



MINUTES OF DISTRICT ENERGY CORPORATION BOARD

Minutes of the meeting of the District Energy Corporation (DEC), October 24, 2022, held at the Lincoln Electric System Operations Center, 9445 Rokeby Road, Lincoln, Nebraska. Notice of the meeting was published in the Lincoln Journal Star on October 17, 2022.

Board Members Present: Deb Schorr, Tammy Ward, Sean Flowerday, Layne Sup

Board Members Absent: None

Others Present: David Levy, Emily Koenig, Jason Fortik, Tom Davlin, Larry Balm, Dianne Dobrusky, Carl Eskridge, Austin Ligenza

Chair Deb Schorr called the meeting to order at 10:35 a.m. and noted that a quorum was present. Schorr stated that DEC conducts its meetings in compliance with the Nebraska Open Meetings Act and that a copy of the act is located with the Assistant Secretary. **Call to Order**

Jason Fortik, LES Vice President of Power Supply and DEC Administrator, presented the Safety Briefing. **Safety Briefing**

Chair Schorr asked for approval of the September 13, 2022 meeting minutes. Sean Flowerday made the motion and Ward seconded. The vote to approve the minutes was: **Approval of September 13, 2022 Minutes**
Aye: Schorr, Ward, Flowerday, Sup
Nay: None
Absent: None

Tom Davlin, P.E., LES Manager, Projects Engineering, presented. **Management Report**

Davlin stated that there were no unplanned service interruptions, and then detailed several issues that are currently being evaluated. The budget summary and recent natural gas prices were reviewed.

Davlin presented the Capital Projects update for 2022 with details for each project. Those projects include: SBP deaerator and PLC upgrade, central cyber security system, SBP roof upgrade, CC ice capacity expansion, and CC TES expansion.

The Capital Projects for 2023 list was presented, with details and budget amounts for each item discussed. Those projects include:

CC water softener upgrade, CC water service addition, SBP DA controls and surge tank upgrades, CADF geothermal loop cooler, CADF backup circulating water pumps, WHM boiler additions, WHM Hudl 2 service extension, LOC geothermal loop heating system, NSP control room temperature conditioning, NSP on-line chiller tube cleaning system, SBP roof replacement, and the central cyber security system.

An update on current Feasibility Studies was presented with details on current and potential future projects. There has not been much movement on the projects that would require a decision from the State on expanding service from the State Boiler Plant. The 9th and P Str. potential project appears more favorable and is waiting on the developer to decide on moving forward with a detailed feasibility study.

Emily Koenig, LES VP Financial Services and CFO, presented the 3rd quarter Financial Report.

Financial Report

- **3rd Quarter 2022**

YTD sales are slightly over budget, due primarily to warmer than average temperatures. YTD revenues are closely following budget. YTD expenses are slightly over budget, primarily due to natural gas costs. Projections for the year-end capital budget currently indicate a potential under budget finish.

Emily Koenig, LES VP Financial Services and CFO, presented the 2023 Annual Budget Report (including Resolutions 22-07, 22-08, and 22-09)

Financial Report

- **2023 Budget Report**

Koenig presented that the proposed 2023 Operating Budget is slightly higher than the current year, driven mostly by the WHM and CADF projects. The demand-other rates meet the cost-of-service targets, and the demand-financing rates are similar to the 2022 budget. The higher heating rates proposed are driven by the increase in natural gas prices. In total, the 2023 proposed budget is an 11.9% over the 2022 budget. The rates impact to each DEC customer were reviewed, and each customer has been contacted and received their new rate schedule.

The 2023 Capital Budget items were reviewed, along with the 2023 Operating Budget recap for each customer, with details for each project.

Koenig presented the details of the proposed funds transfer from the DEC operating fund the DEC rate stabilization fund. Also

presented were the details of the intent of the DEC to reimburse certain capital expenses from the proceeds of future tax-exempt obligations.

Schorr called for a motion to approve Resolution 22-07, adopting the 2023 DEC Operating and Capital Budget, and a revised Schedule of Rates and Charges for DEC customers for 2023. Flowerday made the motion and Ward seconded. The vote to approve the Resolution was:

Resolution 22-07

Aye: Schorr, Ward, Flowerday, Sup
Nay: None
Absent: None

Schorr called for a motion to approve Resolution 22-08, to approve the transfer of funds from the DEC Operating Fund to the DEC Rate Stabilization Fund and allocating certain amounts therein to specific plants. Ward made the motion and Flowerday seconded. The vote to approve the Resolution was:

Resolution 22-08

Aye: Schorr, Ward, Flowerday, Sup
Nay: None
Absent: None

Schorr called for a motion to approve Resolution 22-09, to declare the intent of the DEC, under IRS Code of 1986, as amended, to reimburse certain capital expenditures from the proceeds of future tax-exempt obligations. Flowerday made the motion and Ward seconded. The vote to approve the Resolution was:

Resolution 22-09

Aye: Schorr, Ward, Flowerday, Sup
Nay: None
Absent: None

Jason Fortik, LES Vice President of Power Supply and DEC Administrator, presented the details of Resolution 22-10: to delegate certain duties to the Recording Secretary.

Resolution 22-10

Schorr called for a motion to approve Resolution 22-10. Flowerday made the motion and. Ward seconded. The vote to approve the Resolution was:

Aye: Schorr, Ward, Flowerday, Sup
Nay: None
Absent: None

Tom Davlin presented a preview of the new DEC website that is under construction.

Schorr reminded everyone that the next meeting date is January 24th, 2023.

Schorr commented that this is the last board meeting she will be present at, as her term is ending. Ward, and others, commended her for her service and expressed their thanks for her time and expertise.

There being no further business to come before the Board, Chair Schorr declared the meeting adjourned at 11:35 a.m.

Tammy Ward, Vice Chair

By: *Dianne Dobrusky*
Dianne Dobrusky, Assistant Secretary