

**SOUTHERN PUBLIC POWER DISTRICT
BOARD OF DIRECTORS MEETING
October 14th, 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 October 14, 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, Marvin Fishler, Bob Kieborz, Dirk Nickel, Wayne Anderbery, Dana Meyer and Arlon Jacobitz. President/CEO Neal Niedfeldt was present and attorney Dave Jarecke joined virtually via video conference.

Directors absent: Kevan Reeson

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.

INSTALLATION OF APPOINTED DIRECTOR AND OATH OF OFFICE

Attorney Dave Jarecke administered the oath of office to newly appointed Board member Robert Kieborz.

MINUTES

There were no revisions made to the minutes of the September 9th, 2020 regular Board meeting.

A motion was duly moved by Director Bergman, 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 September 9th, 2020 regular Board meeting.

Roll call vote: Yes 12, No 0, Abstain 1 (Director Kieborz), Absent 1 (Director Reeson)

BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Grove, seconded by Director Meyer, 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 Reeson)

COMMENTS FROM THE PUBLIC

There were no comments made.

DIRECTOR AND MANAGEMENT REPORTS

DIRECTOR REPORTS:

- Directors Katzberg, Nickel, Grove, Jacobitz and Chairman Klute attended the Labor Committee meeting on October 14th.
- Director Anderberg joined a Webex on-line meeting with CEO Niedfeldt and Chuck Woodside, CEO of KAAPA Ethanol on September 28th.

MANAGEMENT REPORTS:

President's comments:

- CEO Niedfeldt attended the following meetings and activities during the past month:
 - Southern Public Power Meetings – Conducted an orientation session with new Board member Bob Kieborz on September 29th.
 - NPPD – Hosted the Western Region's Managers meeting in Grand Island on September 24th.
 - NPA – Participated in the virtual Board of Directors meeting on September 16th.
- Projects:
 - Coronavirus – All counties in the District continue to be in Phase 4 of the directed health measures as set by the Governor and the Public Health Districts. Positive cases have increased throughout the District's service area since the middle of September. The District has been impacted by having 8 employees directed to be quarantined at home due to testing positive or having a household member test positive. The District has returned to social distancing measures used in the spring when positive numbers were at their highest. Temperature checks and daily screening tools are being used. Plans for opening service centers to the public have been placed on hold. Management is constantly reviewing procedures currently in place for employee health and safety.
 - Operations and Construction – Personnel continue to complete budgeted construction projects. The annual pole inspection program has been completed. Personnel have been constructing a few new services, replacing poles and performing general maintenance.
- NPPD Issues
 - August Financials – NPPD has reported a deficit of \$5.6 million at the end of August. NPPD staff are projecting a loss of \$11.3 million for the year due to some unexpected maintenance issues with Gerald Gentleman Station and the scheduled refueling of Cooper Nuclear Station.
 - 2021 Wholesale Rate – The 2020 Rate Study Report and the wholesale rate changes for 2021 has been received and reviewed. Several concerns with the study have been communicated to NPPD's management including the PCA calculation for 2021 and the status of construction projects being funded through the wholesale rate. CEO Niedfeldt reviewed the concerns on both issues and recommended the District request a rate hearing before the NPPD Board of Directors. Such request must be made by October 22nd. By consensus, The Directors agreed with the recommendation to request a rate hearing.

- FEMA Funds – The District has received \$300,000 as the last payment for storm damages that occurred in April, 2017. Personnel are completing applications for reimbursement of COVID-19 related expenses.
- Funk Service Center – Final issues have been resolved and final payments, including retainage, are being prepared. The original contract sum for the project was \$3,634,194. Actual costs were \$3,601,738.
- Personnel – There were no personnel changes this past month.

Financial Reports:

- Summary of Revenues. CFO Brad Kool provided a comparison of revenues between August 2019 and 2020. Year-to-date revenue ending the month of August 2020 amounted to \$68.70 million compared to \$62.56 million in 2019.
- Power Costs. CFO Kool provided a summary of the power bill for August 2020 indicating a peak demand of 305,302 kW as compared to 251,188 kW recorded in August 2019. The District purchased 164.3 million kWh's in August 2020 as compared to 105.4 million kWh's in August 2019.
- Balance Sheet and Income Statement. CFO Kool provided a comparison of income statements from August 2020 and August 2019. Year-to-date net margins as of August 31, 2020 were \$14,729,120 as compared to \$8,860,313 as of August 31, 2019. CFO Kool also reviewed balance sheets from August 2020 and August 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 August 2020 was (\$171,856). Year to date 2020 the production cost adjustment reflected on customers' bills has totaled (\$1,296,134).
- The District's disconnect day was Monday, September 28th. District personnel worked 62 accounts with 58 being disconnected remotely using the AMI disconnect collar.

CFO Kool reviewed several performance measurements taken from the 2019 CFC Key Ratio Analysis.

Irrigation Statistics Report

- Irrigation Services Manager Anthony Bohaty provided an overview of the 2020 irrigation season. Revenues from energy sales for 2020 were \$13.7 million. The energy sales for 2020 were 204,702,667 kWh's. Mr. Bohaty reported that there were six (6) days of load control for a potential of 34 hours per service.

***LUNCH RECESSED AT 12:10 P.M.,
THE MEETING RECONVENED AT 1:00 P.M. IN OPEN SESSION.***

MANAGEMENT REPORTS *(cont.)*:

Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown reported that steel installation has begun on the Northwest substation.
- The District is installing power quality equipment to try to accumulate data to locate the processing equipment issues that KAAPA Ethanol is currently experiencing.
- The Bosselman Travel Center will be a host site for a new Arby's restaurant and a truck wash facility which will add new loads to the District.
- Osmose pole testing is now complete after testing nearly 9,000 poles with an estimated failure rate of 2%.

Marketing Report:

- Energy Service Manager Sam Reinke is working with GSI Engineering on the geotechnical study for the Site Ready Assistance Program.
- Discussions were held regarding the installation of a Level 2 Electric charger and other incentives available for future developments at Grand Island's Bosselman Travel Center.
- Proposals have been discussed to resolve metal roof insulation issues at the District office in Grand Island.
- The District issued seven (7) water heaters and provided \$16,887.15 to customers for incentives under the EnergyWise Program during the month of September.

Communications Report:

- Public Relations Manager LeAnne Doose stated that the Operation Round Up Board will be meeting on Tuesday, November 3rd, via Zoom, to review applications received for the Third Quarter of 2020.
- Doose announced various promotional efforts that are planned for the month of November.
- Due to the ongoing pandemic, the District will not be holding an Employee Recognition banquet. Other opportunities to recognize employee achievements will be explored.
- Doose announced that the US Postal Service has approved the District's application for a Periodicals Rate, which would provide a savings on postage for the District's magazine mailings.

Safety Report:

- In the absence of Safety Manager Todd Bailey, Aaron Brown reported that there were no personnel or equipment incidents during the month of September.
- Mr. Bailey continued crew visits during the month of September.
- Pole top rescue training has been on hold due to the ongoing pandemic and is currently being re-evaluated to keep employees safe.

CUSTOMER REPORTS:

DIRECTORS:

- There were no customer reports from any of the Directors.

MANAGEMENT:

- Engineering/Operations Manager Aaron Brown reported on the 25 kW solar panel configuration that was installed on an irrigation pivot north of Aurora.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

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

LABOR COMMITTEE:

Labor Committee Chairman Grove reported that the Committee has reviewed management's recommended salary adjustments for all salaried personnel to become effective November 1, 2020. A motion was duly moved by the Labor Committee to adopt the following resolution:

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves salary adjustments for salaried personnel to be effective November 1, 2020, as recommended by the Board Labor Committee.

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

MOTIONS & RESOLUTIONS:

Charge Off Uncollectible Accounts

CFO Kool provided a review of accounts recommended for charge-off. Mr. Kool reported that the list of recommended charge-offs totaled \$382.35.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves charge-offs of delinquent accounts totaling \$382.35 as recommended by management.

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

Service Agreement SAA 369

CEO Niedfeldt reviewed an amendment to Service Agreement SAA 369 between the District and the City of Central City. The purpose of the amendment is to transfer a tract of land adjacent to Central City, allowing the City of Central City to provide electrical service to its new hospital.

A motion was duly moved by Director Jacobitz, seconded by Director Fishler 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 Amendment to Service Agreement No. 369 with the City of Central City.

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

N Solar Power Purchase Agreement

CEO Niedfeldt reviewed previous discussions regarding the NPPD wholesale power agreement allowing the District to utilize Qualifying Local Generation to offset the District's purchase of production Demand and Energy from NPPD. Management has reviewed several proposals for solar projects with N Solar providing the District with the lowest cost proposal that would be allowed under

the NPPD wholesale power agreement. It is recommended the Board of Directors authorize management to approve and execute a Power Purchase Agreement with N Solar based on the evaluated criteria.

A motion was duly moved by Director Bergman, seconded by Director Nickel 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 Power Purchase Agreement with N Solar based on the evaluated criteria as recommended by management.

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

SPPW1, LLC Power Purchase Agreement

CEO Niedfeldt reported on previous discussions regarding a second project for the District to utilize Qualifying Local Generation to offset the District's purchase of production Demand and Energy from NPPD. Management has completed the review of a proposal from Bluestem Energy Solutions for a wind energy facility and has provided the District with a proposed Power Purchase Agreement based on the Term Sheet Agreement previously reviewed and executed. It is recommended the Board of Directors authorize management to approve and execute a Power Purchase Agreement with Bluestem's limited partnership, SPPW1, LLC, based on the evaluated criteria.

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 the authorization of management to execute the Power Purchase Agreement with SPPW1, LLC based on the evaluated criteria as recommended by management.

Roll call vote: Yes 10, No 2 (Directors Jacobitz and Klute), Abstain 1 (Director Kieborz), Absent 1 (Director Reeson)

Village of Funk Request

CEO Niedfeldt stated that the Village Board of Directors of Funk have asked the District for assistance with the funding of the Lions Drive street paving project located on the south side of the District's service center in Funk due to conditions of the street after wet conditions. CEO Niedfeldt recommended providing assistance to the Village of Funk for this project in the amount of \$45,000.

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 assistance for the Lions Drive street paving project in the amount of \$45,000 to the Village of Funk as recommended by management.

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

Speed Clean Truck Wash, Inc. Electric Service Agreement

Energy Service Manager Reinke reviewed the proposed Electric Service Agreement with Speed Clean Truck Wash, Inc. generating a 1,000 kVa service.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the Electric Service Agreement with Speed Clean Truck Wash, Inc.

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

MISCELLANEOUS BUSINESS:

The next Board meeting is set for Wednesday, November 11, 2020.

Budget Committee Meeting is set for October 28th at 9:00 a.m.

There being no other business, the meeting was adjourned at 1:45 p.m. ~~dilemma~~



Dana Meyer, Secretary



Dean Klute, Chairman

TP 11-11-2020