

**SOUTHERN PUBLIC POWER DISTRICT
BOARD OF DIRECTORS MEETING
*June 11th, 2020***

The Board of Directors of Southern Public Power District met virtually via video conferencing, which was facilitated in the District's corporate office at 4550 West Husker Highway, Grand Island, Nebraska, on June 11, 2020, at 9:00 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 via videoconferencing were as follows: Larry Benson, Neal Katzberg, Kevin Choquette, Mike Lowry, Dean Klute, Lee Grove, Marvin Fishler, Dirk Nickel, Wayne Anderbery, Kevan Reeson, Dana Meyer and Arlon Jacobitz. President/CEO Neal Niedfeldt and attorney Dave Jarecke were also present via videoconferencing.

Directors absent: Rick Bergman

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 no revisions made to the minutes of the May 13th, 2020 regular Board meeting.

A motion was duly moved by Director Benson, 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 May 13th, 2020 regular Board meeting.

Roll call vote: Yes 12, No 0, Absent 1 (Director Bergman)

BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

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 all bills and claims.

Roll call vote: Yes 12, No 0, Absent 1 (Director Bergman)

COMMENTS FROM THE PUBLIC

There were no comments from the public.

DIRECTOR AND MANAGEMENT REPORTS

DIRECTOR REPORTS:

- None.

MANAGEMENT REPORTS:

President's comments:

- CEO Niedfeldt reported on the following meetings and activities during the past month:
 - Southern Public Power Meetings – The quarterly meeting with the Union stewards and the monthly employee safety meetings were cancelled and rescheduled for later in the summer.
 - NPPD – CEO Niedfeldt participated in the virtual NPPD/NRTC meeting on potential opportunities for Broadband funding through the Rural Digital Opportunity Fund on May 20th. He also participated in the virtual Wholesale Customer meeting on May 28th and in the virtual Joint Sub-Transmission Planning meeting on May 28th.
 - NPA – CEO Niedfeldt participated in the bi-monthly virtual Board meeting on May 20th.
- Projects:
 - Coronavirus – District measures are reviewed each day and procedural changes are being communicated with employees each week. Personnel who worked from home in April and May have been reassigned back to their respective offices. Access to District buildings are still limited to employees only. The District continues to provide masks, hand sanitizer and other sanitation products for equipment, both inside and outside.
 - Operations and Construction – All construction crews have returned to reporting for work daily with staggered starting times to ensure social distancing between crews. Irrigation services have been completed and crews are making progress on the distribution projects laid out in the 2020 Budget and Workplan. Maintenance personnel continue to upgrade motor savers in load control equipment and replace faulty load controllers. Pole inspections are ongoing.
- NPPD Wholesale Customer Meeting:
 - Financial Forecast for 2020 – NPPD staff completed a financial forecast for 2020 assuming an 8% reduction in firm sales due to the coronavirus and the lower ethanol loads. The results indicated a projected loss of \$12.5 million for 2020.
 - Demand Waiver – NPPD has set an initial threshold of 2,458 MW's as the level for calling for load control from wholesale customers. This level will be monitored throughout the summer and would be subject to change.
- Personnel:
 - Summer interns started on June 1st. The search process for the two openings on the subtransmission crew has begun. John Walkowiak, meter reader, has retired after 20 years with the District. His position is currently being evaluated.

Financial Reports:

- Summary of Revenues. CFO Kool provided a comparison of revenues between April 2019 and 2020. Year-to-date revenue ending the month of April 2020 amounted to \$30.36 million compared to \$31.40 million in 2019.

- Power Costs. CFO Kool provided a summary of the power bill for April 2020 indicating a peak demand of 116,762 kW as compared to 122,044 kW recorded in April 2019. The District purchased 62.1 million kWh's in April 2020 as compared to 70.8 million kWh's in April 2019.
- Balance Sheet and Income Statement. CFO Kool provided a comparison of income statements from April 2020 and April 2019. Year-to-date net margins as of April 30, 2020 were \$7,239,276 as compared to \$6,716,232 as of April 30, 2019. CFO Kool also reviewed balance sheets from April 2020 and April 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 April 2020 was (\$132,419). Year to date 2020 the production cost adjustment reflected on customers' bills has totaled (\$679,916).

Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown provided an update regarding the continued installation of motor savers on load control equipment and the discussions with Landis & Gyr to obtain their new load control units.
- The Elm Creek sub-transmission river crossing line has been energized.
- Discussions with a consultant have been started regarding a load expansion at Wood River Ethanol.
- Engineering staff are working with IAMS to install an auto throw-over switch which would reduce outage time.
- Design and cost estimates are being completed for a possible installation of six new bin sites at Preferred Popcorn.
- Staff are currently laying out the electric system for a newly platted subdivision in Kenesaw.

Marketing Report:

- Energy Services Manager Sam Reinke participated in a virtual meeting with NPPD/NRTC and participated in a virtual meeting with the CSN Group.
- The EnergyWise committee conducted a virtual meeting discussing changes to existing programs and how outreach dollars can be used from the EnergyWise funds.
- The District issued four water heaters and provided \$18,284.70 to customers for incentives under the EnergyWise Program during the month of May.

Communications Report:

- Public Relations Manager LeAnne Doose reported that the Customer News Magazine is in development for the months of July and August with continued efforts by our District attorney on the postal rate application.
- Doose has been working to expand upon the crisis communication plan developed last year, adding new infographics that will supplement content with safety tips throughout an outage.

- The next Operation Round Up meeting is scheduled to take place on Tuesday July 21st. At this time, staff has not conducted any check presentations in communities due the pandemic.
- Weekly COVID-19 newsletters continue to be distributed to employees. Content shared includes new and revised policies and practices, safety tips and coping techniques.

Safety Report:

- In the absence of Safety Manager Todd Bailey, Aaron Brown reported on personnel and equipment incidents that took place in the month of May.
- Mr. Brown mentioned that 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:

- None.

MANAGEMENT:

- CEO Niedfeldt reported that NPPD has established their irrigation threshold at 2,458 MW for the 2020 load management season. He added that based on the production demand billing levels carried forward from last year that the District will try to maintain its own threshold of 175 MW in the month of June.
- Niedfeldt explained the District did not proceed with any disconnects in the month of May due to the current coronavirus pandemic, but will return to regular billing procedures and will be working with customers on partial payments to allow those customers to get back to a current status during June.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

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

MOTIONS AND RESOLUTIONS:

Charge Off Uncollectible Accounts

CFO Kool provided a review of accounts recommended for charge-off. Kool reported that the list of recommended charge-offs totaled \$939.73.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves charge-offs of delinquent accounts totaling \$939.73 as recommended by management.

Roll call vote: Yes 12, No 0, Absent 1 (Director Bergman)

COMMITTEE REPORTS: (cont.)

LEGISLATIVE COMMITTEE:

- CEO Niedfeldt introduced Russ Westerhold, lobbyist from Nowka & Edwards, who reported that the 2020 legislative session has been suspended until July 20th due to the public safety concerns regarding the coronavirus pandemic. At that time, the legislature will reconvene for the last 17 days of the session, finishing up on August 13th. Mr. Westerhold reviewed current State spending and the decline in the State's revenue due to the coronavirus pandemic.

MOTIONS AND RESOLUTIONS: (cont.)

NPPD/Southern Public Power District Joint Subtransmission Plan

Engineering/Operations Manager Aaron Brown described the new 2020-2029 NPPD/Southern Public Power District 69kV joint subtransmission plan upgrade. The plan consists of 84 miles of new 69kV subtransmission line and retiring 103 miles of old subtransmission line as well as substation improvements throughout the eastern portion of the District's service area. Mr. Brown reviewed the cost summary for both the District and NPPD which totaled approximately \$42 million. Mr. Brown recommended approval to move forward with this plan.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District formally accepts the NPPD/Southern Public Power District Joint Subtransmission Plan for 2020-2029, as recommended by management.

Roll call vote: Yes 12, No 0, Absent 1 (Director Bergman)

Agreement of Resignation, Appointment and Acceptance with FNB Omaha and BOK Financial

CFO Brad Kool reported that the District's current Trustee, First National Bank Omaha, has announced it will be discontinuing Trustee services after June 30, 2020. FNB Omaha has entered into a referral agreement with BOK Financial for the transfer of the District's Trust and Escrow services to BOK Financial. Mr. Kool recommended approval of BOK Financial as the District's new Trustee.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves transferring Trustee services for the District from FNB Omaha to BOK Financial, as recommended by management.

Roll call vote: Yes 12, No 0, Absent 1 (Director Bergman)

Resolution for the issuance of the 2020 Electric System Revenue Bonds

CFO Brad Kool reviewed the 2020 Electric System Revenue Bonds Official Statement and Parameters Resolution which authorizes the issuance and sale by the District of up to \$10,000,000 of electric system revenue bonds over 15 years at an overall interest rate not to exceed 2.5%. The proceeds of the bonds will be used to finance the District's 2020-2024 subtransmission construction plans, as well as funding costs of issuance.

Nate Eckloff, Managing Director of the municipal advisory firm of Piper Sandler and underwriter for the District, reviewed market conditions and the opportunity for the District to fund future capital improvements at very low interest rates. Mr. Eckloff reviewed the timetable for completing the Revenue Bond issue with expectations of closing on July 9, 2020.

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 the Resolution for the issuance of the 2020 Electric System Revenue Bonds, as recommended by management.

Roll call vote: Yes 11, No 1 (Director Jacobitz), Absent 1 (Director Bergman)

Purchase Tract of Land in Energy Park from Hooker Brothers Construction

CEO Niedfeldt discussed the opportunity to purchase a 35.64-acre parcel of property from Hooker Brothers Construction that is located next to the District's Tract #3 in the District's Energy Park. Ownership of the property would provide access for a future industrial prospect in Tract #3. Both parties have agreed to purchase price of \$77,500 plus sharing closing costs. CEO Niedfeldt and the Energy Park Committee recommends approval of the Purchase Agreement with Hooker Brothers Construction.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the purchase of a 35.64-acre parcel of property from Hooker Brothers Construction Company at a negotiated price of \$77,500, as recommended by management and the Energy Park Committee.

Roll call vote: Yes 12, No 0, Absent 1 (Director Bergman)

Electric Service Agreement with Ft. Kearney Consolidated

Energy Services Manager Reinke reviewed the Electric Power Service agreement with Ft. Kearney Consolidated increasing the electric service capacity from 500 kVa to 1,500 kVa for an upgrade to their mill service.

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 the Electric Power Service Agreement with Ft. Kearney Consolidated as recommended by management.

Roll call vote: Yes 12, No 0, Absent 1 (Director Bergman)

Resolution of Appreciation for John Walkowiak

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

RESOLUTION

WHEREAS, John Walkowiak has exemplified outstanding service, dedication and commitment during his career serving the customers of the District; and

WHEREAS, John began his career at Southern Public Power District beginning on November 8, 1999, as a Meter Reader in the District's Grand Island service region; and

WHEREAS, John's role was one that saw tremendous change with the implementation of new technologies; and

WHEREAS, John approached new technologies with an open mind, which enabled him to develop new skills and abilities, allow his service to be utilized to his fullest potential; and

WHEREAS, John provided valued effort to support to the lineworkers of Southern Public Power District, assisting with construction and maintenance duties, and supporting area office management with grounds maintenance at the Grand Island office; and

WHEREAS, John retired from his position on June 1, 2020, after faithfully serving the customers of Southern Public Power District for nearly 21 years.

THEREFORE BE IT RESOLVED, that we, the Members of the Board, do hereby extend to John, 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 12, No 0, Absent 1 (Director Bergman)

MISCELLANEOUS BUSINESS:

The next Board meeting is set for Wednesday, July 8, 2020.

The next Safety Council meeting is set for Wednesday, June 24, 2020.

There being no other business, the meeting was adjourned at 11:10 a.m.



Dana Meyer, Secretary



Dean Klute, Chairman