

SOUTHERN PUBLIC POWER DISTRICT

BOARD OF DIRECTORS MEETING

January 13th, 2021

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 January 13, 2021, 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, Kevin Choquette, Mike Lowry (left at 11:45 a.m.), Dean Klute, Rick Bergman, Lee Grove, Kevan Reeson (left at 11:45 a.m. and returned at 1:20 p.m.), Marvin Fishler, Bob Kieborz, Joel Kuehn, Wayne Anderbery, Dana Meyer 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.

INSTALLATION OF ELECTED DIRECTORS AND OATH OF OFFICE

Attorney Dave Jarecke administered the oath of office to newly elected Board member Joel Kuehn and re-elected Board members Dean Klute, Marvin Fishler, Dana Meyer and Larry Benson.

REORGANIZATION OF THE BOARD FOR THE 2021-2022 TERM

Director Jacobitz was nominated to the office of Chairman by Director Meyer, seconded by Director Benson. A motion was made by Director Grove to cease the nomination and seconded by Director Kieborz. The Board of Directors of Southern Public Power District approved to cease the nomination of Director Jacobitz for Chairman by unanimous consent.

Director Jacobitz was elected to the office of Chairman by roll call vote.
Roll call vote: Yes 14, No 0, Absent 0

Chairman Jacobitz assumed his role as Chairman and proceeded to conduct the meeting.

Director Meyer was nominated to the office of Vice-Chairman by Director Benson, seconded by Director Fishler. A motion was made by Director Fishler to cease the nomination and seconded by Director Anderbery. The Board of Directors of Southern Public Power District approved to cease the nomination of Director Meyer for Vice-Chairman by unanimous consent.

Director Meyer was elected to the office of Vice-Chairman by roll call vote.
Roll call vote: Yes 14, No 0, Absent 0

Director Anderbery was nominated to the office of Secretary by Director Benson, seconded by Director Bergman. A motion was made by Director Katzberg to cease the nomination and seconded by Director Klute. The Board of Directors of Southern Public Power District approved to cease the nomination of Director Anderbery for Secretary by unanimous consent.

Director Anderbery was elected to the office of Secretary by roll call vote.
Roll call vote: Yes 14, No 0, Absent 0

Director Choquette was nominated to the office of Treasurer by Director Grove, seconded by Director Benson. A motion was made by Director Klute to cease the nomination and seconded by Director Grove. The Board of Directors of Southern Public Power District approved to cease the nomination of Director Choquette for Treasurer by unanimous consent.

Director Choquette was elected to the office of Treasurer by roll call vote.
Roll call vote: Yes 14, No 0, Absent 0

MINUTES

There were no revisions made to the minutes of the December 13th, 2020 regular Board meeting.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the minutes of the December 13th, 2020 regular Board meeting.

Roll call vote: Yes 13, No 0, Abstain 1 (Director Kuehn), 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 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

There were no comments made.

DIRECTOR AND MANAGEMENT REPORTS

DIRECTOR REPORTS:

- Directors Meyer and Choquette attended the Franklin County Planning and Zoning Commission's public hearing on January 12th for the Conditional Use Permit filed by Bluestem Energy Solutions.
- Director Lowry attended the Sanitary & Improvement District No. 5 Board of Trustees meeting on January 13th.

MANAGEMENT REPORTS:

President's comments:

- CEO Niedfeldt attended the following meetings and activities during the past month:
 - Southern Public Power Meetings – Attended the Franklin County Planning and Zoning Commission's public hearing on January 12th regarding the Conditional Use Permit filed by Bluestem Energy Solutions.
 - NPPD – Participated in the virtual Wholesale Customer Meeting on December 17th.

Projects:

- Coronavirus – The Department of Health and Human Services issued Directed Health Measures for all counties in Nebraska effective December 24th through January 31st which limits gatherings to the greater of 75% of rated occupancy but does not include public utilities; however, the District should use diligent safety guidelines and effective disinfection practices. Future Board meetings will most likely need to be virtual or held offsite. Staff meetings will also be scheduled and organized to meet these requirements.
- Through the first week of January, the District has been impacted by having 33 employees directed to be quarantined at home due to testing positive, having contact with others, including household members, who have tested positive or exhibit symptoms. Staff members in the Grand Island main office who are able to work from home have been rotated between home and the office to reduce exposure since November 30th. In anticipation of rising positive cases due to the recent holidays, this rotation will be continued through the end of January. Linemen and other “outside” employees are also rotating or staggering work schedules to keep contact to a minimum. The District continues to enforce measures including social distancing, wearing masks, performing 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. The subtransmission construction crew continues to work north of the CAAP substation on the CAAP to Northwest 69 kV line.
- N Solar Project – Potential sites for the six solar projects under the District's Letter of Intent are being reviewed by management and N Solar to ensure the District receives maximum cost efficiencies and wholesale power cost savings. No sites have been finalized at this time.
- Bluestem Wind Project – The Purchase Power Agreement has been executed by both parties and the K450 – Customer Generation Interconnection Application has been filed with NPPD. The Interconnection Agreement between Bluestem and the District is currently under review. Bluestem personnel have finalized the lease agreement with the landowner. Neighboring landowners and residential owners have been notified of the project.
- Personnel – John Gits, Sub-transmission crew member, has accepted the position on the Grand Island distribution construction crew. John has been with the District since January, 2016. District personnel are in the process of finding a replacement for Mr. Gits.

Financial Reports:

- Summary of Revenues. CFO Brad Kool provided a comparison of revenues between November 2019 and 2020. Year-to-date revenue ending the month of November 2020 amounted to \$85.10 million compared to \$79.71 million in 2019.
- Power Costs. CFO Kool provided a summary of the power bill for November 2020 indicating a peak demand of 127,768 kW as compared to 154,079 kW recorded in November 2019. The District purchased 75.7 million kWh's in November 2020 as compared to 87.9 million kWh's in November 2019.
- Balance Sheet and Income Statement. CFO Kool provided a comparison of income statements from November 2020 and November 2019. Year-to-date net margins as of November 30, 2020 were \$11,671,180 as compared to \$6,451,081 as of November 30, 2019. CFO Kool also reviewed balance sheets from November 2020 and November 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 November 2020 was (\$183,411). Year to date 2020 the production cost adjustment reflected on customers' bills has totaled (\$2,273,531).
- The District's disconnect day was Tuesday, December 29th. It was decided based on the weather conditions, that disconnects would not take place in December but be reviewed and worked the first week of January, weather permitting.

Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown reported that the design criteria for LED street and security lighting has been finalized.
- District staff continues to work with the City of Wood River and the consultant for the Green Plains ethanol plant regarding the scheduling, upgrading and testing of the switchgear building.
- Construction personnel completed substation transformer exchanges at the T&L and KANEB substations.

Marketing Report:

- Energy Services Manager Sam Reinke reported that all the village and town 2020 year-end reports are being prepared.
- Letters were sent out to the District's Wholesale towns informing them on the rate changes to the wholesale energy rates and the PCA adjustment for 2021.
- The preliminary EnergyWise allocation from NPPD for the District in 2021 is \$216,290, equal to the amount allocated in 2020. The District provided \$243,000 in EnergyWise rebates to customers in 2020.
- The District issued seven (7) water heaters and provided \$13,891 to customers for incentives under the EnergyWise Program during the month of December. The District issued 85 water heaters to customers in 2020.

Communications Report:

- Public Relations Manager LeAnne Doose reported on the upcoming social media platform promotions that will be highlighted in the month of February.

- The Operation Round Up Board will meet on Tuesday, January 19th to review applications received for the fourth quarter of 2020.
- Content for the 2020 Annual Report will be assembled in February.

Safety Report:

- Safety Manager Todd Bailey reported on the personnel and equipment incidents that took place during the month of December.

***LUNCH RECESSED AT 11:45 P.M.,
THE MEETING RECONVENED AT 12:45 P.M. IN OPEN SESSION.***

CUSTOMER REPORTS:

DIRECTORS:

- Several Directors reported that customers have expressed questions and concerns for the annual minimum charges received on their December billing statements. Management indicated many of the larger billing charges were due to bin sites not used this past fall for drying resulting in larger minimum charges; however, the overall billing was very similar to the billings rendered in past years.

MANAGEMENT:

- None.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

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

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 27th, from 9:00 a.m. to 4:00 p.m. Jacobitz mentioned the agenda is available to review and welcomed any additional topics.

MOTIONS & RESOLUTIONS:

Signature Authorizations for Operating Accounts, Due to Reorganization

The District's bank requires the approval of authorized signatures of Board Chairman Arlon Jacobitz and Board Treasurer Kevin Choquette for operating accounts due to the reorganization of the Board.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves signature

authorizations for Mr. Jacobitz and Mr. Choquette for the operating accounts due to reorganization of the Board.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Lowry and Reeson)

Sale of Bertrand Substation Site

CEO Niedfeldt reported that the District has completed the retirement of the Bertrand substation and that the District has no need for the remaining site. The Bertrand Village Board has indicated they would like to acquire the site for storage purposes. The Village Board has executed an agreement to purchase the site from the District for \$1.00 in an “as is” condition.

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 sale of the former Bertrand substation site to the Village Board of Bertrand, “as is”, for a total of \$1.00.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Lowry and Reeson)

Funk Tree Trimming Contract

Engineering/Operations Manager Aaron Brown reviewed a bid contract received from KW & Sons Tree Service for tree maintenance in the operating area served by the Funk service center for 2021. Mr. Brown recommended that Board approve the bid contract in the amount of \$90,000.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the bid contract from KW & Sons Tree Service in the amount of \$90,000 for 2021 as recommended by management.

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

Voting Delegate and Alternate Delegate for 2021 NRECA Annual Meeting

CEO Niedfeldt indicated the Board should select a voting representative for the NRECA Annual Meeting being held virtually March 4th, 2021. CEO Niedfeldt indicated he is currently registered as the District’s voting delegate. Discussion indicated the consensus of the Board was that CEO Niedfeldt should remain the registered voting delegate for the District and no alternate delegate would be necessary due to the meeting being held virtually. No other actions were taken.

Resolution of Appreciation to Doran Dusatko

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

WHEREAS, Doran Dusatko has demonstrated outstanding service, dedication and commitment during his career serving the customers of the District; and

WHEREAS, Doran began his career as a utility lineworker in 1980 with Nebraska Public Power District in Kearney, Nebraska; and

WHEREAS, Doran was transitioned in his service during NPPD's realignment, and began working with Southern Public Power District's Grand Island Service Center as a contracted employee in 1999; and

WHEREAS, Doran was officially added to the District's permanent employment roster in 2004, providing service primarily to customers in the Doniphan, Giltner and Phillips region; and

WHEREAS, Doran's involvement in the community of Doniphan provided a local familiarity and connection with the District, and his example of leadership and service has been a positive reflection of the people who serve the customers of the District; and

WHEREAS, Doran retired from his position on January 8, 2021 after faithfully serving the customers of Southern Power District for nearly 22 years.

THEREFORE, BE IT RESOLVED, that we, the Members of the Board, do hereby extend to Doran, our sincere and grateful appreciation for his dedicated service to Southern Public Power District and extend our congratulations on his well-earned retirement, and our best wishes to him for continued success, happiness, and good health in the years to come.

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


MISCELLANEOUS BUSINESS:

Chairman Jacobitz provided the Board with a new Standing Committee list for 2021-2022.

ACRE Membership cards were distributed and requested to be turned back in by next month's meeting.

Strategic Planning Meeting is set for January 27th at the Wood River Community Center.

There being no other business, the meeting was adjourned at 1:30 p.m.


Wayne Anderbery, Secretary


Arlon Jacobitz, Chairman