

**SOUTHERN PUBLIC POWER DISTRICT  
BOARD OF DIRECTORS MEETING  
*December 9<sup>th</sup>, 2020***

The Board of Directors of Southern Public Power District met in regular session at The Quality Inn at 7838 S US Hwy 281, Grand Island, Nebraska, on December 9, 2020, at 10:00 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 (via videoconference), Kevin Choquette (via videoconference), Mike Lowry, Dean Klute, Rick Bergman, Lee Grove, Kevan Reeson, Marvin Fishler (via videoconference), Bob Kieborz, Dirk Nickel, Wayne Anderbery, Dana Meyer (left at 12:45 p.m.) and Arlon Jacobitz. 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 held.

**AGENDA**

There were no additions requested to the agenda.

**MINUTES**

There were no revisions made to the minutes of the November 11<sup>th</sup>, 2020 regular Board meeting.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the minutes of the November 11<sup>th</sup>, 2020 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 Grove, seconded by Director Anderbery, 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**

There were no comments made.

## **DIRECTOR AND MANAGEMENT REPORTS**

### **DIRECTOR REPORTS:**

- Directors Anderbery, Reeson and Choquette attended the Safety Council meeting (via videoconference) on November 25<sup>th</sup>.
- Directors Benson, Bergman, Nickel and Chairman Klute attended the Irrigation Committee meeting on December 4<sup>th</sup>.

### **MANAGEMENT REPORTS:**

#### **President's comments:**

- CEO Niedfeldt attended the following meetings and activities during the past month:
  - Southern Public Power Meetings – Attended the Safety Council meeting on November 25<sup>th</sup> in Grand Island. Attended the Irrigation Committee meeting on December 4<sup>th</sup> in Grand Island.
  - NPA – Participated in the virtual bi-monthly Board of Directors meeting on November 18<sup>th</sup>.

#### **Projects:**

- Coronavirus – The Department of Health and Human Services issued Directed Health Measures for Hall, Hamilton and Merrick counties in the District effective December 1<sup>st</sup> through December 31<sup>st</sup> which limits gatherings to the greater of 25% of rated occupancy or a maximum of 10 individuals. Future Board meetings will most likely need to be virtual or held offsite. On November 24<sup>th</sup>, the Grand Island City Council approved an emergency Ordinance requiring masks to be worn by all individuals age 5 or older while indoors in a location open to the general public unless the individual maintains a minimum of 6 feet of separation at all times from anyone who is not a member of the individual's household. Board meetings and staff meetings will be scheduled and organized to meet both of these new requirements.
- Since the middle of September, the District has been impacted with 30 employees directed to be quarantined at home due to testing positive or having a household member test positive. In anticipation of a surge in coronavirus reports for Hall County during the upcoming holidays, staff members in the Grand Island main office who are able to work from home will be rotated between home and the office to reduce exposure. This rotation is scheduled through January 8, 2021. The District continues to enforce measures including social distancing, wearing masks, daily health screenings, temperature checks and encouraging good hygiene including hand washing and the use of hand sanitizers.
- Operations and Construction – Personnel continue to complete budgeted construction projects along with a few new irrigation services, replacing poles and general maintenance activities. Crews are completing the new Atlanta substation south of Holdrege and will be dismantling the old Bertrand substation. The new service for Webb Cutting Components in the District's Energy Park has been completed.
- N Solar Project – The Letter of Intent has been executed by both parties. Sites for the six solar projects are being reviewed.
- Bluestem Wind Project – The final review of the Purchase Power Agreement is

underway with plans to execute the PPA in December. Management is reviewing the K450 Generation Connection Application and the Interconnection Agreement for execution by the end of December. Bluestem personnel are finalizing lease agreements with landowners for the wind turbines and will be reviewing the project with the Franklin County Planning and Zoning Committee in December and January.

- Personnel – Doran Dusatko, Journeyman Lineman in Grand Island, has indicated he will be retiring in early January. Dusatko spent many years with NPPD before he came to Southern through the realignment project back in 2001. Needs of the Grand Island office will be reviewed before replacement.

#### Financial Reports:

- Summary of Revenues. CFO Brad Kool provided a comparison of revenues between October 2019 and 2020. Year-to-date revenue ending the month of October 2020 amounted to \$80.01 million compared to \$73.80 million in 2019.
- Power Costs. CFO Kool provided a summary of the power bill for October 2020 indicating a peak demand of 142,082 kW as compared to 141,796 kW recorded in October 2019. The District purchased 88.1 million kWh's in October 2020 as compared to 81.7 million kWh's in October 2019.
- Balance Sheet and Income Statement. CFO Kool provided a comparison of income statements from October 2020 and October 2019. Year-to-date net margins as of October 31, 2020 were \$12,208,629 as compared to \$6,890,196 as of October 30, 2019. CFO Kool also reviewed balance sheets from October 2020 and October 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 October 2020 was (\$167,814). Year to date 2020 the production cost adjustment reflected on customers' bills has totaled (\$2,090,120).
- The District's disconnect day was Tuesday, November 24<sup>th</sup>. District personnel worked 93 accounts with 90 being disconnected remotely using the AMI disconnect collar.

#### Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown reported that the Construction Crew is working on the last two miles of the CAAP sub-transmission line and the transmission line to connect with the new Atlanta substation.
- Engineering continues to work with the City of Wood River and the consultant for the Wood River ethanol plant for upgrades to the existing switchgear.
- Design criteria for LED street and security lighting was completed.

#### Marketing Report:

- Energy Services Manager Sam Reinke continues to work on the completion of the Site Ready Assistance Program for properties in the District's Energy Park.
- The scheduling of annual village meetings will begin in January of 2021.
- The District issued six (6) water heaters and provided \$22,576 to customers for incentives under the EnergyWise Program during the month of November.

**Communications Report:**

- Public Relations Manager LeAnne Doose reported on the upcoming social platform promotions and the topics that are planned to be highlighted. An update on the 2020 growth amount with the District's three key social platforms was presented.
- The first edition of the Customer News Magazine will feature an introductory article authored by CEO Niedfeldt. Topics will include an update of the rate adjustments for 2021 and summaries of the District's reliability and responsiveness in electric service.
- Doose will be reviewing and updating the Crisis Communication Plan with additional sections that will be added for other scenarios such as accidents, cyberattacks and pandemic response.

**Safety Report:**

- In the absence of Safety Manager Todd Bailey, Aaron Brown reported that there were no personnel or equipment incidents that took place during the month of November.
- It was noted that the minutes of the November 25<sup>th</sup> Safety Council meeting were available for review.

**CUSTOMER REPORTS:**

**DIRECTORS:**

- Director Reeson reported on an encouraging message he had received from a customer who commented on the quick response and completion time of restoring recent outages in Hamilton County due a recent ice/snowstorm.

**MANAGEMENT:**

- CEO Niedfeldt provided a report on the continued work with the expansion of the Wood River ethanol plant potentially producing a load of up to 4MW.
- The District will be upgrading an electric service due to the relocation of Overland Sand & Gravel south of Central City which will double their load size.
- CEO Niedfeldt reported that Performance Plus from Palmer is developing a new processing site north of Grand Island which could produce up to a 1MW load.

**COMMITTEE REPORTS:**

**FINANCE COMMITTEE:**

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

**IRRIGATION COMMITTEE:**

Irrigation Committee Chairman Benson reported that the Committee met on December 4<sup>th</sup>. Discussions lead to the proposal for revising the current irrigation extension policy for new and upgraded irrigation services.

**STRATEGIC PLANNING COMMITTEE:**

Strategic Planning Committee Chairman Jacobitz reported that this year's Strategic Planning meeting will be held at the Wood River Community Center on January 27<sup>th</sup>, from 9:00 a.m. to 4:00 p.m. Jacobitz mentioned various topics that will be discussed and welcomed any additional topics.

**MOTIONS & 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 \$1,739.31.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves charge-offs of delinquent accounts totaling \$1,739.31 as recommended by management.

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

**Amendment of Article 7 of the District's Rules and Regulations**

CEO Niedfeldt discussed the outcome of the Irrigation Committee meeting regarding irrigation rate adjustments for 2021. The Committee also reviewed a management recommendation for policy adjustments for new and upgraded irrigation services to enhance irrigation load growth by increasing the District's contribution and reducing the customers required contribution.

A motion was duly moved by Director Benson on behalf of the Irrigation Committee to adopt the following resolution:

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the amendment of Article 7 of the District's Rules and Regulations for Extension Policies related to Irrigation Services as recommended by management.

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

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

**MOTIONS & RESOLUTIONS: (cont.)**

**Retail Rate Adjustments for 2021**

CFO Kool gave an overview of the proposed retail rate adjustments for 2021. The proposed adjustments include a customer charge adjustment from \$23 to \$24 per month for residential and commercial customers, an energy charge reduction of approximately 1.0% overall to all rate schedules and continuation of the production cost adjustment of \$0.00229 per kWh.

A motion was duly moved by Director Benson, seconded by Director Jacobitz, 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 2021 as recommended by management.

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

Issuance of the 2020 Electric System Refunding Bonds

CEO Niedfeldt reviewed the new resolution authorizing the issuance and sale by the District of \$11,800,000 of electric system revenue refunding bonds. The proceeds of the bonds will be used to fund an escrow to refinance the District's Series 2015 Bonds, maturing December 2025 through December 2028, which are subject to redemption in December 2024. Funds will also be used to pay the costs of issuance.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the Resolution Authorizing the Issuance of up to \$11,850,000 Electric System Revenue Refunding Bonds as recommended by management.

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

District's Water Heater and EnergyWise Programs for 2021

Marketing/Energy Service Manager Reinke reviewed the proposed summary of changes to the District's 2021 incentive programs pertaining to water heaters and the coordination of NPPD's EnergyWise incentive programs.

A motion was duly moved by Director Lowry, seconded by Director Anderbery, 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 2021 as recommended by management.

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

Tree Clearing Contracts

Engineering/Operations Manager Brown reviewed previous contracts, including hours of work and costs and compared those contracts to the cost of using the District's equipment. Mr. Brown then presented proposed service contracts for 2022 with Griffith Tree and Stump Removal, Brandenburg Tree & Lawn LLC, and R&J Tree and Lawn LLC.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the tree contract services with Griffith Tree and Stump Removal, Brandenburg Tree & Lawn LLC, and R&J Tree and Lawn LLC as recommended by management.

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

Amendment of Director Policy "R" Directors Compensation

CEO Niedfeldt reviewed Director Policy "R" on Director's compensation and expense reimbursement procedures policy. CEO Niedfeldt reported that the Board may adjust the compensation amounts in December to become effective in January, 2021 after the installation of the new Board

members. After discussion, the policy was recommended to reflect the same Directors Fee be provided to Directors who attend the monthly scheduled meetings whether in person or virtually.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the amendment of Policy "R" Directors Compensation for 2021 as recommended by management.

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

Amendment of Director Policy "S" Banking and Investment Policy

CFO Brad Kool provided a recommendation to amend the authorized depositories in Director Policy "S" by removing the Bank of Doniphan in Doniphan, Pinnacle Bank in Aurora, Adams County Bank in Kenesaw, Pathway Bank in Cairo and Farmers and Merchants Bank in Axtell. Kool indicated these banks average less than 30 transactions per month and cost District personnel more time and money than the customer service benefit. The District has other options for customers to pay their bills including the SmartHub Payment portal on the District's website.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves amending Authorized Depositories listed in Section III of Director Policy "S" as recommended by management.

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

Nebraska State Chamber of Commerce

CEO Niedfeldt recommended that the District renew its membership with the organization for 2021 with the membership fee totaling \$875.00.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves renewal of membership in the State Chamber of Commerce for 2021 with the membership fee totaling \$875.00.

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

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 going into closed session at 2:00 p.m. to discuss personnel matters.

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

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

**RESOLUTION**

RESOLVED, that the Board of Directors of Southern Public Power District approves coming out of closed session at 2:24 p.m.

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

2021 Salary and Contract for President/CEO

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

**RESOLUTION**

RESOLVED, that the Board of Directors of Southern Public Power District authorizes Board Chairman Klute to set CEO Niedfeldt's salary as requested and execute CEO Niedfeldt's 2021 Employment Agreement.

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

Resolution of Appreciation to Dirk Nickel

A motion was duly moved by the Board of Directors, to adopt the following resolution:

WHEREAS, Dirk Nickel, a member of the Southern Public Power District Board of Directors representing customers from Kearney County, Nebraska, has exemplified outstanding dedication, commitment and service to the public and to the electric utility industry in Nebraska; and

WHEREAS, Dirk was elected to the Board of Directors for Southern Public Power District and served from 1991 through 2020; and

WHEREAS, Dirk served in the offices of Chairman, Vice Chairman, Secretary and Treasurer of the Board of Directors and served on numerous special Board committees during his tenure with Southern Public Power District; and

WHEREAS, Dirk will retire from the Board of Directors in December 2020, after faithfully serving his customers and public power for a total of 30 years.

NOW, THEREFORE BE IT RESOLVED, that we, as the Board of Directors of Southern Public Power District, do hereby extend to Dirk, our sincere and grateful appreciation for his leadership and dedicated service to the electric consumers in Kearney County and extend our congratulations on his retirement, and our best wishes to him for continued success, happiness and good health in the years to come.

Roll call vote: Yes 12, No 0, Abstain 1 (Director Nickel) Absent 1 (Director Meyer)

MISCELLANEOUS BUSINESS:

The next Board meeting is set for Wednesday, January 13, 2021, at 10:00 a.m.

The S.I.D. No. 5 meeting is set for Wednesday, January 13, 2021, at 9:00 a.m.



The Strategic Planning Session is set for January 27<sup>th</sup> at the Community Center in Wood River from 9:00 a.m. to 4:00 p.m.

District offices will be closing at 12:00 p.m. on December 24, 2020.

There being no other business, the meeting was adjourned at 2:40 p.m.

  
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**Dana Meyer, Secretary**

  
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**Dean Klute, Chairman**