

SOUTHERN PUBLIC POWER DISTRICT

BOARD OF DIRECTORS MEETING

December 8th, 2021

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 December 8th, 2021, 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 (left at noon), Neal Katzberg, Dean Klute, Bob Kieborz, Rick Bergman, Lee Grove, Kevin Choquette, Mike Lowry, Joel Kuehn, Marvin Fishler, Kevan Reeson, 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

There were no revisions made to the minutes of the November 10th, 2021 regular Board meeting.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the minutes of the November 10th, 2021 regular Board meeting.

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

BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Lowry, seconded by Director Meyer, 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 14, No 0, Absent 0

COMMENTS FROM THE PUBLIC

None.

DIRECTOR AND MANAGEMENT REPORTS

DIRECTOR REPORTS:

- Director Kieborz attended the Safety Council meeting on November 24th in Grand Island.
- Directors Anderbery and Bergman attended the Irrigation Power Factor informational meeting on December 2nd in Funk.
- Director Jacobitz attended the Irrigation Power Factor informational meeting on December 2nd in Hastings.

MANAGEMENT REPORTS:

President's comments:

- CEO Niedfeldt attended the following meetings and activities during the past month:
 - Southern Public Power Meetings – Attended the All-Employee meetings on November 22nd-24th in Grand Island. Attended the Quarterly meeting of the Union representatives on December 2nd in Grand Island.
 - NPA – Attended the bi-monthly Board of Directors meeting on November 17th at the LES offices in Lincoln.
- Operations and Construction – Personnel continue to complete budgeted construction projects along with replacing poles and general maintenance activities. New and upgraded irrigation services are being released to crews for the 2022 season. The conversion of town street lights to LED continued with Kenesaw and Loomis completed. Cairo, Bertrand and Axtell have been placed on the schedule. The subtransmission construction crew continues to work in Hall County with the objective of completing the current project by the end of the year.
- All-Employee Meetings in November – All personnel attended one of the three days of information meetings in November where they were updated on District projects and issues, received information on NRECA insurance and retirement plans and also heard from Grand Island Family Resources on mental health issues from this past year due to COVID-19.
- Irrigation Applications – The District has received payment for 52 of the 160 applications received. Payments for an additional 20 applications are due the first week of December. Personnel continue to study the availability of materials and transformers prior to accepting payments for additional applications.
- NPPD Electric Vehicle Fast Charging Rate Incentive – NPPD personnel have proposed a rate incentive program for businesses with fast chargers which would reduce the demand charge on the wholesale customer's power bill when the fast chargers are used during peak demand periods. The program will be discussed in more detail at the Rate Review Committee meeting in December.
- N Solar Project – The Purchase Power Agreement (PPA) has been reviewed and returned to N Solar for their final comments on proposed changes made to the agreement.
- Personnel – There were no changes in personnel this past month. The part-time tree trimmers for the Franklin service area will start December 1st and continue work through next March.

Financial Reports:

- Summary of Revenues. CFO Brad Kool provided a comparison of revenues between October 2021 and 2020. Year-to-date revenues for the month of October 2021 amounted to \$74.88 million compared to \$80.01 million in 2020.
- Power Costs. CFO Kool provided a summary of the power bill for October 2021 indicating a peak demand of 130,274 kW as compared to 142,082 kW recorded in October 2020. The District purchased 81.1 million kWh's in October 2021 as compared to 88.1 million kWh's in October 2020.
- Balance Sheets and Income Statements. CFO Kool provided a comparison of income statements from October 2021 and October 2020. Year-to-date net margins as of October 31, 2021 were \$8,555,366 as compared to \$12,208,629 as of October 31, 2020. CFO Kool also reviewed balance sheets from October 2021 and October 2020.
- Cash Flow Summary. CFO Kool provided a summary of the statements of cash flows.

Customer Service and Collection Report:

- The production cost adjustment credit reflected on customers' bills for October 2021 was (\$160,211). Year-to-date 2021, the production cost adjustment reflected on customers' bills has totaled (\$2,045,517).
- The District's disconnect day was on Monday, November 29th. District personnel worked 46 accounts with 45 accounts disconnected remotely using the AMI disconnect collar.

Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown reported that steel has been installed and the ground grid has been completed at the new substation at Central City Ethanol.
- Brown coordinated informational meetings in various locations for local electricians and pivot companies to discuss the District's power factor correction policy and capacitor installations.

Marketing Report:

- Energy Services Manager Sam Reinke prepared an analysis for the District's Water Heater program for 2022 and will be proposing changes to the 2022 program which will take effect on January 1, 2022.
- The scheduling of annual meetings with Village Boards will begin in January of 2022.
- There were no water heaters issued for the month of November.
- The District provided \$400 to customers for incentives under the Efficient Electrification Incentive program and \$16,202 to customers for incentives under the Energy Efficiency program during the month of November.

Communications Report:

- In the absence of Public Relations Manager LeAnne Doose, CEO Niedfeldt reported on upcoming promotional efforts for the District that will run through the end of January and reviewed the District's growth on key social platforms in 2021.
- Niedfeldt reported that the annual Employee Recognition Banquet is planned for Friday, January 28th which will be held at The Lark in Hastings.

Safety Report:

- Safety Manager Todd Bailey stated that there were no reported workers comp claims or equipment claims during the month of November.
- The Safety Council meeting was held on November 24th.

CUSTOMER REPORTS:

DIRECTORS:

- Director Grove indicated customers would be interested in seeing the Funk Service Center and suggested the District consider hosting an open house or customer appreciation event in the new Funk facility.

MANAGEMENT:

- CEO Niedfeldt provided an overview of concerns expressed by the Village of Marquette with newly installed LED streetlights, which were reported to be too dark.
- Niedfeldt reported that Compute North has secured their economic development incentive allowing them to qualify for NPPD's Economic Development Rate.
- District staff are working with two small cryptocurrency entities that are seeking sites which can accommodate five to 12.5 MW projects.
- District staff are working with NPPD's Economic Development Department to submit information for a proposed feed mill project. Discussion followed regarding the availability of District property in the Southern Energy Park.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

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

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

MOTIONS & RESOLUTIONS:

Charge Off Uncollectible Accounts

CFO Kool provided a review of accounts recommended for charge-off. CFO Kool reported that the list of recommended charge-offs totaled \$1,836.81.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves charge-offs of delinquent accounts totaling \$1,836.81 as recommended by management.

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

Retail Rate Adjustments for 2022

CFO Kool provided an overview of the proposed retail rate adjustments for 2022. The proposed adjustments include retail rate adjustments for the various customer classifications with overall revenue being reduced by 0.94% to be offset by using funds in the rate stabilization fund.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the proposed changes and adjustments to the District’s Retail Rate Schedules for 2022 as recommended by management.

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

District’s Water Heater and EnergyWise Programs for 2022

Marketing/Energy Service Manager Reinke reviewed the proposed summary of changes to the District’s 2022 incentive programs for water heaters and the coordination of NPPD’s EnergyWise incentive programs.

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 changes to the District’s Water Heater Incentive program and NPPD’s EnergyWise incentive program for 2022 as recommended by management.

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

Tree Trimming Agreement

Engineering/Operations Manager Brown reported on the recommendation for the Funk Service Center to continue to use the contracting services of Weaver Bros. Tree Services LLC for 2022.

A motion was duly moved by Director Bergman, 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 tree contract services by Weaver Bros. Tree Services LLC as recommended by management.

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

Resolution in Support of Grand Island Area Economic Development

CEO Niedfeldt explained the establishment of the Nebraska Rural Projects Act which will provide matching funds for the improvement of rail access in business parks in counties of less than 100,000 residents. The GIAEDC will be submitting an application on behalf of Cathcart Rail Services which operates a short line rail through the District’s Energy Park. Funding from the Act could provide matching funds for the improvement of the existing rail. Management is recommending the Board approve the proposed Resolution in support of the application.

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 the Resolution in Support of Grand Island Area Economic Development Corporation's Application for funding under the Nebraska Rural Projects Act as recommended by management.

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

Salary and Contract for President/CEO

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves going into closed session at 1:20 p.m. to discuss personnel items.

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

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves coming out of closed session at 1:55 p.m.

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

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

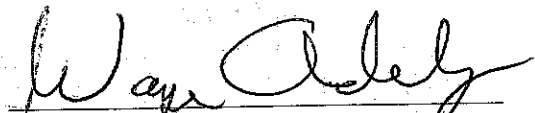
RESOLUTION

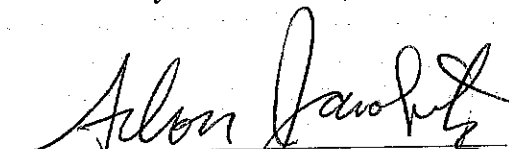
RESOLVED, that the Board of Directors of Southern Public Power District authorizes Board Chairman Jacobitz to set CEO Niedfeldt's salary as requested and execute CEO Niedfeldt's Employment Agreement.

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

MISCELLANEOUS BUSINESS:

- The next Regular Board meeting is scheduled for Wednesday, January 5th at 10:00 a.m.
- The Strategic Planning meeting will be held at The Crane Trust Nature & Visitor Center on February 2nd.
- The annual S.I.D. No. 5 meeting will be held on Wednesday, January 5th at 9:00 a.m.
- There being no other business, the meeting was adjourned at 2:05 p.m.


Wayne Anderbery, Secretary


Arlon Jacobitz, Chairman