

APPROVED REGULAR MEETING MINUTES
BOARD OF DIRECTORS - WHEAT BELT PPD

March 24, 2017

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 24, 2017, at the District Headquarters, 11306 RD 32, Sidney, Cheyenne County, Nebraska.

ROLL CALL

The following Directors were present:

Mike Blomenkamp, left at noon
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; 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.

All stood for the Pledge of Allegiance to the Flag.

APPROVAL OF AGENDA

Fehringer announced that there was a change to the Agenda: Discussion relating to an insurance claim needed to be held in Executive Session. Milanuk made a motion to approve the Agenda as amended. 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

Friday, March 10, 2017, 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. Zimmerman seconded the motion. Roll call vote: Yea: All present. Motion carried.

INTRODUCTION OF GUESTS

Deryl Travis and Mark Churchill from Arbor Wealth Management and Mike Scow, of Dana F. Cole were introduced by President Fehringer.

APPROVAL OF FEBRUARY 20, 2017, BOARD MINUTES

Fehringer announced that with no corrections to the February 20, 2017 Board Minutes, they stand approved as published.

PUBLIC HEARING AND COMMENT PERIOD

No one appeared before the Board.

District Audit Report

Mr. Mike Scow, distributed copies of the Audit report to the directors. Mr. Scow presented and reviewed the Audit Report. Questions and discussion followed.

Executive Session

An Executive Session was requested at 9:00 a.m. to discuss the 2016 Audit Report.

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

Lindhahl was present for part of the Executive Session.

A motion was made by Gortemaker and seconded by Milanuk to resume the meeting at 9:10 a.m. Roll call vote: Yea: All present. Motion carried.

A motion was made by Morgan and seconded by Gortemaker to approve the 2016 Audit Report.

Lindhahl reported that Policy F-3 – Investments, on page 21 of the Board book should be under the Investment Report, not the Audit Report.

INVESTMENT REPORT

Deryl Travis and Mark Churchill from Arbor Wealth Management, distributed the

March 16, 2017, Portfolio Report to the directors. Travis discussed the rate of return on investments and inflation rates, and portfolio diversification. Churchill discussed the Federal interest rates. Questions and discussion followed.

Travis announced his retirement, and that Churchill would continue to serve as Wheat Belt's investment counselor.

GENERAL MANAGER'S REPORT

Personnel

Lindahl stated that a personnel issue would be discussed in Executive Session.

Legislative & Regulatory

Lindahl reported that most of the bills of interest to the public power industry, were killed in committee. Lindahl reported on one significant remaining bill, LB 510. LB 510 would limit installment debt on political subdivisions to \$25M. This could be catastrophic to us in the event of a large storm, or as we need to rebuild our aging system. Lindahl provided an opposition letter to the Committee.

Lindahl discussed property tax reform.

Lindahl provided testimony on the Net Metering and Virtual Net Metering bills in front of the Natural Resources Committee. The focus of his testimony was on the engineering and load characteristics of our system, which would cause significant issues for us absorbing larger generation sources on many parts of our system. Lindahl reported to the board and discussion followed on the bulk power system.

Morgan questioned our insurance coverage due to a storm. Lindahl reported.

Lindahl reported that the weekly phone calls with Senator Erdman will continue.

Blomenkamp asked Lindahl to explain the Eminent Domain bill.

Lindahl provided an update on the bucket truck that was offered to the Lineman College. Questions and discussion followed. If the college does not take the bucket truck, it will go out for bids for the sale of the truck.

Lindahl reported that 59 accounts registered for the new I-2 Rate, and the meters have been reprogrammed.

Financials

Lindahl reviewed the financial reports, which were presented under separate

cover, and answered questions.

Schlaman explained the increase to various expenses from the closing of old work orders.

Lindahl explained the bonding money, our investments and the pre-payment account payments. Temporary investment strategy was discussed.

Morgan questioned the cost of power report, and Lindahl explained.

A break was taken at 10:22 a.m.

The meeting resumed at 10:30 a.m.

Executive Session

An Executive Session was requested at 10:30 a.m. to discuss a personnel issue, and provide an insurance claim update.

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

Lindahl and Reilly were present for the Executive Session.

A motion was made by Milanuk and seconded by Smith to resume the meeting at 10:50 a.m. Roll call vote: Yea: All present. Motion carried.

STRATEGIC ISSUES

Facility Update

Nothing new to report.

Sidney Communications Tower Sale

Lindahl had nothing new to report.

Long-Term Rates and Programs

Lindahl has been visiting with Bob McDonald, and they continue to work on the cost of service study, which will transform into a rate plan.

Sub Transmission Project

Borges reported that the line is energized and able to be used. We still have to rebuild the line from Gurley to Huntsman.

Four Year Work Plan

Nothing new to report.

Village of Lodgepole Study

We have not received the final report.

Financing

Lindahl reported that he is still exploring financing options and opportunities. The Fed did increase interest rates this week, which likely will be reflected in our interest rates in the future.

Renewable Energy Projects

Lindahl has been in contact with Bluestem Energy, and we will keep our current contract with them. Bluestem will be proposing three different solar projects for consideration. Lindahl reported and explained a project that Lincoln used.

Staffing

Lindahl asked the directors if they have seen or heard of any weaknesses that need to be expanded or improved upon for our customers. Questions and discussion followed.

TRI-STATE

Tri-State Board Meeting

Morgan reviewed his March report. Questions and discussion followed.

Morgan reported that the Annual Meeting will be April 5-6, 2017.

Tri-State FERC Update

Morgan said there will be a new FERC member appointed in the near future.

Tri-State Member Board Survey

Lindahl reported and explained who is being surveyed and why.

Tri-State Rate Committee

Morgan and Lindahl reported that the new standby rate will be recommended to the full board at the next meeting. The threshold level was reported and

discussed.

MEETING REPORTS

NRECA Annual Meeting

Lindahl reported that by attending the meeting, it is a good way to have side meetings with people, without making extra trips . Morgan and Fehringer also attended and reported.

Policies and Resolutions

Policy C-11: Irrigation Accounts: Grammatical changes. Suggested changes to allow retaining \$2/kW on testing, which is roughly the cost of service, and would provide some insurance against testing on the peak. The changes would also align I-1 and I-2 testing.

Lindahl explain the reasoning behind the changes and discussion followed.

Policy C-12: Exceptions to General Provisions; Policy C-13: Nondiscrimination; Policy C-14: Damage to District Property; Policy C-15: Failure of Customer Equipment; Policy C-16: Tree Trimming; Policy C-17: Yard and Lease/Rental Lights; Policy C-26: Double Throw Installation; Policy C-27: Line Interference; and Policy M-1: Surplus Vehicle and Equipment Disposal, have no recommended changes.

A motion was made by Morgan to adopt Policy C-11 with the recommended changes and to readopt Policies C-12, C-13, C-14, C-15, C-16, C-17, C-26, C-27, and M-1 with no recommended changes. Blomenkamp seconded the motion. Roll call vote: Yea: All present. Motion carried.

SAFETY ISSUES and SAFETY MEETING MINUTES

The March 8, 2017, Safety Meeting Minutes were thoroughly reviewed. Questions and discussion followed.

Training: Mike Davis, Tri-State, Switchman Training.

Lindahl reported on a Federated claim for damages to his van while traveling to San Diego, CA, for the NRECA Annual Meeting.

Fehringer wished to extend congratulations from the Board, to Cole Birkel on the completion of his Merchant Book One testing.

CONSTRUCTION, MAINTENANCE & OPERATIONS

Major Outages

No major outages reported.

Construction, Maintenance & Operations

Reilly reported that the annual irrigation service inspections have been completed.

Reilly reported on the pre-paint inspection of the new truck #27.

Major Projects

Borges reported that the crew has completed the new section of sub-transmission line work. The line is energized, and we are able to utilize the line.

New Large Service

Borges reported that we have been contacted about a new large load locating in our service territory. We would have to upgrade 13.5 miles of a three-phase distribution line. Discussion followed with the Board agreeing to go forth with the project.

Borges reported on another project concerning putting solar on a pivot. This project would go over the 25 kW limit. Lindahl showed the figures and explained how the service would affect Wheat Belt. Following discussion, the consensus of the Board is to go forth with the project, subject to legal approval.

A Motion was made by Gortemaker to proceed with the project, pending legal approval. Morgan seconded the motion. Roll call vote: Yea: All present. Motion carried.

BUSINESS REPORT

Wieser asked if there were any questions concerning her report.

Wieser reported some customer complaints, and the Scholarship and Touchstone winners.

Wieser discussed the Irrigation Testing Policy, and the need to notify our customers.

METERING, INFORMATION and TECHNOLOGY

Rosenbaum reviewed his report, and reported that the irrigation meter inspections and reprogramming have been completed.

Rosenbaum reported it will still be a couple of months before we receive our Landis & Gyr Gridstream equipment and meters. He said we should hear soon on the training schedule for this Spring.

INFORMATION and TECHNOLOGY

No questions were directed to Weeda concerning his report.

Security Report

Weeda reported on the Rural Cooperative Cyber Security Capabilities Program (RC3). Following discussion, a motion was made by Smith to endorse Wheat Belt's participation in the RC3 Program. Milanuk seconded the motion. Roll call vote: Yea: All present. Motion carried.

FUTURE MEETINGS, TRAINING AND ARRANGEMENTS

Peterson reviewed the upcoming meetings with the Directors.

ELECTION OF DELEGATES AND OTHER ORGANIZATIONAL ITEMS

OTHER:

The directors had favorable comments on the new shades and room dividing panels. The directors also discussed the drop box additions for Industry News.

The next Board meeting will be **Friday, April 28th**.

MARCH BOARD MEETING ADJOURNMENT

There being no further business to come before the Board, the President declared the meeting adjourned at 12:27 p.m.

ATTEST:

Bernard G. Fehring, President

Marcus Milanuk, Secretary