusive Contingent Development Agreement as presented and that the General Manager enter into the Development Agreement with Bluestem Energy Solutions, which allows exclusive rights for research and possible development of a wind energy or solar project. Motion was seconded by Gortemaker. Roll call vote: Yea: All present. Motion carried.

A break was taken at 9:58 a.m. Lindahl signed the Agreement with Bluestem Energy for the developmental study.

The meeting resumed at 10:13 a.m.

2016 Strategic Planning Session: Lindahl reported that the planning session rooms and plans have been finalized for January 27 – 29. The Board orientation will be the morning of the 29th at 9:30 a.m. Lindahl met with Ruth Marks on the preliminary agenda, based on input from the Directors survey. A “draft” agenda was distributed to the Directors. Lindahl stated that the Strategic Planning is an official meeting of the Board. This will be a facilitated workshop with no action taken. A report will be made available at a later time. A staff meeting will be held with Lindahl on Tuesday afternoon/evening. Thursday afternoon will be a meeting with the GM and the Board only to discuss succession planning and organizational structure and needs.

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 and poles are arriving. The area is still covered with a considerable amount of snow. Discussion followed.

Tri-State Meeting Reports

Tri-State Board Meeting: Morgan reviewed his January report and discussion followed. Morgan reported that the projected margins for year-end 2015 were actually \$68M, not what was reported in the Board book. Morgan reported on the Northwest Rural Public Power District Resolution, which requests information from Tri-State on the Kit Carson buyout. The information is proprietary and will not be released.

The Tri-State By-Laws will be reviewed and Morgan reported that there will be some changes because of the Las Conchas fire lawsuit. The changes will be presented at the Annual meeting for approval by the Membership.

Morgan reported that the request for a “stay” on the Clean Power Act was denied. Expedited hearings for the arguments will be held on June 2nd.

MEETING REPORTS

NRECA CEO Conference: Lindahl reported that he gave a Cyber Security presentation at the meeting, and will conduct another presentation at a February Conference.

Tri-State Manager’s Meeting

Lindahl reported and answered questions concerning the meetings he attended over the last month. The MDM group met while they were attending the Tri-State Manager’s meeting, and Tri-State staff explained policies.

Other:

Lindahl mentioned that several systems have received summons for lawsuits because they did not have ADA available websites. Lindahl will make our attorneys aware of the threats. Our contractor for the design of the website will be contacted for compliancy. Weeda will also be investigating as to what we need to do to be compliant.

Lindahl commented that Tri-State changed the elected MAC representative term to two years instead of one year. Lindahl will have three more meetings to attend.

POLICIES & RESOLUTIONS

Policy A-1: Purpose, Formulation, Adoption, Review and Distribution of Board Policies: Fehringer suggested a wording addition in paragraph one - ...by which Wheat Belt PPD employees *and Directors* are to govern their employment.... Gortemaker made a motion to adopt Policy A-1 with the wording change. Milanuk seconded the motion. Roll call vote: Yea: All present. Motion carried.

Policy C-1: Line Extension Policy (with added language to limit our contribution to no more than \$1,000,000), **Policy C-2: Right-of-Way and Policy C-3: Attachments to Poles:** Motion was made by Morgan to readopt Policy C-1 (with wording changes), Policy C-2 and Policy C-3. Zimmerman seconded the motion. Roll call vote: Yea: All present. Motion carried.

SAFETY ISSUES and SAFETY MEETING MINUTES

The January 13, 2016, Safety Meeting Minutes were reviewed and discussed.

Training for the January meeting was a Safety Standards Manual review. Director Blomenkamp was in attendance and reported.

Lindahl directed attention to the OSHA 300 safety stats that were included in the Board book. Discussion and comments followed.

CONSTRUCTION, MAINTENANCE & OPERATION

Major Outages

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

Construction, Maintenance & Operations

Borges reported that Electro-test replaced the 35 KV bushings in the transformer at the Sidney Substation. The crews relocated the overhead line at the Fairgrounds. The crews have begun installing the permanent service to the new headquarters building.

Unit 28

The pre-paint inspection was conducted and the truck should be delivered the first week of February.

Work Plan Update

Reilly asked for a Work Plan Amendment. He would like to take \$15,000 of the \$34,496 balance from 500-25 Sidney Substation – replace three circuit reclosers and add to 500-27 Chappell – replace 15 KV switches. This change is not adding any more money to the Work Plan, just moving money from one work plan item to another.

A motion was made by Milanuk for approval of the Work Plan Amendment. Zimmerman seconded the motion. Roll call vote: Yea: All present.

The Cost of Construction Study for 2016 and the year-end 2015 Construction Work Plan were included in the Board book. Borges reviewed and answered questions from the Directors. Costs for heavy ups went up substantially, and three-phase installation went down.

BUSINESS REPORT

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

Peterson and Reimers served pie and ice cream at Farm and Ranch Day in Oshkosh.

Energy Efficiency Credits – Wieser reported on irrigation premium efficiency motor credits. Wieser explained the credits and discussion followed. The Board consensus is to continue the motor rebates at the 2015 level with Wheat Belt rebating \$2 per HP.

Tri-State will not rebate on 85 gallon water heaters in the near future.

Milanuk asked questions concerning LED lighting upgrades and rebates.

Wieser reported on the FCC Phone Authorization status.

METERING, INFORMATION and TECHNOLOGY

Rosenbaum reported that he had not received any estimates for the proposed new AMI system.

Rosenbaum reported that we lost another handful of single-phase meters due to the voltage spike.

INFORMATION and TECHNOLOGY

Weeda had administration rights problems on the new cellular modems for the key accounts. The new wi-fi system for the new headquarters has arrived as well as the new security camera set-up. Weeda was not present at the meeting. Lindahl reviewed his Board book report.

FUTURE MEETINGS, TRAINING AND ARRANGEMENTS

Peterson reviewed the upcoming meetings with the Directors. Milanuk asked about the date of the Co-Bank meeting.

Morgan asked for a change to the March meeting date. Following discussion, a motion was made by Morgan and seconded by Smith to move the date to April 1, 2016. Roll call vote: Yea: All present. Motion carried.

ELECTION OF DELEGATES AND OTHER ORGANIZATIONAL ITEMS

The CFC Director Voting Delegate and Alternate Voting Delegate was reviewed. Zimmerman will remain as the Director Voting Delegate and Fehringer will remain as the Alternate Delegate.

A motion was made by Milanuk that Morgan remain as the Tri-State G & T Director and Voting Delegate for 2016. Motion was seconded by Zimmerman. Roll call vote: Yea: All present. Motion carried.

Touchstone Energy's Bylaws have been changed by their Board of Directors to give all full Touchstone Energy members the right to vote for and the ability to nominate board candidates. A voting delegate needed to be appointed from the Wheat Belt PPD Board. A motion was made by Gortemaker to appoint Milanuk as the voting delegate for Touchstone Energy. Motion was seconded by Zimmerman. Roll call vote: Yea: All present. Motion carried.

JANUARY BOARD MEETING ADJOURNMENT

There being no further business to come before the Board, the President declared the meeting adjourned at 11:53 a.m.

ATTEST:

Bernard G. Fehringer, President

Marcus Milanuk, Secretary