

LOUP POWER DISTRICT
BOARD OF DIRECTORS
June 28, 2022

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 June 28, 2022.

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

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

Roll call showed:

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

Absent: None

Staff Present: Neal Suess, Korey Hobza, Walt Williams, Dan Hellbusch, Todd Duren

Absent: Amanda Henry

Others: None

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

The minutes of the May 24, 2022 meeting were approved.

The following reports were presented to the Directors: the May 2022 Staff Operations Report – Exhibit 22-088; the May 2022 Bank Reconciliation Report – Exhibit 22-089; the May 2022 Vendor Payment Report – Exhibit 22-090. Additional reports presented to the Directors included various financial metrics of the District for May 2022 – Exhibit 22-091; selected financial information – Exhibit 22-092; NPPD's Board of Directors Board Meeting Agendas for the June 8-9, 2022 NPPD Board Meeting – Exhibit 22-093; NPPD's RRC/PRAB/Customer Meeting Agenda and Presentations for the June 23, 2022 Meeting – Exhibit 22-094; and NPPD's Board of Directors Board Meeting Agenda for the June 23, 2022 NPPD Special Board Meeting – Exhibit 22-095 .

Executive Committee

A letter addressing District Water Issues is filed as Exhibit 22-096.

President/CEO Suess indicated that, regarding license compliance, there has been no activity during the past month. Mr. Suess stated that management is awaiting approval of the Revised Loup River Bypass Reach Streambank Monitoring Plan which was submitted to the Federal Energy Regulatory Commission (FERC) in February. Mr. Suess noted that management and the District's attorney are working on a letter to FERC which will provide an update on the District operations compliance plan and the United States Fish and Wildlife Service (USFWS) Biological Opinion (BO), and management expects to file this letter with FERC in July.

Hannah Schrodt of the Columbus Telegram entered the meeting at 9:07 A.M.

President/CEO Suess indicated the District's intervention in the revised interbasin water transfer case continues to wait on the Department of Natural Resources (DNR) who is reviewing the information and hearing transcripts. Mr. Suess stated the DNR could make a ruling at any time. Mr. Suess reiterated 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 July 2022. Mr. Suess added that management and the District's attorney are working to determine what costs and likely outcomes may be associated with moving forward with this case. Regarding damage and repair from the mid-March 2019 storm event, President/CEO Suess stated that the final design drawings on the Canal remediation should be completed in late July, and District management has set up a conference call with FERC in early August to discuss the final design. Mr. Suess added that bids for construction on this project are planned to take place in fall 2022, with completion expected in summer 2023. Management and the Board discussed several items related to the District's hydroelectric license.

A letter regarding Further Discussion on Broadband in the Loup-Cornhusker Area is filed as Exhibit 22-097.

President/CEO Suess indicated that there has been little activity during the past month regarding further development of broadband in the Loup-Cornhusker area. Mr. Suess stated that Pat Pope and an attorney with Universal Broadband Consultants (UBC) have developed a funding resolution regarding a potential backbone fiber network in the District's four-county area. Mr. Suess stated that the resolution would be executed by each public entity that has entered into the Memorandum of Understanding (MOU) and would include each entity's level of commitment in dollars, with a separate funding resolution executed by each county in the four-county area. President/CEO Suess added that a Request for Proposal (RFP) from private entities would then be developed to determine what interest there may be in partnering to establish the backbone network and assist in bringing broadband to the rural four-county areas. Mr. Suess indicated that Mr. Pope has also been working with other groups outside the four-county area to determine where each group stands in the process and bring private developers to the table to discuss their interest in partnering to bring broadband to rural parts of Nebraska. Mr. Suess noted that management has held discussions with the National Rural Telecommunications Cooperative (NRTC) regarding a Smart Grid Technology Planning Study for the District that would allow the District to see the potential benefits of a partial broadband system in smart grid development. Mr. Suess added that the cost of this study is \$30,000 and NPPD would cover \$10,000 of this cost. President/CEO Suess indicated that management would look to receive some federal funding to supplement the costs related to the potential building of this smart grid. Management and the Board discussed various items related to the rural broadband issue.

President/CEO Suess indicated the Board Retreat is set for Wednesday, July 13, 2022, at Dusters, beginning at 8:30 A.M. Mr. Suess stated that individuals from NPPD will attend to discuss hydro and the Southwest Power Pool with the Board. Other items to be discussed will include EV charging and infrastructure, and the current relationship between CPPD and the District. Mr. Suess noted that, following lunch, management and the Board will head to Genoa for a tour of the Headworks to look at the damage and repair from the 2019 storm event, as well as the remedial action taken by the District.

Finance and Budget Committee

A letter regarding Discussion and Possible Action on Modification to the Commercial Lease with Preferred Sands is filed as Exhibit 22-098.

President/CEO Suess recommended the Board approve the Fourth Amendment to the Commercial Lease with Preferred Sands.

Director Donoghue made a motion to approve the Fourth Amendment to the Commercial Lease with Preferred Sands. Director Aerni seconded the motion.

President/CEO Suess indicated that in April 2006, the District entered into a commercial lease with Harwest to mine sand at the Headworks. Mr. Suess noted that Harwest then sold the operation to Preferred Sands (Preferred). President/CEO Suess stated that the commercial lease with Preferred contained royalty payments to the District which were set at \$.25 per ton with an escalator that is currently at approximately \$.40 per ton. Mr. Suess added the District has worked with Preferred to get the best sand possible, which has created a large return waste pile. President/CEO Suess indicated that Preferred has a potential market for the sand on the waste pile, but at a much lower margin. Mr. Suess stated that Preferred would like to lower the royalty payment on the return waste pile to half of the current royalty payment, and noted that this would create a win-win situation for all parties, as it would reduce the size of the return waste pile. Management and the Board discussed the proposed modification to the commercial lease, and agreed to approve the Fourth Amendment to the Lease with Preferred, with the stipulation that this amendment include a re-evaluation of the amendment to the commercial lease every five years.

Director Donoghue made a motion to amend the motion approving the Fourth Amendment to the Commercial Lease with Preferred Sands. Director Aerni seconded the motion and roll was called.

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

Nay: None

Absent: None

The motion carried.

Director Donoghue made a motion to approve the Fourth Amendment to the Commercial Lease with Preferred Sands with the stipulation that the amendment to the commercial lease be re-evaluated every five years. Director Aerni seconded the motion and roll was called.

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

Nay: None

Absent: None

The motion carried.

A letter regarding Discussion on the New Columbus SW Substation and Transformer RFP is filed as Exhibit 22-099.

President/CEO Suess indicated that the District has purchased land near the Columbus Sales Pavilion for the new Columbus Southwest distribution substation. The Columbus SW substation will remove loading off Columbus Northwest substation, as well as remove loading and eliminate long distribution runs from the Plant substation. Mr. Suess stated the Columbus SW substation was listed as a future years' item in the 2022 Construction Budget, and will be included in the 2023 Construction Budget. Mr. Suess noted that because of supply chain and lead time issues, management is planning to issue a Request for Proposal (RFP) for a 10/12/14 MVA transformer for this substation, since the cost of the transformer is expected to exceed \$250,000. President/CEO added that, once bids are received, the contract will be brought to the Board for approval. Management and the Board discussed this issue further.

Personnel, Safety, and Insurance Committee

The Payroll Changes are filed as Exhibit 22-100.

Support Services Committee

President/CEO Suess stated the APPA National Conference was held in Nashville, TN on June 10-15, 2022, and he noted that the general sessions were some of the best he has seen, addressing the economy, supply chain issues, and mid-term elections. Mr. Suess added the breakout sessions addressed electric vehicles and Distributed Energy Resources, smart grid, cybersecurity, and how to deal with FEMA and other federal agencies. The next APPA National Conference will be held on June 16-21, 2023, in Seattle, WA.

A letter regarding the High Hazard Area Safety and Regulatory Compliance Report is filed as Exhibit 22-101.

The District High Hazard Safety Administrator, who is the Vice President of Engineering, is required by FERC to regularly report High Hazard Area safety and regulatory compliance issues to the District President/CEO, who must then report independently of operations to the District Board of Directors. In order to comply with Section 4.4.4 of the High Hazard Area Safety Program, President/CEO Suess submitted a letter to the Board stating there have been no safety or regulatory compliance issues in either High Hazard Area No. 1 or No. 2. The last report was provided in June 2021. Management and the Board briefly discussed items regarding the High Hazard Area Safety Program.

Management and the Board discussed issues related to the 2022 Non-Supervisor's Meeting Questions and Answers and the 2022 Employee Satisfaction Survey Results.

Director Tooley exited the meeting at 10:30 A.M.

At 10:30 A.M. the Board took a brief break and returned at 10:40 A.M.

At this time, Vice President of Accounting and Finance/CFO Williams presented his report to the Board, which included the financial report, filed as Exhibit 22-102. Reports to the Board were also presented by Vice President of Engineering Hobza, Vice President of Operations Hellbusch and Vice President of Corporate Services Duren, who also presented the Human Resources Update report.

The investment letter is filed as Exhibit 22-103.

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

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

The work order letter is filed as Exhibit 22-104.

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

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

A letter regarding Approval of Amendment to Contract No. 2021-02 – Settling Basin Sea Wall Design and Construction is filed as Exhibit 22-105.

President/CEO Suess recommended the Board approve the Amendment to Contract No. 2021-02 for the Settling Basin Seawall Design and Construction.

Director Fleming made a motion to approve Amendment to Contract No. 2021-02 – Settling Basin Sea Wall Design and Construction. Director Heesacker seconded the motion.

President/CEO Suess indicated that, at the January 2022 Board meeting, the Board approved the bid from Midwest Infrastructure for Contract No. 2021-02 – Settling Basin Sea Wall Design and Construction. At the February 2022 Board meeting, the board of Directors approved an amendment to Contract No. 2021-02, which added Type C Riprap in the amount of \$17,000 to the contract. Mr. Suess noted that the final price of construction was to be adjusted for steel price increases, and the increase amounted to six and one-half percent. President/CEO Suess added that, during the design process, it was determined that a storm water drainage structure should be installed so storm water would not weaken the sea wall, and would also improve drainage at the Headworks. Mr. Suess stated this storm water drainage system will add \$38,773 to the project costs. Management and the Board discussed the additional costs related to the Amendment to Contract No. 2021-02.

The question was called.

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

The next regular Board meeting is set for July 26, 2022, at 9:00 A.M. at the General Office.

The Nebraska Power Association (NPA) is planning on having a conference this year to discuss utilities issues on August 30-31, 2022 in Kearney, NE.

NPPD is having a special customer meeting on July 19, 2022 to discuss the Rate Outlook for the next six years. President/CEO Suess stated he will report on this at the July Board meeting.

President/CEO Suess noted the following candidates for Directors seats for the 2022 general election:

Subdivision 2 – Alan Drozd (I), Ross Knott (I)
Subdivision 3 – Jim Donoghue (I), Brian Oppliger
Subdivision 6 – Larry Zach (I), Chuck Gonka

President/CEO Suess indicated Lindsay has performed an annexation north and west of its current city limits. This annexation is outside of the District service area, and there are no CPPD facilities in this area. Mr. Suess stated management is working with its attorneys and CPPD to get this area in the District's service territory and will be filing paperwork with Power Review Board.

Director Aerni made a motion to adjourn. Director Heesacker seconded the motion. The motion carried by voice vote.


Chairman of the Board


Assistant Secretary

7/26/2022
Date