

UNAPPROVED REGULAR MEETING MINUTES

BOARD OF DIRECTORS - WHEAT BELT PPD

JUNE 26, 2009

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, June 26, 2009, 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; Pam Wieser, Business Manager; Carolyn Hostetler, Chief Financial Officer; Ryan Borges, Staking Engineer; Julie Bond, IT Technician; Jeff Rosenbaum, Meter Technician; and Debra Schlaman, Financial Accounting Assistant.

Doug Smith, President, declared a quorum present.

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

APPROVAL OF AGENDA

Lindahl announced that Resolution 09-2 required action by the Board and should be added to the agenda. Robinson made a motion to approve the agenda as modified. Gortemaker 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, June 13, 2009, and proof of publication showing such notice as published is attached and thereby made a part of the minutes. Fehringer made a motion to waive the reading of the notice. Hass seconded the motion. Yea: All present. Motion carried.

INTRODUCTION OF GUESTS

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Smith introduced Jane Bartels, Customer Care Assistant.

APPROVAL OF MAY 26th BOARD MINUTES

Fehringer moved to waive the reading of the May 26, 2009, Board meeting minutes, and that they be approved as presented. Robinson seconded the motion. Yea: All present. Motion carried.

FRAUD REPORT

Lindahl reported that Roseberry pled guilty to a lesser charge of theft by deception. As part of the plea agreement, it will be requested that full restitution be paid to Wheat Belt. Wheat Belt will reimburse the affected customers. Sentencing is scheduled for July 20th. An additional \$129.30 outside of the three-year prosecution time frame was found. The amount will be submitted to the county attorney.

Lindahl asked the Board for the authority to reimburse the affected customers by check after the sentencing. Motion was made by Zimmerman to approve reimbursement to customers by check. Fehringer seconded the motion. Yea: All present. Motion carried.

MANAGER 'S REPORT

Lindahl informed the Board that he realigned the Agenda per Wheat Belt By-Laws.

Personnel: Lindahl reported that personnel remain at 29 Wheat Belt employees and one ASI employee. The employee picnic will be held the evening of August 28th. A four-man crew was sent to Mid-West Electric June 19th to help rebuild line after a series of tornados hit their system.

Financials: The May financials were reviewed and discussed.

Lindahl is nearing completion on the development of a ten-year financial forecast on which he has been working. The forecast can be utilized to fulfill some of the strategic planning items.

Bond Proposals: Updated bond proposals for paying off Wheat Belt's five-percent loans and financing the Dalton Transmission Substation transformer were distributed to the directors.

Fehringer made a motion to begin the process to issue bonds to pay off all of the five-percent RUS notes, with the exception of the five-percent notes maturing in 2027. Robinson seconded the motion. Yea: All present. Motion carried.

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Fehringer made a motion to finance the purchase of the Dalton Transmission Substation transformer in the amount of \$850,000, plus issuance costs. Zimmerman seconded the motion. Yea: All present. Motion carried.

Resolution 09-2, signed by Morgan and Smith, changes the category of our Bond accounts to **corporate** from non-corporate. It allows Morgan and Smith to handle transactions with Arbor Wealth Management for the company, if Lindahl or Hostetler are unable to conduct business. This Resolution supersedes the Non-Corporate Agreement signed May 26, 2009.

Motion was made by Hass to accept Resolution 09-2, "Certified Copy of Certain Resolutions Adopted by the Board of Directors Whereby the Establishment and Maintenance of Trading Accounts Have Been Authorized." Gortemaker seconded the motion. Yea: All present. Motion carried.

Legislative: Lindahl included in the Board packet, a list of interim studies for the Nebraska Legislature. Also, copies of the 2009 Bill Tracking for the 101st Legislature were distributed to the Directors.

Cap and Trade was discussed. Lindahl announced that at the NREA Manager's meeting, he was appointed to the Advertising Committee. Discussion was held concerning the NRECA stand on Cap and Trade. Lindahl presented "audio advertisements" from groups in support of Cap and Trade for the Directors and staff to hear. It was agreed to table the advertising program for Wheat Belt.

Other: The contract with Schmidt & Company, auditors for Wheat Belt, is due to be renewed this year. Fehringer made a motion to renew the contract with Schmidt & Company for another two-year term. Hass seconded the motion. Yea: All present. Motion carried.

Lindahl reported that Tri-State has requested metering data from its members. They wish to get into our billing system to collect this data. They want to utilize this information for load forecasting purposes. Gortemaker made a motion to limit access to Wheat Belt's rate class information in order to preserve customer privacy. Wheat Belt staff will provide the appropriate information to Tri-State, limiting it only to rate class and usage data. The motion was seconded by Fehringer. Yea: All present. Motion carried.

Discussion was held concerning claims from the fire on March 5, 2009, which burned grassland, fence posts, etc. Copies of a letter from Steve Guenzel, attorney for Federated Insurance, were distributed to the Directors. A call was made to Federated to find out if and when the adjustor visited the sites and made his determinations and report. Fire photos of the grasslands and fences were included in the Board packet.

Lindahl reported that Wheat Belt has been approached by a wind energy company, the City of Sidney, University of Nebraska, and Adams & Son Trucking for potentially purchasing power from a research wind generator. The company is designing 100 meter towers, and is entering into a research agreement to do studies on the tower. A system impact study would have to be performed and the project would have to be approved by the Tri-State Board. A motion was made by Morgan for approval to proceed with the request for the project. Fehringer seconded the motion. Yea: All present. Motion carried.

Lindahl reported that with the Stimulus package, a security audit would be conducted. We can put our name on the list with no commitment. Monies would be for reimbursement on the new Cannon system since it is not fully deployed. Lindahl will continue to research the project. We may partner with NRTC on this project. Money is available for Smart Grid application and load control. It is the “strings attached” attitude that raises concern.

Lindahl asked the directors if there was any interest in conducting mini workshops after lunch on board meeting days? This would be an opportunity to look more in depth at items such as a financial forecast, legislative issues, system tours, and other issues. It was agreed to possibly start in October.

Discussion was held on the District 9 Affiliation with Basin Electric.

Lindahl distributed a letter from Jay Holmquist, GM at NREA, concerning a Financial Planning Course for Directors that has been proposed to be conducted by Mark Beauchamp of Utility Financial Solutions. Interest by the Directors was expressed.

Discussion was held on the Tri-State CO2 Emissions (2012 & 2018) Report.

PUBLIC COMMENT PERIOD

Several people affected by the Lodgepole fire appeared to report on the fire damages to their fences and grass lands. Mark Johnson, spokesman for the group, said they were appearing before the Wheat Belt Board to ask the Board to “light a fire under the insurance company.” The Board listened to the landowners and asked questions. An aerial map (taken by the Sedgewick County Conservation District) was presented by Johnson showing the affected acres and individual landowners. The landowners were directed to present their costs for damages to Wheat Belt for delivery to Federated. (It was noted that more landowners were present than had presented claims.)

A motion to go into Executive Session was called for at 10:45 a.m. by Fehringer, to conduct a phone conversation with Steve Guenzel, attorney for Federated. Motion was

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seconded by Robinson. Yea: All present. Motion carried.

Motion was made by Hass to go out of Executive Session at 11:05 a.m. Motion was seconded by Robinson. Yea: All present. Motion carried.

It was noted that the determination is made solely by Federated as our Insurance carrier. Federated is a co-operative, and has a history of working with their customers on issues such as this, and welcomes comments.

Following a lengthy discussion, a motion was made by Robinson to recommend to Federated Insurance to replace the wooden posts and the bottom wire as a result of the fire. Motion was seconded by Gortemaker. Yea: All present. Motion carried.

Also appearing before the Board was Deputy Sheriff John Jenson, concerning a line extension and new service at the sheriff's training facility. The proposed line extension cost would be \$3,347.50. Jenson asked that Wheat Belt furnish the line extension at no cost or a reduced cost. Wieser announced that some of the Touchstone Energy allocation could be used for this "special project" if the sheriff's department would allow some sort of advertising placed at the site. Fehringer made a motion that we support the project and honor the request. A Touchstone Energy sign will need to be placed at the site. Zimmerman seconded the motion. Yea: All present. Motion carried.

Roger Jorgenson of the Amateur Radio Club, appeared before the Board asking if Wheat Belt could set a 65' pole with an antennae on top (purchased by the Club) for the Emergency Management System, at a location near the Visitor's Center. This should take approximately one hour of time at a cost of approximately \$120. The condition of the pole was questioned. Morgan suggested that a Touchstone Energy sign be placed on the pole. Jorgenson was amenable to the sign placement. Robinson made a motion to set the pole for the club at no charge, as long as the pole passes Wheat Belt's inspection. Morgan seconded the motion. Yea: All present. Motion carried.

The meeting adjourned at noon for lunch. The meeting reconvened at 1:30 p.m.

CONSTRUCTION, MAINTENANCE & OPERATIONS REPORT

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

Weyerts Substation: The \$500 fee to have the land released from the lien was mailed. We are waiting to hear from Mr. Hopkins for finalization of the purchase.

The Platte Pipeline outage went smoothly and they are now operating on the new transmission line.

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Pole Testing: SBS Inspections will be conducting pole inspections in the Redington, Bridgeport and Broadwater areas beginning the first week in July.

BUSINESS REPORT

Wieser reported that plans for the bratwurst feed to be served from 11:30 a.m. until 12:30 p.m. for the Dalton Centennial have been finalized. Hodges contacted Broadwater and Morrill to offer some sponsorship toward their celebrations. Broadwater was very appreciative of the offer and will use the sponsorship toward purchasing meat for their barbecue. Morrill indicated that they did not have any plans. Hass questioned a couple of issues regarding the Bridgeport Community, and Wieser informed him of the history.

Wieser asked the Board for three customer test irrigation demand charge write-offs in the amount of \$1,019.73. Zimmerman made a motion to approve the write-offs. Morgan seconded the motion. Yea: All present. Motion carried.

A customer bankruptcy issue brought up at last month's Board meeting was discussed. Wieser still has not received a copy of the Dismissal and will contact Sonntag on payment assurance.

Wieser reported that she has been exploring different HSA plans. Lindahl announced a 34% increase is expected in NRECA's defined benefits plan due to stock market and other conditions.

INFORMATION AND TECHNOLOGY REPORT

Bond reviewed her report and answered questions. A "facebook page" has been created for Wheat Belt and the directors were invited to visit the site.

MEETING REPORTS

Morgan reported on the May Tri-State Board Meeting. Questions and discussion followed.

Lindahl's report on the CFC Forum was reviewed. Questions and discussion followed.

Morgan and Smith reported on the Co-Bank meeting they attended.

SAFETY ITEMS

The June 12, 2009, Employee Safety Meeting Minutes were reviewed and thoroughly discussed.

POLICIES & RESOLUTIONS

Policy E-1: Employment Policies; Policy E-2: Paid Time Off (PTO); Policy E-3: Holidays; Policy E-4: Uniforms and Safety Equipment; Policy E-6: Educational Courses; Policy E-7: Expenses; and Policy E-9: Physical Examination: Robinson moved to readopt Policy E-1, Policy E-2, Policy E-3, Policy E-4, Policy E-6, Policy E-7 and Policy E-9. Fehringer seconded the motion. Yea: All present. Motion carried.

Policy E-8: District Vehicles and Mileage Payments: Fehringer moved to adopt Policy E-8, as amended. Gortemaker seconded the motion. Yea: All present. Motion carried.

STRATEGIC ISSUES

AMI Update: Rosenbaum reported they have completed installation of meters and Cannon equipment on the Wildhorse Substation with 80% of the meters reading. Field testing will be conducted to determine if repeaters are needed.

Strategic Planning Session: Lindahl's focus this month was on the RUS refinancing proposals as well as the development of the ten-year financial forecast.

FUTURE MEETINGS & TRAINING

Lindahl reviewed the list of future Director meetings and training.

DELEGATE ELECTIONS

After discussion, it was decided that Morgan and Fehringer would remain as NRECA Region 7 voting delegates.

For the Basin Electric Power Cooperative Special Membership Meeting, Morgan and Lindahl will be the voting delegates.

JUNE BOARD MEETING

There being no further business to come before the Board, the President declared the meeting adjourned at 2:32 p.m.

ATTEST:

Doug Smith, President

Stuart Morgan, Secretary