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## BOARD OF DIRECTORS MEETING

*March 15<sup>th</sup>, 2023*

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 March 15, 2023, 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, Neal Katzberg (*arrived at 10:05 a.m.*), Dean Klute, Rick Bergman, Courtney Retzlaff, Joe Gustafson, Bob Kieborz, Curtis Rohrich, Wayne Anderbery, Dana Meyer and Arlon Jacobitz. President/CEO Neal Niedfeldt and attorney Dave Jarecke were also present.

Directors absent: Joel Kuehn, Kevin Choquette and Lee Grove.

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.

### MINUTES

There were no revisions made to the minutes of the February 8, 2023 regular Board meeting.

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

#### **RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the minutes of the February 8, 2023 regular Board meeting.

Roll call vote: Yes 10, No 0, Absent 4 (Directors Katzberg, Kuehn, Grove and Choquette)

### BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

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 all bills and claims.

Roll call vote: Yes 10, No 0, Absent 4 (Directors Katzberg, Kuehn, Grove and Choquette)

## **COMMENTS FROM THE PUBLIC**

There were no comments made.

## **DIRECTOR AND MANAGEMENT REPORTS**

### **DIRECTOR REPORTS:**

- Director Kieborz attended the NRECA Annual Meeting in Nashville on March 5<sup>th</sup>-8<sup>th</sup>.
- Director Klute attended the Hordville village meeting on February 8<sup>th</sup>.
- Director Katzberg attended the Kenesaw village meeting on March 14<sup>th</sup>.
- Director Benson attended the Palmer village meeting on February 8<sup>th</sup>.
- Director Retzlaff attended the Palmer village meeting on February 8<sup>th</sup> and the Chapman village meeting on March 7<sup>th</sup>.
- Director Bergman attended the Atlanta village meeting on February 8<sup>th</sup> and the Bertrand village meeting on February 21<sup>st</sup>.
- Director Anderbery attended the Axtell village meeting on March 13<sup>th</sup>.
- Chairman Meyer attended a Legislative Committee visit to Lincoln on February 13<sup>th</sup>; attended the NRECA Annual Meeting in Nashville on March 5<sup>th</sup>-8<sup>th</sup>; attended the Campbell village meeting on March 14<sup>th</sup> and the Franklin village meeting on March 14<sup>th</sup>.

### **MANAGEMENT REPORTS:**

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

- CEO Niedfeldt attended the following meetings and activities during the past month:
  - SPPD – Attended the quarterly Union meeting on February 16<sup>th</sup>. Attended the City of Wood River City Council meeting on February 21<sup>st</sup>. Attended the Safety Council meeting on February 22<sup>nd</sup>. Attended the Western Managers Meeting at Southwest PPD on February 23<sup>rd</sup>. Attended the NPA Rodeo Committee meeting on March 1<sup>st</sup> in Grand Island. Attended the NRECA Annual Meeting (Power Exchange) in Nashville on March 5<sup>th</sup> -8<sup>th</sup>.
- NPPD Issues:
  - February 2023 Rate Stabilization Fund – NPPD has reported a \$3.4 million deficit for February. The Wholesale Production share of the deficit is \$3.1 million with the remainder assigned to NPPD's retail division. Year-to-date, NPPD has reported a surplus of \$3.4 million with \$3.6 million assigned to wholesale.
  - NPPD staff will be holding four public meetings on the Integrated Resource Plan to be approved by the NPPD Board later this year. Meetings in our area will include Kearney on March 22<sup>nd</sup> and York on March 23<sup>rd</sup>.
  - Renewable Energy Certificates (REC's) – The Wholesale Rate Committee will be reviewing the requirements of the wholesale power contract where NPPD retains the right to have the first right of refusal on all REC sales for wholesale customer local generation units.
- Inflation Reduction Act/Infrastructure and Investment Jobs Act (IRA/IIJA) – Staff members are reviewing the opportunities of the various incentive Acts approved by Congress. On March 1<sup>st</sup>, the Energy Improvement in Rural or Remote Areas (ERA) program was announced with funding of \$300 million available in 2023. Staff has submitted concept ideas to NRECA to be included in their next consortium application. NRECA's application is due March 17<sup>th</sup>.
- NRECA PowerXchange (Annual Meeting) – Directors Meyer and Kieborz joined CEO Niedfeldt in attending the NRECA Annual Meeting in March where topics included leadership within the Board and management, meeting zero-carbon goals for generation utilities, Federal

incentives for grid improvements and general NRECA activities reported on by NRECA staff including CEO Jim Mathison.

- Personnel – Management training modules are being reviewed with Marie from Sage Collaborative and a schedule for training over the course of the next several months will be set. Interviews are being conducted for the Data Analyst. The Survey Technician position in Grand Island remains open.

#### Financial Reports:

- Summary of Revenues. CFO Shannon Peard provided a comparison of revenues between January 2022 and 2023. Year-to-date revenues through January 2023 amounted to \$5.1 million as compared to \$5.2 million in 2022.
- Power Costs. CFO Peard provided a summary of the power bill for January 2023 indicating a peak demand of 134,276 kW as compared to 144,945 kW recorded in January 2022. The District purchased 83.21 million kWh's in January 2023 as compared to 85.44 million kWh's in January 2022.
- Balance Sheet and Income Statement. CFO Peard provided a comparison of income statements from January 2023 and January 2022. Year-to-date net margins as of January 31, 2023, were (\$1,205,598) as compared to (\$758,578) as of January 31, 2022.
- Cash Flow Summary. CFO Peard provided a summary of the statements of cash flows. Cash and investments at January 31, 2023 were \$59.5 million compared to \$55.1 million at January 31, 2022.

#### Customer Service and Collection Report:

- The District's disconnect day was scheduled for Monday, February 27<sup>th</sup>. District personnel worked 39 accounts with 36 accounts being disconnected remotely.

CFO Shannon Peard reviewed the 2022 Annual Financial Report to all Directors. Discussion followed.

#### Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown attended the Phillips village meeting on March 7<sup>th</sup>.
- The District has received two of the eight substation transformers from Virginia Transformers on Contract 22-02.
- Work continues with NPPD on the Grand Island 115kV substation to upgrade from 34.5kV to 69kV.
- Brown met with NPPD, Loup Public Power and Central City to discuss a schedule for Central City's 115kV substation to be upgraded from 34.5kV to 69kV.

#### Energy Services Report:

- Energy Services Manager Sam Reinke attended various village board meetings within the past month.
- During the month of February, the District issued five (5) water heaters and provided incentives totaling \$8,491 to customers through the Energy Efficiency Program. Year-to-date Energy Efficiency incentives totaled \$27,292. The District provided \$484 in Efficient Electrification incentives during February.
- Interruptible Irrigation Service agreements were mailed out to irrigators and staff members are setting up rates for 2023.
- The District processed four (4) capacitor rebate applications in February and delivered customer rebates totaling \$1,401.

Communications and Public Relations Report:

- Public Relations Manager Amanda Groff reviewed upcoming promotional efforts that are planned through the end of April.
- District radio Public Service Announcements are scheduled for electrical safety during the planting season.
- Groff attended the Career Fair at Northeast Community College in Norfolk.
- The District received positive feedback from a survey that was sent to all employees following the Employee Recognition Banquet.

Safety Report:

- Safety Manager Todd Bailey reported on personnel and equipment claims for the month of February.
- A cybersecurity session and an electrical burn training was presented to District employees on February 14<sup>th</sup>-16<sup>th</sup>.
- Bailey is looking into assistance in providing information regarding chemicals that are applied in the fields and the precautionary steps for our employees.
- A Safety Council meeting was held in Grand Island on Wednesday, February 22<sup>nd</sup>.

**COMMITTEE REPORTS:**

**FINANCE COMMITTEE:**

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

**LEGISLATIVE COMMITTEE:**

- CEO Niedfeldt reported on LB 505 which would allow convenience stores to sell electricity by the kWh for their charging stations. This bill presumably will be kept in Committee session only and will not reach the floor for debate.

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

**STRATEGIC PLANNING REPORTS:**

**NPPD Wholesale Contract:**

- CEO Niedfeldt reviewed the provisions of the wholesale contract the District currently has with NPPD, bringing awareness of what contract items were most important to the District and potential improvements that could be made to a new or amended contract in the future.

**NREA Membership:**

- CEO Niedfeldt provided the Board with an overview of the District's relationship with the NREA from the time the District withdrew its membership in 1983. Niedfeldt additionally reviewed the services that the NREA has to offer, the cost of joining, the commitment required of the Directors and Management, and the value of being a member. There will be additional discussions regarding a potential membership in the NREA at future Board meetings.

**CUSTOMER REPORTS:**

**DIRECTORS:**

- No reports from the Directors.

MANAGEMENT:

- CEO Niedfeldt stated that the District received a public information request from a customer which the District responded to according to the requirements of State Statues.

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

**RESOLUTION**

RESOLVED, that the Board of Directors of Southern Public Power District approves going into executive session at 2:32 p.m. to discuss an employee complaint filed with the Nebraska Equal Opportunity Commission.

Roll call vote: Yes 11, No 0, Absent 3 (Directors Kuehn, Grove and Choquette)

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

**RESOLUTION**

RESOLVED, that the Board of Directors of Southern Public Power District approves coming out of executive session at 2:38 p.m.

Roll call vote: Yes 11, No 0, Absent 3 (Directors Kuehn, Grove and Choquette)

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

**RESOLUTION**

RESOLVED, that the Board of Directors of Southern Public Power District approves going into executive session at 2:39 p.m. to discuss potential large power customers and associated contract terms.

Roll call vote: Yes 11, No 0, Absent 3 (Directors Kuehn, Grove and Choquette)

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

**RESOLUTION**

RESOLVED, that the Board of Directors of Southern Public Power District approves coming out of executive session at 3:15 p.m.

Roll call vote: Yes 11, No 0, Absent 3 (Directors Kuehn, Grove and Choquette)

**MOTIONS & RESOLUTIONS:**

*ArchGreen LLC Agreements*

CEO Niedfeldt reviewed the finalized Electric Service Agreement, Interruptible Rate Service Agreement and Commercial Land Lease Agreement the District has proposed to ArchGreen LLC for a crypto-mining project to be located in Energy Park. Management recommends the authorization for Management to enter into each of the three agreements with ArchGreen LLC.

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

**RESOLUTION**

RESOLVED, that the Board of Directors of Southern Public Power District approves the authorization of Management to enter into an Electric Service Agreement, Interruptible Rate Service Agreement and Commercial Land Lease Agreement with ArchGreen LLC for a crypto-

mining project to be located in Energy Park.

Roll call vote: Yes 11, No 0, Absent 3 (Directors Kuehn, Grove and Choquette)

Minden Mining, LLC EDR Agreement

CEO Niedfeldt clarified the finalization of an Economic Development Rate Agreement with Foundry Digital (Minden Mining, LLC) and NPPD due to the bankruptcy proceeding brought forth by Compute North Minden, LLC. The Bankruptcy Court ordered a transfer of assets of the agreement from Compute North to Minden Mining LLC ordering the execution of all parties involved. Management recommends authorization to execute both the Stipulation and Agreed Order from Bankruptcy Court with no objections and the execution of a new Economic Development Rate Agreement.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the authorization of Management to execute the Stipulation and Agreed Order from the Bankruptcy Court with no objections and the Economic Development Rate Agreement with Minden Mining LLC and NPPD for a crypto-mining project to be located northeast of Minden.

Roll call vote: Yes 11, No 0, Absent 3 (Directors Kuehn, Grove and Choquette)

GMCO Corp. Purchase Agreement

CEO Niedfeldt discussed the final Purchase Agreement with GMCO Corp. for approximately 26.5 acres of land at Energy Park. After the completion of a final survey and an Environmental Phase 1 Study, management recommends authorizing the execution of the Purchase Agreement.

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 the authorization of Management to execute the Purchase Agreement with GMCO Corp. following the performance of a final survey and Environmental Phase 1 Study.

Roll call vote: Yes 11, No 0, Absent 3 (Directors Kuehn, Grove and Choquette)

Amended Economic Development Rate Agreement with Green Plains

CEO Niedfeldt explained the amended Economic Development Rate Agreement with NPPD and Green Plains – Central City which will allow their new protein facility to be billed on the Economic Development Rate starting April 1<sup>st</sup>. Management recommends the authorization to enter into the amended agreement.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the authorization for Management to enter into the Amended Economic Development Agreement with Green Plains – Central City and NPPD.

Roll call vote: Yes 11, No 0, Absent 3 (Directors Kuehn, Grove and Choquette)

Authorization for Purchase of Used Substation Transformer

Engineering and Operations Manager Brown explained that the District is in need of additional substation transformers and confirms that UTB Transformer has available a reconditioned unit that meets the District's needs. Management recommends issuing a purchase order to UTB Transformers for \$298,000 for a reconditioned 12/16MVA transformer.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves issuing a purchase order to UTB Transformers for \$298,000 for a reconditioned 12/16MVA transformer for the District.

Roll call vote: Yes 11, No 0, Absent 3 (Directors Kuehn, Grove and Choquette)

Substation Transformer Bids

Engineering and Operations Manager Brown proposed to reject prior transformer bids for Contract 23-01 due to the inability of the vendors to meet delivery needs and excessive costs. Management recommends accepting quote #B220404A to amend Purchase Order 2920 from Virginia Transformers for an additional six 7.5/10.5 MVA, 69/12.47 kV at a price of \$384,351 per unit.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the rejection of prior bids for Contract 23-01 and amending a prior purchase order to add six additional 7.5/10.5 MVA, 69/12.47 kV at a price of \$384,351 per unit.

Roll call vote: Yes 11, No 0, Absent 3 (Directors Kuehn, Grove and Choquette)

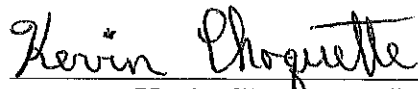
**MISCELLANEOUS BUSINESS:**

An Audit Committee meeting will be held on Wednesday, April 5<sup>th</sup> at 10:00 a.m.

A Labor Committee meeting will be held on Tuesday, April 11<sup>th</sup> at 10:00 a.m.

The next Board meeting will be held on Wednesday, April 12<sup>th</sup>, 2023.

There being no other business, the meeting was adjourned at 3:38 p.m.

  
Kevin Choquette, Secretary

  
Dana Meyer, Chairman