

LOUP POWER DISTRICT  
BOARD OF DIRECTORS  
August 27, 2019

The regular meeting of the Board of Directors of the Loup River Public Power District was held at the Loup Power District Board Room, Columbus, Nebraska on August 27, 2019.

Notification of the meeting was published in the Columbus Telegram and on the Loup Power District website.

Director Zach presided as Chairman of the meeting and Assistant Secretary Angell Robak recorded the minutes.

**Roll call showed:**

**Present: Tooley, Donoghue, Langemeier, Fleming, Cerv, Drozd, Knott, Aerni, Heesacker, Zach**

**Absent: None**

**Staff Present: Neal Suess, David Bell, Ron Ziola, Walt Williams, Dan Hellbusch, Todd Duren, and Amanda Henry**

**Absent: None**

**Others Present: None**

Chairman Zach reminded everyone of the open meetings law and stipulated this meeting would be conducted according to the Nebraska open meetings law. Chairman Zach also stated he will be conducting the meeting based on Robert's Rules of Order.

President/CEO Suess welcomed the new Vice President of Corporate Services, Todd Duren, to the District, and Mr. Duren introduced himself to the Board.

**The minutes of the July 23, 2019 meeting were approved.**

The following reports were presented to the Directors: the July 2019 Staff Operations Report – Exhibit 19-117; the July 2019 Bank Reconciliation Report – Exhibit 19-118; the July 2019 Vendor Payment Report – Exhibit 19-119. Additional reports presented to the Directors included various financial metrics of the District for July 2019 – Exhibit 19-120; and NPPD's Board of Directors Committee Meetings and Board Meeting Agendas for the August 7-8, 2019 NPPD Board Meeting – Exhibit 19-121.

**Executive Committee**

A letter addressing Damage from the March 12-14 Storm Event is filed as Exhibit 19-122.

President/CEO Suess indicated that work continues on cleanup from the March 12-14 storm event. Mr. Suess stated the road along the north side of the Canal has been rebuilt and the decking on the skimming weir has been put back in place. Mr. Suess noted the District is now allowing 2,000 cfs of water into the Canal. President/CEO Suess indicated repairs continue on the dredge in order for it to become operational for fall dredging. Mr. Suess stated management continues to work with Olsson, Inc. on repair and design at the Headworks and along the Canal. Mr. Suess stated that several bid documents are scheduled for Board approval as outside

assistance is needed to complete the repair work at the Headworks. Mr. Suess reiterated the new site for the St. Edward substation has been purchased and noted that District management attended the St. Edward City Council meeting and explained the reasoning behind the decision to choose that specific site for the new substation. Management continues to meet with Federal Emergency Management Agency (FEMA) officials to review numerous damage claims from the District, and President/CEO Suess repeated that it will be many years before any funds are collected from FEMA. President/CEO Suess indicated management will soon be opening bids associated with Disaster Recovery Assistance to aid in the submittal of documents necessary for the recovery of money from federal agencies and to ensure all available funding sources are utilized. Management will be bringing that bid to the September Board meeting for approval. Management and the Board discussed at length various issues regarding the March 12-14 storm event.

A letter addressing the Hydroelectric Relicensing Update and Other Water Issues is filed as Exhibit 19-123.

President/CEO Suess indicated that there has been little additional activity at FERC during the past month. Mr. Suess stated the District filed the required progress report with FERC on July 15, specifying how the District was meeting the requirements under the License, particularly those requirements suspended by FERC. Mr. Suess noted that District management has contacted FERC officials regarding the Article 407 – Operation Compliance Plan to inquire if it would be possible to meet with FERC and the United States Fish and Wildlife Service (USFWS) to further discuss this plan. FERC officials said they would try to contact USFWS officials to arrange a meeting with all parties to continue these discussions. Mr. Suess stated the District is continuing to monitor the case before the Department of Natural Resources (DNR) regarding the transfer of water from the Platte River basin to the Republican River basin, and noted a show cause hearing was held on June 28, 2019. Mr. Suess stated all parties are working on briefs to submit in August. President/CEO Suess informed the Board that management entered into a Joint Defense Agreement with the Lower Loup Natural Resources District and the Central Platte Natural Resources District, which will help with costs of fighting this case. Mr. Suess noted that there has been no further discussion of drought monitoring cases along the Platte River. President/CEO Suess indicated the District continues to hold in abeyance the Eighth Circuit Court of Appeals filing for review of the License Order, although this may not continue indefinitely, which is one of the reasons the District has pushed for further discussions with FERC and USFWS. It is hoped the case can be cancelled if the final ruling from FERC is acceptable. Mr. Suess stated that discussions are ongoing regarding Colorado taking more water from the Platte River, which could have an effect on the Lower Platte River water. Mr. Suess also informed the Board that changes are being discussed in Congress regarding the Endangered Species Act which could have a beneficial impact on the District. Management and the Board discussed several issues related to the District's License.

A letter regarding the New Service Center Update is filed as Exhibit 19-124.

President/CEO Suess indicated construction of the District's new Service Center located in the Energy Triangle Addition continues to move closer to completion, and stated most of the outside work is complete, the entire building is enclosed, and most of the work is focused on smaller items within the facility, such as painting and flooring. Mr. Suess noted there is some additional concrete to be poured on the north and east sides of the building, and the District will be installing fuel tanks on the west side of the building soon as the old fuel tanks at the existing

Service Center site must be removed by September 30. Mr. Suess noted that the plans to move in during the fall of 2019 remain on track, and the current budget estimate of \$5.5 million is being met for the building construction. Mr. Suess stated approval was received from the City of Columbus for the preliminary plat of Energy Triangle Second Addition (ETSA), including details for the road and sewer layout, in addition to the lots included in the ETSA, and final approval is expected in September. Roadwork is progressing with dirt being hauled in to level out the road, and boring on the water line underneath the Lost Creek Parkway is expected to begin this week. President/CEO Suess indicated that, per the fire marshal, the water line has to be in place and the sprinkler systems in working order prior to moving in. Mr. Suess noted the wetlands mitigation plan for the ETSA has been approved and will likely take place off-site in the East Industrial Park area which is currently owned by the District. Mr. Suess stated a temporary septic system will be installed for use at the new Service Center since the sewer work for the facility, which will be performed by Obrist and Co., is not expected to be completed by the move-in date. Mr. Suess indicated District management continues to meet with C. S. Nelson Company real estate firm regarding the sale of the property in the Energy Triangle Addition as well as the sale of the existing Service Center building. Management and the Board discussed items related to the new Service Center and the Energy Triangle Addition.

John Krings entered the meeting at 9:42 A.M.

A letter regarding Bluestem Solar Discussions is filed as Exhibit 19-125.

President/CEO Suess indicated the District has worked with Bluestem Energy Solutions (Bluestem) to add qualifying local generation (QLG) to the District's energy mix, and noted the current three QLG projects consist of Creston Ridge I – 6,800 kW, Creston Ridge II – 6,900 kW, and Schuyler Solar – 460 kW. Mr. Suess stated the District has room for an additional 8,094 of QLG to reach the ten percent limit within the contract with NPPD. There is the capability to move the Monroe Powerhouse (MPH) to QLG in 2022, which would add 7,500 kW to the QLG, leaving 594 kW for additional QLG. President/CEO Suess indicated District management held discussions with Bluestem regarding the potential of a solar power system which would be operated in combination with a battery energy storage system (BESS). This would add another 664 kW of QLG, which could put the District over the ten percent limit depending on what is decided regarding the MPH. Mr. Suess stated the District would pay the capacity costs from BESS and energy costs associated with the solar array, but would save on demand costs and a small amount of energy costs, in addition to some transmission savings. President/CEO Suess indicated the estimated savings would be \$15,000 to \$16,000 in the first year, while future savings would be determined by NPPD's overall wholesale pricing. Mr. Suess stated District management and Bluestem were still in discussions and no Board decision was currently needed. President/CEO Suess noted that a Bluestem representative may attend the September or October Board meeting to answer any questions the Board may have. Management and the Board discussed this matter at length, including benefits the Bluestem Solar Project would provide to the District and its customers, as well as the costs to the District.

### **Rates Committee**

A letter regarding NPPD's 2020 Preliminary Wholesale Rate Projections is filed as Exhibit 19-126.

President/CEO Suess indicated that NPPD management provided a preliminary estimate of wholesale rates at the August 8, 2019, Board meeting and NPPD is not planning to make any changes to wholesale base rates for 2020. Because there will not be a change to wholesale base

rates for 2020, a wholesale cost analysis for 2020 will not be performed. Mr. Suess noted the NPPD Board is examining various proposals from management regarding the refund of excess rate stabilization funds through the production cost adjustment (PCA) and is expected to make its decision at the NPPD September Board meeting. President/CEO Suess indicated the District Board sent a letter to NPPD requesting that all excess rate stabilization funds be returned to its wholesale customers in 2020. Mr. Suess discussed with the Board the six preliminary production surplus options for refunding the excess rate stabilization funds which were provided by NPPD at its August Board meeting. Mr. Suess also shared a table comparing the actual wholesale rate for 2019 and the preliminary 2020 wholesale rate. Based on the wholesale rate design from NPPD, there will be no change in wholesale power costs in 2020, and changes in overall costs will depend on how the NPPD Board of Directors decides to return excess rate stabilization funds to customers. President/CEO Suess indicated NPPD will be providing final numbers to wholesale customers in September, and the decision to file for a wholesale rate hearing will be made at that time. Management and the Board discussed at length NPPD's 2020 preliminary wholesale rate projections.

John Krings exited the meeting at 10:34 A.M.

#### **Finance and Budget Committee**

A letter regarding the 2020 Budget Preparation Schedule is filed as Exhibit 19-127.

The 2020 Budget Preparation Schedule is filed as Exhibit 19-128.

**Director Langemeier made a motion to approve the 2020 Budget Preparation Schedule as presented. Director Aerni seconded the motion.**

President/CEO Suess pointed out key dates in the 2020 Budget Preparation Schedule, and stated there will be a meeting of the Finance and Budget Committee on November 19, 2019, at 9:30 A.M. to discuss the 2020 Construction and Operations Budgets. The entire Board is invited to attend this meeting.

**The question was called.**

**Aye: Tooley, Donoghue, Langemeier, Fleming, Cerv, Drozd, Knott, Aerni, Heesacker, Zach**

**Nay: None**

**Absent: None**

**The motion carried.**

#### **Personnel, Safety, and Insurance Committee**

The Payroll Changes are filed as Exhibit 19-129.

A letter regarding Health Insurance Renewal is filed as Exhibit 19-130.

President/CEO Suess indicated the National Rural Electric Cooperative Association (NRECA) provides health insurance and prescription drug coverage for all employees, pre-65 year old retirees, and Board members, while Hartford Insurance and Express Scripts provide health insurance and prescription drug coverage for post-65 year old retirees. The 2020 renewal premiums for health insurance from NRECA for current employees, pre-65 retirees, and the

Board of Directors amount to an overall increase of 3.2 percent, or approximately \$116,000 annually. The 2020 renewal premiums for health insurance provided by Hartford Insurance and Express Scripts, for post-65 retirees reflect an increase of 4.2 percent. Vice President of Administrative Services Williams and Human Resources Manager Henry both recommended the District renew the health insurance for 2020 with NRECA and with Hartford Insurance and Express Scripts at the proposed levels. President/CEO Suess stated the District is expected to have approximately \$121,000 in the health insurance reserve account at the end of 2019. After some discussion, President/CEO Suess and Vice President of Administrative Services Williams recommended the District include a monthly figure in the 2020 Operations budget to cover the District's costs for health insurance and prescription drug coverage, which would leave the reserve account at approximately \$121,000 during the year. As the retail rate increase is expected to be minimal, if any, this should not affect the overall retail rates for 2020.

Management recommended the Board accept the renewal of health insurance from NRECA, the Hartford Insurance and Express Scripts.

**Director Cerv made a motion to accept the renewal of health insurance for 2020 with NRECA, and with Hartford Insurance and Express Scripts at the proposed levels. Director Drozd seconded the motion and roll was called.**

**Aye: Tooley, Donoghue, Langemeier, Fleming, Cerv, Drozd, Knott, Aerni, Heesacker, Zach**

**Nay: None**

**Absent: None**

**The motion carried.**

#### **Support Services Committee**

A letter regarding Payments Made to Communities is filed as Exhibit 19-131.

President/CEO Suess indicated that checks for the ten percent lease payments to cities and villages will be delivered by the end of August. Mr. Suess also noted District management continues to work with all District-served towns who have not signed new lease agreements to acquire new lease agreements in the near future.

At this time, Vice President of Administrative Services Williams presented the financial report for July 2019 filed as Exhibit 19-132.

The work order letter is filed as Exhibit 19-133.

**Director Tooley made a motion to approve the work order letter as presented. Director Knott seconded the motion and roll was called.**

**Aye: Tooley, Donoghue, Langemeier, Fleming, Cerv, Drozd, Knott, Aerni, Heesacker, Zach**

**Nay: None**

**Absent: None**

**The motion carried.**

A letter regarding the Contract for Olsson Project No. 019-0946 – Intake Wall Reconstruction Project is filed as Exhibit 19-134.

Management recommended the Contract for Olsson Project No.019-0946 be awarded to B-D Construction, Inc. in the amount of \$519,060.50.

**Director Knott made a motion to accept management’s recommendation to award the Contract for Olsson Project No. 019-0946 – Intake Wall Reconstruction Project to B-D Construction, Inc. in the amount of \$519,060.50 and provide management with the authority to decide which repair procedure to move forward with. Director Aerni seconded the motion.**

President/CEO Suess informed the Board that the time frame for this project is weather-dependent and must be approved by FERC. Mr. Suess stated one of two procedures may be used, dependent on the foundation stability of the wing wall on the intake structure at the Headworks. Management and the Board discussed these procedures, and President/CEO Suess explained why the engineer’s estimate was markedly lower than the actual bids, citing fewer bidders and contractors not needing the work.

**The question was called.**

**Aye: Tooley, Donoghue, Langemeier, Fleming, Cerv, Drozd, Knott, Aerni, Heesacker, Zach**

**Nay: None**

**Absent: None**

**The motion carried.**

A letter regarding the Contract for Levee Repairs at the Genoa Headworks is filed as Exhibit 19-135.

President/CEO Suess stated management recommended the bid received from HB Construction from Platte City, MO, for Levee Repairs at the Genoa Headworks be rejected and that the District work with Preferred Sands on completing this work internally.

**Director Aerni made a motion to accept management’s recommendation that this contract not be awarded and that the District work with Preferred Sands on completing this work internally. Director Heesacker seconded the motion.**

President/CEO Suess indicated that the only bid received for Levee Repairs at the Genoa Headworks was from HB Construction from Platte City, MO, and after comparing HB Construction’s bid, versus the costs incurred by the District in working with Preferred Sands of Genoa for part of the emergency repair at the Headworks, management believes the bid is too high and should be rejected. Mr. Suess noted the reason the District requested outside bids for this project was because it was required by FEMA. Management and the Board discussed this issue further.

**The question was called.**

**Aye: Tooley, Donoghue, Langemeier, Fleming, Cerv, Drozd, Knott, Aerni, Heesacker, Zach**  
**Nay: None**  
**Absent: None**  
**The motion carried.**

A letter regarding Contract 2019-02 – Containerized Steam Boiler-Genoa Headworks is filed as Exhibit 19-136.

President/CEO Suess recommended Contract 2019-02 be awarded to York-Shipley/PMI in the amount of \$171,758.35, including taxes.

**Director Donoghue made a motion to accept management's recommendation to award Contract 2019-02 – Containerized Steam Boiler-Genoa Headworks to York-Shipley/PMI in the amount of \$171,758.35, including taxes. Director Langemeier seconded the motion.**

President/CEO Suess reiterated the boiler house and boiler at the Headworks was lost in the mid-March storm event. Mr. Suess explained this containerized steam boiler is portable and can be stored in the storage shed at the Genoa Headworks. Management and the Board discussed further details related to this issue.

**The question was called.**

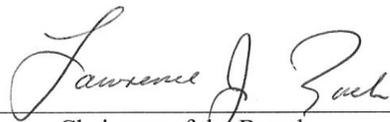
**Aye: Tooley, Donoghue, Langemeier, Fleming, Cerv, Drozd, Knott, Aerni, Heesacker, Zach**  
**Nay: None**  
**Absent: None**  
**The motion carried.**

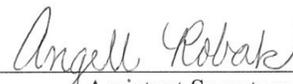
The next Board meeting will be held on Tuesday, September 17, 2019, at 9:00 A.M. in Columbus.

Taste of Columbus is set for Sunday, October 13, 2019 at the Ramada.

**Director Tooley made a motion to adjourn. Director Fleming seconded the motion. Motion carried by voice vote.**

9-17-19  
Date

  
Chairman of the Board

  
Assistant Secretary