

LOUP POWER DISTRICT
BOARD OF DIRECTORS
October 25, 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 October 25, 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, Amanda Henry

Absent: None

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 September 27, 2022 meeting were approved.

The following reports were presented to the Directors: the September 2022 Staff Operations Report – Exhibit 22-153; the September 2022 Bank Reconciliation Report – Exhibit 22-154; the September 2022 Vendor Payment Report – Exhibit 22-155. Additional reports presented to the Directors included various financial metrics of the District for September 2022 – Exhibit 22-156; selected financial information – Exhibit 22-157; NPPD's Board of Directors Board Meeting Agendas for the October 12-13, 2022 NPPD Board Meeting – Exhibit 22-158; and NPPD's RRC/PRAB/Customer Meeting Agenda and Presentations for the October 20, 2022 Meeting – Exhibit 22-159.

Executive Committee

After a request by Chairman Drozd, Directors Aerni, Fleming and Heesacker volunteered to serve as the nominating committee for developing the slate of officers for 2023.

A letter addressing District Water Issues is filed as Exhibit 22-160.

President/CEO Suess indicated that the Revised Loup River Bypass Reach Streambank Monitoring Plan which was submitted to the Federal Energy Regulatory Commission (FERC) in February has been approved, with the only modification being that report filings will have to be

continued through 2025. 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 shared this letter with FERC Staff in order to get their reaction and begin a dialogue before filing it with FERC. Mr. Suess stated the District hopes to have a meeting with FERC Staff to discuss this in early November. 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 November 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 have been submitted to FERC for review. Mr. Suess added that bids for construction on this project were planned to take place in fall 2022; however because FERC Staff requires additional information to complete their review, bids will take place in spring of 2023, with completion expected to be in late 2023 or sometime in 2024. Mr. Suess noted that work on repair of the jetties on the north side of the Loup River bypass reach that were damaged during the mid-March 2019 storm event will continue through this fall. Management and the Board discussed several items related to the District's hydroelectric license and other State of Nebraska water issues.

A letter regarding Further Discussion on Broadband in the Loup-Cornhusker Area is filed as Exhibit 22-161.

President/CEO Suess indicated that District management has been working with NPPD and Platte County to extend broadband in rural areas of Platte County. Mr. Suess stated that Platte County has indicated they will support an investment of up to \$1 million for rural broadband in Platte County; however, no other county has committed to any dollar amount. Mr. Suess added that management is working on a Request for Proposal (RFP) to determine what interest exists from private investors willing to work with Platte County and the District. President/CEO Suess indicated that District management and NPPD are working on developing an agreement with Universal Broadband Consulting (UBC) to aid in the review of RFP responses and finalizing a contract with the awarded bidder. Mr. Suess stated the RFP is expected to be sent out in mid-November, with a contract to be awarded near the end of March 2023. Mr. Suess noted 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 this study is not expected to begin until spring 2023. Management and the Board discussed various items related to the rural broadband issue.

President/CEO Suess recommended the Board approve Resolution No. 2022-07 regarding consideration of PURPA standards.

Director Aerni made a motion to approve Resolution No. 2022-07 regarding consideration of PURPA standards. Director Fleming seconded the motion.

President/CEO Suess indicated that in November 2021, President Biden signed the Infrastructure Investment and Jobs Act of 2021 (IIJA), within which the Public Utility Regulatory Policy Act (PURPA) was amended to include two new ratemaking standards for utilities with retail sales in excess of 500,000 MWh. Mr. Suess noted the two standards included in the IIJA were Demand Response Practices and Electric Vehicle Charging Programs. Mr. Suess stated that each standard must be considered and then a determination will be made whether or not to implement each standard. Mr. Suess added a public hearing will be held for each standard, and consideration must begin by November 15, 2022 and completed by November 15, 2023. President/CEO Suess indicated the District will be working with NPPD to prepare a report for the Board, as NPPD is also required to consider these standards. Management and the Board further discussed this issue.

The question was called.

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

Nay: None

Absent: None

The motion carried.

Finance and Budget Committee

A letter regarding Amendment One to the 2022 Construction Budget is filed as Exhibit 22-163.

President/CEO Suess recommended the Board approve Amendment One to the 2022 Construction Budget.

Director Cerv made a motion to approve Amendment One to the 2022 Construction Budget. Director Donoghue seconded the motion.

President/CEO Suess informed the Board that Amendment One to the 2022 Construction Budget increases the original 2022 Construction Budget from \$7,490,000 to \$7,820,000, an increase of \$330,000. He then detailed the changes that occurred in 2022 which changed the original Construction Budget. Management and the Board discussed at length the pros and cons regarding the revisions made to the 2022 Construction Budget.

The question was called.

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

Nay: Knott

Absent: None

The motion carried.

A letter regarding the 2023 Operating Proforma is filed as Exhibit 22-164.

Management recommended the Board approve the base Operation and Maintenance portion of the budget be increased by 9.0 percent for all costs, including wages.

Director Donoghue made a motion to instruct management to increase the base Operation and Maintenance portion of the 2023 budget by 9.0 percent for all costs, including wages. Director Cerv seconded the motion.

President/CEO Suess reviewed the Operation and Maintenance portion of the proposed 2023 budget and provided a comparison of retail revenue and energy sales for 2021 Actual, 2022 Budget, 2022 Projected, and a 2023 Projected Budget as part of a review of the Operating Proforma. The 2023 Projected Budget includes no base retail rate increase. President/CEO Suess also provided projections of wholesale sales and revenue and hydroelectric sales revenue. Hydro contract sales for 2023 budgeted are higher than the 2022 projected, and will be dependent on water availability and the market price for power sales in the Southwest Power Pool. Mr. Suess noted the new hydro contract with NPPD went into effect in 2022 and uses market-based rates for payments from NPPD, adding the hydro operators are doing a great job to maximize this revenue. The 2023 Projected Budget included purchased power costs based on NPPD's projected wholesale rates. NPPD is proposing no change to wholesale base rates in 2023, and has included a one-time Production Cost Adjustment (PCA) to refund the surplus revenue in the rate stabilization account, which is much smaller than the refund included in last year's wholesale rate from NPPD. The projected Operation and Maintenance expense budget was developed by removing one-time items from the 2022 projected expenses. This figure was increased by 9.0 percent to account for inflation and employee wage increases. Any one-time expenses expected in 2023 were added back in to arrive at the final 2023 projected Operation and Maintenance expense budget. There was a lengthy discussion between the Board and management regarding specifics related to the 2023 Operating Proforma.

The question was called.

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

Nay: None

Absent: None

The motion carried.

President/CEO Suess stated there will be a meeting of the Finance and Budget Committee on November 15, 2022, at 9:00 A.M. at the General Office to discuss the 2023 Construction and Operations Budgets. Prior to the discussion of the 2023 Construction and Operations Budgets, there will be a meeting via telephone with a wage consultant to discuss President/CEO wages. All Board members are requested to attend.

Personnel, Safety, and Insurance Committee

The Payroll Change is filed as Exhibit 22-165.

A letter regarding the Year 2023 Wage Review is filed as Exhibit 22-166.

The Personnel, Safety, and Insurance Committee recommended the Board increase the wage structure by 5.00 percent for all labor codes and a funding level increase of \$675,000 for overall wages in 2023.

Director Aerni made a motion to increase the wage structure by 5.00 percent for all labor codes and a funding level increase of \$675,000 for overall wages in 2023. Director Fleming seconded the motion.

President/CEO Suess reviewed the proposed changes in the District's wages for 2023. Mr. Suess presented tables showing various wages and benefits for several utilities as well as differences between the District and other utilities and industries. The District uses the journey line technician wage structure to compare to other peer utilities. The District comparison is better when benefits are added, due mainly to the lifetime health insurance benefit provided by the District, which none of the other utilities provide to new employees. A survey by management of other utilities and local industries indicated wage increases for these entities between 3.00 and 9.50 percent for 2023. Management and the Board discussed at length various aspects of the proposed wage changes, including the current benefits provided by the District.

The question was called.

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

Nay: None

Absent: None

The motion carried.

At 10:40 A.M. the Board took a brief break and returned at 10:47 A.M.

Director Tooley exited the meeting at 10:47 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 22-167. 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 investment letter is filed as Exhibit 22-168.

Director Knott made a motion to approve the investment letter as presented. Director Cerv 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 possible action on a Transformer Selection for Service to the New Casino is filed as Exhibit 22-169.

President/CEO Suess indicated that completion of the new casino being built in the northwest portion of Columbus is estimated to be in early 2024, and it has been determined that a 2500kVA three-phase padmount transformer will be required in order to serve the new load. Mr. Suess

stated that, due to critical supply chain issues, it is necessary to order this transformer early to meet the dates set forth by the developer and construction contractor. Mr. Suess added that although the 2023 Construction Budget has not been finalized or approved by the Board of Directors, it is important to place the order for this transformer as soon as possible. President/CEO Suess stated that, after sending out a request for proposal (RFP) to transformer suppliers, and after comparing the four bids received, it was determined that the Solomon brand transformer provides the lowest bid for the transformer as well as the shortest lead time for delivery to the District. Mr. Suess noted that if accepted by the Board, the Solomon transformer should arrive in the summer of 2023, giving ample time for installation, and added the District will not be billed until it is delivered. President/CEO Suess indicated that this transformer will be included in the 2023 Construction Budget, and recommended the Board approve the selection of the Solomon 2500kVA three-phase transformer to serve the new casino in northwest Columbus.

Director Donoghue made a motion to approve the selection of the Soloman 2500kVA three-phase transformer to serve the new casino in northwest Columbus. Director Zach seconded the motion.

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 November 22, 2022, at 9:00 A.M. at the General Office.

President/CEO Suess stated that the recent financial review from S&P Global resulted in a financial rating of "A" for the District.

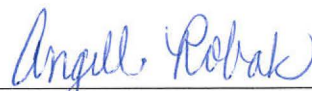
President/CEO Suess noted the following candidates for Directors seats for the 2022 general election:

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

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



Chairman of the Board



Assistant Secretary

11/22/2022

Date