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## BOARD OF DIRECTORS MEETING

*November 9<sup>th</sup>, 2022*

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 October 12, 2022, at 10:00 a.m. pursuant to the mailed notice of the meeting sent to all Directors of the District and notice posted. Arlon Jacobitz, Chairman of the District, called the meeting to order.

Directors present were as follows: Larry Benson, Neal Katzberg, Dean Klute, Kevin Choquette, Rick Bergman, Mike Lowry, Lee Grove, Marvin Fishler, Bob Kieborz, Joel Kuehn (arrived at 10:05 a.m.), Kevan Reeson, Wayne Anderbery, Dana Meyer and Arlon Jacobitz. President/CEO Neal Niedfeldt and attorney Dave Jarecke were also present.

Directors absent: None

Chairman Jacobitz 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 October 12, 2022 regular Board meeting.

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

#### **RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the minutes of the October 12, 2022 regular Board meeting.

Roll call vote: Yes 13, No 0, Absent 1 (Director Kuehn)

### SPECIAL BUDGET MEETING MINUTES

There were no revisions made to the minutes of the October 26, 2022 Special Budget meeting.

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

#### **RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the minutes of the October 12, 2022 regular Board meeting.

Roll call vote: Yes 12, No 0, Abstain 1 (Director Grove) Absent 1 (Director Kuehn)

## **BILLS AND CLAIMS**

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Meyer, seconded by Director Lowry, 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 Kuehn)

## **COMMENTS FROM THE PUBLIC**

Steven Stopkotte was present and stated he was in attendance to observe the Board as he has an interest in becoming a potential Board candidate from Merrick County.

## **DIRECTOR AND MANAGEMENT REPORTS**

### **DIRECTOR REPORTS:**

- Directors Meyer, Kieborz, Benson, Choquette, Fishler, Bergman, Anderbery, Katzberg, Kuehn, Klute and Chairman Jacobitz attended the Board Budget meeting in Grand Island on Wednesday, October 26<sup>th</sup>.
- Directors Lowry, Bergman and Chairman Jacobitz attended the Energy Park Committee meeting in Grand Island on Wednesday, November 9<sup>th</sup>.
- Directors Benson, Katzberg, Klute, Bergman and Chairman Jacobitz attended the Irrigation Committee meeting in Grand Island on Wednesday, November 2<sup>nd</sup>.
- Directors Lowry and Klute attended the Energy Park Committee meeting on Wednesday, November, 9<sup>th</sup>.

Chairman Jacobitz presented Director Joel Kuehn with a Director Education Certificate for completing certain NRECA education and training courses.

### **MANAGEMENT REPORTS:**

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

- CEO Niedfeldt attended the following meetings and activities during the past month:
  - SPPD – Attended the Board Budget meeting on October 26<sup>th</sup>. Attended the Energy Park Committee meeting on October 26<sup>th</sup>. Attended the Irrigation Committee meeting on November 2<sup>nd</sup>. Met with all personnel during the last two weeks of October to review salary and benefit changes approved in October by the Board of Directors.
  - NPPD – Attended the Wholesale Customer meeting in York on October 20<sup>th</sup>. Met with personnel from NPPD's Customer Care Center out of Norfolk on November 2<sup>nd</sup> to review dispatching and after-hour services they could provide the District.
- NPPD Issues:
  - Wholesale Customer Meeting – Several topics covered included:
    - Budget for 2023 will require no base rate increase and include a decrease in the PCA.
    - Reviewed the progress on the Integrated Resource Plan – Customer and public reviews are to take place in early 2023. NPPD Board approval is expected in September 2023.

- Reviewed SPP advisory/alert policies and generation resource adequacy levels.
- Reviewed initial drafts of a proposed Transmission Extension Policy.
- Reviewed provisions of the Inflation Reduction Act and the impact it may have on Nebraska utilities.
- Reviewed changes to NPPD's Beneficial Electrification program.
- Reviewed NPPD's Economic Development activities targeting Agriculture, Manufacturing, IT and Data Services and Transportation.
- Energy Park: Interest continues in the District's Energy Park properties. In addition to the potential crypto-mining project, staff have assisted in responding to three additional projects considering the Energy Park. Assistance is being received from NPPD and the Grand Island Area Economic Development Corp.
- Human Resources: Work continues with Sage Collaborative on Human Resource issues. Over the past few weeks, Sage personnel reviewed Department Head job descriptions and changes to the District's disciplinary policy, held a coaching session with Department Heads and completed one exit interview. The orientation program for new employees is also being updated.
- Personnel: Four new linemen that have accepted the District's employment offers and will be starting on November 16<sup>th</sup>. They include Nathan Anderson in Funk and Trevor Kluck in Central City. Brandon Dunning and Justin Soto will be starting on the subtransmission construction crew. This leaves one final opening in Central City to be filled. A search has started for an Electrical Engineer to assist the Engineering Department.

#### Financial Reports:

- Summary of Revenues. CFO Shannon Peard provided a comparison of revenues between September 2021 and 2022. Year-to-date revenues through September 2022 amounted to \$73.86 million as compared to \$69.82 million in 2021.
- Power Costs. CFO Peard provided a summary of the power bill for September 2022 indicating a peak demand of 269,419 kW as compared to 154,749 kW recorded in September 2021. The District purchased 91.70 million kWh in September 2022 as compared to 75.65 million kWh in September 2021.
- Balance Sheet and Income Statement. CFO Peard provided a comparison of income statements from September 2022 and September 2021. Year-to-date net margins as of September 30, 2022 were \$10,445,535 as compared to \$9,267,211 as of September 30, 2021.
- Cash Flow Summary. CFO Peard provided a summary of the statements of cash flows. Cash and investments at September 30, 2022 were \$60.3 million compared to \$58.25 million at September 30, 2021.

#### Customer Service and Collection Report:

- The District's disconnect day was scheduled for Wednesday, October 26<sup>th</sup>. District personnel worked 52 accounts, with 48 accounts being disconnected remotely.

#### Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown met with Landis & Gyr on potential arrival dates for more load control units with a follow-up meeting scheduled for January 30<sup>th</sup>.
- Brown participated in the critical supplier TEAMS meetings with primary vendors that serve NPPD and other wholesale customers.

- Osmose pole testing results this year include 7,246 poles being inspected and 295 poles being rejected. The failure rate is 3.9%.

#### Energy Services Report:

- Energy Services Manager Sam Reinke attended the NPPD Sustainable Energy workshop regarding the EnergyWise, Efficient Electrification and Sustainable Energy programs.
- Reinke attended the Board Budget meeting and the Irrigation Committee meeting.
- During the month of October, the District issued six (6) water heaters and provided incentives totaling \$12,991 to customers through the Energy Efficiency Program. Year-to-date Energy Efficiency incentives total \$138,113. The District provided \$89 in Efficient Electrification incentives during September. Year-to-date Efficient Electrification incentives total \$18,040.
- Work continues on releasing well applications to customers who have been requested to have an irrigation service built for the 2023 season.

#### Communications and Public Relations Report:

- Communications Manager Amanda Groff stated that the RoundUp Board met on Tuesday, November 1<sup>st</sup> to review applications received for the Third Quarter of 2022 with a total of \$19,500 being approved among nine applicants.
- Groff reviewed upcoming promotional events through the end of December.
- An Employee Recognition Banquet will be held in early 2023 with plans being prepared by the newly formed Social Committee.
- An audit will be conducted of all marketing and promotional communications that are sent out from Southern Public Power District which will help ensure the SPPD brand is consistent and easily recognized by our customers.
- Groff is currently working on developing press releases for various disaster events.

#### Safety Report:

- Safety Manager Todd Bailey reported on incidents for the month of October.
- A Safety Council meeting will be held in Grand Island on Wednesday, November 23<sup>rd</sup>

#### **CUSTOMER REPORTS:**

##### MANAGEMENT:

- CEO Niedfeldt updated the Directors on the potential crypto-mining operation that could be placed near Rosedale, Nebraska.
- The District has received several project applications through the Nebraska Economic Development and NPPD with interest to be located at the District's Energy Park.

***LUNCH RECESSED AT 12:00 P.M.,  
THE MEETING RECONVENED AT 12:35 P.M. IN OPEN SESSION.***

#### **COMMITTEE REPORTS:**

##### FINANCE COMMITTEE:

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

**IRRIGATION COMMITTEE:**

- Committee Chairman Benson reported that the committee met on Wednesday, November 2<sup>nd</sup>. Discussion items related to processing service applications for 2023 and responding to possible meter tampering incidents during the 2022 irrigation season.

**ENERGY PARK COMMITTEE:**

- Committee Chairman Lowry reported on the committee meeting held prior to the Board meeting reviewing Right of First Refusal Agreements which were sent out to companies who expressed an interest in the development of a crypto-mining project at the Energy Park.

**PUBLIC HEARING – PROPOSED 2023 WORK PLAN AND BUDGET**

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves to suspend the regular Board meeting and open the public hearing to consider the 2023 proposed Work Plan and Budget.

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

CFO Shannon Peard reported slight changes to the preliminary budget that was presented on October 26, 2022.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves to conclude the public hearing and resume the regular Board meeting.

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

**MOTIONS & RESOLUTIONS:**

**2023 Work Plan and Budget**

A motion was duly moved by Director Meyer, seconded by Director Benson, to approve the 2023 Work Plan and Budget as presented during the public hearing held on November 9<sup>th</sup>, 2022.

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the 2023 Work Plan and Budget.

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

**Bids for Grand Island 115 to Chapman Tap Sub-Transmission Project 301**

Engineering/Operations Manager Aaron Brown reported on the six (6) contractor bids that were received for the Grand Island 115 to Chapman Tap Sub-Transmission Project 301. Bids ranged from \$1,099,360 to \$3,560,032. Mr. Brown recommended the District accept the lowest bid from Watts Electric in the amount of \$1,099,360.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District accepts and approves

the bid from Watts Electric in the amount of \$1,099,360 for the Grand Island 115 to Chapman Tap Sub-Transmission Project 301 as recommended by management.  
Roll call vote: Yes 14, No 0, Absent 0

Right of Refusal Agreement for Energy Park site with Arch-Green LLC

CEO Niedfeldt reviewed the inquiries received from various project vendors regarding the development of a 14MW crypto-mining project at the Energy Park. CEO Niedfeldt District recommended entering into a Right of Refusal Agreement with Arch-Green LLC who will be partnering with the DePower Corporation in developing and operating a 14MW crypto-mining operation at the Energy Park.

A motion was duly moved by the Energy Park Committee to adopt the following resolution:

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves entering into a Right of Refusal Agreement with Arch-Green LLC for a crypto-mining project at the Energy Park as recommended by management.

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

New Cell Phone Policy

CEO Niedfeldt reviewed a new cell phone policy that identifies the qualifications for personnel to qualify for a District-provided cell phone or an allowance for the use of a personal cell phone and recommends the approval of the policy to become effective in November 2022.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the District's new Cell Phone Policy to become effective in November 2022, as recommended by management.

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

2023 Board Meeting Dates

CEO Niedfeldt provided a list of recommended Board meeting dates for each month of 2023. All meeting dates would be set for the second Wednesday of each month except for the month of January to avoid certain scheduling conflicts.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the 2023 Board meeting date schedule as presented.

Roll call vote: Yes 13, No 0, Abstain 1 (Director Lowry)

Support to the Aurora Economic Development Corporation

CEO Niedfeldt provided an overview of the District's continued efforts with the Aurora Development Corporation (ADC) on economic development and various project opportunities. Management recommends the Board approve the requested support of \$2,000 to the ADC in 2023.

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 requested support of \$2,000 to the Aurora Development Corporation for economic growth services in 2023 as recommended by management.

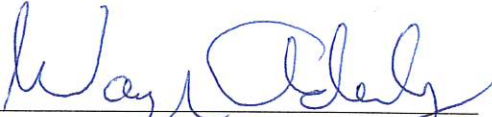
Roll call vote: Yes 14, No 0, Absent 0

**MISCELLANEOUS BUSINESS:**

Next Board meeting is scheduled for Wednesday, December 14<sup>th</sup>.

A Safety Council meeting will be held on Wednesday, November 23<sup>rd</sup> starting at 10:00 a.m.

There being no other business, the meeting was adjourned at 12:50 p.m.

  
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**Wayne Anderbery, Secretary**

  
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**Arlon Jacobitz, Chairman**