

APPROVED REGULAR MEETING MINUTES
BOARD OF DIRECTORS - WHEAT BELT PPD

July 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, July 22, 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; Ryan Borges, Staking Engineer; Earl Reilly, Operations Manager; Jeff Rosenbaum, Senior Meter Technician; Andy Kuhns, IT/AMI Technician; Jim Weeda, IT Manager 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 Tuesday, July 12, 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

Fehringer introduced Andy Kuhns, IT/Metering.

APPROVAL OF JUNE 24, 2016, BOARD MINUTES

Fehringer announced that with no corrections to the June 24, 2016, Board Minutes, they stand approved as published.

PUBLIC HEARING AND COMMENT PERIOD

No one appeared before the Board.

GENERAL MANAGER'S REPORT

Lindahl reported:

Personnel

Staffing is at 27 full-time employees.

Legislative & Regulatory

Lindahl submitted comments to the U.S. Department of Energy over the reporting of energy sales on the Annual Electric Power Industry Report. His comments were included in the Board book. Lindahl further explained the comments, and why he sent them in Wheat Belt's specific situation.

Lindahl included memorandums from David Jarecke, attorney for NREA, in the Board book concerning FLSA 2016 changes, and the U.S. Department of Labor "Persuader Rule." Lindahl answered questions, and discussion followed concerning the FLSA Memo.

Lindahl mentioned that no one has filed to run against our three incumbent directors, as of this time.

Lindahl reported that NREA is doing a DC Fly-In September 12-14, 2016, and Fehringer will attend.

Other:

Lindahl reported that it is time to renew our Federated Rural Electric Insurance Exchange coverage for another two years. Lindahl will meet with our representative, David Reher, to begin the renewal process. Discussion was held

on current coverages and liability limits. Lindahl included the Federated Newsletter in the Board book, which outlines insurance for drones in the event we enter into that arena. A lengthy discussion by Lindahl and the directors on drone use was conducted.

A claim was submitted to Federated on behalf of a customer for a fire that destroyed some hay. Federated denied the claim as it was indicated that the pole was sound and it was a direct result of a storm. No negligence on Wheat Belt's part was presented.

Stan Bray, Safety and Loss Prevention Consultant for Federated, visited the new headquarters. His primary purpose for the visit was to make a safety and loss prevention assessment on our operations and system. He found all of the facilities, vehicles and operations to be in excellent condition. His letter was included in the Board book.

Dana F. Cole & Company, Certified Public Accountants, submitted a proposal for a three-year audit engagement. Discussion was held concerning fees and rates. Following discussion, a motion was made by Smith to engage Dana F. Cole & Company to conduct the annual audits for a three-year period. Milanuk seconded the motion. Roll call vote: Yea: All present. Motion carried.

Lindahl informed the directors about the State Fair booth. Volunteers are needed to man the booth. Lindahl volunteered a couple of years ago, and explained what is involved and the type of demonstrations that take place during the event.

Fehringer commended Kelli Chaon on the "History of Wheat Belt" book/pamphlet that she produced and was distributed at the Open House. Fehringer also reported on the tours conducted at the Open House and the favorable comments.

Financials

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

Lindahl reported, and discussion followed concerning the rate review by Bob McDonald of ESC. Irrigation rates were discussed. The FERC ruling concerning Tri-State and the Bluestem and Basin perspectives, were reported and discussed by Lindahl and Morgan.

Lindahl stated that the Bluestem Energy representatives would like to attend the August Board meeting. Lindahl asked if the directors felt that a representative from Tri-State should also be present, and the Board members unanimously agreed. A lengthy discussion followed concerning the Bluestem project, rates, etc.

Borges reported on the costs of the May storm including the Mutual Aid totals.

CUSTOMER SERVICE PROGRAM REVIEW

Wieser presented a report to the Board showing the different aspects of her department. Wieser reported on the parades and floats; our presence at the various fairs, etc. Milanuk commented on the trash can covers that have been distributed, and he would like some for the Garden County Fairgrounds. Questions and discussion followed.

A break was taken at 9:58 a.m.

The meeting resumed at 10:10 a.m.

STRATEGIC ISSUES

Facility update: Lindahl reported on the Open House and Customer Appreciation event. Positive comments were received on the whole event. Fehringer complimented the entire staff for a very successful undertaking. The opportunity to visit with customers was good. Morgan asked about the consideration of hosting Customer Appreciation every few years, and Wieser replied that a major one is planned for every three years.

Lindahl updated the directors on the finished/not finished status of the new facilities. The backup generator has been delivered, just not totally installed. The fence around the patio still needs to be installed. The boiler inspection still needs to be conducted. Most of the work should be completed in a couple of weeks. The remainder of the work will be repairing and clean-up on warranty items.

Discussion was held on the metering of the headquarters. Tracking energy savings was used in the justification for the construction. We have options to avoid the peak times for lower usage. We are working to establish a baseline in order to avoid the peak.

Facility Bill Approval: No bills have been received this month.

Facility Sale: No progress. Morgan discussed the possibility of spending some money to spruce up the facilities for sale.

Facility Change Order

No official change order considerations for this month were reported.

Sub-Transmission Project

Borges reported that with all of the storms and the construction crew keeping busy with restoration, no progress has been made on the project.

Rates

Lindahl reported that Bob McDonald of ESC continues to work on the rates. He is working on time of day rates. Discussion followed on the subject. McDonald will appear before the Board in September to give a presentation.

Bluestem Energy Renewable Energy Project

Lindahl reported Bluestem Energy has requested to attend the August meeting. The FERC ruling has not been fully vetted as to any implication it may or may not have on the project.

EXECUTIVE SESSION

An Executive Session was called for to discuss personnel issues. A motion was made by Gortemaker and seconded by Zimmerman to go into Executive Session at 10:48 a.m. Roll call vote: Yea: All present. Motion carried.

The meeting resumed at 11:11 a.m. with a motion by Milanuk. Zimmerman seconded the motion. Roll call vote: Yea: All present. Motion carried.

Tri-State Meeting Reports

Tri-State Board Meeting: Morgan reviewed his July report, and discussion followed. Morgan reported on the Basin mid-year rate increase of seven mills or twelve percent, beginning August 1, 2016. Morgan reported on the Kit Carson buyout. Questions and discussion followed.

Tri-State FERC Complaint

Morgan reported that Tri-State has filed a Motion for Rehearing with the Federal Energy Regulatory Commission (FERC) in response to its ruling disallowing Tri-State from utilizing the board approved fixed cost recovery mechanism. Tri-State would like Wheat Belt to submit a letter in support of the rehearing. Following discussion, Gortemaker made a motion granting Lindahl the authority to file a letter in support of the rehearing. Milanuk seconded the motion. Roll call vote: Yea: All present. Motion carried.

Tri-State QF (Qualified Facilities) Waiver:

Lindahl and Morgan provided a quick update on the status of the QF Waiver.

MEETING REPORTS

Basin Manager's Meeting:

Lindahl provided an oral report and discussion followed.

NREA Net Metering Task Force:

Lindahl attended and reported that one of the key topics was coming up with a uniform policy that could be adopted across the state, a uniform application, and uniformity in insurance requirements for all interconnections. Currently, there is a great deal of confusion as we are all interpreting the law slightly differently, and this has led to more pressure at the Unicameral. Discussion followed.

Lindahl answered questions prompted by Milanuk concerning the Customer Service ratings results from the Survey.

POLICIES & RESOLUTIONS

Policy E-10: Code of Ethics; Policy E-11: Employment of Relatives; Policy E-13: Separation of Service; Policy E-14: Theft from the District; Policy E-15: Electrician's License; Policy E-16: Employee Recognition; Policy E-17: Equal Employment Opportunity; and Policy E-18: Medical Insurance, Retired Employees: Motion was made by Gortemaker to readopt Policy E-10, Policy E-11, Policy E-13, Policy E-14, Policy E-15, Policy E-16, Policy E-17, and Policy E-18. Smith seconded the motion. Roll call vote: Yea: All present. Motion carried.

Policy E-12: Cell Phone Use: A motion was made by Smith, and seconded by Zimmerman to approve wording changes to Policy E-12, to allow phones to be carried for safety improvements. Roll call vote: Yea: All present. Motion carried.

Policy E-11: Employment of Relatives: The Board will explore options to further refine the policy for the next review.

SAFETY ISSUES and SAFETY MEETING MINUTES

The July 13, 2016, Safety Meeting Minutes were reviewed, and discussed. Borges reported, and answered questions.

No director attended the Safety Meeting. Training was conducted by NREA JT&S Instructor, Kory Hilderbrand, on hearing protection.

It was reported that a Nebraska system had an employee electrical contact.

Discussion was held on snakes getting into the substations.

CONSTRUCTION, MAINTENANCE & OPERATION

Major Outages

Borges reported on the outages caused by storms in the past month, and reviewed the information in the Board book.

Construction, Maintenance & Operations

Borges reviewed the report in the Board book, and answered questions.

Borges reported on the costs of the big May storm to the Board.

BUSINESS REPORT

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

Customer Service/Marketing: The Open House was a huge success.

Fairs and Parades: The Sidney 4-H organizers asked that we provide water for their meal this year, and said they would display our sign. Free water and popcorn will be offered at the Morrill County sale. We will help with the Garden County meal and provide water. The possibility of doing a water sponsorship during the sale at Deuel County was discussed.

Youth Camp: Megan Todd decided not to go to camp, so Tate Coss, son of Kevin Coss, our Oshkosh Area Foreman, filled the spot.

Fehringer thanked Chaon for taking the kids to the Youth Camp and Reimers for bringing them home.

Drop Box for Payment: Wieser reported that the drop box has been installed, and will be bricked later.

Milanuk thanked Wieser for the fly swatters, which were distributed for the 4th of July weekend and a community fund raiser at Oshkosh.

METERING, INFORMATION and TECHNOLOGY

Rosenbaum reviewed his report in the Board book, and answered questions. He also reported on a customer's irrigation motor current status.

INFORMATION and TECHNOLOGY

Weeda reviewed his report in the Board book, and answered questions. He had nothing new to add to his report.

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

Fehringer announced that we needed a director to be the Authorized Representative to cast a vote for the CoBank Director Election. Milanuk made a motion to appoint Fehringer to be the Authorized Representative. Gortemaker seconded the motion. Roll call vote: Yea: All present. Motion carried.

NRECA Voting Delegate Certification: Currently Smith is the Voting Delegate and Fehringer is the Alternate Delegate. Following discussion, the voting delegates will remain the same.

The next Board Meeting will be August 26th.

JULY BOARD MEETING ADJOURNMENT

There being no further business to come before the Board, the President declared the meeting adjourned at 12:15 p.m.

ATTEST:

Bernard G. Fehringer, President

Marcus Milanuk, Secretary