



## MINUTES OF DISTRICT ENERGY CORPORATION BOARD

Minutes of the meeting of the District Energy Corporation (DEC), July 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 July 9, 2024.

Board Members Present: Sean Flowerday, Kim Morrow, Carl Eskridge, Bennie Shobe

Board Members Absent: Rick Vest

Others Present: David Levy, Jason Fortik, Emily Koenig, Nick Wischhof, Larry Balm, Dianne Dobrusky, Keith Snyder, Denise Parrott, Nichi Richardson, Nick Wolf. Lisa Hale was on-line via Teams.

Chair Sean Flowerday called the meeting to order at 12:09pm. Flowerday 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**

Chair Flowerday asked for approval of the April 16, 2024 meeting minutes. Chair Flowerday made the motion and Director Eskridge seconded. The vote to approve was:  
Aye: Flowerday, Morrow, Eskridge, Shobe  
Nay: None / Absent: Vest

### **Approval of Prior Minutes for 4/16/24**

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. Repairs had been completed, but NSP is back on full condensate makeup again.
- County City is operating in interruption mode for the summer peak & utilizing ice thermal storage. Staff continues to work with building management to improve customer efficiencies.

- **Operations Update**

Wischhof presented several slides with graphs showing natural gas metrics, comparing actual usage and costs to the budgeted amounts. DEC continues to trend under budget.

- **Fuels Update**

Wischhof shared information on active capital project status and costs compared to budget. The tables presented showed costs to date and forecast costs for project completion. For DEC expansion, Wischhof stated DEC staff continues to monitor progress and developments for the proposed Lincoln convention center and for the supportive housing project.

- **Project Updates & Expansion Potential**

Wischhof called for a motion to accept the Management Report. Motion was made by Eskridge and seconded by Morrow. The vote to approve was:

**Motion to Accept Management Report**

Aye: Flowerday, Morrow, Eskridge, Shobe  
Nay: None / Absent: Vest

Emily Koenig, LES VP Financial Services and CFO, and DEC CFO, presented the 2nd Quarter Financial Report.

**Financial Report**

Koenig noted that energy sales were slightly above budget due to increased cooling loads in late June. Expenses were 2% below budget due to lower maintenance and administrative expenses but offset by higher operations expense. Koenig shared that the debt for the State project was fully paid off effective July 1, 2024.

- **Sales, Revenue, and Expenses**

Year-to-date debt service coverage was 1.20 compared to the budgeted target of 1.18, due primarily to lower expenses.

- **Debt Service**

DEC's investment portfolio stands at \$11M. Koenig reviewed DEC's fund performance versus benchmark yields and gave details regarding portfolio allocations and compliance with DEC's investment policy.

**Semi-Annual Investment Report**

Koenig called for a motion to accept the Financial Report. Motion was made by Eskridge and seconded by Morrow. The vote to approve was:

**Motion to Approve Financial Report**

Aye: Flowerday, Morrow, Eskridge, Shobe  
Nay: None / Absent: Vest

Emily Koenig provided details about Resolution 24-02, regarding authorizing the execution of an extension of an existing line of credit with JP Morgan Bank, for another three years. Staff worked with several banks to get offers, and a financial consultant, who advised this renewal.

**Resolution 24-02**

Chair Flowerday called for a motion to approve Resolution 24-02. **Motion to Approve Resolution 24-02**  
Motion was made by Shobe and seconded by Eskridge. The vote to approve was:  
Aye: Flowerday, Morrow, Eskridge, Shobe  
Nay: None / Absent: Vest

David Levy, DEC General Counsel, reported on LB1300. This was **Legislative Update**  
passed by the legislature and signed by the governor in April. The section that Levy reviewed for relevancy to DEC is the Foreign Adversary Contracting Prohibition Act and the vendor self-certification requirements and remedies. Staff provided an overview of the processes LES plans to implement to become compliant with the legislation and the Board agreed to staff's plan to use these same protocols for the DEC's procurement processes.

Jason Fortik discussed the work that has been in progress since the **Carbon Dioxide Strategy**  
January board meeting where DEC's possible adoption of a strategy was first discussed – and the action items that came out of the February special meeting. Fortik proposed that a strategy statement or resolution be developed in consultation with a subset of the DEC Board members and General Counsel and brought to the October BOD meeting for the Board's consideration. There was discussion and consensus that this is a practical way forward – i.e. to adopt a strategy statement or resolution rather than set a specific decarbonization goal.

The original date for the 4th Quarter DEC BOD meeting was October **Future Meeting Date Discussion**  
15, 2024. Fortik proposed that the meeting be moved to Oct 22<sup>nd</sup>, due to conflicts with the LES board meeting. Staff and board members compared schedules in an attempt to identify an optimal date and time. It was decided to have a Doodle poll after the meeting to determine the best time to reset the meeting for. Dianne Dobrusky, Assistant Secretary will facilitate that, and then send a revised meeting invite.

Chair Flowerday called for a motion to go into closed session to discuss **Motion for Executive Session**  
contract negotiations. Motion was made by Eskridge and seconded by Shobe. The vote to approve was:  
Aye: Flowerday, Morrow, Eskridge, Shobe  
Nay: None / Absent: Vest

The Board entered closed session, along with Jason Fortik, Emily, Nick Wischhof, and David Levy at 12:50pm. While in closed session, the Board discussed Energy Service Agreement negotiations. The Board took no action in closed session and returned to open session at 1:10pm.

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

There being no further business to come before the Board, Chair Flowerday declared the meeting adjourned.

Sean Flowerday, Board Chair

By: *Dianne Dobrusky*  
Dianne Dobrusky, Assist. Secretary