

APPROVED REGULAR MEETING MINUTES
BOARD OF DIRECTORS - WHEAT BELT PPD

October 28, 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 8:33 a.m., Friday, October 28, 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; 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

Morgan 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 Wednesday, October 19, 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

Brad Nebergall, Tri-State Senior Vice-President/Energy

Adam Herink and Matt Robinette, Bluestem Energy

Lindahl stated that Bob McDonald from ESC would be available via teleconference.

Realtor, Nan McMillen arrived at 1:20 p.m.

APPROVAL OF SEPTEMBER 23, 2016, BOARD MINUTES

Fehringer announced that with no corrections to the September 23, 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. Cole and Penny Birkel have a new baby girl. Her name is Sterling.

Other

Lindahl mentioned that the WIRE dues (in the amount of \$5) were due and could be paid at the NREA Annual Meeting or to him.

At the NRECA Region 7 and 9 Meeting, Fehringer received his Board Leadership Certificate. Lindahl presented his certification and photos were taken.

Discussion was held on director photos being taken at the next Board meeting.

Change of meeting dates was discussed for the December, 2016, and February, 2017, Board meetings. Following discussion, the February Board meeting was changed to Monday, February 20th, and the December Board meeting remains the same, on Friday, December 23rd.

January 13th is the date set for the Mini Strategic Planning Session.

Discussion was held concerning the communication tower behind the old offices in Sidney. We no longer need it, so we would like to dispose of it. Hamilton Communications expressed an interest in purchasing the tower for their continued use. It was suggested that we sell it to Hamilton Communications for \$1.00. Following discussion, authority was given to Lindahl to research the situation, talk to Hamilton, and proceed with the sale.

Discussion was held on the Dana Cole & Company Audit Engagement letter, which was included in the Board book.

Legislative & Regulatory

Lindahl included information on the EPA's Clean Power Plan in the Board Book. Oral arguments were heard last month at the U.S. Court of Appeals in D.C.

Information on the Americans for Electricity Choice was included in the Board book. Fehringer commented on the report.

The Legal Reporting Services updates were included in the Board book for review.

Community solar projects were discussed. Metering and uniformity with others in the state are concerns.

Lindahl reported that he heard a bit of feedback from the contribution Wheat Belt made to the WNCC Power Line School. There was a concern with the term "donation". Lindahl included in the Board book, an older opinion from Crosby Guenzel LLP on the subject. He also reported that Wheat Belt has applied to CoBank for a matching funds program to get up to \$5,000 from them. Discussion followed.

Morgan asked about the trade-in value on the purchase of the new truck. Lindahl was asked to research if the school needed the truck in lieu of cash.

Financials

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

Normally, Deryl Travis from Arbor Wealth Management, is present to review our investments in October. Travis reported that there was nothing new to report. He and Mark Churchill were at the office to consult with the employees on Thursday.

Lindahl stated he would like to discuss potential industrials in an Executive session.

Discussion was held on the Cabela's situation, and the loss of our large industrial businesses.

FERC Ruling on Qualifying Facilities Fixed Cost Recovery

Adam Herink and Matt Robinette of Bluestem Energy arrived at 9:33 a.m. Herink reported on the current situation. The tower height was discussed, and it will now be ninety meters. Herink reported that the landowner will use his own equipment to dig the hole and prepare the site. A QF was filed by Herink. The five percent carve-out was discussed.

The Tri-State representative, Brad Nebergall, reported and answered questions.

An Executive Session was called for by Smith at 9:50 a.m. to discuss the Bluestem Energy project, industrial load, and personnel issues. Zimmerman seconded the motion. Roll call vote: Yea: All present. Motion carried. Lindahl attended, and Nebergall, Herink and Robinette were asked to join a short time later, and were excused for the second half of the Executive Session.

A motion was made by Gortemaker to resume the meeting at 11:16 a.m. Smith seconded the motion. Roll call vote: Yea: All present. Motion carried.

Strategic Issues

Facility Update

Lindahl reported that we received the Occupancy Certificate. We are still withholding the architectural payment as we do not have the final plans. A boiler test was run this month as well as a dark generator testing. All performed well. The cornerstone is in place.

A director commented that he drove past the facilities one evening and thought all of the lights were on. Lindahl said that he would check to see if everything is operating efficiently. Lindahl emphasized that LED lighting is being used. Lindahl reported on the generator issues.

Facility Bill Approval

Nothing new to report.

Facility Sale

Lindahl asked the Board if they would approve keeping the quonset building for now, for storage purposes. It was agreed that we would not market it at this time.

Sub Transmission Project

Borges reported that work is in progress. The crew is currently doing the framing. A trip to Hay Springs was made to pick up wire for the pole grounds.

Bluestem Energy Project

This was reported on earlier.

Village of Lodgepole

Lindahl included a proposal from NRECA to conduct a preliminary study on the township acquisition. Discussion and questions followed.

Lindahl asked for a budget exception of \$9,000 plus expenses for the consulting group to examine the possibility of working with Lodgepole on an analysis of their system. This would be an unbiased opinion, and would only be a recommendation. They will conduct on site visits, and take a detailed look at the system. The Board asked that Mr. Cano make a presentation to them in person, on the findings.

A motion was made by Milanuk to approve the budget exception for the Analysis Study. Smith seconded the motion. Roll call vote: Yea: All present. Motion carried.

Strategic Financing

Lindahl explained that based on the discussion at the last Board meeting, we are expecting to utilize an additional \$500,000 in debt in 2017, to mitigate the needed rate increase to under five percent. Lindahl visited with Ameritas, and they indicated that based on current conditions, we could postpone our call and re-issue of the 2012 bonds until later in the year, and add the extra debt at that time. Ameritas will prepare a Reimbursement Resolution, which will be a requirement to proceed.

Following discussion, the Directors felt that this would be an acceptable course of action.

Other

At the January 13, 2017, Strategic Planning Session, Bob McDonald will be invited to present a long-term rate strategy. Hopefully, Mr. Cano, would be in a position to make a presentation also. Lindahl was directed to contact a City of Sidney representative on economic development to also make a presentation at this time.

Discussion was held concerning the summary of Existing and Proposed Rates by Mr. McDonald. Lindahl answered questions.

BUDGET

2017 Rates

Bob McDonald provided a recommended rate structure and increase for 2017, and the proposed rate schedules were included in the Board book. Following discussion and questions and answers, a motion was made by Smith to accept the proposed rate changes. Following questions and discussion, the motion was tabled for further discussion with McDonald after lunch.

2017 Large Item Budget

Preliminary: Lindahl discussed the new trucks for the coming years; the copy machines; physical and cyber security upgrades; capacitor control is being carried forward; AMI pilot project; Spill Containment Plan every five years; skid steer lease and attachments (none currently planned); rate design; mapping room digital system; mapping system upgrade; Lodgepole study; and board book apps (presentations to be postponed for now). All of the above proposed items will be brought back in December for Board approval.

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

The meeting resumed at 12:45 p.m.

The meeting resumed with the teleconference with Bob McDonald. Questions were directed to Mr. McDonald and discussion followed.

Time of use rates were discussed for Bob to come up with for irrigators to mitigate the increase in the rates. Blomenkamp suggested encouraging landowners to do their own mitigating using the tools provided by Wheat Belt.

Following the teleconference, further discussion followed, and a motion was made by Gortemaker to amend Smith's motion and accept the proposed rate changes except for the I-1 Irrigation rate schedule to give Lindahl and McDonald time to work on it, and present it at the December Board meeting. Blomenkamp seconded the motion. Roll call vote: Yea: Fehringer, Gortemaker, Blomenkamp, Zimmerman, Morgan and Milanuk. Nay: Smith. Motion carried.

Smith's motion was restated to accept the proposed rate changes, with the amendment for an exception of the I-1 Rates to be excluded at this time. Blomenkamp seconded the motion. Roll call vote: Yea: All present. Motion carried.

Realtor Nan McMillen, began her presentation at 1:30 to talk about the sale of the old facilities. Following questions and answers, she agreed to return with a written proposal, commission rate, range in value and a complete package with her cost for marketing, at the December Board meeting.

Tri-State Meeting Reports

Tri-State Board Meeting

Morgan reviewed his October report and questions and discussion followed.

Tri-State FERC Update

Morgan said there was nothing to report.

MEETING REPORTS

Lt. Gov. Cyber Security Executive Round Table:

Lindahl's report was reviewed with no questions.

NRECA Region 7 & 9:

Lindahl, Smith, Fehringer and Gortemaker attended and reported.

Tri-State Cyber Security Conference

Lindahl said he appreciated Tri-State hosting the conference for approximately 100 attendees. Lindahl has been asked to sit on a panel at the Midwest meeting.

Tri-State Managers Committee Meeting

Lindahl reported that it was the final meeting for 2016. This was his last meeting as Chair of the group, after an extended period in that position.

POLICIES & RESOLUTIONS

Policy F-1 Checks, Drafts, Etc.; Policy F-2: Financial Goals; Policy F-3: Investments; and Policy F-4: Handling of Payments: Fehringer would like to put Policy F-2 on hold for a month to review the numbers for consideration in Item No. 7.

Motion was made by Gortemaker to readopt Policy F-1, Policy F-3 and Policy F-4, with no recommended changes. Zimmerman seconded the motion. Roll call vote: Yea: All present. Motion carried.

SAFETY ISSUES and SAFETY MEETING MINUTES

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

Training: NREA JT&S Instructor Kory Hildebrand – GHS Haz-Com Employee Right to Know.

CONSTRUCTION, MAINTENANCE & OPERATIONS

Major Outages

Reilly reviewed the information in the Board book.

Construction, Maintenance & Operations

Reilly reviewed the report in the Board book, and answered questions. The tree trimmers will finish next week at the lake.

Capital Budget Items

Reilly reported that sealed bids were received October 10th for the replacement of Unit 3, a heavy duty one-ton single rear wheel 4x4 cab and chassis. Panhandle Automobile Group, Sidney, got the bid for \$46,930.06, with a trade in allowance of \$13,500 for a total of \$33,430.60. It was a consensus to trade in the used pickup.

Lodgepole Project

Borges reported.

Borges reported on a possible new 25 kW net metering installation.

BUSINESS REPORT

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

Morgan commended Wheat Belt on its participation in the Dalton Fire/Rescue Department's fund raiser, to replace a mobile unit. Morgan would like to use his funds to help the cause.

METERING, INFORMATION and TECHNOLOGY

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

Rosenbaum asked for an exception to the budget on the new metering truck. It was decided that his truck would be rotated to the Oshkosh area. Trading an older vehicle. With the price difference on the trade vehicle, not enough money was budgeted. He asked for an exception to the budget for an additional \$5,000. A motion was made by Milanuk for approval of the \$5,000 exception to the budget. Blomenkamp seconded the motion. Roll call vote: Yea: All present. Motion carried.

INFORMATION and TECHNOLOGY

Weeda was not present. His report was reviewed.

Security Report

Weeda was not present. His report was reviewed.

First Net

Weeda was not present. Lindahl reported on a cyber bulletin report in the Board Book. Wieser also commented.

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 elections were conducted this month. The NREA Director, Voting Delegate and Alternate Delegate will remain the same.

Other

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

The next Board meeting will be held on Monday, November 21, 2016.

OCTOBER BOARD MEETING ADJOURNMENT

There being no further business to come before the Board, the President declared the meeting adjourned at 2:17 p.m.

ATTEST:

Bernard G. Fehringer, President

Marcus Milanuk, Secretary