

LOUP POWER DISTRICT  
BOARD OF DIRECTORS  
September 17, 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 September 17, 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: Donoghue, Langemeier, Fleming, Cerv, Drozd, Knott, Aerni, Heesacker, Zach**

**Absent: Tooley**

**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.

**Director Aerni made a motion to excuse the absence of Director Tooley. Director Heesacker seconded the motion and roll was called.**

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

**Nay: None**

**Absent: Tooley**

**The motion carried.**

**The minutes of the August 27, 2019 meeting were approved.**

The following reports were presented to the Directors: the August 2019 Staff Operations Report – Exhibit 19-137; the August 2019 Bank Reconciliation Report – Exhibit 19-138; the August 2019 Vendor Payment Report – Exhibit 19-139. Additional reports presented to the Directors included various financial metrics of the District for August 2019 – Exhibit 19-140; and NPPD's Board of Directors Committee Meetings and Board Meeting Agendas for the September 11-12, 2019 NPPD Board Meeting – Exhibit 19-141.

**Executive Committee**

A letter addressing Damage from the March 12-14 Storm Event is filed as Exhibit 19-142.

President/CEO Suess indicated that work continues on cleanup from the March 12-14 storm event. Mr. Suess stated B-D Construction has been authorized to do the repairs of the wing wall at the intake structure, and a pre-construction meeting with B-D and Olsson was held last week.

Mr. Suess indicated the cofferdam design will be submitted to the Federal Energy Regulatory Commission (FERC) for review, after which time construction will begin. Regarding the filling in and compaction of the breaches along the Canal, President/CEO Suess noted the only bid submitted last month was from HB Construction and was rejected by the Board at the August Board meeting per management's recommendation. Since that time, management has visited with HB Construction, and they have submitted a revised bid which management has found to be acceptable. Mr. Suess stated the District is using its own employees to complete the work on the St. Edward Substation, and the crews are currently working on the subtransmission and distribution lines that will feed into and out of the substation. President/CEO Suess indicated the District has cut back the water flow to 1,700 cfs intake into the Canal due to the high water flow in the Loup River and excess debris damaging some of the logs at the intake structure. Mr. Suess stated progress is being made with FEMA officials and the paperwork filing process has begun. Mr. Suess noted that bids have been received for assistance with Disaster Recovery Services. 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 19-143.

President/CEO Suess indicated that there has been no additional activity at FERC during the past month. 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, but management has not yet heard back from FERC regarding this requested meeting. 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 briefs have been filed at the DNR, and reply briefs are due by mid-October. President/CEO Suess reiterated 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, noting that the only outstanding issue is the Operations Compliance Plan and the opening of the ATV area. It is hoped the case can be cancelled if the final ruling from FERC is acceptable. 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 19-144.

President/CEO Suess indicated construction of the District's new Service Center located in the Energy Triangle Addition is nearing completion. Mr. Suess stated that carpeting and floor tiling continues to be installed, sun shades are on order, and once all elevations are finalized, fencing will begin. He added that some additional concrete still needs to be poured, and the fuel tanks will be installed soon. President/CEO Suess indicated the roadway, sewer and water work continues, and the final plat for the Energy Triangle Second Addition (ETSA) was approved by the City of Columbus on September 16. Mr. Suess stated the water line work continues as preparations are being made for the state fire marshal inspection. Once approval is received by

the fire marshal, the west entrance to the new Service Center will be used to the extent it can be in order to begin moving into the facility. 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, due to airport concerns. Mr. Suess indicated that 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.

### **Rates Committee**

A letter regarding the NPPD Board Decision on Return of Rate Stabilization Funds is filed as Exhibit 19-145.

President/CEO Suess indicated the NPPD Board made a decision at its September 12, 2019 Board meeting regarding the return of excess rate stabilization funds to its wholesale customers. Mr. Suess noted that, as specified in the wholesale power contract, NPPD can keep up to ten percent of the rate stabilization funds, but must return the excess to its wholesale customers in the next rate period. The current excess for return in 2020 is \$63.0 million. Mr. Suess reiterated the District Board wrote a letter to the NPPD Board in July requesting the return of the entire \$63.0 million, rather than using this money to reduce debt. Mr. Suess shared the various proposals considered by NPPD's Board for the use of the excess rate stabilization funds. President/CEO Suess informed the Board that at the September 11, 2019 NPPD Budget Committee meeting, NPPD's Budget Committee voted to recommend \$16.9 million of the excess funds be used to reduce debt, and return \$46.1 million to its wholesale customers through a Power Cost Adjustment (PCA) in 2020. Despite NPPD's wholesale customers' plea for NPPD to return the entire \$63.0 million to its wholesale customers, the NPPD Board voted to agree with its Budget Committee's recommendation to use \$16.9 million to reduce debt and to return \$46.1 million to its wholesale customers through a PCA in 2020. Base wholesale rates will remain the same. President/CEO Suess stated the District needed to make a decision on whether or not to request a rate hearing. Management and the Board discussed this issue at length, and it was decided that the District should move forward with a rate hearing request. Mr. Suess indicated that management will prepare a letter to NPPD filing for a rate hearing, which will likely take place at NPPD's November Board meeting.

### **Finance and Budget Committee**

A letter regarding Standard and Poors Revised Rating on the District's Outstanding Debt Issues is filed as Exhibit 19-146.

President/CEO Suess indicated that management has been working with Standard and Poors (S&P) regarding an updated bond rating on current outstanding debt issues. Mr. Suess noted S&P changed its rating criteria in September 2018, placing more weight on fixed charge coverage (FCC) and on concentration of customer base. Mr. Suess stated that because of this revised rating criteria, S&P downgraded the District's rating from its current AA rating to a rating of A+, which is a two-notch decline. President/CEO Suess indicated that this downgraded rating will have no effect on the District's existing debt, but will affect any new debt issues. Mr. Suess stated that the District was penalized for having an industrial customer base that produces nearly half of the District's retail revenue. Mr. Suess provided the Board with the full S&P Rating Report, and management and the Board discussed this issue at length.

**Personnel, Safety, and Insurance Committee**

The Payroll Changes are filed as Exhibit 19-147.

A letter regarding Resolution No. 2019-05 – John Czarnick Retirement is filed as Exhibit 19-148.

**Director Cerv made a motion to approve Resolution No. 2019-05. Director Aerni seconded the motion and roll was called.**

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

**Nay: None**

**Absent: Tooley**

**The motion carried.**

President/CEO Suess recommended the Personnel, Safety, and Insurance Committee meet on Tuesday, October 15, 2019, at 9:00 A.M. in the Board room to discuss the wage proposal for 2019. The committee agreed to meet at that time.

At this time, Vice President of Administrative Services Williams presented the financial report for August 2019, filed as Exhibit 19-149.

The investment letter is filed as Exhibit 19-150.

**Director Donoghue made a motion to approve the investment letter as presented. Director Fleming seconded the motion and roll was called.**

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

**Nay: None**

**Absent: Tooley**

**The motion carried.**

The work order letter is filed as Exhibit 19-151.

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

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

**Nay: None**

**Absent: Tooley**

**The motion carried.**

A letter regarding the Contract for Levee Repairs at the Genoa Headworks is filed as Exhibit 19-152.

Management recommended the Contract for Levee Repairs at the Genoa Headworks be awarded to HB Construction of Platte City, MO, in the amount of \$413,000.00

**Director Aerni made a motion to accept management's recommendation to award the Contract for Levee Repairs at the Genoa Headworks to HB Construction of Platte City, MO, in the amount of \$413,000.00. Director Fleming seconded the motion.**

President/CEO Suess stated the bid presented last month by HB Construction of Platte City, MO for levee work at the Genoa Headworks was rejected by the Board. After later meetings with HB Construction and discussing the process necessary for this work, HB Construction submitted a revised bid in the amount of \$413,000 for 28,022 cubic yards of fill, which was acceptable to the District. Mr. Suess indicated that the District will also use Bygland Direct Contracting to supply \$50,000 of hauling services, and will use clay from a private landowner at a cost of \$15,000.

**The question was called.**

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

**Nay: None**

**Absent: Tooley**

**The motion carried.**

A letter regarding RFP No. 2019-03 – Disaster Recovery Services is filed as Exhibit 19-153.

Management recommended all bids received under RFP No. 2019-03 for Disaster Recovery Services be rejected.

**Director Fleming made a motion to reject all bids received under RFP No. 2019-03 for Disaster Recovery Services. Director Drozd seconded the motion.**

President/CEO Suess indicated that the three bids received for Disaster Recovery Services were higher than expected, and management believes the District, with guidance from FEMA, will be able to submit the documentation necessary in order to receive the maximum funding available.

**The question was called.**

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

**Nay: None**

**Absent: Tooley**

**The motion carried.**

The next Board meeting will be held on Tuesday, October 22, 2019, at 9:00 A.M. in Columbus.

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

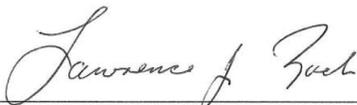
The Personnel, Safety and Insurance Committee meeting is set for October 15, 2019 at 9:00 A.M. in the Board room.

The Finance and Budget Committee meeting is set for November 19, 2019 at 9:30 A.M. in the Board room. All Directors are invited to attend this meeting.

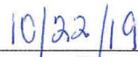
President/CEO Suess used Google Earth to show the Board where the new Headworks gatekeeper house is planned to be located and what work still needs to be done to repair the damage at the Headworks caused by the March 12-14 storm event.

The Board briefly discussed the NET Special “And the Floods Came: Nebraska 2019” and agreed it was a very good program.

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

  
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Chairman of the Board

  
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Assistant Secretary

  
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Date