

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

The Board of Directors of Southern Public Power District met in regular session at The Ramada Inn at 2503 South Locust Street, Grand Island, Nebraska, on November 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, Mike Lowry, Dean Klute, Rick Bergman, Lee Grove, Kevan Reeson (via videoconference), Marvin Fishler, Bob Kieborz, Dirk Nickel, Wayne Anderbery, Dana Meyer and Arlon Jacobitz (via videoconference). President/CEO Neal Niedfeldt was present and attorney Dave Jarecke joined virtually via videoconference.

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.

MINUTES

There were slight revisions made to the minutes of the October 14th, 2020 regular Board meeting.

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 minutes of the October 14th, 2020 regular Board meeting with revisions.

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

MINUTES

There were slight revisions made to the minutes of the October 28th, 2021 Special Board meeting.

A motion was duly moved by Director Lowry, 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 October 28th, 2020 Special Board meeting with revisions.

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 Katzberg, seconded by Director Benson, 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 Benson, Choquette, Kieborz, Nickel, Bergman, Reeson, Meyer, Anderbery, Lowry, Chairman Klute, Katzberg (via videoconference), Fishler (via videoconference) and Jacobitz (via videoconference) attended the Budget Committee meeting on October 28th.
- Directors Katzberg, Nickel, Bergman, Benson and Chairman Klute attended the Irrigation Committee meeting on November 10th.

MANAGEMENT REPORTS:

President's comments:

- CEO Niedfeldt attended the following meetings and activities during the past month:
 - Southern Public Power Meetings – Conducted the staff 2021 Budget Review meeting on October 19th. Attended the Board's Budget Committee meeting on October 28th in Grand Island. Participated in the virtual meeting of the Operation Round Up Board on November 3rd.
 - NPPD – Participated in the virtual Wholesale Customer meeting on October 15th. Attended the Western Region's Managers meeting at Southwest PPD in Palisade on October 27th. Attended the Eastern Region's Managers meeting in Lincoln on November 6th.
 - NRECA – Participated in the virtual business meeting of NRECA Region 7 on October 15th.
- Projects:
 - Coronavirus – The Governor issued revised Directed Health Measures for all counties in the District effective October 21st. The new measures limit gatherings to the greater of 50% of rated occupancy or a maximum of 8 individuals. The major impact to the District will be the use of meeting rooms, primarily the Boardroom. At 50% of occupancy the District's Boardroom would be limited to 14 individuals. Future Board meetings will most likely need to be virtual or held offsite. Since the middle of September, the District has been impacted by having 26 employees directed to be quarantined at home due to testing positive or having a household member test positive. The District continues to enforce measures including social distancing, wearing masks, daily health screenings, temperature checks and encourages 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 services, replacing poles and general maintenance activities. The subtransmission construction crew continues to work north of the CAAP substation.
- NPPD 2021 Wholesale Rate – Upon request by the District, NPPD’s management will be adjusting the PCA calculation for 2021 increasing the total funds to be returned from \$61.9 million to \$73.2 million. The District’s share based on projected energy sales will be approximately \$6.5 million. The District did not request a rate hearing with the NPPD Board based on this response.
- Local Generation Projects – Management is reviewing Purchase Power Agreements and Interconnection Agreements for the projects approved at the October Board meeting. Schedules and timelines are also being developed.
- Grand Island Annexation – The City of Grand Island is in the process of annexing a parcel of 3 vacant residential lots on Husker Highway next to the Fireside subdivision that is served by the District. The City Council approved the annexation ordinance at its first reading on October 27th and the ordinance will be read two more times before final approval can be given.
- Personnel – There were no personnel changes this past month.

DAN BUMAN – NPPD

Dan Buman, Director of Nuclear of Oversight and Strategic Asset Management at Nebraska Public Power District, gave a presentation on the decommissioning strategies for Cooper Nuclear Station in Brownville, Nebraska.

LUNCH RECESSED AT 12:15 P.M., THE MEETING RECONVENED AT 1:15 P.M. IN OPEN SESSION.

MANAGEMENT REPORTS (cont):

Financial Reports:

- Summary of Revenues. CFO Brad Kool provided a comparison of revenues between September 2019 and 2020. Year-to-date revenue ending the month of September 2020 amounted to \$74.10 million compared to \$68.20 million in 2019.
- Power Costs. CFO Kool provided a summary of the power bill for September 2020 indicating a peak demand of 240,340 kW as compared to 174,366 kW recorded in September 2019. The District purchased 85.1 million kWh’s in September 2020 as compared to 84.4 million kWh’s in September 2019.
- Balance Sheet and Income Statement. CFO Kool provided a comparison of income statements from September 2020 and September 2019. Year-to-date net margins as of September 30, 2020 were \$14,729,120 as compared to \$8,860,313 as of September 30, 2019. CFO Kool also reviewed balance sheets from September 2020 and September 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 September 2020 was (\$626,172). Year to date 2020 the production cost adjustment reflected on customers' bills has totaled (\$1,922,306).
- The District's disconnect day was Wednesday, October 28th. District personnel worked 49 accounts with 47 being disconnected remotely using the AMI disconnect collar.

Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown reported on the outages that occurred during a recent ice storm.
- The Wood River Ethanol expansion project continues to be on schedule for completion in May, 2021. Personnel continue to work with the City of Wood River and the consultant for the ethanol plant to upgrade the existing switchgear.
- Osmose inspected 9,177 poles with 182 poles rejected for the 2020 season. The final failure rate was 2.0%.

Marketing Report:

- Energy Service Manager Sam Reinke continues to work on the completion of the Site Ready Assistance Program for properties in the District's Energy Park.
- Reinke reported on NPPD's Sustainable Energy Annual Workshop covering EnergyWise programs, Heat Pump Water Heater pilot program, EV updates and battery storage/solar projects.
- The District issued four (4) water heaters and provided \$16,407.75 to customers for incentives under the EnergyWise Program during the month of October.

Communications Report:

- Public Relations Manager LeAnne Doose reported that the US Postal Service granted the periodical rate for the District's Customer News Magazine. The savings per issue will be approximately \$1,800.
- Doose reviewed promotional topics that are planned to be highlighted in December.
- The Southern Public Power Area Development Fund Board of Directors met on Tuesday, November 3rd via Zoom and reviewed Operation Round Up applications received for the Third Quarter of 2020. A total of \$15,500 was approved for 8 of 12 applicants.

Safety Report:

- In the absence of Safety Manager Todd Bailey, Brad Kool reported on personnel and equipment incidents that took place during the month of October.
- Mr. Bailey continued crew visits during the month of October.

CUSTOMER REPORTS:

DIRECTORS:

- Director Reeson reported on an encouraging message he had received from a customer who commented on the quick response and completion time of restoring recent outages in Hamilton County due a recent ice/snow storm.

MANAGEMENT:

- None.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

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

IRRIGATION COMMITTEE:

Irrigation Committee Chairman Benson reported that the Committee met on November 10th. Topics discussed were removing District facilities from customer properties, 3-phase line extension policies and power factor issues. Rate recommendations were also reviewed and the Committee will be offering an amendment to the 2021 Work Plan and Budget. CFO Brad Kool gave a presentation on rate reduction adjustments and proposed changes since the October 28th Budget meeting.

BUDGET COMMITTEE:

Budget Committee Chairman Nickel reported on the Special Board meeting held on October 28th to review the proposed 2021 Work Plan and Budget. Mr. Nickel thanked all Directors for attending and commended them for their participation, discussion and review of management's proposal. He reported that the Committee recommends approval of the 2021 Work Plan and Budget as presented.

MOTIONS & RESOLUTIONS:

2021 Work Plan and Budget

A motion was duly moved by Board Budget Committee Chairman Nickel, on behalf of the committee, to approve the 2021 Work Plan and Budget as presented at the Special Board meeting held on October 28th.

Director Fishler requested to amend the 2021 Work Plan and Budget to include the purchase of an electric vehicle. Discussion followed.

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 approves amending the motion to approve the 2021 Workplan and Budget by adding the purchase of an electric vehicle to the Capital Improvements Budget.

Roll call vote: Yes 5, No 9, Absent 0

Director Benson, on behalf of the Irrigation Committee, reviewed the Committee's recommendation to amend the 2021 Workplan and Budget by reducing the rate reduction from 1.5% to 1.0% and increasing the Capital Improvements Budget by \$500,000 for irrigation customer service improvements and adjustments to certain irrigation extension policies to be brought forward at a later date by the Irrigation Committee.

A motion was duly moved by Director Benson on behalf of the Irrigation Committee to adopt the following resolution

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves amending the motion to approve the 2021 Workplan and Budget by reducing the recommended rate reduction from 1.5% to 1.0%, and to increase the Capital Improvements Budget by \$500,000 for irrigation customer service improvements and irrigation extensions in the 2021 Work Plan and Budget.

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

Amended 2021 Work Plan and Budget

A motion was duly moved by Board Budget Committee Chairman Nickel, on behalf of the committee, to adopt the following resolution:

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the 2021 Work Plan and Budget as recommended by the Board Budget Committee and as amended by the Board of Directors.

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

Electric Service Agreement with Webb Cutting Components

Energy Services Manager Reinke reviewed the Electric Power Service agreement with Webb Cutting Components requiring the installation of a 2,000 kVa transformer.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the Electric Service Agreement with Webb Cutting Components.

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

Sub-Transmission Service Agreement with Bostwick Irrigation District and WAPA

CEO Niedfeldt discussed the upcoming expiring contract with WAPA and Bostwick Irrigation and the engagement with both parties in preparations of a new sub-transmission service agreement to become effective January 1, 2021 and ending December 31, 2050 with provisions allowing the District to bill WAPA based on adjusted future rates as adopted by the Board of Directors. Niedfeldt recommended the Board authorize the execution of the contract.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the execution of the Sub-Transmission Service Agreement with WAPA and the Bostwick Irrigation District as recommended by management.

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

Amendment of the District 457(b) Plan

CFO Brad Kool reviewed a proposed amendment to the District's 457(b) Plan to account for changes to the required minimum distribution provisions enacted as part of the SECURE Act.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the amendment to the District's 457(b) Plan to account for changes to the required minimum distribution provisions enacted as part of the SECURE Act.

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

2021 Board Meeting Dates

CEO Niedfeldt provided a list of recommended Board meeting dates for each month of 2021. All meeting dates would be set for the second Wednesday of each month. Discussion followed including changing the starting time of the meetings from 10:30 a.m. to 10:00 a.m.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the 2021 Board meeting date schedule as presented with a start time of 10:00 a.m.

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

MISCELLANEOUS BUSINESS:

The next Board meeting is set for Wednesday, December 9, 2020, at 10:00 a.m.

Safety Council Meeting is set for November 25th at 10:00 a.m. in Grand Island

Strategic Planning Session is tentatively set for January 27th at the Community Center in Wood River from 9:00 a.m. to 4:00 p.m.

There being no other business, the meeting was adjourned at 2:15 p.m.


Dana Meyer, Secretary


Dean Klute, Chairman