

APPROVED REGULAR MEETING MINUTES
BOARD OF DIRECTORS - WHEAT BELT PPD

OCTOBER 28, 2011

The regular monthly meeting of the Board of Directors of Wheat Belt Public Power District was called to order at 9:00 a.m., Friday, October 28, 2011, at the District Headquarters, 2104 Illinois Street, Sidney, Cheyenne County, Nebraska.

ROLL CALL

The following Directors were present:

Bernie Fehringer
John Gortemaker
Jim Hass
Stuart Morgan

Paul Robinson
Doug Smith
Dennis Zimmerman, left at 11:30 a.m.

Also present were Tim Lindahl, General Manager; Pam Wieser, Business Manager; Carolyn Hostetler, Chief Financial Officer; Earl Reilly, Operations Superintendent; Ryan Borges, Staking Engineer; Jeff Dickinson, IT Technician; and Debra Schlaman, Financial Accounting Assistant.

Debra Schlaman recorded these Minutes at the request of Board Secretary, Stuart Morgan.

Doug Smith, President, declared a quorum present.

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

APPROVAL OF AGENDA

Robinson made a motion to approve the agenda as presented. Zimmerman seconded the motion. Yea: All present. Motion carried.

NOTICE OF MEETING

Notice of this meeting was given by publication in the Sidney Sun-Telegraph on Saturday, October 15, 2011, and proof of publication showing such notice as published is attached and thereby made a part of these minutes. Fehringer made a motion to waive the reading of the meeting notice. Gortemaker seconded the motion. Yea: All present. Motion carried.

INTRODUCTION OF GUESTS

Smith introduced Rollie Waite, Area 3 Foreman, Nathan Begger, Area 3 Lineman, Deryl Travis and Mark Churchill of Arbor Wealth Management.

APPROVAL OF SEPTEMBER 30th BOARD MINUTES

Lindahl asked that the effective date be added to the wage increase motion on Page 5. “Motion was made by Fehringer to grant the employees a two percent wage increase plus benefits for 2012.” Robinson moved to waive the reading of the September 30, 2011, Board meeting minutes, and that they be approved as corrected. Zimmerman seconded the motion. Yea: All present. Motion carried.

FINANCIAL AND INVESTMENT REPORT

Travis distributed copies of Wheat Belt’s current year performance summary portfolio report as of October 25, 2011. Travis reported on Wheat Belt’s Government Bond Portfolio and the economic conditions around the world. Discussion followed with Travis and Churchill fielding questions. Travis and Churchill met with employees individually on October 27th and 28th to discuss their 401K plans.

MANAGER’S REPORT

Personnel: Personnel level remains at 27 active full-time and one part-time employee, with one employee on light duty.

Lindahl reported on the new presentation system and showed a video on an electric arc from a line load in a substation.

Lindahl asked the directors to please tell him if there are articles in the Board book that should be eliminated and if the Board book is too lengthy and not being read.

Lindahl reported on a news article in the Lincoln Journal Star concerning “NPPD to store compressed air.” The article reports that NPPD is negotiating rights to store compressed air in a geological formation 3,000 feet underground. NPPD officials say the compressed air facility will help stabilize the energy output of its wind turbines and improve the efficiency of its coal and nuclear power plants. Lindahl reported on the article to the Board as it may impact Wheat Belt. Lindahl has contacted Tim Texel of the Nebraska Power Review Board, and will keep the Board up-do-date on news. Lindahl was instructed to preserve the District’s territory, where necessary.

Lindahl reported to the directors on ACRE participation for 2012. Directors asked that an ACRE reminder be placed on the January, 2012, agenda.

Financials: The September financial reports, presented under separate cover, were reviewed and discussed. The billing shift was discussed as well as an explanation of load factors and the peaks.

Legislative: Discussion was held on a court ruling concerning electricity usage records.

Tri-State High Voltage Transfer Contract: Lindahl reported on the status of the 115kV asset buy out contract. Staff's intent is to close the first or second week in December. The Notice to the Power Review Board has been sent informing them of the sale of assets. Issues are still being researched surrounding the requirements of the Districts debt.

Following Lindahl's report on the current status and discussion, motion was made by Zimmerman to authorize the General Manager to enter into Contract No. TS-10-WB01 with Tri-State Generation and Transmission for the purpose of transferring Wheat Belt assets that are rated over 100kV and sign subsequent agreements and closing documents and to authorize the Treasurer or other Board officer of the District to release any liens or encumbrances as necessary to complete this transaction. Robinson seconded the motion. Yea: All present. Motion carried.

CONSTRUCTION, MAINTENANCE & OPERATIONS REPORT

Reilly reviewed the construction, maintenance and operations for the previous month.

Major Outages: October 8, 2011, the 34.5 kV line from Bridgeport to Redington opened because of a phase floater causing an hour and a half outage.

On October 6, we lost five poles in a wind storm.

The tree trimming crew had been working in the Broadwater and Dalton areas and should finish on Monday, October 31st at Lake Mac.

Borges reported that Eric Reimers and he attended a meeting on the updates to the new 2012 National Electric Safety Code, which go into effect in February, 2012.

Reilly participated in an Avian Protection Plan webinar conducted by Kristen Gottschalk from NREA.

Reilly reported on irrigation well disconnects and the costs associated with those disconnects. Following discussion, Fehringer requested staff to prepare a proposal for a future meeting, on a program to offer \$150 rebate incentives to customers who install a disconnect switch at their irrigation wells for safety purposes and customer convenience.

Borges reported on the changes to the quarterly Work Plan Status report. Fehringer liked the new format.

Borges reported on the upgrades that need to be conducted at the Fairgrounds. He will send a letter to the Fair Board indicating that Wheat Belt would install a service upgrade if they brought their wiring and equipment to code first. Discussion followed. The possibility of using trash can advertisement covers was discussed in exchange for the service upgrade.

BUSINESS REPORT

Wieser clarified questions from the last Board meeting on multiple transfers of a delinquent account.

Discussion was held on the current billing period. Since the billing is no longer a full month behind, policy on deposit amounts can be changed to two months highest usage rather than three months, on those that would rather pay a deposit than sign a contract. An agreement is still required. A partial credit could be applied on those accounts where a deposit is currently held. A new policy will be brought before the Board for approval.

The legality of the current PTO Policy was discussed. The policy had been changed the prior year to pay out banked PTO on termination, based on longevity rather than as an earned benefit. During the 2011 Legal Seminar, it was noted that a county judge had recently ruled on the interpretation of the status of PTO that was ruled on in 2007. He believed the intent of the law was to treat PTO as an earned benefit just as vacation is currently treated. The legal staff's opinion was that, as employers, it was better to error on the side of conservatism, and treat PTO as an earned benefit and to pay the earned PTO time in full. Staff was instructed to make the change to policy, striking the longevity clause, and include the new policy for approval next month.

Wieser asked the Board for a customer test irrigation demand charge write-off in the amount of \$314.48. Fehringer made a motion to approve the write-off. Zimmerman seconded the motion. Yea: All present. Motion carried.

METERING, INFORMATION AND TECHNOLOGY REPORT

Lindahl reviewed Rosenbaum's report. The used meters are palletted and wrapped and ready to ship. Fehringer expressed an interest in purchasing a few of the used meters.

Lindahl reported on a customer's "smart grid" meter concerns. Jim Weeda is working on a fact sheet concerning the smart grid meters. Lindahl will also write a magazine article.

Dickinson reviewed his report. A strategic planning session was conducted with Lindahl, Rosenbaum, Weeda and Dickinson to discuss how to move forward with future projects and plans for the Wheat Belt IT Department. Dickinson will be constructing a five-year project management plan to give a visual overview of some upgrades and changes that would benefit the company in the future.

Dickinson reported on a potential upgrade to the phone system.

BUDGET

Lindahl explained the ten-year financial forecast and discussion followed.

The Tri-State rate will increase 4.8% for the average Class A member. This equates to about a three percent additional revenue requirement for Wheat Belt. The 2012 cost of power is projected to be \$412,000 higher than 2011. Lindahl reported on rate projection scenario increases at one percent, two percent and three percent. A lengthy question, answer and discussion followed. After deliberation, a motion was made by Zimmerman to increase Wheat Belt's rates by three percent for 2012. Fehringer seconded the motion. Yea: Fehringer, Gortemaker, Morgan, Robinson and Zimmerman. Hass abstained. President Smith voted Yea and the motion carried by a majority vote.

SAFETY ISSUES

The October 14, 2011, Employee Safety Meeting Minutes were reviewed and thoroughly discussed. Gortemaker asked about director attendance at the meetings. Should directors attend the meetings? Staff was in agreement that it is beneficial for everyone.

A Three-Year Safety Improvement Goals list was included in the Board book. Fehringer asked about the section that mentioned adding another on-call crew, making on-call rotation every four weeks instead of three. Reilly reported and answered questions.

Lindahl reported on a Tri-State fatality.

The Board agreed to the proposed Safety Commitment Resolution, and it will be presented for approval at the next Board meeting.

MEETING REPORTS

Morgan reported on the October Tri-State Board Meeting. Questions and a lengthy discussion followed.

Lindahl's Tri-State Managers Meeting report was included in the Board book.

Reimers attended the Nebraska Water Balance Alliance meeting and his report was distributed to the directors. Discussion followed. Morgan asked about the Board's consensus for voting at Tri-State. The Board would pay zero.

POLICIES & RESOLUTIONS

Policy F-1: Checks, Drafts, Etc.; Policy F-2: Financial Goals; Policy F-3: Investments; and Policy F-4: Handling of Payments: Gortemaker moved to readopt Policy F-1, Policy F-2, Policy F-3, and Policy F-4. Fehringer seconded the motion. Yea: All present. Motion carried.

STRATEGIC ISSUES

Lindahl presented a proposed letter to Ken Anderson of Tri-State in support of the Tri-State proposed A-3X rate design. Following discussion of the letter, Robinson made a motion directing Lindahl to send a letter in support of the Tri-State A-3X rate design to Ken Anderson, Executive Vice-President of Tri-State G & T on the Board's behalf, today. Gortemaker seconded the motion. Yea: All present. Motion carried.

The General Manager core duties were again discussed, and will be placed on the January agenda.

Lindahl asked about conducting another strategic planning meeting. It was decided to tentatively schedule a strategic planning meeting on January 20, 2012.

Lindahl reported on the Cyber Security Insurance and discussion followed. Hass made a motion to purchase Cyber Security Insurance for an aggregate limit of \$2,000,000 coverage. Fehringer seconded the motion. Yea: All present. Motion carried.

FUTURE MEETINGS & TRAINING

Lindahl reviewed the list of future Director meetings and training. Peterson reviewed the listing for hotels and dates.

OCTOBER 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:

Doug Smith, President

Stuart Morgan, Secretary