



BOARD OF DIRECTORS MEETING

June 12, 2024

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 June 12, 2024, at 10:00 a.m. pursuant to the mailed notice of the meeting sent to all Directors of the District and notice posted. Dana Meyer, Chairman of the District, called the meeting to order.

Directors present were as follows: Larry Benson, Lee Grove, Courtney Retzlaff, Curtis Rohrich, Joel Kuehn, Rick Bergman, Arlon Jacobitz, Neal Katzberg, Joe Gustafson, Wayne Anderbery, Kevin Choquette, Dean Klute, Dana Meyer and Bob Kieborz. President/CEO Chad Waldow and attorney Dave Jarecke were also present.

Directors absent: None.

Chairman Meyer 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.

SAFETY MESSAGE/SYSTEM STATUS

CEO Chad Waldow reported on safety and emergency protocols and an update on the current status of the SPPD system.

MINUTES

There were no revisions made to the minutes of the May 7, 2024 regular Board meeting.

A motion was duly moved by Director Klute, 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 May 7, 2024 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 from the public.

SYNERGEN PROJECT UPDATE

Kelsey Bergren, Executive Director at the Aurora Development Corporation and Brian Vasa, Economic Development Consultant for NPPD, presented an update on Synergen Green Energy, Inc.'s development site west of Aurora and it's temporary pause due to the need of more time to solidify key components of the project including delays in its ability to gain access to public power.

DIRECTOR AND MANAGEMENT REPORTS

DIRECTOR REPORTS:

- Directors Kuehn, Kiebroz and Rohrich attended the Safety Council meeting in Grand Island on Wednesday, May 22nd.
- Directors Katzberg, Klute, Bergman, Benson and Meyer attended an Irrigation Committee meeting on Wednesday, June 12th.
- Chairman Meyer attended an NREA meeting in Norfolk on Wednesday, May 8th.

MANAGEMENT REPORTS:

President's comments:

- Load Growth - Many discussions with NPPD have taken place about the addition of expected loads onto our system. Capacity is a big concern, and we are seeing the effects of this not only on the generation side but the transmission and sub-transmission feeding our load. We will discuss this in detail at the meeting.
- NREA Board of Directors have accepted Southern's request for membership at their quarterly meeting in May. With our membership, we will need to elect our voting delegate. This has been added to the agenda. Southern will have to select one voting delegate and two alternates. Several systems appoint the CEO as the second alternate in the event there were no directors available to vote. The NREA delegate will have 4 quarterly meetings to attend with an alternate to fill in if they can't make a meeting. It is not mandatory for the delegate to attend every NREA meeting.
- Application has been submitted to join the NREA Work Comp Retention plan. This is a group policy for work comp insurance that effectively lowers the rate all pay. If accepted (and I see no issues getting approved) this should reduce the overall cost of work comp insurance. The board will have to approve the NREA Work Comp Retention Agreement to complete membership.
- I met with KAAPA, NPPD and Dawson PPD in Lincoln to discuss a potential combined heat and power (CHP) project. This project would add a generator to the process and create energy for the facility. A project like this would require a major adjustment in the rate structure toward a stand-by rate with a buy-back provision for any surplus energy. We want to be responsive to all of our customers, but Southern has little to gain in this scenario. If a project like this moves forward, we will have to look for a win-win situation.
- NPPD has provided financial reports through March '24. The overall financial performance is down when compared to past years. This is due mainly to less favorable market sales at SPP. We are also monitoring issues discovered at GGS 1. This could drastically affect the financials going forward. March produced a net margin of just under \$1M and the YTD margins are \$2.9M.

Native load demand is under budget and depressed off-system sales are both contributing to the lower margins. This chart shows the YTD totals for NPPD.

Additional Items:

- Synergen - I have invited Brian Vasa from NPPD and Kelsey Bergren to attend the meeting and give us an update on the project. There are a lot of things happening with this project, so I wanted the board to hear from these two working closely on the project. I think our position on this project doesn't necessarily change-we support load growth of any kind.
- Engineering Position Update - I have been asking a lot of questions of other Districts and NPPD. I have done some research and looked at the requirements we have for a Professional Engineer (PE) in this industry. Throughout this research, I have found that several Districts do not have a PE on staff. But instead, they use a combination of engineering techs, surveyors and engineers to perform the day-to-day work of the District and contract anything that would require a PE stamp. These situations are very limited in comparison to what it would take to recruit an experienced, licensed PE to Southern. We are not the only ones searching for an engineer. I am excited to have our intern start and hopefully this will give us an option in the future.
- Legislative Resolution 432 Interim Study of Data Mining-I have been in contact with Legislative Aid Joe Murray from Senator Jacobsen's office. We discussed the study and talked about the issues they want to address. I told them Southern would share some of our experience with this industry. I explained that I have some experience working with multiple projects. I also shared that Southern is not advocating in favor or against the industry but would be willing to share the information. It is unclear if there will be a formal hearing. I have a meeting scheduled with Joe on June 14th. He expects Senator Jacobsen to reach out for a meeting as well.
- Irrigation Policy Review - The review process has begun with multiple Irrigation Committee Meetings over the next few months. We will identify what needs to be reviewed at the June meeting, discuss these items at the July meeting and then bring any suggested changes in policy, rates, etc. to the full board in August. This review was discussed at Strategic Planning and at various board meetings throughout the year. Please let me know if you have any questions or concerns.
- Engineering Technician, Travis Dahlin, has been promoted to Engineering Manager.

PRESENTATION OF SCHOLARSHIPS TO 2024 RECIPIENTS

Communications Director Groff, Chairman Meyer and CEO Waldow presented scholarship certificates to the following 2024 recipients: Holden Mournal (Northeast Community College), Colby Beard (Northeast Community College), Calub Clark (Northeast Community College) and Brendan Story (Northeast Community College).

MANAGEMENT REPORTS (cont.):

Financial Reports:

- Summary of Revenues. CFO Peard provided a comparison of revenues between April 2023 and 2024. Year-to-date revenues through April 2024 amounted to \$33.4 million as compared to \$29.9 million in 2023.
- Power Costs. CFO Peard gave a summary of the power bill for April 2024 indicating a peak demand of 115,103 kW as compared to 111,563 kW recorded in April 2023. The District purchased 91.45 million kWh's in March 2024 as compared to 64.47 million kWh's in April 2023.

- Balance Sheet and Income Statement. CFO Peard provided a comparison of income statements from April 2024 and April 2023. Year-to-date net margins as of April 30, 2024, were \$6,594,468 as compared to \$5,571,100 as of April 30, 2023.
- Cash Flow Summary. CFO Peard provided a summary of the statements of cash flows. Cash and investments at April 30, 2024 were \$48.6 million compared to \$61.56 million at March 30, 2023.

Customer Service and Collection Report:

- The District's disconnect day was Wednesday, May 29th. District personnel worked 61 accounts, with 49 accounts being disconnected remotely.

Operations Report:

- Operations Manager, Zeb Graham stated that the District got feeds back to normal on six of the substations due to NPPD energizing the new 69 kV transformer at Grand Island 115kV Sub. The District is installing a dual-voltage transformer in the Archer Sub and will be energized 34.5kV and will have the capability to switch to 69kV if needed.
- Construction Crew continues to work at Mission Critical and should be finished by the end of June. The next project will be working on the Tyler Sub to North Hampton Tap.
- After discussions with Landis & Gyr and how many new requests for load control or units that need to be replaced, the District is hopeful in getting through the 2025 irrigation season.
- An Engineering student from Iowa State will be completing an internship with the District this summer.
- Graham also gave an Safety reported on the equipment claims that occurred during the month of May; that the Safety Council met on May 22nd and that there was a District-wide safety meeting hosted by Larry Oetken, Director of Job Training and Safety with NREA.

Energy Services Report:

- Energy Services Manager Sam Reinke attended an NPPD Wholesale meeting and attended the Safety meeting presented by NREA.
- During the month of May, the District issued three (3) water heaters and provided incentives totaling \$20,475 to customers through the Energy Efficiency Program. Year-to-date Energy Efficiency incentives totaled \$145,313. The District provided \$28,860 in Efficient Electrification incentives during May.
- The Irrigation Department continues to update the Load Control messaging notifications listing and have completed the Load Control Notification testing.

Communications and Public Relations Report:

- Communications Manager Amanda Groff reviewed upcoming social platform promotions that are planned through the end of June.
- Groff is currently working on the development of the Customer Magazine for July and August.
- A reminder that the District will host a Family Fun Event in Kearney on June 29th.
- Groff attended a NRECA training in Washington D.C. the week of June 3rd.

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

IT Report:

- IT Director Travis Doht gave an update on data breaches and requested actions to take if any are affected by an account breach.

CUSTOMER REPORTS:

DIRECTORS:

- Director Retzlaff gave an update from last month regarding a customer from the Clarks area who had requested an explanation from the District on the policy of neighbors tapping into personal lines. No further requests from this customer have been made.

MANAGEMENT:

- CEO Waldow gave an update on a potential customer looking for a location around the Hastings area.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

- Director Kuehn reported that all funds were adequately covered by FDIC insurance and joint custody receipts.
- There was no report given on legislation.
- Director Bergman reported on an Irrigation Committee meeting which was held prior to the Board meeting reviewing various upcoming irrigation aspects of the District and stating that the committee will be meeting again in the month of July.

MOTIONS & RESOLUTIONS:

Charge Off Uncollectible Accounts

CFO Peard provided a review of accounts recommended for charge-off. CFO Peard reported that the list of recommended charge-offs totaled \$6,167.00.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves charge-offs of delinquent accounts totaling \$6,167.00 as recommended by management.

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

Membership Renewal in the Grand Island Area Chamber of Commerce

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the renewal of 2024 membership in the Grand Island Area Chamber of Commerce with a membership fee of \$1,075.00.

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

NREA State Voting Director and Alternates

CEO Waldow indicated the Board is requested to vote on a duly authorized voting director and alternate(s) to represent the District at all meetings of the board of NREA directors.

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 the recommendation of Chairman Dana Meyer as voting Director from the District at all NREA Board of Director meetings.

Roll call vote: Yes 12, No 0, Abstain 2 (Directors Meyer and Anderbery)

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the recommendation of Director Lee Grove and CEO Chad Waldow as alternative voting Directors from the District at all NREA Board of Director meetings.

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

Group Retention Plan Agreement with NREA

CEO Waldow reviewed and requested the execution of the NREA Group Retention Plan Agreement covering the statutory workers' compensation and employers' liability insurance requirements of public power districts who are members of the NREA.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the execution of the NREA Group Retention Plan Agreement requested by management.

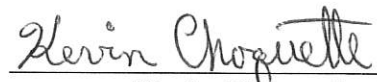
Roll call vote: Yes 14, No 0, Absent 0

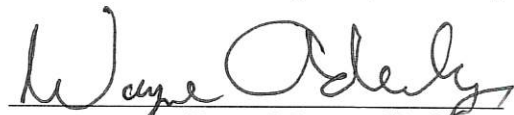
MISCELLANEOUS BUSINESS:

The next Board of Directors meeting will be held on Wednesday, ^{July} ~~June~~ 10th.

CEO Waldow reviewed upcoming meeting dates for the month of July and August.

There being no other business, the meeting was adjourned at 2:25 p.m.


Kevin Choquette, Secretary


~~Dana Meyer, Chairman~~

Wayne Anderbery
Vice Chairman