



MINUTES OF DISTRICT ENERGY CORPORATION BOARD

Minutes of the meeting of the District Energy Corporation (DEC), April 16, 2024, held at the Lincoln Electric System Operations Center, 9445 Rokeby Road, Lincoln, Nebraska. Notice of the meeting was published in the Lincoln Journal Star newspaper on April 9, 2024.

Board Members Present: Carl Eskridge, Rick Vest, Bennie Shobe

Board Members Absent: Sean Flowerday, Kim Morrow

Others Present: David Levy, Jason Fortik, Emily Koenig, Nick Wischhof, Larry Balm, Dianne Dobrusky, Keith Snyder, Kerin Peterson

Vice Chair Carl Eskridge called the meeting to order at 12:10pm. Eskridge stated that DEC conducts its meetings in compliance with the Nebraska Open Meetings Act and that a copy of the act is posted at the back of the room.

Call to Order

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

Safety Briefing

Vice Chair Eskridge asked for approval of the January 23, 2024 meeting minutes. Director Rick Vest made the motion and Director Bennie Shobe seconded. The vote to approve was:
Aye: Eskridge, Vest, Shobe
Nay: None / Absent: Flowerday, Morrow

Approval of Prior Minutes for 1/23/24

Vice Chair Eskridge asked for approval of the February 22, 2024 meeting minutes. Shobe made the motion and Vest seconded. The vote to approve was:
Aye: Eskridge, Vest, Shobe
Nay: None / Absent: Flowerday, Morrow

Approval of Prior Minutes for 2/22/24

Nick Wischhof, LES Manager, Projects Engineering, presented.

Management Report

Wischhof reviewed the details of several service interruptions for the period. Those included:

- Planned outages at the Nebraska State Penitentiary (NSP) for customer steam/condensate leak repairs. Also noted that NSP continues to be on full makeup.

• Operations Update

- County City and State Boiler Plants had brief outages, less than 1 hour, due to a power outage.
- Lincoln Operations Center (LOC) had a planned outage for a fire water pump installation.

Wischof presented several slides with graphs showing natural gas metrics, comparing actual usage and costs to the budgeted amounts.

- **Fuel Update**

Information was presented on active capital project status and costs compared to budget. The tables presented show costs to date and forecast costs for project completion. He gave further detail regarding the WHM electric boiler addition, and the complications that may push the project over budget.

- **Project Updates**

Wischof stated that DEC staff have provided cost estimates to a potential developer for the new Lincoln convention center and for the County City supportive housing project.

- **Expansion Potential**

Wischof presented information on the main decarbonization strategies relevant to district energy - electrification, optimization & energy efficiency, and emerging fuels and technologies. A review of other district energy system goal statements was shared. Wischof also shared the results of the evaluation of specific projects that could apply to DEC, including timelines and cost estimates.

- **Decarbonization Goal Review**

Vice Chair Eskridge called for a motion to accept the Management Report. Motion was made by Vest and seconded by Shobe. The vote to approve was:
Aye: Eskridge, Vest, Shobe
Nay: None / Absent: Flowerday, Morrow

Motion to Accept Management Report

Emily Koenig, LES VP Financial Services and CFO, and DEC CFO, presented the 1st Quarter Financial Report.

Financial Report

Koenig noted that January weather cooler than normal, but February and March were warmer than average. This caused sales and revenue to be slightly below budget. Higher interest income for the period was offset by higher operations and maintenance costs.

- **Sales, Revenue, and Expenses**

Year-to-date debt service coverage was 1.15 compared to the budgeted target of 1.18. Koenig gave further details about DEC's required coverage, stating that because the bonds are backed by Energy Service Agreements with governmental entities, this allows rating agencies to accept lower debt service coverage.

- **Debt Service**

Vice Chair Eskridge called for a motion to accept the Management Report. Motion was made by Shobe and seconded by Vest. **Motion to Approve Financial Report**
The vote to approve was:
Aye: Eskridge, Vest, Shobe
Nay: None / Absent: Flowerday, Morrow

Emily Koenig stated that the DEC had received a clean or unmodified audit opinion, which is the highest level of assurance. The full audit report is in the board packet. **2023 Audit Report**

Vice Chair Eskridge called for a motion to accept the Management Report. Motion was made by Vest and seconded by Shobe. **Motion to Approve Audit Report**
The vote to approve was:
Aye: Eskridge, Vest, Shobe
Nay: None / Absent: Flowerday, Morrow

Emily Koenig reported that all the requirements have continued to be met for DEC to be an issuer of tax-exempt bonds. The annual checklist she completes for each bond issuance found no issues. **Tax Exempt Financing Compliance Update**

David Levy, DEC General Counsel, reported that the current legislative session is almost over and there were only a few bills that were marginally relevant to DEC. Those did not advance, so barring a special session, there is nothing more upcoming for 2024 to be watching for. **Legislative Update**

Jason Fortik presented information about the 2024 IDEA conference being held in Orlando, FL on June 17-20. Any board members interested in attending should contact Dianne Dobrusky, DEC Assistant Secretary, to get registered. **IDEA Conference**

Vice Chair Eskridge noted the future meeting dates and then called for a motion to adjourn. Motion was made by Vest and seconded by Shobe. The vote to approve was: **Adjournment**
Aye: Eskridge, Vest, Shobe
Nay: None / Absent: Flowerday, Morrow

There being no further business to come before the Board, Vice Chair Eskridge declared the meeting adjourned at 12:52 p.m.

Carl Eskridge, Board Vice Chair

By: *Dianne Dobrusky*
Dianne Dobrusky, Assistant Secretary