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## BOARD OF DIRECTORS MEETING

*March 16, 2022*

The Board of Directors of Southern Public Power District met in regular session in the Boardroom of the District's corporate office at 4550 West Husker Highway, Grand Island, Nebraska, on March 16, 2022, at 10:00 a.m. pursuant to the mailed notice of the meeting sent to all Directors of the District and notice posted. Arlon Jacobitz, Chairman of the District, called the meeting to order.

Directors present were as follows: Larry Benson, Neal Katzberg (arrived at 10:05), Kevin Choquette, Mike Lowry, Dean Klute, Rick Bergman, Joel Kuehn, Lee Grove, Kevan Reeson, Marvin Fishler, Bob Kieborz, Wayne Anderbery, Dana Meyer and Arlon Jacobitz. President/CEO Neal Niedfeldt and attorney Dave Jarecke were also present.

Directors absent: None.

Chairman Jacobitz publicly stated to all in attendance that a current copy of the Nebraska Open Meetings Act was available for review and indicated the location of such copy in the room where the meeting was being held.

### AGENDA

There were no additions requested to the agenda.

### MINUTES

No revisions were made to the minutes of the February 9, 2022 regular Board meeting.

A motion was duly moved by Director Benson, seconded by Director Choquette, to adopt the following resolution:

#### **RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the minutes of the February 9, 2022 regular Board meeting.

Roll call vote: Yes 13, No 0, Absent 1 (Director Katzberg)

### BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Grove, seconded by Director Kieborz, to adopt the following resolution:

#### **RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves all bills and claims.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Katzberg) (Director Benson stepped out of Board room)

## COMMENTS FROM THE PUBLIC

There were no comments made.

## DIRECTOR AND MANAGEMENT REPORTS

### DIRECTOR REPORTS:

- Director Anderbery attended the PowerXChange Conference in Nashville held March 6<sup>th</sup> through the 9<sup>th</sup>; attended the Axtell Village Board meeting on March 14<sup>th</sup> and the Consolidation meeting between Dawson Public Power District and Central Nebraska Public Power Irrigation District.
- Director Choquette attended the Campbell Village Board meeting on March 8<sup>th</sup>.
- Director Meyer attended the Riverton Village Board meeting on February 9<sup>th</sup> and the PowerXChange Conference in Nashville held March 6<sup>th</sup> through the 9<sup>th</sup>.
- Director Lowry attended the Cairo Village Board meeting on March 15<sup>th</sup> and the Energy Park Committee meeting on March 16<sup>th</sup>.
- Directors Kuehn and Kieborz attended the Safety Council meeting on February 23<sup>rd</sup>.
- Directors Reeson, Klute, Bergman and Chairman Jacobitz attended the Energy Park Committee meeting on March 16<sup>th</sup>.

### MANAGEMENT REPORTS:

#### President's comments:

- CEO Niedfeldt attended the following meetings and activities during the past month:
  - SPPD – Attended the quarterly Union meeting on February 16<sup>th</sup>. Participated in the Employee Recognition Lunch in Grand Island on February 18<sup>th</sup>. Attended the Wood River City Council meeting on February 22<sup>nd</sup>. Attended the Safety Council meeting on February 3<sup>rd</sup> in Grand Island. Attended the Cairo Village Board's Public Hearing for the District's Solar Project on February 28<sup>th</sup>.
  - NPPD – Attended the Wholesale Customer Meeting in Columbus on February 17<sup>th</sup>. Hosted the Irrigation Load Control study group with NPPD, Loup PPD, Cornhusker PPD and Dawson PPD on March 1<sup>st</sup>.
  - NRECA – Attended the PowerXchange Conference in Nashville held March 6<sup>th</sup> through the 9<sup>th</sup>.
- Operations and Construction – Personnel are finishing up the last of 2021 budget projects and have started on 2022 budget projects. Crews are constructing new services, including irrigation services.
- Irrigation – Additional communications on the District's irrigation power factor policy change for 2022 were made in March through text messaging and emails. Applications and rate changes are being processed. Preparations are being made to process the spring horsepower billing.
- NPPD – NPPD indicates they have a \$268.2 million balance in their Rate Stabilization Fund at the end of 2021 with \$220.6 million assigned to wholesale and \$47.6 million assigned to retail. This balance is remaining after the use of \$60 million for the early retirement of debt in December. It is projected that \$74.2 million of the wholesale balance will be returned to wholesale customers in 2022 through the use of the Production Cost Adjustment.
- Strategic Planning – Final planning documents are being reviewed with the management staff and action plans are being prepared for the next 12 months. Once completed, management will report those plans to the Directors and with all District employees.

- Cairo Solar Project – The Village Board of Cairo approved the special use permit for the construction of the District’s 1 MW solar project on Village property north of their lagoons. The Village Board has also approved the execution of the land lease between the Village and Sol Systems. The Purchase Power Agreement between the District and Sol Systems is being placed into an executable format with all Exhibits. Execution of the agreement is expected in March. The application for NPPD’s approval to connect the project to NPPD’s transmission system will also be submitted in March.
- Personnel – Cindy Gillespie, Payroll Clerk, has announced her resignation effective March 11, 2022. The District is actively searching for a replacement. Becky Lesiak, Engineering Tech, has been assigned duties to assist irrigation customers with applications and estimates as the search for an Irrigation Services Specialist continues.

#### Financial Reports:

- Summary of Revenues. CFO Brad Kool provided a comparison of revenues between January 2021 and 2022. Revenue for the month of January 2022 amounted to \$5.23 million as compared to \$5.02 million in 2021.
- Power Costs. CFO Kool provided a summary of the power bill for January 2022 indicating a peak demand of 144,945 kW as compared to 132,377 kW recorded in January 2021. The District purchased 85.44 million kWh in January 2022 as compared to 80.03 million kWh in January 2021.
- Balance Sheet and Income Statement. CFO Kool provided a comparison of income statements from January 2022 and January 2021. Year-to-date net margins as of January 31, 2022 were (\$758,578) as compared to (\$1,140,231) as of December 31, 2021. CFO Kool also reviewed balance sheets from January 2022 and January 2021.
- Cash Flow Summary. CFO Kool provided a summary of the statements of cash flows.

#### Customer Service and Collection Report:

- The District’s disconnect day was scheduled for Thursday, February 24<sup>th</sup>, but with the colder weather, the District moved disconnects to Tuesday, March 1, 2022. District personnel worked 37 accounts, with 34 accounts being disconnected remotely using the AMI disconnect collar.

CFO Brad Kool distributed and reviewed the 2021 Annual Financial Report to all Directors. Discussion followed.

#### Engineering/Operations Report:

- Engineering and Operations Manager Aaron Brown participated in a kickoff meeting with NPPD for converting NPPD’s Alda 115kV substation from 34.5kV to 69kV.
- Department personnel finished the substation design for Central City Ethanol’s substation expansion project. Central City Ethanol will be having an outage on March 15<sup>th</sup>-18<sup>th</sup> when the District will install a new three-way 69kV switch.

#### Marketing Report:

- Energy Services Manager Sam Reinke, completed the March schedule for Village Board meetings.
- Visits by management and Board members were made to the Villages of Chapman, Heartwell, Loomis, Bloomington, Bertrand, Franklin, Riverton, Doniphan, Giltner and Wood River.
- During the month of February, the District issued six water heaters and provided incentives totaling \$23,780 to customers through the Energy Wise Program. Year to date Electric Vehicle incentives total \$8,540.

Communications Report:

- Public Relations Manager LeAnne Doose reported that text messages and emails were distributed to irrigation customers to share information about the power factor correction policies. Further messaging is planned on going forward to inform customers of the rebate and installation deadline for power factor correction.
- Doose will be collaborating with co-workers to begin formulating an Emergency Action Plan, designed to outline methods to respond to a variety of disasters or crises.
- Advertisements and social content have been scheduled for electrical safety during the planting season, as well as Electric Safety Month.
- Doose reviewed promotional efforts that are happening now and through the month of April.

Safety Report:

- Safety Director Todd Bailey reported on various personnel and vehicle claims during the month of February.
- Bailey mentioned that a Safety Council meeting was held in Grand Island on February 23<sup>rd</sup> and the minutes were provided in this month's Board packet.

**CUSTOMER REPORTS:**

**DIRECTORS:**

- Director Lowry shared a call he received from a customer regarding the power factor and capacity policy. Director Lowry provided suggestions for implementing this program, including reducing the power factor adjustment minimum from 93% to 90%, continuing education, increasing the cost share of the District through an increased capacitor incentive and researching motor efficiency programs that could qualify for EnergyWise funding. Following discussion, a date was established for the Irrigation Committee to meet on March 24<sup>th</sup> at 9:30 a.m. to discuss these options.

**MANAGEMENT:**

- CEO Niedfeldt had no report.

***LUNCH RECESSED AT 12:00 P.M.,  
THE MEETING RECONVENED AT 12:45 P.M. IN OPEN SESSION.***

**COMMITTEE REPORTS:**

**FINANCE COMMITTEE:**

- Finance Committee Chairman Choquette reported that all funds were adequately covered by FDIC insurance and joint custody receipts.

**LEGISLATIVE COMMITTEE:**

- CEO Neal Niedfeldt reviewed and discussed bills that were of interest to the District and the public power industry.

ENERGY PARK COMMITTEE:

- Energy Park Committee Chairman Lowry reported on the Energy Park Committee meeting held prior to the Board meeting discussing a potential site development project at Energy Park. Chad Nabity, Hall County Regional Planning Commissioner was also in attendance. CEO Niedfeldt reported that the District would be applying for a site assessment funding grant through NPPD and will be in discussion with NPPD personnel on qualifying expenditures for the grant.

**MOTIONS & RESOLUTIONS:**

**Resolution for Lineman Appreciation Day**

A motion was duly moved by Director Fishler, seconded by Director Anderbery, to adopt the following resolution:

**WHEREAS**, the Southern Public Power District's linemen are responsible for building and maintaining a complex system of more than 7,104 miles of subtransmission and distribution lines, which contributes to the livelihood of our region and the local economy as electricity is delivered to homes, businesses, farms, churches and schools; and

**WHEREAS**, the electrical grid must be maintained and operated twenty-four hours a day, seven days a week and three hundred sixty-five days a year in all weather conditions; and

**WHEREAS**, the District's 53 linemen have demonstrated outstanding skill and dedication to safe work practices, while building and maintaining the electric grid and learning new skills as new technologies are introduced into their profession; and

**WHEREAS**, the linemen of Southern Public Power District risk their lives daily to ensure the reliable delivery of electricity to the customers, and are deserving of honor, respect and gratitude of the public.

**THEREFORE, BE IT RESOLVED**, that we, the Members of the Board of the Southern Public Power District, recognize the significant contributions and efforts of our linemen who work in challenging conditions to power a brighter future for our customers, and we express our appreciation to them, as we recognize April 11, 2022 as Lineman Appreciation Day.

Roll call vote: Yes 14, No 0, Absent 0

**Application for Grant Funds to Purchase an Electric Vehicle**

Energy Service Manager Sam Reinke reported that the application process for Electric Vehicle Grants is still being offered by NPPD for wholesale customers as long as there is identifiable proof of purchase by June 22, 2022.

No action was taken on this motion.

**Approval of Contract 22-02 to Purchase Substation Transformers**

Engineering/Operations Manager Brown reviewed the Contract 22-02 substation transformer bid results that were received from five different manufacturers and is recommending the leading competitor manufacturer Sanil, be selected due to their total evaluated bid and their time frame of equipment delivery.

A motion was duly moved by Director Benson, seconded by Director Bergman, to adopt the following resolution:

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves Sanil as the manufacturer of substation transformers for Contract 22-02 in the amount of \$3,277,230 as recommended by management.

Roll call vote: Yes 13, No 1 (Director Fishler), Absent 0

Vehicle Order for 2023 Budget

CFO Brad Kool reported on the lengthy backlog being experienced by Altec Industries, Inc. resulting in a 1,000-day delivery timeframe for all orders submitted in 2022. CFO Kool recommended the District place orders for the 2023 Budget immediately as a result of the timeframe it will take to acquire these vehicles.

A motion was duly moved by Director Kuehn, seconded by Director Kieborz, to adopt the following resolution:

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the order of the vehicles that are listed for the 2023 Budget in the amount of \$2,400,000 on account of the delivery timeframe.

Roll call vote: Yes 13, No 1 (Director Fishler), Absent 0

**EXECUTIVE SESSION:**

A motion was duly moved by Director Kuehn, seconded by Director Grove, to adopt the following resolution:

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves going into closed session at 1:22 p.m. to discuss personnel matters.

Roll call vote: Yes 14, No 0, Absent 0

A motion was duly moved by Director Lowry, seconded by Director Bergman, to adopt the following resolution:

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves coming out of closed session at 3:02 p.m.

Roll call vote: Yes 14, No 0, Absent 0

A motion was duly moved by Director Grove, seconded by Director Meyer, to adopt the following resolution:

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves authorizing Legal Counsel to retain Jackson Lewis to conduct an employee investigation for claims submitted to the Board Chairman.

Roll call vote: Yes 14, No 0, Absent 0

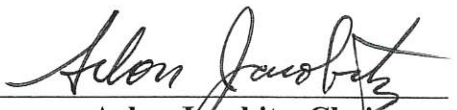
**MISCELLANEOUS BUSINESS:**

There will be an Audit Committee meeting held on April 6<sup>th</sup> at 10:00 a.m.

The next Board Meeting is scheduled for Wednesday, April 13, 2022 at 10:00 a.m.

There being no other business, the meeting was adjourned at 3:06 p.m.

  
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Wayne Anderbery, Secretary

  
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Arlon Jacobitz, Chairman