

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

The Board of Directors of Southern Public Power District met in regular session in the Board room of the District's corporate office at 4550 West Husker Highway, Grand Island, Nebraska, on March 11, 2020, at 10:30 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, Gary Hedman (left at 2:15 p.m.), Mike Lowry, Dean Klute, Rick Bergman, Lee Grove, Kevan Reeson, Dirk Nickel, Wayne Anderbery, Dana Meyer and Arlon Jacobitz. President/CEO Neal Niedfeldt and attorney Dave Jarecke were also present.

Directors absent: Marvin Fishler

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.

PAT POPE - NEBRASKA PUBLIC POWER DISTRICT

Pat Pope, President and Chief Executive Officer at Nebraska Public Power District, spoke about his plans to step down as President and CEO and explained that he will remain available to assist with the transition of the new President and CEO. Mr. Pope plans to continue to work in an advisory capacity on the District's generation options for the future and rural e-connectivity initiatives.

ANGIE JOYCE

Customer Angie Joyce addressed the Board and presented various questions and comments regarding the Hamilton County Wind LLC and Bluestem Energy. She also requested the District's monthly meeting agendas and minutes be placed on the District's website in order to demonstrate transparency. The Board and management will examine her questions and provide her a proper response.

MINUTES

There were no revisions made to the minutes of the February 12th, 2020 regular Board meeting.

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

RESOLUTION3

RESOLVED, that the Board of Directors of Southern Public Power District approves the minutes of the February 12th, 2020 regular Board meeting.

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

BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Bergman, seconded by Director Grove, 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 13, No 0, Absent 1 (Director Fishler)

COMMENTS FROM THE PUBLIC

None.

DIRECTOR AND MANAGEMENT REPORTS

DIRECTOR REPORTS:

- Director Anderbery attended the Axtell Village Board meeting on February 10th, the District's Safety Council meeting on February 19th and the Heartwell Village Board meeting on March 3rd.
- Director Choquette attended the NRECA Annual Meeting in New Orleans the week of March 1st through the 4th.
- Chairman Klute attended the Hordville Village Board meeting on March 9th.
- Director Katzberg attended the Trumbull Village Board meeting on March 9th and the Kenesaw Village Board meeting on March 10th.

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 February 19th in Grand Island and the Hordville Village Board meeting on February 9th.
 - NPPD – Hosted the monthly Western MDM meeting at the Funk service center on February 26th and attended the monthly Eastern MDM meeting in Lincoln on February 27th.
 - NPA – Attended the Annual Meeting in New Orleans the week of March 1st through the 4th.
- NPPD Issues
 - January Financials – NPPD recognized a surplus of \$1.1 million, smaller than when compared to the last several months due to milder weather.
 - Financing Plan for 2020 – NPPD personnel are preparing a preliminary financing schedule including the issuance of Revenue Bonds and the use of their tax-exempt revolving credit agreement to fund the construction of the R-Project. The total budget of the project is \$417 million.
- Operations and Construction – Personnel are concentrating on winter maintenance and replacing motor savers in the irrigation M8YD boxes to protect the Landis and Gyr load control devices installed last year. The subtransmission crew continues to work on Budget

306 (carryover from the 2019 Budget), a three-mile 69 kV project from the Alda 115kV substation to the District's CAAP distribution substation.

- Economic Development – Staff responded to several Requests for Proposals (RFP's) for industrial prospects in February. Assistance has been received from both the Grand Island Area Economic Development Corporation and the Aurora Development Corporation.

***LUNCH RECESSED AT 12:00 P.M.,
THE MEETING RECONVENED AT 1:00 P.M. IN OPEN SESSION.***

Financial Reports:

- Summary of Revenues. CFO Kool provided a comparison of revenues between January 2019 and 2020. Year-to-date revenue ending the month of January 2020 amounted to \$5.77 million compared to \$5.86 million in 2019.
- Power Costs. CFO Kool provided a summary of the power bill for January 2020 indicating a peak demand of 147,095 kW as compared to 147,428 kW recorded in January 2019. The District purchased 90.9 million kWh's in January 2020 as compared to 88.2 million kWh's in January 2019.
- Balance Sheet and Income Statement. CFO Kool provided a comparison of income statements from January 2020 and January 2019. Year-to-date net margins as of January 31, 2020 were \$6,705,016 as compared to \$7,956,815 as of January 31, 2019. CFO Kool also reviewed balance sheets from January 2020 and December 2019.
- Cash Flow Summary. CFO Kool provided a summary of the statements of cash flows.

Customer Service and Collection Report:

- Customer Service. The production cost adjustment reflected on customers' bills for January 2020 was \$194,346.
- Collection Report. The District's disconnect day was Wednesday, February 26th. District personnel worked 72 accounts with 68 being disconnected.

CFO Brad Kool distributed and reviewed the 2019 Financial Report to all Directors. Discussion followed.

Engineering/Operations Report:

- Load Control Conversion. Engineering/Operations Manager Aaron Brown reported that the District continues to install the motor savers in the YD boxes to protect the Landis & Gyr load control switches.
- Budget Projects. The contractor began working on the Elm Creek sub-transmission river crossing. The subtransmission construction crew has finished the Alda to CAAP sub-transmission line and is currently working on the Oswald to Aurora West Tap sub-transmission line.
- Substation Site Selection. Engineering and Operations staff will be recommending a potential substation site for the new Chapman substation.

Marketing Report:

- Energy Services Manager Sam Reinke reported on the attendance at Village Board meetings by various District staff and Board members.

- The District issued 12 water heaters and provided \$29,075.97 to customers for incentives under the EnergyWise Program during the month of February.

Communications Report:

- In the absence of Public Relations Manager LeAnne Doose, CEO Niedfeldt reported that the 2019 Annual Report is being finalized and upon completion will be posted on the District’s website.
- Plans are being prepared for the Funk Service Center’s ribbon cutting event that will take place on April 8th in the afternoon.

Safety Report:

- Safety Manager Todd Bailey reported on vehicle and personal incidents that took place in the month of February.
- Mr. Bailey reviewed the Safety Council meeting that was held on January 19th.

CUSTOMER REPORTS:

DIRECTORS:

- Director Benson mentioned that he had followed up with a customer who had been in attendance at a previous Board meeting.

MANAGEMENT:

- CEO Niedfeldt reviewed the issue of the District posting monthly Board meeting agendas and minutes on the District’s website for public access. Staff members will complete the necessary changes to the District’s website to provide for publication of the agendas and minutes starting in April.
- Pacific Ethanol, Inc. has announced the sale of its ownership interest in Pacific Aurora LLC to the Aurora Cooperative. Upon closing of the sale, a new electric service contract with Aurora Cooperative will be executed and presented to the Board for approval.
- CEO Niedfeldt reported on the discussions regarding the sale of the old Holdrege office site and pole yard. Plans are to conduct an absolute auction for the site for both properties later this spring.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

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

LEGISLATIVE COMMITTEE:

- Legislative Committee Chairman Hedman requested CEO Niedfeldt provide the report. CEO Niedfeldt reported there were few legislative bills that affected the public power industry. The District provided opposition comments to the Natural Resource Committee for both LB 93 – Utility Disconnections and LB 1137 – Net Metering changes.

MOTIONS & RESOLUTIONS:

Village of Palmer Lease Agreement

Energy Services Manager Sam Reinke presented a new 20-year Lease Agreement with the Village of Palmer which will go into effect on May 1, 2020.

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 the Village Lease Agreement with the Village of Palmer as presented.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Fishler and Hedman)

Electric Service Agreement with MARS Pet Care Inc.

Marketing/Energy Service Manager Sam Reinke reviewed the electric power service agreement with Mars Pet Care US Inc. requiring a 2,500 kVA service for an expansion at their current plant.

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 new electric power service agreement with Mars Pet Care US Inc. with a 2,500 kVA service.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Fishler and Hedman)

Village of Atlanta Lease Agreement

Energy Services Manager Sam Reinke presented a new 20-year Lease Agreement with the Village of Atlanta which will go into effect on April 1, 2020.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the Village Lease Agreement with the Village of Atlanta as presented.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Fishler and Hedman)

Amendment to District Policy “T”

CFO Kool explained the proposed changes to District Policy “T” for minimum cash reserves calculated based on the 2020 Budget.

A motion was duly moved by Director Katzberg, 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 to District Policy “T” for minimum cash reserves calculated based on the 2019 Budget.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Fishler and Hedman)

Federated Rural Electric Insurance Exchange

CFO Kool reported on the District’s property and liability insurance coverage set to expire on April 30th. CFO Kool recommended the District renew coverage with Federated effective May 1st. Premiums effective May 1, 2020 are \$339,058 as compared to \$343,508 in 2019.

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 proposal from Federated Rural Electric Insurance Exchange for the one-year period starting May 1, 2020.
Roll call vote: Yes 12, No 0, Absent 2 (Directors Fishler and Hedman)

Land Purchase Agreement for new Chapman Substation

Engineering/Operations Manager Brown explained the need for a new Chapman substation which would allow the District to retire the current Chapman town substation and 16 miles of existing sub-transmission line. The new site will also improve voltage issues. Mr. Brown presented a site owned by Mr. Louis Fienhold approximately 3 miles west of Chapman and has indicated Mr. Fienhold has agreed to the District's offer of \$10,000.

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 new site of the Chapman Substation as recommended by management for \$10,000.
Roll call vote: Yes 12, No 0, Absent 2 (Directors Fishler and Hedman)

Resolution of Appreciation for National Lineman Appreciation Day

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

RESOLUTION

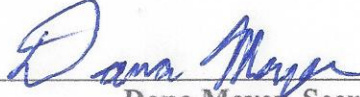
WHEREAS, the Southern Public Power District's linemen are responsible for building and maintaining a complex system of 620 miles of subtransmission lines and 6,467 miles of distribution lines that deliver energy to homes, businesses, farms, churches and schools; and
WHEREAS, the electrical grid must be maintained and operated twenty-four hours a day, seven days a week, and three hundred sixty-five days a year despite inclement weather including blizzards, thunderstorms, floods and other hazards; and
WHEREAS, the District's 55 linemen have demonstrated outstanding skill and dedication in their work as they build and maintain the electric system and learn additional skills as new technologies emerge; and
WHEREAS, the linemen of the District risk their lives daily to ensure the reliable delivery of electricity to the customers of Southern Public Power District and are deserving of our respect, gratitude and honor.
THEREFORE BE IT RESOLVED, that we, the Members of the Board of the Southern Public Power District, recognize the significant contributions and efforts of our linemen who often work in challenging conditions to keep the lights on, and express our appreciation to all of our hard working linemen, and further recognize April 13, 2020 as Lineman Appreciation Day.
Roll call vote: Yes 12, No 0, Absent 2 (Directors Fishler and Hedman)

MISCELLANEOUS BUSINESS:

Audit Committee meeting is set for Tuesday, March 31st at 1:30 p.m.

The next Board meeting is set for Wednesday, April 8th at 9:30 a.m. at the Funk Service Center

There being no other business, the meeting was adjourned at 2:30 p.m.



Dana Meyer, Secretary



Dean Klute, Chairman