

LOUP POWER DISTRICT
BOARD OF DIRECTORS
October 22, 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 October 22, 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: Donoghue, Fleming, Heesacker, Aerni, Drozd, Cerv

Absent: Tooley, Zach

Staff Present: Neal Suess, Walt Williams, Dan Hellbusch, Todd Duren, Amanda Henry

Absent: Korey Hobza

Others: Dana Schultz

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 Mr. Schultz to the meeting.

Director Aerni made a motion to excuse the absences of Directors Tooley and Zach. Director Drozd seconded the motion and roll was called.

Aye: Donoghue, Fleming, Heesacker, Aerni, Drozd, Cerv

Nay: None

Absent: Tooley, Zach

The motion carried.

The minutes of the September 24, 2024, meeting were approved.

The following reports were presented to the Directors: the September 2024 Staff Operations Report – Exhibit 24-155; the September 2024 Bank Reconciliation Report – Exhibit 24-156; the September 2024 Vendor Payment Report – Exhibit 24-157. Additional reports presented to the Directors included various financial metrics of the District for September 2024 – Exhibit 24-158; selected financial information for September 2024 – Exhibit 24-159; NPPD's Board of Directors Board Meeting Agendas for the October 9-10, 2024, NPPD Board Meeting – Exhibit 24-160; and NPPD's RRC/PRAB/Customer Meeting Agenda and Presentations for the October 17, 2024 Meeting – Exhibit 24-161.

Executive Committee

After a request by Chairman Cerv, Directors Fleming, Aerni, and Donoghue volunteered to serve as the nominating committee for developing the slate of officers for 2025.

A letter addressing District Water Issues is filed as Exhibit 24-162.

President/CEO Suess indicated that the non-capacity license amendment has been filed with the Federal Energy Regulatory Commission (FERC) and, if this filing is approved by FERC, the District will develop and file a new Operations Compliance Plan. Mr. Suess noted that the outcome of the ATV riding area still needs to be determined, as it is part of the Recreation Plan. Mr. Suess added that management is working with New Century Environmental (NCE) on year-end reports.

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 December 2024. Mr. Suess discussed with the Board what steps may be taken regarding moving forward with the Eighth Circuit Court of Appeals when the non-capacity license amendment is approved by FERC. Mr. Suess stated that management will consult with the District's attorney regarding this matter and continue the discussion with the Board at next month's Board meeting.

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, and stated that the Nebraska Emergency Management Agency (NEMA) is trying to finalize the projects and get payment to the District in order to avoid spending additional dollars on consultants.

Regarding damage and repair from the mid-March 2019 storm event, President/CEO Suess stated the bid letting for the Canal Overflow project was held on September 18, 2024, and Midwest Infrastructure was selected to be the contractor. Mr. Suess noted that construction could start yet in 2024, and FEMA/NEMA have agreed to pay 90 percent of the cost.

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

Finance and Budget Committee

A letter regarding Amendment One to the 2024 Construction Budget is filed as Exhibit 24-163.

President/CEO Suess informed the Board that Amendment One to the 2024 Construction Budget increases the original 2024 Construction Budget from \$7,301,000 to \$11,192,000, an increase of \$3,891,000. He then detailed the changes that occurred in 2024 which changed the original Construction Budget.

Management and the Board discussed at length the revisions made to the 2024 Construction Budget.

President/CEO Suess recommended the Board approve Amendment One to the 2024 Construction Budget.

Director Donoghue made a motion to approve Amendment One to the 2024 Construction Budget. Director Aerni seconded the motion and roll was called.

Aye: Donoghue, Fleming, Heesacker, Aerni, Drozd, Cerv

Nay: None

Absent: Tooley, Zach

The motion carried.

A letter regarding the 2025 Operating Proforma is filed as Exhibit 24-164.

President/CEO Suess reviewed the Operation and Maintenance portion of the proposed 2025 budget and provided a comparison of retail revenue and energy sales for 2023 Actual, 2024 Budget, 2024 Projected, and a 2025 Projected Budget as part of a review of the Operating Proforma.

The 2025 Projected Budget includes a 2.0 percent retail rate increase. President/CEO Suess also provided projections of wholesale sales and revenue and hydroelectric sales revenue. Hydro contract sales for 2025 are budgeted at \$5,970,000 and assumes normal water flow. Mr. Suess added the hydro contract with NPPD uses market-based rates for payments from NPPD, and noted that, even though the hydro operators are doing a great job to maximize revenue, these payments will be lower than in past years, due to expected lower market prices. The 2025 Projected Budget included purchased power costs based on NPPD's projected wholesale rates. NPPD is proposing no change to wholesale base rates in 2025 and has included a one-time Production Cost Adjustment (PCA) to refund the surplus revenue in the rate stabilization account, which is expected to be lower 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 2024 projected expenses. This figure was increased by 4.0 percent to account for inflationary increases, including insurance, benefits, and employee wages. Any one-time expenses expected in 2025 were added back in to arrive at the final 2025 projected Operation and Maintenance expense budget.

There was a lengthy discussion between the Board and management regarding specifics related to the 2025 Operating Proforma.

President/CEO Suess recommended that the base Operation and Maintenance portion of the 2025 budget be increased by 4.0 percent for increased costs of goods and services and the wage and salary adjustment, including benefits.

Director Aerni made a motion that the base Operation and Maintenance portion of the 2025 budget be increased by 4.0 percent for increased costs of goods and services and the wage and salary adjustment, including benefits. Director Fleming seconded the motion and roll was called.

Aye: Donoghue, Fleming, Heesacker, Aerni, Drozd, Cerv

Nay: None

Absent: Tooley, Zach

The motion carried.

President/CEO Suess stated there will be a meeting of the Finance and Budget Committee on November 19, 2024, at 9:00 A.M. at the General Office to discuss the 2025 Construction and Operations Budgets. All Board members are requested to attend.

Personnel, Safety, and Insurance Committee

The Payroll Changes are filed as Exhibit 24-165.

A letter regarding the Year 2025 Wage Review is filed as Exhibit 24-166.

President/CEO Suess reviewed the proposed changes in the District's wages for 2025. 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 2.9 and 11.6 percent for 2025.

Management and the Board discussed at length various aspects of the proposed wage changes, including the current benefits provided by the District.

Management recommended the Board increase the wage structure by 2.5 percent for all labor codes and a funding level increase of \$465,00 for overall wages in 2025.

Director Aerni made a motion to increase the wage structure by 2.5 percent for all labor codes and a funding level increase of \$465,000 for overall wages in 2025. Director Fleming seconded the motion and roll was called.

Aye: Donoghue, Fleming, Heesacker, Aerni, Drozd, Cerv

Nay: None

Absent: Tooley, Zach

The motion carried.

The 2025 Vice President Salary Levels letter is filed as Exhibit 24-167.

At 10:21 A.M. Director Donoghue made a motion to move into Executive Session to discuss the search for the new President/CEO and 2025 VP Salary Levels. Director Drozd seconded the motion and roll was called.

Aye: Donoghue, Fleming, Heesacker, Aerni, Drozd, Cerv

Nay: None

Absent: Tooley, Zach

The motion carried.

At 10:50 A.M. Director Aerni made a motion to return to regular session. Director Heesacker seconded the motion and roll was called.

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

Director Aerni made a motion to approve the 2025 Vice President Salary Levels as recommended by President/CEO Suess and discussed during the Executive Session, effective January 1, 2025. Director Donoghue seconded the motion and roll was called.

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

At 10:55 A.M. the Board took a brief break and returned at 11:05 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 September 2024, filed as Exhibit 24-168. Reports to the Board were also presented by Vice President of Operations Hellbusch, Vice President of Corporate Services Duren, and Human Resource Manager Henry. President/CEO Suess presented the engineering report in the absence of Vice President of Engineering Hobza.

The investment letter is filed as Exhibit 24-169.

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

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

The work order letter is filed as Exhibit 24-170.

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

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

The next regular Board meeting is set for Tuesday, November 26, 2024, at 9:00 A.M. at the General Office.

The NPA Annual Conference is scheduled for October 29-30, 2024, in Kearney, NE.

President/CEO Suess informed the Board that, if any director is interested, APPA is looking for elected Board members to serve on its Policy Makers Council.

Director Drozd made a motion to adjourn at 11:35 P.M. Director Donoghue seconded the motion. The motion carried by voice vote.



Chairman of the Board



Assistant Secretary

11/26/2024
Date