

LOUP POWER DISTRICT
BOARD OF DIRECTORS
February 28, 2023

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 February 28, 2023.

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

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

Roll call showed:

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

Absent: None

Staff Present: Neal Suess, Korey Hobza, Dan Hellbusch, Todd Duren, Amanda Henry

Absent: Walt Williams

Others: Hannah Schrodtt – Columbus Telegram

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

President/CEO Suess welcomed Ms. Schrodtt to the meeting.

The minutes of the January 24, 2023 meeting were approved.

The following reports were presented to the Directors: the January 2023 Staff Operations Report – Exhibit 23-016; the January 2023 Bank Reconciliation Report – Exhibit 23-017; the January 2023 Vendor Payment Report – Exhibit 23-018. Additional reports presented to the Directors included various financial metrics of the District for December 2022 and January 2023 – Exhibits 23-019 and 23-020, respectively; selected financial information for December 2022 and January 2023 – Exhibits 23-021 and 23-022, respectively; and NPPD's Board of Directors Board Meeting Agendas for the February 8-9, 2023 NPPD Board Meeting – Exhibit 23-023.

Executive Committee

A letter addressing District Water Issues is filed as Exhibit 23-024.

President/CEO Suess indicated that District management, along with the District's attorney, have completed a working draft of the non-capacity amendment to the District's license, which mainly addresses the low water flow plan and water temperature issues in the lower Platte River. Mr. Suess stated that the District plans to file this non-capacity amendment with the Federal Energy Regulatory Commission (FERC) in March 2023, once management's consultation with the United States Fish and Wildlife Service (USFWS) and the Nebraska Game and Parks

Commission (NGPC) is completed, and the District hopes to get a ruling from FERC sometime in 2023.

President/CEO Suess noted that District management worked with New Century Environmental to complete the annual Invasive Species Monitoring Report, the annual Loup Power Canal Bank Monitoring Report, and the annual Loup River Bypass Reach Streambank Monitoring Report, which were required to be filed in February 2023, and these reports were submitted to FERC.

President/CEO Suess indicated that District management worked with HDR to recreate the hydrocycling study that was included in the District's License Application. Mr. Suess noted that this study must be replicated every five years throughout the License, with the next report due in 2028.

President/CEO Suess reiterated that, on December 12, 2022, the Department of Natural Resources (DNR) ruled that all Objectors to the interbasin water transfer case had no standing to intervene. Mr. Suess noted that the District was an Objector in a filing with the Central Platte Natural Resources District (CPNRD) and the Lower Loup Natural Resources District (LLNRD). Mr. Suess stated that, on January 9, 2023, the District, CPNRD, and LLNRD, as well as other Objectors, filed an appeal of the DNR's decision. Mr. Suess indicated that the DNR granted a stay to those Objectors who filed an appeal to the ruling until standing is decided.

President/CEO Suess indicated the District continues to hold in abeyance the Eighth Circuit Court of Appeals filing for review of the License Order, with the next filing expected to take place in early March 2023.

Regarding damage and repair from the mid-March 2019 storm event, President/CEO Suess indicated that the final design drawings were submitted to FERC for review of the overflow structure. Mr. Suess noted that FERC Staff and the District hope to hold a meeting in March to discuss these drawings and provide comments, including a review of the Potential Failure Mode Analysis (PFMA) for this project. Mr. Suess added that, once this meeting is completed, the District will work with its consultant to finalize the design and bid out next spring, with completion expected in late 2023 or early 2024.

Management and the Board discussed several items related to the District's hydroelectric license and other State of Nebraska water issues.

A letter regarding the Broadband Update is filed as Exhibit 23-025.

President/CEO Suess indicated that District management has been working with Platte County to determine if private broadband entities would be interested in partnering to provide high-speed fiber optic broadband to areas of rural Platte County.

President/CEO Suess stated a Request for Proposal (RFP) was sent to private entities in mid-November 2022, and responses were received in mid-January 2023 from Stealth Broadband out of Norfolk, NE; Nextlink Internet out of Lincoln, NE; and ALLO Communications out of Lincoln, NE.

President/CEO indicated that after reviewing and scoring the responses, Stealth Broadband (Stealth) was selected as the best response to partner with, and the District entered into a Memorandum of Understanding (MOU) with Stealth and Platte County. Mr. Suess stated that Stealth has submitted numerous grant applications through the Nebraska Public Service Commission (NPSC) and the Nebraska Capital Projects Fund (CPF) program with the hope of obtaining additional funding for this broadband project.

President/CEO Suess noted that the District continues to work with UBC to help align goals and put agreements together. Mr. Suess added that the District is looking for additional funding opportunities and hopes to have other counties make a commitment in the future.

President/CEO Suess indicated that management has executed an agreement with the National Rural Telecommunications Cooperative (NRTC) regarding a Smart Grid Technology Planning Study for the District that will allow the District to see the potential benefits of a partial broadband system in smart grid development. Mr. Suess added that District management had an initial kick-off meeting with the NRTC in February 2023, as well as several other meetings in February, and additional meetings are lined up for March, April and May, with a final report expected to be completed in mid-May 2023.

Management and the Board discussed various items related to the rural broadband issue.

Finance and Budget Committee

A letter regarding 2021 Utility Operating Ratios is filed as Exhibit 23-026.

President/CEO Suess indicated the American Public Power Association (APPA) recently filed a report which compares the operating ratios of various public power systems, and he reviewed this report with the Board, noting that this is a good way to measure the benchmark of the District to other public power systems. Mr. Suess noted the APPA report included specific information about the District in the years 2018, 2019, 2020, and 2021.

Mr. Suess presented tables illustrating the District is below or equal to the first quartile in most classes of customers and is below the median for all customer classes.

President/CEO Suess noted that the District is near the median in labor expense per worker-hour, and expressed that this shows the District is close to where it needs to be in wages compared to other utilities.

Management and the Board discussed information included in the APPA report.

A letter regarding the 15-Year Financial Proforma is filed as Exhibit 23-027.

President/CEO Suess indicated that management has presented long-term financial forecasts to the Board in the past to assist in bond issue decisions, as well as rate level potentials and the financial performance of the District. Mr. Suess stated that the last long-term financial proforma was presented in February 2020.

President/CEO Suess indicated that this proforma analysis was based on the following assumptions: 1) No NPPD rate increases in 2024 and 2025, with one percent thereafter; 2) No ADM load increase; 3) Hydro output of 150,000 MWH per year; 4) ADM margin set at five percent; 5) Inflation at six percent in 2024 and three percent thereafter; 6) Energy growth of one-half percent per year, and no new large loads; 7) Interest rate at three percent in 2024 and one and one-half percent thereafter; 8) No additional cash from FEMA/NEMA, with \$4.7 million yet to be paid; and 9) No dollars for sale of land or facilities.

President/CEO Suess presented several graphs to the Board showing the results of the proforma analysis. Mr. Suess stated that the proforma analysis included rate increases to maintain a debt service coverage of at least 2.0, with year-end cash reserves above twenty percent, and no new debt service. Mr. Suess noted that capital additions include the construction of a new general office facility beginning in 2028 at a cost of \$7.5 million.

A lengthy discussion took place between the Board and management regarding the 15-year financial proforma.

President/CEO Suess and the Board set Tuesday, March 21, 2023, at 9:00 A.M. as the date for the Finance and Budget Committee to meet and review the 2022 audit.

Personnel, Safety, and Insurance Committee

The Payroll Changes are filed as Exhibit 23-028.

The 2022 Annual Safety Report is filed as Exhibit 23-029.

President/CEO Suess indicated that, overall, 2022 was another good year for safety at the District, considering the amount of work being performed by District personnel.

President/CEO Suess stated that there were six personal injury accidents, one lost-time accident, and four vehicle accidents in 2022. Mr. Suess presented a graph illustrating the Personal Injury and Vehicle Accident Reports from 1967 to 2022, which showed a substantial drop in accidents over the last forty years. Mr. Suess also presented a chart which showed the District's Personal Injury and Vehicle Accident Reports for the years 2006 through 2022.

Management and the Board discussed the 2022 Safety Report, and several Board members expressed their appreciation to Supervisor of Safety and Training Rick Prater and all District Staff and employees for making safety a priority at the District.

Resolution No. 2023-03 regarding the retirement of Rey Jarecki is filed as Exhibit 23-030.

Director Aerni made a motion to adopt Resolution No. 2023-03. Director Drozd seconded the motion and roll was called.

Aye: Tooley, Donoghue, Zach, Fleming, Cerv, Langemeier, Aerni, Drozd, Heesacker
Nay: None
Absent: None

The motion carried.

Support Services Committee

The Legislative Bill Watch letter is filed as Exhibit 23-031.

President/CEO Suess stated the 108th Legislature of the 2023 Nebraska Unicameral officially began its long 90-day session on January 4, and this session is expected to end on June 9. The main focus in the Unicameral this year will be on tax reform and other budget concerns. Mr. Suess noted there is a large surplus of funds available.

Vice President of Corporate Services Duren discussed with the Board various bills that have been introduced by the State Senators, particularly those related to the electric utility industry. Several bills are being closely watched by organizations of which the District is a member, including the Nebraska Power Association (NPA), the Nebraska Economic Development Association (NEDA), and the Columbus and State of Nebraska Chambers of Commerce.

Management and the Board discussed further items related to the 2023 Nebraska Unicameral session.

A letter regarding Payments Made to Communities and Community Clubs is filed as Exhibit 23-032.

President/CEO Suess informed the Directors that in mid-February, the District made payments to all twenty-two communities under a new Professional Retail Operations Agreement and Franchise with each community. Mr. Suess noted that these payments are made quarterly and are based on eleven percent of the adjusted inside revenue for each community.

President/CEO Suess stated that payments were also made to various community clubs and organizations.

A letter regarding an Executive Session to Discuss and Take Possible Action on a Land Sale at the Energy Triangle Addition is filed as Exhibit 23-033.

At 10:25 A.M. Director Donoghue made a motion to move into Executive Session to discuss a land sale at the Energy Triangle Addition. Director Aerni seconded the motion and roll was called.

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

At 11:01 A.M. Director Aerni made a motion to return to regular session. Director Zach seconded the motion and roll was called.

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

Director Langemeier made a motion to allow management to enter into an option for the sale of the property in the Energy Triangle Addition at the pricing and terms discussed in Executive Session. Director Fleming seconded the motion and roll was called.

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

At 11:02 A.M. the Board took a brief break and returned at 11:10 A.M.

At this time, President/CEO Suess, in the absence Vice President of Accounting and Finance/CFO Williams, presented the financial report to the Board, which included the reports for December 2022 and January 2023, filed as Exhibits 23-034 and 23-035, respectively. Reports to the Board were also presented by Vice President of Engineering Hobza, Vice President of Operations Hellbusch, Vice President of Corporate Services Duren and Human Resource Manager Henry.

The work order letter is filed as Exhibit 23-036.

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

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


The next regular Board meeting is set for March 28, 2023, at 9:00 A.M. at the General Office.

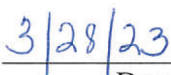
All Directors and officers of the District are required to file their NADC Form C-1 with the Nebraska Accountability and Disclosure Commission. The Directors were asked to let management know when their forms have been mailed. These forms can now also be submitted online and must be received by the State no later than March 1, 2023.

The Columbus Area Chamber of Commerce Annual Celebration is set for Thursday, April 27, 2023 at the Ramada beginning at 5:30 P.M. Loup Power District will be recognized for 90 years of membership.

The APPA Annual Conference is set for June 16-21, 2023 in Seattle, WA.

Director Tooley made a motion to adjourn. Director Drozd seconded the motion. The motion carried by voice vote.


Chairman of the Board


Date


Assistant Secretary