

MINUTES OF DISTRICT ENERGY CORPORATION BOARD

Minutes of the meeting of the District Energy Corporation (DEC), September 13, 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 September 6, 2022.

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

Board Members Absent: Layne Sup

Others Present: David Levy, Emily Koenig, Jason Fortik, Tom Davlin, Larry Balm, Julie Ryan, Dianne Dobrusky, Bryan Willnerd, Dustan Daniel, Wade Leibbrandt

Chair Deb Schorr called the meeting to order at 12:06 pm 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**

Fortik then introduced Dianne Dobrusky as the new Assistant Secretary for the DEC and is the LES Projects Engineering Coordinator. **Introduction of New Assistant Secretary**

Chair Schorr asked for approval of the April 19, 2022 meeting minutes. Sean Flowerday made the motion for approval. Ward seconded the motion. The vote to approve the minutes was:
Aye: Schorr, Ward, Flowerday
Nay: None
Absent: Sup **Approval of April 19, 2022 Minutes**

Chair Schorr asked for approval of the June 22, 2022 meeting minutes. Tammy Ward made the motion for approval. Flowerday seconded the motion. The vote to approve the minutes was:
Aye: Schorr, Ward
Nay: None
Absent: Sup
Abstain: Flowerday **Approval of June 22, 2022 Minutes**

David Levy, DEC Legal Counsel, conducted the election of Secretary for the remainder of the 2022 term. Schorr noted that Micki Esposito is no longer employed with the City of Lincoln, and therefore not eligible to finish her term on the Board and her position as Board **Election of Secretary for remainder of 2022**

Secretary. Schorr moved to nominate Sean Flowerday. Flowerday seconded the motion. The vote to approve the Secretary was:

Aye: Schorr, Ward, Flowerday

Nay: None

Absent: Sup

Bryan Willnerd, LES Manager Treasury and Risk Management, requested the Board to modify the language regarding insurance renewal notifications from 60 days to 30 days and providing that notification in a written format. Levy stated that he was comfortable with the change. **Resolution 22-05 Management Agreement Modification**

Schorr called for a motion to approved Resolution 22-05. Flowerday made the motion and Ward seconded.

Aye: Schorr, Ward, Flowerday

Nay: None

Absent: Sup

Schorr stated that they would now move forward with the West Haymarket Plant Valve Replacement Project Resolution Ratification. Levy explained that this is to ratify the action that was taken at the June 22, 2022 special meeting of the Board regarding authorizing the underground valve inspection and replacement project at the WHM. **Resolution 22-06 West Haymarket Project**

Schorr called for a motion to approved Resolution 22-06. Ward made the motion and Flowerday seconded.

Aye: Schorr, Ward, Flowerday

Nay: None

Absent: Sup

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

Davlin stated that were no unplanned service interruptions, but there were a couple planned interruptions and work completed for those. Two sites were contacted regarding unusual load patterns.

Due to high natural gas prices, the budget on volumes was exceeded - but the pre-purchase contracts were very beneficial. Work at the State Boiler plant is complete and will be ready for the heating season – but the roofing project has been postponed until spring 2023. A bid for a cyber security system to monitor control systems was chosen and is being implemented. The County City thermal energy storage project is substantially complete. At the West Haymarket site, the cause of the valve corrosion was

identified, and a solution found. There are two more areas to look at, but the cost is significantly less than anticipated.

The inquiries regarding using the State Plant to serve potential new customers, including the new Library, LCF, Windstream, and St Mary’s church, are all on hold, awaiting the decision from the State representatives about using their plant. JPA is agreeable to expanding service to customers outside the WHM JPA footprint to the 9th and P development site. DEC representatives are currently planning to seek the needed modification of the service agreement at the JPA December board meeting.

Canopy Park is the most recent site connected in the existing WHM JPA footprint. They are not taking service yet but expect to before year end. The potential at 9th and P seems very positive. There is already enough plant capacity that no new chillers or boilers would need to be added. The developers and consultants have said to proceed with the detailed feasibility study.

Dustan Daniel, LES Manager Financial Accounting presented the financials through June 2022.

Financial Report
• **Current Financial Statement**

Financials came in right under the debt service coverage number. DEC revenue is mostly fixed and came in slightly above budget. Expenses were impacted by high energy prices. Debt service came in being slightly lower than expected. Capital expenditures were less than budget for the first two quarters of 2022.

Bryan Willnerd, LES Manager Treasury and Risk Management, presented for the period ending June 30th, 2022.

Financial Report
• **Semi-Annual Investment Report**

DEC has an approx. \$10 million portfolio with most of the holdings in the Bond P&I and Bond Reserve funds. DEC’s investments were below their benchmark yield as a result of DEC’s “hold to maturity” investment strategy in an increasing yield market. DEC was over the money market fund allocation at the end of the second quarter due to liquidity requirements for upcoming bond payments on July 1, and operating needs.

Bryan Willnerd, LES Manager Treasury and Risk Management, presented.

• **Enterprise Risk Mgmt. Update**

The DEC Enterprise Risk Management (ERM) program was established in 2018, where eighteen risks were identified at that


time, and are currently managed by subject matter experts. Risks are managed to DEC's Risk Appetite Statement and are assessed on both the probability of occurrence and financial impact. All risks were ranked in the low to medium range, no risks were in the high range. ERM is an ongoing process throughout the year.

Schorr reminded everyone that the upcoming meeting date is October 24th, 2022 at 10:30am.

Fortik added that the October meeting is when the budget and rates for 2023 will be considered and having a quorum is imperative.

There being no further business to come before the Board, Chair Schorr declared the meeting adjourned at 12:56 p.m.

Deb Schorr, Board Chair

By: 
Dianne Dobrusky, Assistant Secretary