

APPROVED REGULAR MEETING MINUTES
BOARD OF DIRECTORS - WHEAT BELT PPD

March 4, 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, March 4, 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

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; Jim Weeda, IT Manager; and Kelli Chaon, Executive Assistant.

Director Brian Zimmerman was absent.

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

Smith made a motion to approve the modified 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, February 23, 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 Garrett Basler, Intern and Steve Erdman, Legislative Candidate for District 47. Kristen Gottschalk, NREA Government Relations Director, appeared later in the meeting via Skype.

APPROVAL OF JANUARY 22, 2016, BOARD MINUTES

Fehringer announced that with no corrections to the January 22, 2016, Board Minutes, they stand approved as published.

APPROVAL OF JANUARY 27-28, 2016, STRATEGIC PLANNING SPECIAL MEETING MINUTES

Fehringer announced that with no corrections to the January 27-28, 2016, Strategic Planning Special Meeting Minutes, they stand approved as published.

PUBLIC HEARING AND COMMENT PERIOD

Steve Erdman, Legislative District 47 Candidate, addressed the Board and answered questions.

GENERAL MANAGERS REPORT

Lindahl commented that at Strategic Planning, it was discussed that the Board and staff participate in legislative initiatives that help provide long-term stability and mitigate future rate increases. By testifying on LB1068, this helped Wheat Belt to work toward achieving this goal. Morgan asked for a copy of Fehringer's testimony.

Personnel

Staffing is at 27 full-time employees with one intern. Lindahl stated he would provide an update in Executive Session.

Other:

Lindahl was quoted in the RE Magazine in an article on Cyber Security.

Fehringer thanked Lindahl for putting the information together for the testimony he gave concerning LB1068.

Lindahl reminded the Directors that incumbent Directors are required to file as a candidate with the Secretary of State by July 15, 2016.

Lindahl reported that Tri-State staff was here conducting a photo shoot of the crews working and the new building. Lindahl was interviewed for the narrative to be used at the Tri-State Annual Meeting or their Membership meeting.

Lindahl included information on the NREA Strategic Plan in the Board book.

Lindahl reminded the Board that the Statements of Financial Interest are due in the office of the Accountability and Disclosure Commission by April 1, 2016.

Legislative & Regulatory

Kristen Gottschalk from NREA appeared before the Board via Skype at 9:00 a.m. The NREA Legislative meeting was postponed, so Lindahl asked her to update the Board on the major issues during the current session. Kristen thanked Fehringer for providing testimony against LB1068, with regards to the Public Service Commission reviewing and approving electric utility rate increases. This Bill was killed by the committee. Discussion and questions and answers followed.

A break was taken at 9:40 a.m.

The meeting resumed at 9:50 a.m.

Lindahl reported that the Supreme Court ordered a stay on the Clean Power Plan. This will allow everyone to put the plans to comply with this on hold until the SCOTUS issues its ruling on the legality. A copy of the updated NREA Bill tracking document was included in the Board book.

Lindahl reported on LB725, which provides an exception to a filing requirement relating to conveyances of real estate. This eliminates the need to file a 521 for utility easements. Discussion followed.

Lindahl has been serving on the NRECA Strategic Technology Advisory Council for a few years. This Council was formerly known as the Cooperative Research Network. Lindahl included a document that outlines a large share of the current projects, with many more in development.

Lindahl reported that Wheat Belt received a check from Federal Rural Electric Insurance Exchange in the amount of \$16,409. This is a dividend/refund from the Federated's Workers' Compensation Group Retention Program. Fehringer asked that Lindahl commend the staff and crews on behalf of the Board, for the safe working record.

Financials

Lindahl reviewed the financial reports, which were presented under separate cover, and answered questions.

Lindahl reported that the Tri-State allocation had been received, then modified. Hostetler made the adjustment in January 2016, which affects the balance sheet, but not the operating statement.

The Audit report will be conducted at the April 1st meeting, and the auditor will be present.

Executive Session:

An Executive Session was called for at 10:14 a.m. to discuss personnel issues, and the Board Evaluation.

A motion was made by Milanuk and seconded by Gortemaker to go into Executive Session. Roll call vote: Yea: All present. Motion carried.

A motion was made by Milanuk and seconded by Gortemaker to resume the meeting at 11:22 a.m. Roll call vote: Yea: All present. Motion carried.

STRATEGIC ISSUES

Facility update: Work is steadily progressing at the new facility. Lindahl scheduled a tour following the Board meeting. Wind damaged some of the unfinished roof. Carpet was being installed, and much of the trim and doors are hung. Lindahl reported that it is looking like April 9th will be the target date for turning over the keys. Milanuk questioned workmanship issues, and if there would be any recourse in the future. Discussion followed and Lindahl will look into the issue.

A motion was made by Smith to ratify the bill already paid to Eric Reichert Insulation and Construction, Inc., in February, in the amount of \$552,102.12. Gortemaker seconded the motion. Roll call vote: Yea: All present. Motion carried.

Facility Sale: Lindahl reported that there has been two inquires on the West Warehouse property, but no offers. Lindahl will conduct a tour of the present facilities to an interested party, following the Board meeting.

A Memo was included in the Board book concerning the marketing of the current headquarters complex and the current asking prices. The Memo will be sent to the employees for informational purposes. If anyone has an interest in the facilities or knows of someone who does, they can contact Lindahl.

As per Tri-State's All Requirements Contract, we have been granted permission for the sale of the current headquarters facilities.

Facility Change Order

No official change order considerations for this month were reported.

Discussion was held concerning adding additional rock at the new facilities. If the price is good for crushed concrete, it could be stockpiled along a fence to be used at a later date.

Lindhahl reported that Tri-State will begin to move dirt from the Dalton Substation area into the pond at the new facilities in the coming week.

2016 Strategic Planning Session

The 2016 "draft" Strategic Plan as prepared by Ruth Marks, was included in the Board book. Following discussion, a suggested correction was made concerning "LB1038" under Major Issues Discussion: Legislative/Regulatory Challenge. It should be changed to "LB1068." Fehringer appreciated staff's contribution to the process. The directors felt that Marks and the "Orientation" team did an excellent job. They were quite impressed with all the Tri-State staff members who presented during the "Orientation" process.

A motion was made by Milanuk to approve the 2016 Strategic Plan with the one suggested change. Smith seconded the motion. Roll call vote: Yea: All present.

Sub-Transmission Project

Borges reported and the question was raised concerning the Bluestem project, and if changes needed to be made to the size of the line currently planned to be installed. Borges had a call into Bob McDonald of ESC, for his input. Questions and discussion followed. Smith mentioned that a person of interest told him about a tower being put up in his area with the possibility of development. The information was given to Borges, and he will contact the landowner.

Rates

The process will be starting in the near future.

Bluestem Energy

Bluestem has been working on our project, and we have provided the needed information, with the exception of our pricing from Tri-State. They have chosen an area that would fit best for our system, and have spoken with the landowner.

Lindahl and our attorneys have been meeting on the Power Purchase Agreement. The attorneys have referred the Agreement to an outside firm with more expertise. The Tri-State credits were discussed, and it is the hope of the Board to get the Agreement approved and filed with Tri-State in time to get the best pricing.

Tri-State Meeting Reports

Tri-State Board Meeting: Morgan reviewed his February report and discussion followed. He also reported on the March meeting. Morgan explained the changes on depreciation. The Tribal Indian Lease Agreement has been completed. The Audit was approved and the extra patronage will be distributed to the members.

Morgan reported that Tri-State did contact FERC requesting a decision on the Delta Montrose project. Discussion followed.

Morgan explained and discussed the proposed By-Law changes. Following discussion, Morgan will vote in favor of the By-Law changes.

Tri-State Patronage:

The preliminary amount Wheat Belt was to receive was \$580,481. After the Tri-State Audit was completed, an additional \$22,068 was allocated for a final amount of \$602,549.

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

The meeting resumed at 12:45 p.m.

Tri-State QF (Qualified Facilities) Waiver:

Lindahl explained the FERC ruling on the DMEA or Policy 101. Lindahl explained the pros and cons of signing a QF Waiver. This is a blanket waiver for all projects. Following discussion among the Board, the consensus was to wait. Lindahl will report to Tri-State that we are undecided at this point.

MEETING REPORTS

New & Emerging Technology Conference:

Weeda and Lindahl attended and reported. The Conference was sponsored by Touchstone Energy and Lindahl presented on cyber security. They reported on the different meetings they attended and discussion followed.

NRECA Annual Meeting:

Fehringer and Morgan attended the Annual Meeting and reported.

CoBank Customer Meeting:

Fehringer and Blomenkamp attended and reported.

Midwest Electric Consumers Power & Water Meeting:

Lindahl attended and reported.

Nebraska Public Safety Broadband Working Group & First Net:

Weeda attended, and his report was included in the Board book.

POLICIES & RESOLUTIONS

Policy C-4: Work on Customer's Premises; Policy C-5: Relocation, Retirement, Removal of Facilities and Minimum Bills; Policy C-6: Standard Construction Practice; Policy C-7: Payment Responsibility; Policy C-8: Time Limitations; Policy C-9: Disconnect for Nonpayment; and Policy C-10: Reading of Meters & Meter Calibration: Motion was made by Milanuk to readopt Policy C-4, Policy C-5, Policy C-6, Policy C-7, Policy C-8, Policy C-9 and Policy C-10. Gortemaker seconded the motion. Roll call vote: Yea: All present. Motion carried.

Resolution 16-1: CoBank Line of Credit Resolution and Authorization: A motion was made by Gortemaker and seconded by Smith to accept the CoBank Line of Credit Resolution and Authorization. Morgan raised a question concerning point 2.3 (a) and discussion followed. Lindahl explained, and reviewed the Credit Agreement. Following discussion, roll call vote was called for, and Resolution 16-1: CoBank Line of Credit Resolution and Authorization, was approved by a unanimous roll call vote. Lindahl will obtain signatures at a later date.

SAFETY ISSUES and SAFETY MEETING MINUTES

The February 12, 2016, Safety Meeting Minutes were reviewed and discussed.

Training for the February meeting was CPR and First aid. Most of the employees performed CPR for Certification purposes. Director Gortemaker was in attendance and reported.

SAFETY COMMITTEE MEETING MINUTES

The February 17, 2016, Safety Committee Meeting Minutes were reviewed and discussed.

Reilly reported that interviews will be held in the near future for the replacement of NREA's Job Training & Safety Coordinator, Bob Cooper.

CONSTRUCTION, MAINTENANCE & OPERATION

Major Outages

Three poles were broken during the wind storm February 18th. One pole fell at a residence and the wires landed on the roof. A report was turned into Federated for notification purposes.

Construction, Maintenance & Operations

Repairs at the Sidney Sub have been completed, and it is back to normal.

The construction crew energized the permanent service to the new headquarters building on February 18th.

Unit 28

The new truck was delivered February 24th, one year from the date the purchase agreement was signed.

BUSINESS REPORT

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

Customer Service/Marketing: The Open House/Customer Appreciation date has been set, and Wieser has been making plans.

Ag Social: Wieser reported that the Ag Social is scheduled for Friday, April 1st at the Hillside Grill, and she invited the Directors to attend.

Safety Fair: The Safety Fair is scheduled every three years, and will be conducted on April 29th at the Lodgepole Valley Youth camp. The presenters are very enthusiastic about being a part of the event.

FCC Phone Authorization: Wieser reported that the letters were sent to the customers, and many of the returned ones were marked that they didn't want to be contacted. She is concerned that they may have signed the wrong line, but will wait for them to contact us, instead of sending additional letters.

METERING, INFORMATION and TECHNOLOGY

Rosenbaum reported there were a record number of disconnects for nonpayment this month. Inspection of all the irrigation accounts will begin this month for any maintenance or metering issues.

INFORMATION and TECHNOLOGY

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

He attended a Webinar that NRECA hosted regarding ADA compliance on websites.

FUTURE MEETINGS, TRAINING AND ARRANGEMENTS

Peterson reviewed the upcoming meetings with the Directors

A preliminary District calendar was included in the Board book.

ELECTION OF DELEGATES AND OTHER ORGANIZATIONAL ITEMS

The Tri-State Certification of Election form was signed by the President and Secretary.

OTHER

The March Board meeting will be held on April 1, 2016.

FEBRUARY BOARD MEETING ADJOURNMENT

There being no further business to come before the Board, the President declared the meeting adjourned at 2:02 p.m.

ATTEST:

Bernard G. Fehring, President

Marcus Milanuk, Secretary