

LOUP POWER DISTRICT  
BOARD OF DIRECTORS  
March 26, 2024

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, 2024.

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

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

**Roll call showed:**

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

**Absent: None**

**Staff Present: Neal Suess, Korey Hobza, Walt Williams, Todd Duren, Amanda Henry**

**Absent: Dan Hellbusch**

**Others: Dana Schultz; Bob Beran of Dana F. Cole and Company, LLP (via Zoom)**

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

President/CEO Suess welcomed the guests to the meeting.

**The minutes of the February 27, 2024 meeting were approved.**

The following reports were presented to the Directors: the February 2024 Staff Operations Report – Exhibit 24-037; the February 2024 Bank Reconciliation Report – Exhibit 24-038; the February 2024 Vendor Payment Report – Exhibit 24-039. Additional reports presented to the Directors included various financial metrics of the District for February 2024 – Exhibits 24-040; selected financial information for February 2024 – Exhibits 24-041; and NPPD's RRC/PRAB/Customer Meeting Agenda and Presentations for the March 21, 2024 Meeting – Exhibit 24-042.

**Finance and Budget Committee**

A letter addressing the 2023 Audit is filed as Exhibit 24-043.

**Director Zach made a motion to accept the 2023 Audit report. Director Heesacker seconded the motion.**

Director Zach stated the Finance and Budget Committee met on March 19, 2024 with the District's auditor, Bob Beran of Dana F. Cole and Company, LLP (Dana Cole) via Zoom to review the District's 2023 audit in depth. He then turned the meeting over to Mr. Beran to inform the Board of the audit results.

The 2023 Audit report is filed as Exhibit 24-044.

Mr. Beran stated the 2023 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 Accounting and Finance Department and Vice President of Accounting and Finance/CFO 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 their help in securing a clean 2023 audit.

Mr. Beran discussed various aspects of the audit with management and the Board.

**The question was called.**

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

**Nay: None**

**Absent: None**

**The motion carried.**

A letter addressing the Years 2024, 2025, and 2026 Audit Proposal is filed as Exhibit 24-045.

Management recommended that the Board accept the proposal from Dana F. Cole and Company, LLP to perform audit services for the Years 2024, 2025 and 2026.

**Director Fleming made a motion to accept the proposal from Dana Cole to perform the District's year-end financial audit for the next three years. Director Aerni seconded the motion.**

President/CEO Suess stated Dana Cole has been performing the District's year-end financial audit for the past 15 years with good service and in a professional manner. Dana Cole submitted a proposal for a three-year contract to perform the District's financial audits for the years 2024, 2025, and 2026 with an increase of approximately 7.6 percent as compared to 2023's audit, for the initial year of the contract and an average yearly increase of 8.5 percent during the term of the contract. Management assured the Board that the costs being proposed by Dana Cole are reasonable when compared to other firms performing these types of audits.

**The question was called.**

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

**Nay: None**

**Absent: None**

**The motion carried.**

The Zoom meeting with Mr. Beran ended at 9:36 A.M.

A letter addressing the 15-Year Financial Proforma is filed as Exhibit 24-046.

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 2023.

President/CEO Suess indicated that this proforma analysis was based on the following assumptions: 1) NPPD's rates will increase 3.3 percent in 2027, 6.6 percent in 2028, and no increases after that time; 2) Organic energy load growth for the District will be at 1.0 percent per year, and other new large loads include the Tallgrass carbon pipeline, Project Hexagon, Project Maverick (ADM), and Project Data in Schuyler; 3) Hydroelectric output will be 150,000 MWh per year; 4) ADM margin set at 5.0 percent; 5) Inflation at 3.0 percent with A&G escalation at 4.0 percent per year; 6) Interest rate at 3.0 percent per year; 7) No additional cash from FEMA/NEMA, with \$5 million yet to be paid; and 8) 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 1.5 percent, with year-end cash reserves above twenty percent, and \$30,000,000 in debt issuance in 2025 and \$25,000,000 in 2028 to support ongoing construction activities. Mr. Suess noted that capital costs were based on the construction budget approved by the Board in 2023, including a six-year look ahead.

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

### **Executive Committee**

A letter addressing District Water Issues is filed as Exhibit 24-047.

President/CEO Suess indicated that management continues to work with the District's attorney to finalize a non-capacity license amendment to be filed with the Federal Energy Regulatory Commission (FERC). Mr. Suess stated that the District is waiting on the Nebraska Department of Environment and Energy (NDEE) to complete a revised Water Quality Certificate (WQC) for the District's planned changes to water flow in the Loup and Platte Rivers. This WQC is expected to be completed in March 2024, after which time the District will finalize this non-capacity agreement and send it to FERC for approval. Mr. Suess added the final approval with FERC is expected to occur sometime in 2024.

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 June 2024.

President/CEO Suess reiterated that the District continues to work with the Nebraska federal delegation on collecting money from the Federal Emergency Management Agency (FEMA) related to the mid-March 2019 storm event.

Regarding damage and repair from the mid-March 2019 storm event, President/CEO Suess indicated that the final design drawings on the overflow structure were submitted to and approved by FERC. Mr. Suess noted that the District is waiting on FEMA/NEMA to approve this project before moving forward.

President/CEO Suess indicated that management has been reviewing existing contracts in place with upstream water users. Mr. Suess stated that management held a meeting with the Department of Natural Resources (DNR) regarding surface water management; however, no specific plan has been developed yet, as management begins to compile a list of upstream water users of the Loup River and its tributaries and work with a water attorney to develop a long-term plan.

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

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

The Payroll Changes are filed as Exhibit 24-048.

Resolution No. 2024-01 regarding the retirement of Joyce Guenther is filed as Exhibit 24-049.

**Director Aerni made a motion to adopt Resolution No. 2024-01. Director Drozd seconded the motion and roll was called.**

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

**Nay: None**

**Absent: None**

**The motion carried.**

Resolution No. 2024-02 regarding the retirement of Mark Romberg is filed as Exhibit 24-050.

**Director Aerni made a motion to adopt Resolution No. 2024-02. Director Donoghue seconded the motion and roll was called.**

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

**Nay: None**

**Absent: None**

**The motion carried.**

### **Support Services Committee**

A letter regarding the 2023 NPPD EnergyWise Annual Report is filed as Exhibit 24-051.

President/CEO Suess indicated that NPPD has provided a copy of the 2023 EnergyWise Annual Report to all wholesale customers which contains information regarding energy efficiency programs supported by NPPD and its wholesale customers. The EnergyWise program has greatly benefited NPPD and its wholesale customers, as well as the retail customers of the District who have chosen to take advantage of the programs offered by the District. Mr. Suess stated the District continues to be one of the largest users of dollars in the EnergyWise program and provides the most savings of all wholesale customers, noting that the total reimbursement for 2023 was \$336,348, compared to \$343,567 in 2022. Vice President Duren added that this program is a great customer relations tool, and the District takes great pride in providing programs to increase energy efficiency for its customers.

Management and the Board discussed various aspects of the EnergyWise program.

The Legislative Bill Watch letter is filed as Exhibit 24-052.

Vice President of Corporate Services Duren stated the 108<sup>th</sup> Legislature of the 2024 Nebraska Unicameral is on day 50 of its 60-day session. Mr. 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 2024 Nebraska Unicameral session.

At **10:45** A.M. the Board took a brief break and returned at **10:55** A.M.

At this time, Vice President of Accounting and Finance/CFO Williams presented his report to the Board, which included the financial report for February 2024, filed as Exhibit 24-053. Reports to the Board were also presented by Vice President of Engineering Hobza, Vice President of Corporate Services Duren and Human Resource Manager Henry. President/CEO Suess discussed several outages that had occurred due to the wind and ice in the District's service territory and presented the Operations report in the absence of Vice President of Operations Hellbusch.

The work order letter is filed as Exhibit 24-054.

**Director Zach made a motion to approve the work order letter as presented. Director Aerni seconded the motion.**

President/CEO Suess discussed with the Board an item in the work order letter.

**The question was called.**

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

**Nay: None**

**Absent: None**

**The motion carried.**

The next regular Board meeting is set for Tuesday, April 23, 2024, at 9:00 A.M. at the General Office.

President/CEO Suess stated that discussions continue with NPPD on its new Wholesale Power Contract, New Load Queue process and Transmission Interconnection process, and noted that many changes are coming.

President/CEO stated that options for potential modifications for those wanting behind-the-meter generation greater than 25kW are being reviewed.

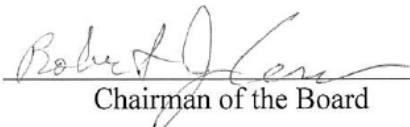
President/CEO Suess noted that April 18, 2024 is Lineworker Appreciation Day.

The APPA Annual Conference is set for June 7-12, 2024 in San Diego, CA.

President/CEO Suess stated the Board Retreat is set for July 31, 2024 at Dusters.

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

4/23/2024  
Date

  
Chairman of the Board

  
Assistant Secretary