

APPROVED REGULAR MEETING MINUTES
BOARD OF DIRECTORS - WHEAT BELT PPD

DECEMBER 21, 2018

The regular monthly meeting of the Board of Directors of Wheat Belt Public Power District was called to order by President Bernard Fehring, at 8:30 a.m., Friday, December 21, 2018, at the District Headquarters, 11306 RD 32, Sidney, Cheyenne County, Nebraska.

ROLL CALL

The following Directors were present:

Mike Blomenkamp
John Gortemaker
Stuart Morgan
Brian Zimmerman

Bernard Fehring
Marcus Milanuk
Doug Smith

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.

All stood for the Pledge of Allegiance to the Flag.

President Bernard Fehring declared a quorum present.

Attention of the Directors and attendees was directed to the Open Meetings poster.

APPROVAL OF AGENDA

Gortemaker made a motion to approve the updated Agenda as presented in the drop box. Zimmerman seconded the motion. Roll call vote: Yea: All present. Motion carried.

NOTICE OF MEETING

Notice of the meeting was by publication in the Sidney Sun-Telegraph on Friday, December 7, 2018, 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

Brian Moffat, Director Elect was present.

Dave Kramer and Ted Free from Bridgeport Ethanol arrived at 10:00 a.m

APPROVAL OF NOVEMBER 16, 2018, BOARD MINUTES

Fehringer announced that there were no corrections to the November 16, 2018, Board Minutes, and they would stand approved as published.

Public Hearing & Comment Period

No one appeared before the Board.

GENERAL MANAGER'S REPORT

Lindahl reported that Jack Berg, from the City of Bridgeport, asked about doing lighting at Courthouse and Jail Rock.

Lindahl reported that representatives from Bridgeport Ethanol will be present at 10:00 to discuss our rates and services. Gulbranson conducted a rate analysis on the base rate and Lindahl explained the findings. Questions and discussion followed.

Future financing was discussed.

Lindahl reported on Broadband funding and on the Broadband Task Force and the work being conducted.

Personnel

Lindahl reported that we are at 28 full time employees.

Legislative & Regulatory

Lindahl reported that the National Farm Bill was passed by both the U.S. House and Senate and is expected to be signed into law soon.

Lindahl reported on some of the bills that will be coming in the next Nebraska Legislative Session. Senator Blood will not be pursuing her proposed Energy Bill nor her Net Metering Bill. Questions and discussion followed.

It was mentioned that Borges is on the Net Metering Task Force. He participated in a conference call on Thursday.

Financials

The Financial Report was distributed to the Directors at the meeting, due to the early Board meeting.

Lindahl reported that we peaked at 7:30 a.m. and we saved \$111,000. By peaking outside the window, we have had a total of \$272,000 in savings for the year.

The Tri-State power bill was uploaded in the drop box for the Directors.

Legal

The Legal Reporting Service and Federated Litigation Reports were included in the Board book.

Other

Lindahl reported that the IRS standard mileage rate for 2019 will be \$.58 per mile.

Lindahl reported on the Tri-State and EPRI heat pump project in which he and Waite are involved.

Lindahl reported that our billing and accounting software company has been sold to a technology cooperative.

Lindahl reported that the Agreement with Tri-State to help with the NERC registration requirements has been relinquished. A Notice to Terminate the Contract has been provided.

A break was taken at 9:25 a.m.

The meeting resumed at 9:32 a.m.

2019 BUDGET HEARING at 9:30 a.m.

No one appeared before the Board for the 2019 Budget Hearing.

2019 District Budget

Lindahl explained the budgeting process and changes. Reilly requested adding an additional one-thousand hour intern. The Large Item budget was included in

the Board book and reviewed. The Long-Term Financial Forecast was included in the Board book and Lindahl explained that some figures are based on maximum risk as calculated by Hostetler vs. three-year averages as calculated by Lindahl. The Tri-State patronage refund is not included in the Budget and will be used for the year-two AMI upgrades. Additional growth was reported by Lindahl.

Following questions and discussion, Gortemaker made a motion to approve the 2019 Wheat Belt Budget including the requested 1000 hour intern. Milanuk seconded the motion. Roll call vote: Yea: All present. Motion carried.

Consideration of Offer on Sidney Annex Facility

Lindahl reported that an entity that had shown interest in purchasing the facilities, is no longer interested.

A new offer was made on the truck barn. Following discussion, a motion was made by Smith to reject the offer on the truck barn portion of the facilities. Gortemaker seconded the motion. Roll call vote: Yea: All present. Motion carried.

Lindahl reported that the Realtor would like to attend the January meeting for discussion purposes. Carrying costs were discussed by Lindahl.

Bridgeport Ethanol Discussion

Mr. Kramer and Mr. Free were present to report that they just celebrated their Ten-Year Anniversary at Bridgeport. They thanked the Board for continued electric services. They had no power issues, only issues with the rates.

The Ethanol plant is trying to lower its carbon footprint to be more competitive in their industry by installing a new turbine. The issue right now is the Interconnect Agreement. Mr. Kramer feels they do not qualify for it as none of his power hits the grid. The terminology does not match in his opinion. They have installed two fail-safe devices. Following questions and discussion, Lindahl recommended that we have Bob McDonald, an Engineer with ESC, conduct an inspection on the facilities/turbine. Then a determination on the interconnect issue can be made.

The Standby rate was addressed by Mr. Kramer. The DG rate and the E-3 rate were discussed. Grid costs were given by Mr. Kramer to the Board. Since 2012 the Bridgeport plant rates have increased drastically according to Mr. Kramer. Lindahl explained and presented the figures supplied by Gulbranson. Morgan presented the Tri-State side of the picture. Weeda and Lindahl answered questions from Mr. Kramer and Mr. Free. A lengthy discussion and questions followed. The Directors would like to have the interconnection question settled

by the next Board meeting.

Gortemaker made a motion to authorize up to \$10,000 for Bob McDonald, an Engineer with ESC, to decide whether we need an interconnect study and if so, to conduct the study. Blomenkamp seconded the motion. Roll call vote: Yea: All present. Motion carried.

STRATEGIC ISSUES

Facility

Topic was already discussed.

Broadband

Lindahl reported that Facebook sent a Nondisclosure Agreement to look at their technologies. Legal counsel recommended not signing the agreement until changes are made in said agreement.

Renewable Energy

Lindahl attended a meeting on renewable batteries and reported. United Power has installed a battery bank.

Solar was again discussed to be installed at the Wheat Belt headquarters. Costs and payback time were discussed.

Sub-Transmission Project

Borges reported that the project has been completed.

Strategic Planning Session

Lindahl announced that the sessions will begin at 8:00 a.m. on January 15th and 16th. CFC did compile the topics and will have them prioritized and ready to go.

Fehringer stated that we are losing six years of expertise with Milanuk leaving the Board and asked that he attend the Strategic Planning Session as a consultant. The Board agreed to pay Milanuk to attend as a consultant.

POWER SUPPLY REPORTS

Tri-State Board Meeting

Morgan reported on the Board meeting.

Morgan reported that Tri-State is looking at a 100 MW solar project located on

the eastern plains of Colorado. A full section of land is needed for the project. Coal plants were discussed including the depreciation time-frame and stranded costs.

Tri-State Bylaws

Morgan reported that Bylaw changes are being proposed to include having partial requirements contracts. A lengthy discussion followed.

United Power Letter

Fehringer reported on a letter United Power sent to him regarding their issues. Morgan felt we should wait until after the Tri-State Strategic Planning session.

Tri-State FERC Update

Nothing new was reported.

Midwest Reports

The Annual Meeting was attended by several of the Directors. Smith said electric transportation was a major topic of discussion at the meeting.

Basin Reports

Basin called a special Managers' meeting for next month that Lindahl hopes to attend.

MEETING REPORTS

State Rural Broadband Taskforce

Lindahl included information in the Board book.

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

The meeting resumed at 1:00 p.m.

POLICIES AND RESOLUTIONS

The Wheat Belt Bylaws were included in the Board book. Following review, Milanuk made a motion to approve the Bylaws with no changes. Zimmerman seconded the motion. Roll call vote: Yea: All present. Motion carried.

RESOLUTION

The Wheat Belt PPD Board of Directors Resolution for Rural Electric Safety Achievement Program - Commitment to Zero Contacts – was included in the Board book. A motion was made by Morgan and seconded by Gortemaker to adopt the Resolution. Roll call vote: Yea: All present. Motion carried.

Other

Lindahl and the Directors discussed ACRE and Nebraska ACRE contributions.

SAFETY ISSUES and SAFETY MEETING MINUTES

The November Safety Meeting was held November 14, 2018. The Minutes of the meeting were included in the December Board book and were thoroughly reviewed.

The November 14, 2018, Safety Committee Meeting Minutes were included in the Board book. They were thoroughly reviewed by the Directors.

The December Safety Meeting Minutes will be included in the January Board book for review. The Director sign-up sheet to attend the 2019 Safety Meetings was distributed. Reilly thanked the Board for their commitment to safety. Fehringer said to thank the crews for being safe in 2018.

This is the tenth year of no lost-time accidents. Morgan mentioned the safety bonus which will be discussed at the January Board meeting.

CONSTRUCTION, MAINTENANCE & OPERATIONS

Major Outages

There were seven outages from the snow, ice and wind on December 1st. Three crews were out. We sent four linemen to help Midwest on Sunday, December 2nd.

Construction, Maintenance & Operations

Reilly reported that Electro-Test conducted their annual transformer testing and recloser maintenance.

FEMA/NEMA

Reilly reported that the May 10, 2018, storm did not meet FEMA standards, and we will not receive FEMA/NEMA funding for the damages we sustained.

INVENTORY ADJUSTMENT

Borges reported that the physical inventory was completed on December 12, 2018. He asked for approval for a write-off in the amount of \$894.16. A typo was found in the book quantity. The corrected amount should be \$813,283.22. Smith made a motion to approve the Inventory write-off in the amount of \$894.16 with the corrected book quantity amount. Gortemaker seconded the motion. Roll call vote: Yea: All present. Motion carried.

Fehringer said to congratulate Schilz on “running a tight ship.”

Reilly reported that Unit 1 has arrived, and we are waiting for the utility box. New Unit 26 is in service. The new digger truck - Unit 22 – has been ordered for delivery next year.

BUSINESS REPORT

Wieser asked if there were any questions on her Board book report.

Bad Debt Write-Off

Wieser asked for the 2018 Bad Debt Write-off in the amount of \$1,170.67 on four accounts. Smith made a motion to approve the 2018 bad debt write-off in the amount of \$1,170.67. Zimmerman seconded the motion. Roll call vote: Yea: All present. Motion carried.

Other

Wieser included a letter from an attorney firm concerning bankruptcy policies and procedures, for informational purposes only.

METERING, INFORMATION and TECHNOLOGY

Rosenbaum had nothing new to add to his report in the Board book. Routers have been hung so they can begin installing about 300 more meters.

IT Report

Weeda had nothing new to add to his report in the Board book.

Security Report

Weeda reported on the Hackers Conference he attended.

FUTURE MEETINGS, TRAINING & ARRANGEMENTS

Peterson reviewed the upcoming meetings with the Directors.

ELECTION OF DELEGATES

NRECA Voting Delegate Certification: currently Milanuk and Morgan. A motion was made by Gortemaker to appoint Fehringer and Morgan as the Voting Delegate and the Alternate Delegate. Milanuk seconded the motion. Roll call vote: Yea: All present. Motion carried.

NREA Director, Voting Director and Alternate Delegate: currently Milanuk is the NREA Director and Voting Delegate. Smith and Lindahl are Alternate Delegates. A motion was made by Morgan to appoint Gortemaker as Director and Voting Delegate and Smith and Lindahl will remain as the alternates. Zimmerman seconded the motion. Roll call vote: Yea: All present. Motion carried.

Touchstone Energy: currently Milanuk is the voting delegate. Gortemaker made a motion to appoint Fehringer as the voting delegate. Milanuk seconded the motion. Roll call vote: Yea: All present. Motion carried.

Fehringer thanked Milanuk for serving on the Wheat Belt Board of Directors.

The Strategic Planning Session will be held at Wheat Belt on January 15 and 16, 2019.

The next Board meeting will be Friday, January 25, 2018, beginning at 8:30 a.m.

DECEMBER BOARD MEETING ADJOURNMENT

There being no further business to come before the Board, the President declared the meeting adjourned at 1:34 p.m.

ATTEST:

Bernard G. Fehringer, President

Brian Zimmerman, Ass't. Secretary

