

APPROVED REGULAR MEETING MINUTES
BOARD OF DIRECTORS - WHEAT BELT PPD

May 27, 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, May 27, 2016, at the District Headquarters, 11306 RD 32, 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; Pam Wieser, Business Manager; Earl Reilly, Operations Manager; Kelli Chaon, Executive Assistant; and Jim Weeda, IT Manager.

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. Zimmerman 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, May 16, 2016, 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. Milanuk seconded the motion. Roll call vote: Yea: All present. Motion carried.

INTRODUCTION OF GUESTS

No guests were present.

APPROVAL OF APRIL 29, 2016, BOARD MINUTES

Fehringer announced that with no corrections to the April 29, 2016, Board Minutes, they stand approved as published.

PUBLIC HEARING AND COMMENT PERIOD

No one appeared before the Board.

GENERAL MANAGER'S REPORT

Lindahl asked for questions from what was written in his report. He then reported:

Personnel

Staffing is at 26 full-time employees. Andy Kuhns was hired as a metering and AMI technician. Andy comes from CommScope, and will begin June 1st. With Andy on board, we will again be fully staffed with everyone on full duty for the first time this year.

Legislative & Regulatory

Lindahl reported that this is the month to take an in-depth look at the legislative issues on a strategic level. The original intent was to have a guest Skype in to go through these topics. Unfortunately, with the storm, the move, Bluestem project and a wealth of other items, neither he nor staff had the time to schedule anything.

Lindahl cancelled his trip to the Legislative Update in DC.

Fehringer reported on LB 824 and discussion followed.

Other:

Lindahl met with Mike Lewis, our CFC representative. They discussed some financing options that Lindahl will utilize in the strategic debt model. They discussed our current line of credit and our rates. Lewis brought forth an option that we could convert our current committed line of credit to an uncommitted line of credit, which would carry a lower interest rate. Lindahl included information on the CFC Integrity Fund in the Board book.

A lengthy discussion was held with Lindahl answering questions on the uncommitted line of credit. The uncommitted LOC interest rate would be 1.85% with patronage. The uncommitted line of credit would require approval to take a draw, and financials would have to be submitted annually. Same day funds would be available if needed. Following discussion among the Board members, Morgan made a motion to change from a committed LOC to an uncommitted LOC. Gortemaker seconded the motion. Roll call vote: Yea: All present. Motion carried.

Lindahl will visit with Deryl Travis of Arbor Wealth Management on investment options. Debt tools are also available through them.

Discussion was held concerning the CFC Integrity Fund. Information was included in the Board book and Lindahl explained and answered questions on the subject. A motion was made by Morgan to contribute \$100 to the CFC Integrity Fund. Smith seconded the motion. Roll call vote: Yea: All present. Motion carried.

Lindahl reported on the successful NREA Technology Conference. Mike McInnes of Tri-State, has offered to allow the Tri-State membership to put together something similar. Lindahl is working with Ellen Conner of Tri-State planning a similar conference to be held tentatively in October. Lindahl also met with Troy Bredenkamp of NREA, and they strategized ideas for future NREA conferences, specifically gearing something towards directors, managers, and IT staff, and including the discussion of New and Emerging Technologies.

Lindahl reported that a Nondisclosure Agreement is being generated for all IT vendors to sign that come into the new headquarters. Anyone who touches the network or is in the IT room will have to sign the Nondisclosure Agreement.

Lindahl reported on the storm that came through after the last Board meeting. High West Energy and Midwest Electric were called to help. It was beneficial that two of Wheat Belt's former employees from High West Energy assisted in the repairs. We utilized social media quite heavily in an attempt to keep customers, relatives, and the media up-to-date. Gortemaker commented that people in Oshkosh were very proud of the work done. Lindahl was complimentary to how the community came together. Morgan asked Lindahl to compliment and thank the employees for all of their help. He appreciated all of their efforts. Morgan thanked Marc Milanuk and the Eagles organization for providing hot meals to the crews. Fehringer appreciated that the crews worked safely. Blomenkamp asked that text message updates be provided two to three times a day to him on potential timeframe for restoration, and that he would disseminate the information to his neighbors. Communication services in his area are limited, and the updates/progress reports would be beneficial. Milanuk asked about the restoration costs. Lindahl explained that all of the expenses will be reported when available. There were fueling issues; crews ran out of DEF in the

trucks; communications sometimes were an issue; and getting meals to the crews was difficult because of the bad roads, etc. Discussion followed.

Lindahl reported that we received a five percent discount from Federated on our Worker's Compensation Policy.

Lindahl included correspondence from the Nebraska Game & Parks in the Board book on our Construction Work Plan review.

Financials

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

STRATEGIC ISSUES

Facility update: Lindahl reported that the building is 99% completed. He hoped that by June 1st we would be mostly moved to the new facilities. Lindahl reported that a few minor things still need to be completed. Lindahl stated that staff will be going through education and training in the next few weeks on how to program and operate many of the systems. Smith asked a question concerning the generator. He asked if we had received it and who was responsible for it? Lindahl responded. Lindahl reported on the new phone system, which is substantially less expensive. It is a very robust system with flexibility. Hamilton internet will be completing their fiber work in the coming week.

Lindahl reported on the move to the new headquarters and all of the work by the employees. The moving process has been conducted primarily by Chris Schilz and Eric Reimers. They moved the entire office and set it back up in four days. The trees were planted with the drip system attached to the hydrant by Trevor Black. The Open House is scheduled for June 24th and plans are proceeding.

Facility Bill Approval: A motion was made by Gortemaker to ratify the bill already paid to Eric Reichert Insulation and Construction, Inc., in May, in the amount of \$511,963.61. Milanuk seconded the motion. Roll call vote: Yea: All present. Motion carried.

Facility Sale: Wieser indicated that there are three people interested in the Truck Barn and the West Warehouse. No official offers have been made.

Facility Change Order

No official change order considerations for this month were reported.

Sub-Transmission Project

Borges was on PTO. No progress to report.

Rates

No further progress has been made.

A break was taken at 10:04 a.m.

The meeting resumed at 10:16 a.m.

Tri-State Meeting Reports

Tri-State Board Meeting: Morgan reviewed his May report and discussion followed. Morgan reported on investment grade ratings with S&P and Fitch, revising their outlooks on Tri-State to be stable. Moody's affirmed the stable outlook also.

Fehringer questioned Morgan on Tri-State's Policy 115. Morgan brought forth the questions on the standby charges and transmission demand charges at the Tri-State meeting.

Policy 115 Recommendations: Bluestem Energy Renewable Development

Lindahl attended the first day of the Tri-State Board meeting. He asked the question about the transmission rate not being in the Policy 115 rate. Lindahl followed up with an email, and he included Brad Nebergal's response in the Board book. A lengthy discussion followed with the Directors on Policy 115. Because we are under contract with Bluestem Energy, Lindahl said to be sure that any discussions concerning Bluestem Energy and Tri-State's Policy 115 are documented. The Board would like to see the transmission demand component be credited in Policy 115. The Directors will wait until after the June Tri-State Board meeting to see what they will offer. Concerning the transmission demand charge, Morgan stated that this is going to the E&O Committee first.

Lindahl prepared a letter to the Tri-State Board for reconsideration and the Directors read the rough draft. The Board respectfully requests that consideration be given to offset the entire wholesale rate, including the transmission demand component, for Policy 115 projects. Following a lengthy discussion, Morgan recommended that the Tri-State Board receive the letter prior to the meeting so they have time to review it. A motion was made by Gortemaker that Fehringer sign and mail the letter stating that the Wheat Belt Board of Directors, by action taken during the May 27th Board meeting, respectfully requests that consideration be given to offset the entire wholesale rate, including the transmission demand component, for Policy 115 projects.

Motion was seconded by Blomenkamp. Roll call vote: Yea: All present.

Lindahl stated that further negotiations with Bluestem Energy will be postponed until Tri-Stat's decision is made on Policy 115. At the June Board meeting, Bluestem Energy representatives will be invited to attend the meeting, and an Executive Session can be called to report to them our negotiations.

Tri-State QF (Qualified Facilities) Waiver:

Lindahl and Morgan reported on the QF Waiver and discussion followed. A majority of the systems are going with the Waiver. Discussion followed.

MEETING REPORTS

NRECA Strategic Technology Advisory Council:

Lindahl reported. A lengthy discussion followed with Lindahl answering questions concerning his Board book report.

NREA Meetings in Norfolk:

Borges' report in the Board book was reviewed as he was not present. Fehringer reported on the JT&S Committee meeting. Milanuk reported on the Working for Nebraska campaign.

NREA Strategic Planning Session (Verbal):

Fehringer reported and questions and discussion followed.

WYOBASKA MDM (Verbal):

Lindahl reported and discussion followed.

NREA Employment Law Seminar (Verbal):

Wieser, Peterson and Lindahl attended the meeting. Lindahl and Wieser reported.

POLICIES & RESOLUTIONS

Fehringer asked the Board to think about changes to the D-5A Evaluation. He asked if the \$20 reimbursement was adequate. Directors replied "Yes". Verizon is offering an 18% discount on data plans. Wieser has the information.

Policy D-1: Director Compensation and Expense Report Approval; Policy D-2: Director Insurance; Policy D-3: Student Scholarships; Policy D-4: Selection of General Manager; Policy D-5: Board of Directors Duties; Policy D-6: Board of Directors/General Manager Relationship; Policy D-7: Director Elections; Policy D-8: Director Absence from Meetings; Policy D-9: Electronic Communications; Policy D-10: Reliability Standards; Policy D-11: Director Technology (with wording changes on 11S to change director to staff member and add the discretion of the General Manager to determine inappropriate use); Policy D-6A: Board of Directors/General Manager Relationship; Policy D-5A: Board of Directors Duties; Policy D-13: Non-Director Officers; and Policy D-14: Filling a Vacancy on the Board of Directors: Motion was made by Smith to readopt Policy D-1, Policy D-2, Policy D-3, Policy D-4, Policy D-5, Policy D-6, Policy D-7, Policy D-8, Policy D-9, Policy D-10, Policy D-11, Policy D-6A, Policy D-5A, Policy D-13 and Policy D-14. Milanuk seconded the motion. Roll call vote: Yea: All present. Motion carried.

SAFETY ISSUES and SAFETY MEETING MINUTES

The May 9, 2016, Safety Meeting Minutes were reviewed and discussed.

Director Fehringer was present at the meeting. Reilly reported and answered questions.

CONSTRUCTION, MAINTENANCE & OPERATION

Major Outages

A storm, including snow, ice and wind on April 29, 30, and May 1, 2016, passed through the system. Around 50 poles had to be replaced. High West Energy sent six linemen to help for three days. Midwest Electric sent three linemen on Sunday and two linemen on Monday. One farm service was off for approximately 104 hours. Twenty-eight people worked approximately 1,780 man hours beginning Saturday April 30th and ending 4:00 p.m., Friday, May 6th.

Storm repairs are continuing. Phone calls to employees instead of the office was discussed. Reilly said the men deserved a good “pat on the back.”

Construction, Maintenance & Operations

Reilly reviewed the report in the Board book and answered questions. He said it would take three to four days to move the warehouse if we shut down all other work.

BUSINESS REPORT

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

Youth Camp: Two students have shown an interest in attending the Youth Camp for 2016. They are Megan Todd of Bridgeport and Michael Smith, Doug Smith's grandson, from Chappell.

Irrigation Survey: The survey tabulation was included in the Board book. Hodges tallied the information. The Directors reported that the results are worth further investigation and reporting to the customers. Significant information to the irrigators and discussion is needed per Morgan.

Portland Connect Conference: A brief report was given by Wieser.

Irrigation Write-Off: Wieser reported that action will be needed to write off the demand charges for irrigation well testing at Account 01755 for \$1,152.39. A customer with six Accounts (2095 - \$596.37, 2073 - \$771.25, 2864 - \$452.88, 2804 - \$1,058.22, 2873 - \$919.22, and 1263 - \$484.27) asked for a write-off in the amount of \$4,282.21. Account 80000 also asked for a write-off in the amount of \$650.18, for a total of \$6,084.78. Milanuk made a motion to approve the irrigation demand charge write-offs in the amount of \$6,084.78. Zimmerman seconded the motion. Roll call vote: Yea: All present.

FCC Phone Authorization: Jane continues to collect authorizations, and may have to make phone calls to get them returned.

Drop Box for Payment: Wieser contacted the contractor to see if we could get the left over bricks from the building to use on the payment drop box. He will order more, so that we have a sturdy structure that matches the building. Wieser is not promoting a drop box in town as there are several other options available to the customers.

Open House/Customer Appreciation: Wieser is working on invitations to be sent to the residences and special guests. There will be door prizes, prize drawings, display/information booths, kiddie games and the bouncy house for the kids. Tri-State will have two booths and will display one of their electric cars.

Morgan said he will get Rockies tickets for the drawing at the Open House from Tri-State.

The Mason's cornerstone presentation will be at 2:00 p.m.

METERING, INFORMATION and TECHNOLOGY

Rosenbaum was reading meters so Lindahl reviewed his Board report and answered questions.

INFORMATION and TECHNOLOGY

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

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

No changes this month.

OTHER

Fehringer asked if there were any further questions from the Directors.

The June Board meeting will be held on June 24, 2016.

MAY BOARD MEETING ADJOURNMENT

There being no further business to come before the Board, the President declared the meeting adjourned at 12:25 p.m.

ATTEST:

Bernard G. Fehringer, President

Marcus Milanuk, Secretary