

APPROVED REGULAR MEETING MINUTES
BOARD OF DIRECTORS - WHEAT BELT PPD

OCTOBER 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., Monday, October 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; Ryan Borges, Staking Engineer; Earl Reilly, Operations Superintendent; 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

Gortemaker made a motion to approve the agenda as mailed. Robinson 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 Thursday, October 15, 2009, and proof of publication showing such notice as published is attached and thereby made a part of the minutes. Morgan made a motion to waive the reading of the notice. Zimmerman seconded the motion. Yea: All present. Motion carried.

Lindhahl reported that the sentence “electric rates for 2010 will be set for the District during this meeting” was included in the newspaper Notice of Meeting.

INTRODUCTION OF GUESTS

Smith introduced Deryl Travis and Mark Churchill, Investment Counselors from Arbor Wealth Management and Mark Cape, Maintenance Lineman/Equipment Operator.

APPROVAL OF SEPTEMBER 25th BOARD MINUTES

Gortemaker moved to waive the reading of the September 25, 2009, Board meeting minutes, and that they be approved as presented. Robinson seconded the motion. Yea: All present. Motion carried.

Smith presented a plaque from NRECA Community Partners International Program to the Board for a monetary contribution. Discussion was held on donating meters to the program in the future.

MANAGER ' S REPORT

Personnel: Lindahl reported that no confirmed cases of H1N1 have been reported at Wheat Belt.

Financials: The September financials were reviewed and discussed. Lindahl reported that the third quarter ended with operating revenues down and irrigation kWh sales down. The cash level for the three quarters was up.

Refinance of the RUS debt is complete. Lindahl reported on an issue with the wire transfer not going through between banks on October 7th. The transfer was successfully completed on October 8th. The bank will be covering the interest for the day as it was their error.

Legislative: Discussion was held on the Boxer/Kerry bill and the health care issues, which could impact the industry.

Other: Lindahl reported on a net metering incident with a customer. The Board asked that a certified letter be sent to the customer explaining the safety and legal ramifications of inter-connecting a wind generator without an electrical inspection.

Lindhahl reported that Kristen Gottschalk is organizing a statewide meeting with state inspectors and contractors to explain the net metering and inter-connection policies.

Morgan asked if articles could be placed in the NREA magazine insert and in newspapers explaining the requirements and the safety precautions needed to be taken concerning inter-connection and net metering.

Lindahll was nominated to the ACRE CEO Academy to be held November 19 and 20, 2009, in Washington, DC. ACRE selects a few CEO's to attend the educational session and covers all expenses to attend the program. The program is only offered every three to four years.

INVESTMENT REPORT

Travis distributed copies of Wheat Belt's current year performance summary portfolio report. Discussion followed with Travis and Churchill fielding questions.

CONSTRUCTION, MAINTENANCE & OPERATIONS REPORT

Reilly reviewed the construction, maintenance and operations for the previous month. There was an outage from the ice on October 14th, affecting approximately twenty customers. Reilly reported that the tree trimming practice has been beneficial.

Reilly reported that we received \$15,670 today from FEMA for the June storms in Morrill, Garden and Deuel counties.

Dalton Transmission Substation Transformer: The new transformer has been installed and energized. On October 16th a relay wiring issued occurred. Approximately 1,268 customers were without power for an hour. The wiring problem was corrected the following day and everything is operational again.

Capital Budget: Reilly reported that new Unit #1 arrived October 1, 2009, and will be on the road later in the week.

Weyerts Substation: Borges reported that he is waiting for equipment to arrive in order to complete the last major distribution crossing. Once the equipment arrives, construction will continue on the transmission line.

BUSINESS REPORT

Cap and Trade consumer education was discussed. Wieser asked the Board for additional funds for advertising. Wieser understands that Tri-State may be willing to co-op with members on this issue, and will be discussing a program with them. Zimmerman made a motion to grant \$5,000 for Cap and Trade advertising. Hass seconded the motion. Yea: All present. Motion carried.

Wieser reported on irrigation accounts that did not meet minimum. There were 64 accounts billed. A portion of cost of service in the demand and energy charges should be recovered. Letters and copies of the rate were sent to the customers.

Morgan reported that he received a phone call concerning service contracts. The customer complimented the crews on getting service repairs completed quickly. Hass indicated that he had received compliments from the Ethanol plant managers on the crews.

Wieser reported that work continues on the HSA research. It has been an eye-opener.

Issues Committee: Wieser answered questions from the directors concerning the wage and salary packet that was sent under separate cover.

Bankruptcy: Wieser reported on another bankruptcy filing. The customer became quite upset after a request was made for "assurance of payment." This is a deposit to Wheat Belt applied to their accounts. The Bankruptcy Code states that assurance of payment may be requested, and payable within twenty days. Standard operating procedure is to disconnect accounts if we do not receive the deposit. There are stock well accounts with cattle, and Wieser asked the Board for permission to not disconnect the stock well accounts, but charge the disconnect/reconnect fees. Hass made a motion that the stock well accounts not be disconnected for humane reasons. Fehringer seconded the motion. Yea: All present. Motion carried.

Wieser asked the Board for a \$25.36 customer energy write-off, due to an error on our part. Robinson moved to approve a \$25.36 energy write-off. Hass seconded the motion. Yea: All present. Motion carried.

Bond's Information and Technology Report was reviewed.

EXECUTIVE SESSION

Robinson made a motion to go into Executive Session at 11:00 a.m. to discuss employee wage and salary and general manager review and compensation. Hass seconded the motion. Yea: All present. Motion carried.

Zimmerman moved to go out of Executive Session at 12:10 p.m. Gortemaker seconded the motion. Yea: All present. Motion carried.

Motion was made by Fehringer to grant a one percent across the board cost of living increase to the employees. In addition, it is the Board's intent to encourage increased participation in the 401K plan by offering an additional one percent contribution from Wheat Belt for every two percent voluntary contribution by the employee over the mandatory one percent. The maximum employer contribution is set at 15 percent. The current employer contribution is eleven percent. Also, the renewal of the medical insurance plan at the current rate which was approved last month is included in the wage and salary benefits. Motion was seconded by Gortemaker. Yea: All present. Motion carried.

Motion was made by Fehringer to grant an eight percent salary increase to bring Lindahl's wage to above the state median for systems of comparable size to Wheat Belt, recognizing their feeling that his performance has been above average. Motion was seconded by Zimmerman. Yea: All present. Motion carried.

SAFETY ITEMS

The October 9, 2009, Employee Safety Meeting Minutes were reviewed and thoroughly discussed. Hopefully flu vaccinations will be given in November. Robinson was reminded to attend the November 13th meeting.

MEETING REPORTS

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

Lindahl reported on the NRECA Legislative Fly-In he attended where he and other representatives delivered 6,100 post cards from the Our Energy, Our Future campaign to our senators.

Lindahl's NREA Legal Seminar report was reviewed. Lindahl commented that great emphasis was placed on the new ADA laws, where almost anything can be constituted as a disability. All contractors and subcontractors and their employees that are hired after October 1, 2009, must be verified through the federal government. Notices will be sent to all of our contractors to notify them of the law and that they must verify their employees and require their subcontractors to do the same.

Lindahl's MDM meeting report was reviewed. Lindahl reported on the possibility of the MDM group purchasing a mobile substation.

POLICIES & RESOLUTIONS

Policy C-9: Disconnect for Nonpayment: Zimmerman moved to adopt Policy C-9 as amended. Robinson seconded the motion. Yea: All present. Motion carried.

Policy E-18: Insurance for Full Time, Part Time and Retired Employees: Gortemaker moved to table Policy E-18 for staff to further investigation into the Policy. Zimmerman seconded the motion. Yea: All present. Motion carried.

Policy E-4: Uniforms and Safety Equipment: Hass moved to adopt Policy E-4 as amended. Robinson seconded the motion. Yea: All present. Motion carried.

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

BUDGET

2010 Rate Presentation and Adoption of a 4.83% revenue increase: Following discussion, Zimmerman made a motion to adopt a 4.83% revenue increase for 2010 for all rate classes with the exception of W-1. Hass seconded the motion. Yea: All present. Motion carried.

Following discussion and review of Rate Schedule W-1, Zimmerman made a motion to increase Rate Schedule W-1 two mills per year until current cost of wheeling at that time is met, subject to review every year. Motion was seconded by Robinson. Yea: All present. Motion carried.

STRATEGIC ISSUES

Reilly presented a list of the number of irrigation motors plus their horse power in the system and discussion followed. A proposal of \$4 per horse power credit rebate was discussed. A copy of Mr. Hagar's presentation will be sent to all of the directors for review and a formal proposal will be presented at next month's board meeting.

Following discussion and review of written position statements on the Tri-State Lawsuit, Fehringer made a motion to adopt the following statement: "Wheat Belt Public Power District is not part of the group of five Nebraska systems that filed suit against Tri-State G&T, the organization that serves our power requirements. Wheat Belt is under contract with Tri-State to provide all of our power requirements until the year 2050 at a rate set by the Tri-State board of directors,

which is comprised of the 44 systems that make up Tri-State. We feel that there is basis to study the situation to make sure there are not undue cost burdens on any system, that self governance through locally elected directors is adequate to make the cooperative a successful business that treats all members fairly. Wheat Belt felt it was not in its best interest to pursue any current issue in this manner at this time. Wheat Belt also benefits from a more diverse load, which makes our cost of power more in line with other regional power suppliers and any difference in rates is likely to be rectified as new generating resources are required in the region. Please direct any further inquiry on this matter to Tim Lindahl, General Manager of Wheat Belt Public Power District.” Gortemaker seconded the motion. Yea: All present. Motion carried.

Wind Development Position Statement: Tabled for director input next month.

Lindahl reported that he had been approached by WNCC to help support the development of a Wind Tower Technician program for funding purposes.

AMI Update: 2300 meters have been installed off seven substations. Should the weather hold, the goal of having half of all of the meters installed by the end of the year should be met.

FUTURE MEETINGS & TRAINING

Lindahl reviewed the list of future Director meetings and training. Lindahl plans on attending the Nebraska Wind Power 2009 Conference November 9-10 in Kearney.

Hass plans to attend the Nebraska State Irrigation Assn. and Nebraska Water Resources Assn. meeting in Kearney November 22-24, and will not be attending the November Board meeting on November 23, 2009.

OCTOBER BOARD MEETING

There being no further business to come before the Board, the President declared the meeting adjourned at 1:35 p.m.

ATTEST:

Doug Smith, President

Stuart Morgan, Secretary