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## BOARD OF DIRECTORS MEETING

*April 13, 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 April 13, 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, Kevin Choquette, Mike Lowry, Dean Klute, Rick Bergman, Joel Kuehn, Lee Grove, Kevan Reeson, Marvin Fishler, Bob Kieborz, 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**

No revisions were made to the minutes of the March 16, 2022 regular Board meeting.

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

#### **RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the minutes of the March 16, 2022 regular Board meeting.

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

### **MINUTES**

No revisions were made to the minutes of the April 7, 2022 Special Board meeting.

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

#### **RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the minutes of the April 7, 2022 Special Board meeting.

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 Lowry, seconded by Director Fishler, 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:**

- Director Anderbery attended the Small Modular Reactor meeting on March 26<sup>th</sup>.
- Directors Benson, Klute, Katzberg, Bergman and Jacobitz attended the Irrigation Committee meeting on March 24<sup>th</sup>.
- Directors Jacobitz, Meyer, Anderbery and Choquette attended the Executive Committee meeting on April 5<sup>th</sup>.
- Directors Reeson, Lowry, Grove and Jacobitz attended the Audit Committee meeting on April 6<sup>th</sup>.

### **MANAGEMENT REPORTS:**

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

- CEO Niedfeldt attended the following meetings and activities during the past month:
  - SPPD – Attended the Irrigation Committee meeting on March 24<sup>th</sup> in Grand Island. Attended the quarterly meeting of the Operation Round Up Board on April 5<sup>th</sup>. Attended the Audit Committee meeting on April 6<sup>th</sup>.
  - NPPD – Attended the Eastern Region Managers meeting in Lincoln on March 25<sup>th</sup>. Attended the Western Region Managers meeting at South Central PPD on March 31<sup>st</sup>.
- Operations and Construction – Personnel are working on budget projects and new services. Approximately 80% of the approved irrigation service applications have been built.
- March 22<sup>nd</sup> Storm – Snow and ice along with strong winds caused outages for over 2,000 services. The majority of damages occurred south of I80 and primarily in Franklin County. Crews from all areas assisted in the restoration and all services were restored by late evening. The District lost 19 poles in the storm and two pasture fires were caused by live wires on the ground. No damage claims have been received.
- Irrigation – The April irrigation horsepower billing has been mailed. The total billing was \$10,443,000 based on 409,500 horsepower, compared to last year when the total billing was \$10,281,000 based on 403,000 horsepower.
- NPPD Issues
  - Financial results for March were unavailable at the time of this writing.
  - NPPD and Entergy mutually agreed to end the support services contract for the Cooper Nuclear Station that has been in place since 2003. NPPD plans to continue to operate Cooper Nuclear and will utilize Entergy as appropriate.
- Strategic Planning – Staff meetings to complete the final planning documents have been delayed twice due to scheduling conflicts. The management team is planning to meet on April

18<sup>th</sup>. Once completed, management will report those plans to the Directors and with all District employees.

- Personnel – The Irrigation Department and the Energy Services Department have been combined with Sam Reinke heading up the combined department and Becky Lesiak assisting as the Customer Services Representative. Plans are moving forward to fill the vacant Payroll Clerk's position. A search continues for the Staking Engineer's position which became open when Tim Kolbet resigned and transferred to Hastings Utilities in March. Brad Kool, Chief Financial Officer, resigned on April 7<sup>th</sup>. A search will immediately be started to fill that position.

#### Financial Reports:

- Summary of Revenues. CEO Neal Niedfeldt provided a comparison of revenues between February 2021 and 2022. Revenue for the month of February 2022 amounted to \$9.96 million as compared to \$9.92 million in 2021.
- Power Costs. CEO Niedfeldt provided a summary of the power bill for February 2022 indicating a peak demand of 155,472 kW as compared to 156,941 kW recorded in February 2021. The District purchased 85.44 million kWh in February 2022 as compared to 80.03 million kWh in February 2021.
- Balance Sheet and Income Statement. CEO Niedfeldt provided a comparison of income statements from February 2022 and February 2021. Year-to-date net margins as of February 28, 2022 were (\$1,957,150) as compared to (\$2,296,927) as of February 28, 2021. CEO Niedfeldt also reviewed balance sheets from February 2022 and February 2021.
- Cash Flow Summary. CEO Niedfeldt provided a summary of the statements of cash flows.

#### Customer Service and Collection Report:

- The District's disconnect day was scheduled for Tuesday, March 29<sup>th</sup>. District personnel worked 19 accounts, with 18 accounts being disconnected remotely using the AMI disconnect collar.

#### Engineering/Operations Report:

- The District is waiting for the completed Southwest Power Pool transmission studies to serve potential bitcoin mining facilities.
- Engineering has coordinated and reviewed the District's vegetation program for the 2022 season.
- The District currently has 200 irrigation applications and has released 199 irrigation estimates which 179 have paid and 162 have been built.

#### Energy Service Report:

- Energy Services Manager Sam Reinke was present along with various management and Board members at the Campbell, Alda, Marquette, Hordville, Naponee, Cairo and Atlanta Village Board meetings.
- During the month of March the District issued three water heaters and provided incentives totaling \$23,384 to customers through the Energy Efficiency Program. Year to date Electric Vehicle incentives total \$8,704.

Communications Report:

- Public Relations Manager LeAnne Doose reported on the upcoming publications of the May/June Magazine and the Irrigation/Load Control Newsletter that will be distributed in early May.
- Doose will be collaborating with co-workers to begin formulating an Emergency Action Plan, designed to outline methods to respond to a variety of disaster or crises.
- Advertisements and social content are underway for electrical safety during the planting season, and Electric Safety Month content is scheduled and ready for distribution.
- The Operation RoundUp Board met on Tuesday, April 5, 2022. Seventeen applications were reviewed, with \$23,462 awarded to 11 applicants.

Safety Report:

- Safety Director Todd Bailey reported on various personnel and vehicle claims during the month of March.
- Safety meetings facilitated by Bruce Baker of Federated Rural Insurance were held in Grand Island on March 8<sup>th</sup>-10<sup>th</sup>.

**CUSTOMER REPORTS:**

DIRECTORS:

- Directors had no reports.

MANAGEMENT:

- CEO Niedfeldt presented a new webpage created by Cathcart Rail which illustrates their short-line rail services that offer dual BNSF and Union Pacific access. Cathcart Rail has titled the District's Energy Park track "Cornhusker Railroad" and are willing to assist the District in marketing the Energy Park property for industrial prospects.

**COMMITTEE REPORTS:**

AUDIT COMMITTEE:

- Audit Committee Chairman Reeson reported that the Committee had reviewed the 2021 Audit Report at the Audit Committee meeting held on April 6<sup>th</sup>.
- Bob Beran, Auditor from Dana Cole, was present to review the 2021 Audit Report and answered questions from the Directors. Mr. Beran noted that the District is receiving an unmodified opinion which indicates the financial statements are presented fairly in all material respects.

FINANCE COMMITTEE:

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

LEGISLATIVE COMMITTEE:

- CEO Neal Niedfeldt reviewed and discussed bills that were of interest to the District and the public power industry.

IRRIGATION COMMITTEE:

- Irrigation Committee Chairman Benson reported that an Irrigation Committee meeting was held on March 24<sup>th</sup>. Benson reviewed the meeting minutes.

**MOTIONS & RESOLUTIONS:**

**Amending Section F.1.c. of the District Service Regulations**

CEO Niedfeldt reviewed the recommendation for changing the effective date for capacitor installations from May 1, 2022 to May 1, 2023. The first power factor adjustment charge will be added to the energy bills for the 2023 irrigation season and the power factor minimum is recommended to be adjusted from 93% to 90% which is the current factor required by Nebraska Public Power District.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves amending Section F.1.c. of the District Service Regulations changing the effective date for implementing a power factor adjustment and changing the power factor minimum for calculating the adjustment.

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

**Amending District's Capacitor Incentive Plan**

CEO Niedfeldt reviewed the recommendation that capacitor incentives should be increased from the current \$100 per meter incentive to \$400 through December 31, 2022 and then revised to \$200 per meter from January 1, 2023 to December 31, 2023 with the incentive discontinued in 2024.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves amending the District's capacitor incentive plan through December 31, 2023.

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

**Elimination of Sections H.2.b.iv and v of the District Service Regulations**

CEO Niedfeldt reviewed the recommendation for changing the Service Regulations so that all actual Horsepower readings from the current irrigation season shall be used for billing the Horsepower amount in the next irrigation season.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the elimination of Sections H.2.b.iv and v of the District Service Regulations to bill all Horsepower charges based on the actual Horsepower readings from the current irrigation season.

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

**Amending Section G.9.a of the District Service Regulations**

CEO Niedfeldt reviewed the recommendation to discontinue reducing the District's extension allowance for the cost for transformers and the YD box for irrigation services less than 20 HP.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the amendment of Section G.9.a of the District Service Regulations to adjust the District's credit for irrigation services less than 20 HP.

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

Acceptance of the 2021 Audit Report

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District accepts the District's 2021 Audit report including the Auditor's opinion from Dana Cole.

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

Federated Rural Electric Insurance Exchange

CEO Niedfeldt reported on the District's property and liability insurance coverage set to expire on April 30, 2022. CEO Niedfeldt recommended the District renew the annual coverage with Federated effective May 1, 2022. Premiums effective May 1, 2022 are \$380,359 as compared to \$341,831 in 2021.

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 proposal from Federated Rural Electric Insurance Exchange for the one-year period starting May 1, 2022.

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

Pole Inspection Contract

Engineering/Operations Manager Aaron Brown noted that Federated Rural Electric Insurance Exchange recommends the District inspect its entire service area every ten years. This program prevents pole failure and paid dividends over the years by replacing poles before they deteriorate and cause extensive outages and damages. Management recommends executing a five-year contract with Osmose Utilities Services, Inc.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves executing a five-year contract (2022-2026) with Osmose Utilities Services, Inc. for the District's pole inspection.

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

Contract 22-02 to Purchase Substation Transformers

Engineering/Operations Manager Aaron Brown reviewed Contract 22-02 substation transformer bid results that were received from five different manufacturers and recommended the bid received from manufacturer Virginia Transformer based on the lowest base bid received.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves Virginia Transformer as the manufacturer of substation transformers for Contract 22-02 in the amount of \$3,074,808 as recommended by management.

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

Charge Off Uncollectible Accounts

CEO Niedfeldt provided a review of accounts recommended for charge-off. CEO Niedfeldt reported that the list of recommended charge-offs totaled \$435.55.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves charge-offs of delinquent accounts totaling \$435.55 as recommended by management.

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

Lineman Scholarships

CEO Niedfeldt recommended that a scholarship be awarded to Bryce Barger from Aurora for the Lineman Scholarship Program for the year 2022.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves awarding the lineman scholarship for the year 2022 to Bryce Barger from Aurora.

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

Authorized Signatures at Cornerstone Bank

CEO Niedfeldt recommended the execution of a Resolution for new signature cards for himself and Jim Erbes for the Cornerstone Bank in Franklin, Nebraska .

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the execution of a Resolution for new signature cards for Neal Niedfeldt and Jim Erbes for Cornerstone Bank in Franklin, Nebraska.

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

***LUNCH RECESSED AT 12:00 P.M.,  
THE MEETING RECONVENED AT 12:32 P.M. IN OPEN SESSION.***

**MOTIONS & RESOLUTIONS (cont.):**

Review and Consideration of Personnel Matter

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves going into closed session at 12:34 p.m. to discuss personnel matters.

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

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

**RESOLUTION**

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

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

Executive employment Agreement

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

**RESOLUTION**


RESOLVED, that the Board of Directors of Southern Public Power District approves offering Neal Niedfeldt a new Employee Contract to be executed upon his approval.

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

**MISCELLANEOUS BUSINESS:**

The next Board Meeting is scheduled for Wednesday, May 11, 2022 at 10:00 a.m.

There being no other business, the meeting was adjourned at 2:40 p.m.

  
Wayne Anderbery, Secretary

  
Arlon Jacobitz, Chairman