

**SOUTHERN PUBLIC POWER DISTRICT
BOARD OF DIRECTORS MEETING
*August 12th, 2020***

The Board of Directors of Southern Public Power District met in regular session at Southern Public Power District located at 336 Lions Drive, Funk, Nebraska, on August 12, 2020, at 10:30 a.m. pursuant to the mailed notice of the meeting sent to all Directors of the District and notice posted. Dean Klute, Chairman of the District, called the meeting to order.

Directors present were as follows: Larry Benson, Neal Katzberg, Marvin Fishler, Kevin Choquette, Rick Bergman, Mike Lowry, Dean Klute, Lee Grove, Kevan Reeson, Wayne Anderbery, Dana Meyer, Arlon Jacobitz and Dirk Nickel. President/CEO Neal Niedfeldt and attorney Dave Jarecke were also present.

Directors absent: None.

Chairman Klute 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 conducted.

AGENDA

There were no additions requested to the agenda.

MINUTES

There were slight revisions made to the minutes of the July 8th, 2020 regular Board meeting.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the minutes of the July 8th, 2020 regular Board meeting as amended.

Roll call vote: Yes 13, No 0

BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Bergman, seconded by Director Grove, 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 13, No 0

COMMENTS FROM THE PUBLIC

There were no comments from the public.

DIRECTOR AND MANAGEMENT REPORTS

DIRECTOR REPORTS:

- Director Katzberg attended the Kenesaw Village Board meeting on July 14th.

MANAGEMENT REPORTS:

President's comments:

- CEO Niedfeldt reported on the following meetings and activities during the past month:
 - Southern Public Power Meetings – Attended the Kenesaw Village Board meeting on July 14th. Participated in the Southern Public Power Area Development Fund Board of Directors meeting held virtually on July 21st.
 - NPPD - Participated in the Wholesale Customer meeting held virtually on July 16th. Attended the Western Region's Managers meeting at McCook PPD in McCook on July 22nd. Participated in the NPPD/USDA Reconnect Program meeting held virtually on July 29th. Participated in the Eastern Region's Managers meeting held virtually on July 31st.
 - NPA – Participated in the Bi-Monthly Board of Directors meeting held virtually on July 15th.
- Coronavirus – All counties in the District continue to be in Phase 3 of the directed health measures as set by the Governor and the Public Health Districts. Plans for opening service centers to the public in July were delayed due to some increases in positive cases in areas of the District. Management is recommending to continue the delay of opening offices until it is known what the impacts of fall schools opening will have on virus containment. Management is constantly reviewing procedures currently in place for employee health and safety.
- Operations and Construction – July was a dry and warm month although a few spotty storms caused minor outages throughout the District. Personnel have completed eight of the twenty-nine budgeted distribution and subtransmission projects during the first six months. Maintenance projects being completed include contract tree trimming and the annual pole inspections.
- NPPD Issues
 - Plan B Consultants – NPPD staff recommended two consultants to provide detailed cost information associated with achieving certain defined carbon reduction scenarios. NPPD's Board approved Siemens at \$249,000 and Ascend Analytics at \$228,490. Both reports are to be submitted by December 31, 2020.
 - 2021-2026 Rate Outlook – Preliminary recommendations are no base rate changes in the wholesale rate for 2021, although there may be slight changes within the rate schedule, i.e., offsetting adjustments between demand and energy, summer and winter seasons, etc. The current rate outlook forecasts base rates to remain stable through 2026.
- Funk Service Center Site – The addition of a concrete swale on the north side of the building was completed in July. Some cracking has appeared in concrete around the building and is being investigated by Boyd Jones. Reseeding of the lawn is scheduled for September.

- Personnel – Interviews were completed in July to fill two openings on the subtransmission construction crew. Employment offers were extended and accepted by Jaden Garner of Grand Island and Cal Narber of Phillips. Both men were previous Southern PPD scholarship award winners and both completed their internship with the District.
- CEO Niedfeldt presented to the Board the District's 2020 Semi-Annual Report.

Financial Reports:

- Summary of Revenues. CFO Kool provided a comparison of revenues between June 2019 and 2020. Year-to-date revenue ending the month of June 2020 amounted to \$41.84 million compared to \$42.00 million in 2019.
- Power Costs. CFO Kool provided a summary of the power bill for June 2020 indicating a peak demand of 243,186 kW as compared to 151,035 kW recorded in June 2019. The District purchased 99.8 million kWh's in June 2020 as compared to 76.7 million kWh's in June 2019.
- Balance Sheet and Income Statement. CFO Kool provided a comparison of income statements from June 2020 and June 2019. Year-to-date net margins as of June 30, 2020 were \$6,592,630 as compared to \$4,191,704 as of June 30, 2019. CFO Kool also reviewed balance sheets from June 2020 and June 2019.
- Cash Flow Summary. CFO Kool provided a summary of the statements of cash flows.

Customer Service and Collection Report:

- The production cost adjustment reflected on customers' bills for June 2020 was (\$148,018). Year to date 2020 the production cost adjustment reflected on customers' bills has totaled (\$942,689).
- The District's disconnect day was Wednesday, July 29th. District personnel worked 45 accounts with 41 being disconnected remotely using the AMI disconnect collar.

Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown reported that the District has received 180 units of the newest version of Landis & Gyr load control units and will be installing them as needed throughout the control season.
- Engineering staff assisted the Village of Giltner on a solar panel installation for a customer on their electric system.
- Construction crew finished Phase-1 of the Archer budget job which consisted of four miles of 69Kv line.

***LUNCH RECESSED AT 12:00 P.M.,
THE MEETING RECONVENED AT 1:00 P.M. IN OPEN SESSION***

Marketing Report:

- In the absence of Energy Services Manager Sam Reinke, CEO Niedfeldt reported that Mr. Reinke has been progress with Miller and Associates on the meeting the Site Ready Program requirements.

- The District has been working with sales representatives from Peerless Energy on a compressor upgrade at Green Plains Ethanol in Wood River and a corresponding energy efficiency incentive.
- The District issued six water heaters and provided incentives totaling \$17,532.67 to customers under the EnergyWise Program during the month of July.

Communications Report:

- In the absence of Public Relations Manager LeAnne Doose, CEO Niedfeldt reported that a meeting of the Southern Public Power Area Development Fund was held on Tuesday, July 21st, with a total of \$7,500 being awarded to three applicants.
- Plans are underway to promote safety during the harvest season, as well as public power month. Advertising will occur on local radio stations as well as shared content across social platforms.
- Filming for Hotline Trailer Demonstrations will take place this month. These videos will provide educational opportunities that have been missed due to the cancellation of community events.
- Heat pumps will be promoted thoroughly through the end of the year. The primary content will be shared on the District's website.

Safety Report:

- In the absence of Safety Manager Todd Bailey, CEO Niedfeldt reported that the District had no claims and/or injuries from the previous month.
- Mr. Bailey is conducting crew visits at each location.
- Mr. Bailey continues to stress that health and safety is the District's number one priority and the District is taking necessary procedures to protect the health and well-being of all District employees during the coronavirus pandemic.

CUSTOMER REPORTS:

DIRECTORS:

- Director Anderbery was asked by District customers if the District would under-build the existing sub-transmission line between Axtell and KAAPA so additional customers could connect their diesel engines to electric wells.

MANAGEMENT:

- CEO Niedfeldt reported on an expansion project announced by Green Plains Wood River which will potentially add a significant amount of electric load. District staff will be working with personnel from Green Plains and their engineering consultants.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

- Finance Committee Chairman Anderbery reported that all funds were adequately covered by FDIC insurance and joint custody receipts.
- CEO Niedfeldt announced that the Nebraska Legislature will be ending their 60-day session on August 13th. Niedfeldt reviewed a small number of legislative bills impacting the electric industry including LB899 that was signed by the Governor allowing public power districts to develop and

produce biofuels fuels, biofuels byproducts and other fuels that help reduced greenhouse gas emissions.

- Vacancy Selection Committee Chairman Lowry indicated that the District has completed the application process for replacing the open Director position representing Hall County. The Committee will conduct interviews of the three candidates who have expressed interest for the position on September 2nd. The Committee plans to make a recommendation to the full Board of Directors at the September Board of Directors meeting.

MOTIONS AND RESOLUTIONS:

Charge Off Uncollectible Accounts

CFO Kool provided a review of accounts recommended for charge-off. Mr. Kool reported that the list of recommended charge-offs totaled \$773.77.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves charge-offs of delinquent accounts totaling \$773.77 as recommended by management.

Roll call vote: Yes 13, No 0

Emergency Purchase for Bucket Truck

CEO Niedfeldt reported that the District has lost the use of three single-man bucket trucks due to design issues by the manufacturer. The District has temporarily replaced them with spare single-man bucket trucks; however, the District is left with no spare trucks until repairs can be made. CEO Niedfeldt indicated the management team felt this was an emergency situation and made the decision to purchase an Altec truck that was immediately available and reduce the 2021 budget for a similar amount of the cost of the new truck. CEO Niedfeldt recommended the Board ratify and approve the purchase.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves to ratify and approve the purchase of the Altec bucket truck as recommended by management.

Roll call vote: Yes 13, No 0

Consider NPPD's E Connectivity Proposal

CEO Niedfeldt reviewed a proposal from NPPD to participate in a study of areas that are underserved with broadband service within the District's service area. The study could be used for applying for a U.S.D.A. grant under their ReConnect Program and if successful could lead to a partnership initiative with the local telecommunications provider to bring broadband infrastructure to the area. NPPD has offered to share in the cost of the study with the District. No action was taken.

Aurora Development Corporation for Economic Growth Services.

CEO Niedfeldt reviewed a request from the Aurora Development Corporation (ADC) for continued financial support to help bring economic growth to Hamilton County. The ADC has identified several potential development sites which are located in the District's service area.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the continuation of support to the Aurora Development Corporation in the amount of \$2,000.00.
Roll call vote: Yes 12, No 0

Hastings Chamber of Commerce Membership Renewal
No action was taken.

MISCELLANEOUS BUSINESS:

The next Board meeting is set for Wednesday, September 9, 2020.

There being no other business, the meeting was adjourned at 2:10 p.m.



Dana Meyer, Secretary



Dean Klute, Chairman