

**APPROVED REGULAR MEETING MINUTES**  
**BOARD OF DIRECTORS - WHEAT BELT PPD**

**September 23, 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, September 23, 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 – left @ 12:20

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; 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**

Fehringer announced that there would be a change to the Agenda. Following the General Manager's report, the Employee Issues Committee will present for the 2017 Wage and Benefits. Then the Board will go into Executive Session to conduct the General Manager Review and take the Employee Issues Committee presentation under consideration. Morgan made a motion to approve the amended Agenda. 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 Saturday, September 10, 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. Blomenkamp seconded the motion. Roll call vote: Yea: All present. Motion carried.

## **INTRODUCTION OF GUESTS**

Fehringer introduced the members of the Employee Issues Committee, Wieser, Peterson, Secrest, Cape, Chaon, and Reimers.

Fehringer stated that Bob McDonald from ESC would be arriving at 10:00 a.m.

## **APPROVAL OF AUGUST 26, 2016, BOARD MINUTES**

Fehringer announced that with no corrections to the August 26, 2016, Board Minutes, they stand approved as published.

## **PUBLIC HEARING AND COMMENT PERIOD**

No one appeared before the Board.

Fehringer discussed getting different software to build the Board book. He would like to have several vendors visit with Lindahl, Milanuk and himself, prior to the January mini-Strategic Session.

## **GENERAL MANAGER'S REPORT**

Lindahl reported:

### **Personnel**

Staffing is at 27 full-time employees.

### **Legislative & Regulatory**

Lindahl included press releases in the Tri-State section of the Board book on the closures of Nucla Station, New Horizons Mine and Craig Unit 1, as a result of the federal regional haze rule and regulations in Colorado. Morgan also reported and answered questions.

Morgan also discussed the new Tri-State rates and using the Tri-State deferred revenue to reduce the rate increase.

Fehringer attended the NREA Fly-in in DC.

**Other:**

Lindahl was asked to lead a break-out session at the Regions 7 and 9 meeting in Reno, Nevada, on the topic of Innovations in Cyber Security. He will focus on the importance of security, and what steps we have done and are doing in this area. He will highlight the need to collaborate (such as our forming the statewide and Tri-State conferences), formulate internal controls, and have foundations in place.

Lindahl reported that action will need to be taken on a temporary and permanent easement asked for by the State of Nebraska Department of Roads. The DOR will be replacing Highway 30 in front of the old office. They wish to have a temporary easement for access on our sidewalk at the corner of 21<sup>st</sup> and Illinois. They would also like a permanent easement at the same location. The purpose of the easement will be to construct a handicap curb on the corner. The letter was included in the Board book, which included the compensation, as well as a drawing of the proposed area.

Following questions and discussion, Milanuk made a motion to allow Lindahl to enter into the Agreement with the Department of Roads for the temporary easement, the permanent easement and accept the state's \$360 monetary offer. The motion was seconded by Gortemaker. Roll call vote: Yea: All present. Motion carried.

Lindahl has been invited to meet with the Lt. Governor and other utility executives in Lincoln for a security round table discussion.

Lindahl included information in the Board book from Dave Jarecke, NREA attorney, on Drone use. Jarecke reported at the NREA Legal Seminar in Lincoln. Lindahl and Fehringer reported, and answered questions.

Fehringer has earned his Board Leadership Certificate, and it will be presented to him at the Region 7 Meeting.

Lindahl reported on broadband issues. An informal group has been formed to discuss options to help with broadband service in our territory. The Nebraska Telecom Association spoke to the NREA managers, and laid out their plans to bring it to the area customers.

Lindahl reported on several topics discussed at the Legal Seminar. A FEMA conflict of interest policy was reported on and guidelines were developed to create a policy for contracts, etc. ROBO calls were discussed since the FCC changed the rules. The risk is on us to keep the phone numbers up-to-date. Net metering was discussed, and we cannot apply the energy credits to the fixed

charges.

Lindahl reported that Bluestem Energy plans to build the first merchant gas plant to back up wind in Beatrice. It is the first nonrenewable capacity source not publicly owned.

Lindahl attended a CFC webinar on parliamentary procedure, and will have it posted to be distributed to the directors and staff.

## **Financials**

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

Lindahl stated he would like to discuss financial strategies in an executive session.

The current tier level was questioned by Smith. Lindahl explained the ratios and answered questions. A question was raised concerning a figure in the Cash Requirements – Actual Cash Expenditures portion. Lindahl and Hostetler explained the variances from month to month.

## **BUDGET**

### **2017 Wage and Benefits**

Secrest represented the Employee Issues Committee, and reviewed the documents previously mailed to the directors. In the proposal mailed under separate cover to the directors, three Analysis' were offered. Committee members explained the new drug/medical insurance program and ,answered questions. The Committee recommended that the benefits package change to Analysis Three - the High-Deductible PPO plan with an Embedded Deductible and the Preventive Drug List Benefit. They also suggested a 1.5% wage increase for all employees, and that the one percent (1%) safety bonus the Board awarded the employees two years ago remain in place, based on the safety records of WBPPD.

Morgan commented and appreciated the study that the Committee presented. Questions and discussion followed.

## **GENERAL MANAGER REVIEW**

**Policy D-6: Board of Directors/General Manager Relationship:** An additional sentence was added to the last paragraph. A motion was made by Milanuk to approve the changes to Policy D-6. Seconded by Zimmerman. Roll call vote: Yea: All present. Motion carried.

**A break was taken at 9:52 a.m.**

**The meeting resumed at 9:58 a.m.**

**EXECUTIVE SESSION:**

A motion was made by Smith to go into Executive Session at 10:00 a.m. to discuss Wage & Benefits, the GM Review and Financial Strategies. Gortemaker seconded the motion. Roll call vote: Yea: All present. Motion carried.

Lindahl attended the Executive Session until 10:45 a.m.

A motion was made by Morgan to resume the meeting at 11:00 a.m. Zimmerman seconded the motion. Roll call vote: Yea: All present. Motion carried.

A motion was made by Gortemaker to approve Analysis Three, to continue the safety bonus and provide for the scheduled increases in earned pay for the eligible employees, for 2017. Milanuk seconded the motion. Roll call vote: Yea: All present. Motion carried.

A motion was made by Smith to increase Lindahl's wage to \$150,000 for 2017, a 1.3% increase. Also, he is to receive the same insurance as the employees, implementing Analysis Three. Morgan seconded the motion. Roll call vote: Yea: All present. Motion carried.

**BUDGET**

**2017 Preliminary Rates**

Bob McDonald of ESC Engineering, presented a preliminary rural residential (A-1) rate and a preliminary three-phase irrigation rate, for review by the directors. He was soliciting input and general direction from the Board on how to move forward with the rate design.

A lengthy discussion followed with questions put to McDonald. Each director gave his opinion as to the length of a timetable to get rate adjustments to proper levels, and what direction to pursue. The Directors discussed moving the fixed charges over a period of five, eight or ten years, and would like McDonald to run the scenarios and report the results.

McDonald was directed to take a stab at the new rates, plus develop a long-term plan. It was suggested to move the fixed charges now, and finalize a long range plan at a later time.

**A lunch break was taken at 12:20 p.m.**

**The meeting resumed at 1:02 p.m.**

### **Strategic Issues**

#### **Facility Update**

Lindahl reported that there are several small items that continue to be addressed, but overall, things are working very well. Lindahl included the purchase power bill for the new building in the Board book. The utility savings were about \$600 for August.

Specialized Engineering will conduct a photo shoot on the new facilities in the coming week.

#### **Facility Bill Approval**

We still have not received a bill for the generator. We are still holding the remainder of the architect bill, pending an occupancy certificate, and the final drawings.

#### **Facility Sale**

Lindahl would like to begin a marketing plan for the old facilities. The “For Sale” banners will be placed for viewing. Following discussion, it was decided that Lindahl will contact commercial realtors to attend the October Board meeting and present their proposals/costs to the directors.

#### **Sub Transmission Project**

Borges reported that 3.5 miles of stakes are in the ground. He did some mowing around the old stakes. Some of the survey markers were gone, and the locations have been established again. There will be seven miles of new build.

#### **Bluestem Energy Project**

Adam Herink indicated it would be better to postpone the discussions until after FERC determines whether or not to re-hear the Tri-State case.

#### **Village of Lodgepole**

Lindahl and Chaon visited with NRECA’s consulting services and had a phone call with Henry Cano of NRECA on a process of evaluation. He provided an overview, which Lindahl included in the Board book. Cano’s proposal for a preliminary analysis would be in the amount not to exceed \$9,000. It was

recommended at this time to ask ESC to the actual detailed analysis of Lodgepole's current system. Following discussion, it was decided to have an independent party do the analysis for negotiation purposes. Lindahl will add the cost to the 2017 budget. Henry Cano will be attending the Region 7 and 9 meeting in Reno, Nevada, and the directors could meet and discuss the proposal with him at that time.

### **Strategic Financing**

Lindahl explained the current situation, and discussion was held in the Executive Session.

### **Tri-State Meeting Reports**

#### **Tri-State Board Meeting**

Morgan reviewed his September report and discussion followed. Morgan reported on Tri-State margins and the closing of the Nucla and Craig power facilities.

Milanuk asked a question concerning using deferred revenue to mitigate the rate increase. Morgan replied, and a lengthy discussion followed.

#### **Tri-State Contract Committee**

Lindahl reported that time was spent discussing the self-generation provision and heard presentations of the complexity of having members self-generate and some of the possible consequences of increasing the allowed amount. A polling of the Committee was conducted, and the results were included in the Board book. Discussion followed. Lindahl presented subscription contracts, and discussion followed.

#### **Rate Committee**

Morgan reported and included information in the Board book for review and discussion.

### **MEETING REPORTS**

#### **CoBank Executive Forum:**

Lindahl's report was reviewed and discussed.

#### **NREA Legal Seminar**

Lindahl and Wieser attended, and Lindahl reported.

## **NREA Washington Fly-In**

Fehringer attended and reported on the various Bills that were discussed.

## **POLICIES & RESOLUTIONS**

**Policy E-21: Harassment; Policy E-22: Smoking Policy; Policy E-23: Return to Work (with changes to reflect FMLA requirements); Policy E-24: On-Call Compensation; Policy E-25: First Aid and CPR Certification; Policy E-26: Suggestion Plan; and Policy E-27: Employee Behavior:** Motion was made by Smith to readopt Policy E-21, Policy E-22, Policy E-24, Policy E-25, Policy E-26, and Policy E-27 with no recommended changes and adopt Policy E-23 with the proposed FMLA requirement changes. Gortemaker seconded the motion. Roll call vote: Yea: All present. Motion carried.

## **SAFETY ISSUES and SAFETY MEETING MINUTES**

The September 14, 2016, Safety Meeting Minutes were reviewed, and discussed. Reilly reported, and answered questions.

Training: Nebraska State Patrol Sgt. Copp reviewed DOT regulations and vehicle inspections.

Reilly reported that the Safety Committee discussed where the First Aid kits should be located at the new headquarters. The main kit will be kept in the file room (RM 133), and a smaller kit will be kept in each copy room (RM 111 and 118.) The AED will be kept in the same room as the large First Aid kit. The Committee designated the vault, interior bathrooms and the file room as Tornado Shelters. Reilly provided a brief safety training to the directors on evacuation procedures in the event of a fire or tornado.

Reilly reported that the Alliance Lineman school is going to host a national lineman school rodeo April, 2017, and asked for help from the power districts.

The donation that was granted to the Alliance Lineman School was discussed.

Work Plan additions for system improvements were discussed with the Board.

Calling anchors out for jobs was discussed.

## **CONSTRUCTION, MAINTENANCE & OPERATION**

### **Major Outages**

Reilly reported on the outages caused by squirrels and raccoons in the past month, and reviewed the information in the Board book.

### **Construction, Maintenance & Operations**

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

Reilly reported that the crew demonstrated the safety trailer for twelve Frenchman Valley Coop agronomy employees and fourteen Chappell Volunteer Firemen. The safety trailer has been used a lot in the neighboring communities.

### **Capital Budget Items**

Reilly reported that the Purchase Order has been signed and it was decided to accept the bid from Custom Truck & Equipment for the new Unit 27. The cost is \$222,340, and they are allowing a trade in value of \$16,000, for a difference of \$206,340. Trade in on the truck was discussed.

### **Stock Well Issues**

Borges reported that he has had difficulties in contacting one of the landowners, but will keep trying.

The other landowner we have an issue with had a fault in this line again, which is the 15<sup>th</sup> or 16<sup>th</sup> fault we have had on the service since 2004. Borges contacted the landowner, and they are looking into the option of installing a solar unit at the location. If they decide against going with the solar unit, he will change the way this service is built, and come from a shorter distance with overhead construction.

### **BUSINESS REPORT**

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

**Contracts/Customer Complaint:** Wieser reported in the Board book for the director's information in case they were contacted by the landowner, who did agree to pay the deposits next month.

### **METERING, INFORMATION and TECHNOLOGY**

Rosenbaum reviewed his report and asked if there were any questions.

Rosenbaum reported that the Canon Yukon servers are starting to show their age. Weeda would like to convert the old PCS servers over to run the programs.

Rosenbaum is hoping to have the AMI contracts in the coming week.

## **INFORMATION and TECHNOLOGY**

Weeda reviewed his report and asked if there were any questions. He reported on the Canon Yukon software issue, and that the software will be moved over next week to the old PCS servers.

### **Security Report**

Weeda was asked to submit a security report each month. The report will include any changes/removals/additions to cyber security and physical security to the facilities. He will include any reporting of blocked threats from the virus software and especially any breeches in the security systems.

## **FUTURE MEETINGS, TRAINING AND ARRANGEMENTS**

Peterson reviewed the upcoming meetings with the directors

A preliminary District calendar was included in the Board book.

Chaon has developed a “training chart”, and will work with Lindahl on possible director trainings to be held at the Wheat Belt headquarters.

Lindahl asked about a date for a mini-Strategic Planning session to take place in January, 2017. It was decided to conduct a one-day update on Friday, January 13<sup>th</sup>. Bob McDonald from ESC, will be invited to attend to address the long-range rate planning/design.

## **ELECTION OF DELEGATES AND OTHER ORGANIZATIONAL ITEMS**

No elections were conducted this month.

### **Other**

Fehringer asked if there were any further questions/discussion from the directors.

The next Board meeting will be held on October 28, 2016.

## **SEPTEMBER BOARD MEETING ADJOURNMENT**

There being no further business to come before the Board, the President declared the meeting adjourned at 3:05 p.m.

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ATTEST:

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Bernard G. Fehringer, President

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Marcus Milanuk, Secretary