

LOUP POWER DISTRICT
BOARD OF DIRECTORS
March 26, 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 March 26, 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, Walt Williams, and Amanda Henry

Absent: Ron Ziola, Dan Hellbusch

Others Present: Bob Beran of Dana F. Cole and Company, LLC

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 Mr. Beran to the meeting.

The minutes of the February 26, 2019 meeting were approved.

The following reports were presented to the Directors: the February 2019 Staff Operations Report – Exhibit 19-035; the February 2019 Bank Reconciliation Report – Exhibit 19-036; the February 2019 Vendor Payment Report – Exhibit 19-037. Additional reports presented to the Directors included various financial metrics of the District for February 2019 – Exhibit 19-038; NPPD's Board of Directors Committee Meetings and Board Meeting Agendas for the March 14-15, 2019 NPPD Board Meeting – Exhibit 19-039; NPPD's Board of Directors Meeting Agenda for the March 25, 2019 Special Board Meeting – Exhibit 19-040; and NPPD's RRC/PRAB/Customer Meeting Agenda and Presentations for the March 21, 2019 Meeting – Exhibit 19-041.

Finance and Budget Committee

A letter addressing the 2018 Audit is filed as Exhibit 19-042.

Director Aerni made a motion to accept the 2018 Audit report. Director Fleming seconded the motion.

President/CEO Suess stated the Finance and Budget Committee met on March 19, 2019, via phone conference with the District's auditor, Bob Beran of Dana F. Cole and Company, LLC to review the District's 2018 audit in depth. He then turned the meeting over to Mr. Beran to inform the Board of the audit results.

The 2018 Audit report is filed as Exhibit 19-043.

Mr. Beran stated the 2018 audit was issued with an unmodified opinion, which is the best opinion to be received. The District has good internal controls so there are no findings to report. The auditors received great cooperation from the Administrative Services Department and Vice President of Administrative Services Williams. Mr. Beran stated it was a very good audit, and there were no non-compliance issues. At this time Mr. Suess thanked Mr. Beran and his staff and Vice President Williams and his department for all of their help in securing a clean 2018 audit.

There was a lengthy discussion between the Board and Mr. Beran regarding various aspects of the audit.

The question was called.

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

Nay: None

Absent: None

The motion carried.

Mr. Beran exited the meeting at 9:27 a.m.

Executive Committee

A letter addressing the Damage from the March 12-14 Storm Event is filed as Exhibit 19-044.

President/CEO Suess stated the District suffered substantial damage from the March 12-14 storm event. Mr. Suess indicated the Loup Power Canal was breached on both the north and south sides of the intake structure and sluice gates, and there were at least five other breaches along the Canal. District personnel have stopped water flow into the Canal and are working on stopping water flow out of the Canal near the breach on Highway 22. Mr. Suess noted that there is no danger to public at this time, as long as the weather holds. Mr. Suess stated a subtransmission line was damaged along the south side of the Canal. President/CEO Suess indicated there was significant damage to the St. Edward substation and transformer; however, the District acquired a mobile substation from NPPD and St. Edward never lost total power. The District is looking for a new substation site for use in the future. President/CEO Suess indicated the South Farline substation sustained damage to its 34.5kV line going south and west out of Columbus, with a number of poles damaged or leaning. Mr. Suess noted it is difficult to get into the site as the Union Pacific Railroad is using the roads to fix the railway. There is also some damage to the distribution structures along Highway 30, and the District is working to get those back into service. Mr. Suess stated that management has begun the process of preparing the necessary documentation for the Nebraska Emergency Management Agency (NEMA) and the Federal Emergency Management Agency (FEMA). President/CEO Suess shared graphs showing the water levels of the Loup River near Genoa, the Loup River Canal near Genoa and Columbus, the Cedar River near Spalding, and the Platte River near Duncan, at various times during this storm event. Mr. Suess also shared many pictures and videos of the breaches near the Headworks and Canal, as well as a timeline of how this storm event unfolded. In addition, Mr. Suess used Google Earth to provide an overview of the damage around the District, particularly at the Headworks and Canal areas, as well as the St. Edward area. The Board and management

discussed at length many issues regarding this storm event, including how it could affect the District's hydroelectric license from the Federal Energy Regulatory Commission (FERC).

President/CEO Suess recommended the Board accept a proposal from Olsson, Inc. to Design Permanent Repairs of the Headworks and Canal.

Director Tooley made a motion to accept the proposal from Olsson, Inc. to design the permanent repairs of the Headworks and Canal. Director Aerni seconded the motion.

President/CEO Suess indicated management began discussions with Olsson, Inc. for design services associated with the permanent repairs to the Headworks and Canal. Mr. Suess stated that FERC is requiring the District to coordinate with FERC and receive their approval for the final design of the repairs. President/CEO Suess noted that Olsson, Inc. has been used by NPPD for hydroelectric services in the past. Mr. Suess stated that there was some urgency in selecting a consultant, as other projects could receive priority, which would delay the final design and, therefore, delay the District's return to normal operations. The proposal will include a survey of the property, root cause analysis, and the final cost projection for the recommended construction. An analysis of cessation of canal operations is also included in the proposal. Management and the Board further discussed the proposal from Olsson, Inc.

The question was called.

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

Nay: None

Absent: None

The motion carried.

A letter addressing the Hydroelectric Relicensing Update and Other Water Issues is filed as Exhibit 19-045.

President/CEO Suess indicated FERC issued an "Order Modifying and Approving Revised Recreation Plan Pursuant to Article 413" on January 30, 2019; however, since there were no major changes to the plan proposed by the District, the District is not planning to file for a rehearing. Mr. Suess stated the District will need to file quarterly reports on the status of reopening the Headworks OHV area. Mr. Suess stated the District had planned to hold a meeting with potential third-party managers of the OHV Park on April 10th, but this meeting will be rescheduled for a later date due to the storm event of March 12-14. President/CEO Suess indicated the District continues to wait on FERC to rule on the Operation Compliance Plan. The District sent a letter to FERC, with a copy sent to both the United States Fish and Wildlife Service (USFWS) and the Nebraska Game and Parks Commission (NGPC) requesting a meeting to continue discussions regarding the low water flow plans. Mr. Suess stated the District has heard back from FERC and USFWS that they would like to hold a meeting; however, the District has yet to hear when this meeting will take place. Mr. Suess indicated 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. Mr. Suess noted that the DNR has included the District's entire relicensing file as documents within this case, which is a good indicator that the District will be included as a party in this case, although no determination has

been made as of yet. President/CEO Suess stated that there has been no further discussion of drought monitoring cases along the Platte River, and there may not be for a significant period of time, considering the ongoing water issues in eastern Nebraska. Mr. Suess indicated the District continues to hold in abeyance the Eighth Circuit Court of Appeals filing for review of the new license order, and the District is waiting on FERC's review of the Operation Compliance Plan before determining what further court action may be taken. Mr. Suess noted that if an agreement can be reached with FERC and USFWS, the Eighth Circuit Court of Appeals case will be withdrawn. Management and the Board discussed several issues related to the District's License. Management and the Board also discussed how the District was affected by the floods in 1966 and 1993 as compared to the flood in 2019.

A letter regarding the New Service Center Update is filed as Exhibit 19-046.

President/CEO Suess indicated construction of the District's new Service Center located in the Energy Triangle Addition is ongoing. Mr. Suess stated that management continues to meet with B-D Construction regarding project concerns and scheduling, and reiterated that the pricing does not include costs associated with the road to this facility from Lost Creek Parkway or costs for the sewer extension, which will be billed by the City once the final layout and design are determined. President/CEO Suess indicated the entire building is enclosed, and work on the interior walls and features has begun. Mr. Suess stated the District is working with the City and the County on platting for the entire Energy Triangle Addition, including the roadway location leading into the Energy Triangle Addition from Lost Creek Parkway, as well as the road to the new Service Center, and these will go before the City's Planning Commission and City Council in April and May. The District is also working with its attorney on an easement for the entry road into the Energy Triangle Addition. President/CEO Suess noted the District has submitted its finalized wetlands mitigation plan to the Army Corps of Engineers for final approval. 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. Mr. Suess shared with the Board the construction timelines of B-D Construction, as well as their sub-contractors. Management and the Board discussed items related to the new Service Center and the Energy Triangle Addition.

Rates Committee

President/CEO Suess indicated the District may need to reexamine rates because of lost revenue from the hydro system due to the March 12-14 storm event, depending on what aid is received from NEMA and FEMA.

Personnel, Safety, and Insurance Committee

The Payroll Changes are filed as Exhibit 19-047.

Resolution No. 2019-01 regarding the retirement of Sharon Trofholz is filed as Exhibit 19-048.

Director Cerv made a motion to adopt Resolution No. 2019-01. Director Aerni seconded the motion.

Management and the Board discussed the numerous retirements of District employees and how this was not an unforeseen circumstance. President/CEO Suess pointed out that there are 137

years of service among the four employees whose retirement resolutions are being brought before the Board this month.

The question was called.

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

Nay: None

Absent: None

The motion carried.

Resolution No. 2019-02 regarding the retirement of Rick Cheloha is filed as Exhibit 19-049.

Director Cerv made a motion to adopt Resolution No. 2019-02. Director Donoghue 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.

Resolution No. 2019-03 regarding the retirement of Rick Schaecher is filed as Exhibit 19-050.

Director Cerv made a motion to adopt Resolution No. 2019-03. 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.

Resolution No. 2019-04 regarding the retirement of Ed Elm is filed as Exhibit 19-051.

Director Cerv made a motion to adopt Resolution No. 2019-04. 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.

President/CEO Suess outlined the changes in Customer Service Representative locations throughout the District.

Support Services Committee

A letter regarding the Legislative Bill Watch is filed as Exhibit 19-052.

President/CEO Suess stated the 2019 Nebraska Unicameral officially began its 90-day session on January 9, and is expected to end on June 6. Over 700 bills have been introduced. The main focus in the Unicameral this year is tax reform, budget concerns, and school funding. Mr. Suess indicated that Vice President of Development and Marketing Bell testified at the Nebraska Unicameral's legislative hearing regarding LB605, which provides a refundable income tax credit for renewable chemicals to eligible businesses. Several bills are being closely watched by organizations of which the District is a member, including the Nebraska Power Association (NPA) and the Columbus and State of Nebraska Chambers of Commerce. Management and the Board discussed several of these bills, as well as a proposal included in President Trump's budget proposal for 2020, which calls for the selling of Power Marketing Administrations, such as the Western Area Power Administration.

At this time, Vice President of Administrative Services Williams presented the financial report for February 2019 filed as Exhibit 19-053.

The investment letter is filed as Exhibit 19-054.

Director Donoghue made a motion to approve the investment letter as presented. Director Langemeier 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.**

The work order letter is filed as Exhibit 19-055.

Director Cerv 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.**

The next Board meeting will be held on Tuesday, April 23, 2019, at 9:00 A.M. in Columbus.

The APPA Annual Conference is set for June 7-12, 2019 in Austin, TX.

President/CEO Suess informed the Board that, with the Canal's current condition of lower water flow levels, water for irrigation cannot be guaranteed. Mr. Suess stated that canal irrigators will be sent a letter notifying them of this.

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


Chairman of the Board


Assistant Secretary

4/23/19
Date