

APPROVED REGULAR MEETING MINUTES
BOARD OF DIRECTORS - WHEAT BELT PPD

SEPTEMBER 30, 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, September 30, 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

Also present were Tim Lindahl, General Manager; Carolyn Hostetler, Chief Financial Officer; Earl Reilly, Operations Superintendent; Ryan Borges, Staking Engineer; Jeff Rosenbaum, Senior Meter Technician; 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. Fehringer 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, September 17, 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. Zimmerman seconded. Yea: All present. Motion carried.

INTRODUCTION OF GUESTS

Chris Schilz, Adam Lechman, Shelley Peterson, and Dylan Bradley were present representing the Employee Issues Committee.

APPROVAL OF AUGUST 19th MEETING MINUTES

Morgan moved to waive the reading of the August 19, 2011, Board Meeting Minutes, and that they be approved as presented. Robinson seconded the motion. Yea: All present. Motion carried.

MANAGER'S REPORT

Personnel: Level is at 27 active full-time and one part-time. One employee is still on disability.

Legislative: Lindahl reported on the EPA Summit meeting he attended. Attorney General Jon Bruning was present and discussed the many EPA regulations and his intent to file an injunction against implementing these regulations. He would like to see the process delayed and an economic impact study be conducted on each regulation. Discussion followed.

Financials: The monthly financial reports, presented under separate cover, were reviewed. Discussion, questions and answers followed. Lindahl explained the CFC Key Ratio Trend Analysis and answered questions.

Discussion was held on the AMI system and its contributions to excess cash. It was a consensus of the Board to escrow these funds to pay principle and interest on the AMI debt, reducing revenue recovery requirements from rates for four years.

Other: Lindahl announced that a NERC/WECC off-site (telephone) Audit is scheduled in January.

On October 13th Lindahl and staff will meet with the Tri-State team concerning finalization of the 115kV asset buy-out. Lindahl hopes to present the final contract at the October Board meeting.

Discussion was held concerning opening a new non-interest bearing checking account to transfer monies as a risk management maneuver. Wheat Belt's checking account is insured up to \$2,260,000 and on occasion we exceed the two million dollar limit. Funds would be transferred between the two accounts so that the accounts are always protected. Motion was made by Robinson to open the non-interest bearing account. Gortemaker seconded the motion. Yea: All present. Motion carried.

Board and management identity protection was discussed.

The Power Review Board issued a ruling or opinion that non public power providers cannot meter/sub-meter, to charge or sell or otherwise furnish electricity for sale. Discussion was held.

Lindahl reported on the Cyber Security Insurance through Lockton. Federated is a facilitating partner. The quoted rates were discussed and Zimmerman recommended looking into the policy further and to check on the tax applications and report at the next Board meeting.

CONSTRUCTION, MAINTENANCE & OPERATIONS REPORT

Reilly reported on the major outages for the month.

Tree trimming began September 26, 2011, in the Bridgeport and Dalton areas and will be conducted for a month.

Some of the porcelain insulators were changed at the Silverthorn Substation during a 4.5 hr outage on September 29th.

Pole testing began September 12th and approximately 5,000 poles are to be tested.

Interviews were conducted for interns from the WNCC Lineman program in Alliance for next year. Michael Westman from Gurley and Jeremy Tucker from Sidney were chosen.

Reilly reported on the costs for a service upgrade at the Cheyenne County Fairgrounds. Borges conducted an investigation of the service and found a few major concerns. He is concerned about the ability of the infrastructure to facilitate the upgrade. Borges would request that a state electrical inspection be performed prior to the service upgrade.

BUSINESS REPORT

Wieser was not present. Lindahl reviewed her report and answered questions.

A write-off in the amount of \$189.60 was requested for two accounts to reverse charges. Fehringer made a motion to approve a write-off in the amount of \$189.60. Gortemaker seconded the motion. Yea: All present. Motion carried.

An irrigation testing write-off was requested in the amount of \$818.52. Morgan made a motion to approve the irrigation testing write-off in the amount of \$818.52. Zimmerman seconded the motion. Yea: All present. Motion carried.

METERING, INFORMATION AND TECHNOLOGY REPORT

Rosenbaum reviewed his report and answered questions.

Rosenbaum contacted Utility Services of the Americas and they are interested in buying the old meters. Freight rates and prices will be reported when he receives them.

Rosenbaum reported that Jim Weeda and Kelli Chaon will be attending the Cannon Conference in Minneapolis the first week of October.

Rosenbaum reported that two meter disconnect collars have been installed.

Lindahl showed a video on smart meter opposition. Director Fehringier suggested that a fact sheet about smart meters be given to customers. Further discussion will be held after the NREA article is released.

Dickinson reviewed his report and answered Board member questions.

Questions were raised about network security and intrusion detection. Discussion was held about forming a contingency plan.

BUDGET

General Manager Review and Wage

An Executive Session was called at 10:55 a.m. by Fehringier and seconded by Zimmerman to discuss the General Manager's Review. It was the consensus of the directors to go into executive session by a roll call vote. The meeting resumed at 11:45 a.m.

Motion was made by Fehringier to increase Lindahl's salary to \$120,000 plus benefits for 2012. Robinson seconded the motion. Yea: All present. Motion carried.

Jeff Dickinson, representing the Employee Issues Committee, answered questions concerning the previously submitted information on employee's wages, etc. An Executive Session was called at 11:56 a.m. by Robinson and seconded by Gortemaker, to discuss the employee's wage and salary package for 2012. It

was the consensus of the directors to go into executive session by roll call vote. The meeting resumed at 12:05 p.m.

Motion was made by Fehringer to grant the employees a two percent wage increase plus benefits for 2012. Motion was seconded by Gortemaker. Yea: All present. Motion carried.

RECESSED FOR LUNCH AT 12:06 P.M. AND RESUMED AT 12:50 P.M.

CAPITAL ITEMS BUDGET

Lindahl reviewed the Ten Year Capital Items Budget relating to the 2012 Budget and answered questions. These will be brought back in December in the final budget.

SAFETY ISSUES

The August 12, 2011, Safety Meeting minutes and Safety Committee Meeting minutes were reviewed and discussed.

The September 9, 2011, Safety Meeting minutes were reviewed and discussed.

Wheat Belt is due for achievement observation in 2012. The possibility of it being unannounced was discussed.

Reilly reported on the noise level monitoring results.

Reilly reported that we have had 118,746 hours of no lost time accidents since December 2008.

A preliminary Safety Improvement Plan was discussed. Three options were presented. It was the consensus of the directors to draft proposal number one and present at the next Board meeting.

MEETING REPORTS

Morgan reported on the September Tri-State Board Meeting. A lengthy discussion and questions and answers followed.

Meeting reports presented in the Board book were reviewed. Lindahl reported on the Rural Smart Grid Summit he attended.

POLICIES & RESOLUTIONS

The following Policy was reviewed by David Jarecke, Regulatory Counsel for NREA. Changes to the Policy reflect his recommendations.

Policy E-21: Harassment: Gortemaker moved to adopt Policy E-21 with the changes recommended by David Jarecke. Robinson seconded the motion. Yea: All present. Motion carried.

Policy E-22: Smoking Policy; Policy E-23: Return to Work; 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: Gortemaker moved to readopt Policy E-22, Policy E-23, Policy E-24, Policy E-25, Policy E-26, and Policy E-27. Fehringer seconded the motion. Yea: All present. Motion carried.

STRATEGIC ISSUES

Tri-State Rates: Lindahl reported that Tri-State did pass a 4.8% average member rate increase. Discussion was held. Lindahl will prepare rate increase scenarios of one, two and three percent increases in the existing rate structures to present at the October Board meeting. He will also run the financial forecast including the wage increases, insurance increases, etc.

Tri-State 115KV Purchase: Lindahl received a preliminary discussion on the environmental study. He also received a facilities management agreement. An October 13th meeting is planned to settle on the issues so that we can proceed for finalization of the assets purchase.

General Manager Core Duties: Lindahl received no new ideas.

FUTURE MEETINGS & TRAINING

Lindahl reviewed the list of future Director meetings and training.

Lindahl reported that NRECA is offering “Video in the Board Room” for certain classes. No credit for certification will be given. Cost is \$900 for an hour session. Lindahl will try to get NRECA to give an explanation of the programs and class offerings at a Board meeting.

ELECTION OF DELEGATES

CFC: Robinson will remain as the Voting Delegate and Hass will remain as the Alternate Voting Delegate.

NREA: Robinson will remain as the Voting Delegate and Fehringer/Lindahl will remain as the Alternate Voting Delegates.

OTHER BUSINESS

Robinson asked to change the December Board meeting date. Following discussion, it was agreed to change the December Board meeting to Monday, December 19, 2011.

Discussion was held concerning refinancing callable debt in 2012. A formal presentation will be held at a later meeting.

SEPTEMBER BOARD MEETING ADJOURNMENT

There being no further business to come before the Board, the President declared the meeting adjourned at 1:52 p.m.

ATTEST:

Doug Smith, President

Stuart Morgan, Secretary