



Board Packet for the  
July 22nd, 2025  
District Energy Corporation  
Board Meeting

# TAB I



**NOTICE OF QUARTERLY MEETING AND AGENDA  
DISTRICT ENERGY CORPORATION  
BOARD OF DIRECTORS  
July 22, 2025 @ 12:00 pm**

*Meeting held at County-City Building, 555 S. 10<sup>th</sup> Str., Lincoln NE  
in the City Council Chambers room*

*Notice of meeting was published in the Lincoln Journal Star newspaper on July 15, 2025.*

- I.** CALL TO ORDER, OPEN MEETING ADVISEMENT, ROLL CALL – **Chair Sean Flowerday**
- II.** SAFETY BRIEFING – **Jason Fortik**
- III.** PUBLIC COMMENT
- IV.** APPROVAL OF MEETING MINUTES from April 22, 2025\* – **Sean Flowerday** **Motion**
- V.** MANAGEMENT REPORT – **Aaron Evans**
  - A. Natural Gas Supply Methodology and Contract -  
Meg Maloney, World Kinect Corporation (DEC Natural Gas Energy Manager)
  - B. Operations & Fuels Update
  - C. Construction Projects Update
  - D. Potential New Customer Connections Update
  - E. Motion to Accept Management Report\* **Motion**
- VI.** FINANCIAL REPORTS –**Wade Leibbrandt**
  - A. Current Financial Report
  - B. Semi-Annual Investment Report
  - C. Motion to Accept Financial Reports\* **Motion**
- VII.** MISCELLANEOUS BUSINESS
  - A. NSP bonds and future status update – **David Levy**
  - B. New Business
- VIII.** EXECUTIVE SESSION – if necessary
- IX.** FUTURE MEETING DATES AND DISCUSSION

October 21, 2025 // January 27, 2026 // April 21, 2026 // July 21, 2026
- X.** ADJOURNMENT

\*Denotes Action Item

TAB II



## MINUTES OF DISTRICT ENERGY CORPORATION BOARD

### Meeting held April 22, 2025

Minutes of the meeting of the District Energy Corporation (DEC) Board of Directors meeting held on April 22, 2025, at the Chambers Room in the County City Building, 555 S. 10<sup>th</sup> Street, Lincoln, Nebraska. Notice of the meeting was published in the Lincoln Journal Star newspaper on April 15, 2025.

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

Board Members Absent: Sean Flowerday, Matt Schulte

Others Present: David Levy, Jason Fortik, Nick Wischhof, Aaron Evans, Larry Balm, Dianne Dobrusky, Keith Snyder, Denise Parrott, Wade Leibbrandt, Kerin Peterson

Vice Chair Carl Eskridge called the meeting to order at 12pm. 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 welcomed public comments. Seeing none, the meeting moved forward.

#### **Public Comment**

Vice Chair Eskridge asked a motion to approve the January 28, 2025 meeting minutes. Director Shobe made the motion and Director Morrow seconded. The vote to approve was:  
Aye: Eskridge, Morrow, Shobe

#### **Approval of Minutes for 1/28/25**

Vice Chair Eskridge announced that agenda item “VI. Financial Report” would be presented first.

#### **Agenda Change**

Wade Leibbrandt, LES Manager, Budget and Financial Planning, presented the Financial Report for the 1<sup>st</sup> Quarter of 2025.

#### **Financial Report**

Leibbrandt presented data showing the change in net position for the period was \$561k, which is 80% above budget. Operating expenses were 6.5% below budget, due primarily to lower-than-expected payroll costs and the timing of operating expenses. Investment income was \$53k above budget.

1<sup>st</sup> quarter revenue data was presented, showing the breakdown between heating, cooling, and demand – it compared very close to budget. Sales for the period showed heating right at budget, and cooling was 13.4% above budget due to warmer

temps in March.

Financial metrics for the period show that DEC met minimum targets for debt service coverage and days of cash on hand. A recap of capital projects shows only \$44k expended for the period, but capital spending is expected to show an increase in second quarter.

Vice Chair Eskridge called for a motion to accept the Financial Report. **Motion to Accept Financial Report**  
Motion was made by Director Morrow and seconded by Director Shobe. The vote to approve was:  
Aye: Eskridge, Morrow, Shobe

Wade Leibbrandt presented the Audit Report for 2024. **Audit Report**

Forvis Mazars completed the audit report just last week, issuing a clean opinion for the 2024 financials. There was an audit finding related to a small arbitrage data liability for the 2021 bonds which was remedied by creating a small liability until 2026 when it will be recalculated and paid, if necessary. All supporting documentation for the audit was included in the board packet.

Vice Chair Eskridge called for a motion to accept the Audit Report. **Motion to Accept Audit Report**  
Motion was made by Director Shobe and seconded by Director Morrow. The vote to approve was:  
Aye: Eskridge, Morrow, Shobe

Wade Leibbrandt presented an update on the tax-exempt financing compliance. **Tax-Exempt Financing Compliance**

Bond council advises that DEC have tax exempt compliance Procedures in place. DEC does, and has a checklist that is followed annually. That has been completed and certified by the CFO. This is to ensure compliance with reporting and other exposure requirements.

Nick Wischhof, LES Manager, Projects Engineering, presented. **Management Report**

Wischhof introduced the new DE Manager, Aaron Evans. **Introduction of Aaron Evans, new DE Manager**  
Aaron previously worked at UNL and has over 10 years of experience. He has a bachelor's in mechanical engineering and a master's in engineering management, as well as being a licensed professional engineer in Nebraska.

Wischhof reviewed the service interruptions for the 1st quarter of 2025. There were several planned outages at NSP for condensate leak repairs – and they are operating with 1 of 2 condensate pumps. There were brief power outages at County City, State, and CADF plants – but they were able to operate on backup generators. The actual fuel costs for the period were **Operations & Fuels Update**

\$7.88/MMBtu, compared to budgeted cost of \$7.16/MMBtu. That difference is largely due to Black Hills fee increases that were not known at the time the 2025 budget was set. Fuel quantities used for the period were very close to budget.

Wischhof also relayed that the gas supply bid process is complete, and that the negotiation phase is in process – possibly with a new supplier. This should be completed prior to the next board meeting.

The two bigger projects currently in process are the CADF geothermal loop cooler and State DA vessel replacement. CADF construction started about two weeks ago and is expected to wrap up in June. The State project has a long lead time to procure the vessel but should be delivered next month and installation completed this summer. The WHM boiler project was paused for city site selection for the new convention center. Since the WHM area was not selected for that, the project will move forward as planned.

## **Capital Projects Update**

Wischhof presented data and graphs for direct greenhouse gas emissions controlled by DEC – showing a 5-year snapshot and including natural gas and fuel oil. Vehicle fuel was excluded since refueling is completed by LES. Year 2022 was used as a baseline due to winter storm Uri occurring in 2021, no additional load growth since 2022, and February 2023 being abnormally warm.

## **Greenhouse Gas Strategy Update**

Wischhof shared that DEC staff is meeting with Wesleyan University, as they may have some renewed interest due to building modifications and new construction. The site for the new convention center was announced by the city. It is just west of the State Office building. The challenge with that location is that DEC's State Boiler Plant only provides steam, no chilled water. Other opportunities being looked at include working with UNL, as they have chilled water in that area.

## **Potential New Customer Connections**

Vice Chair Eskridge called for a motion to accept the Management Report. Motion was made by Director Morrow and seconded by Director Shobe. The vote to approve was:  
Aye: Eskridge, Morrow, Shobe

## **Motion to Accept Management Report**

David Levy, DEC General Counsel, discussed proposed Nebraska legislation relevant to DEC. Levy summarized Legislative Bills 163, 150, 450, and 611. All four of these bills remain in committee, none of them have a priority designation and are not likely to move forward this year but will automatically carry forward to next year.

## **Legislative Update**

## **NSP bonds update**

David Levy stated that they have not been able to schedule a meeting yet but will continue working towards that and plan to have an update before the next board meeting.

#### **Next Meeting**

Vice Chair Eskridge stated that the next meeting of the DEC board is scheduled for July 22, 2025. The location of that meeting was discussed and it was decided to continue with using the County City building location, if it's available.

#### **Adjournment**

Vice Chair Eskridge called for a motion to adjourn. Motion was made by Director Shobe and seconded by Director Morrow. The vote to approve was:

Aye: Eskridge, Morrow, Shobe

There being no further business to come before the Board, Vice Chair Eskridge declared the meeting adjourned at 12:50 pm.

Carl Eskridge, Board Vice Chair

By: *Dianne Dobrusky*  
Dianne Dobrusky, Assistant Secretary



# TAB III



**DEC**  
ENERGY

# DEC ENERGY

## Management Report

Aaron Evans, PE, Manager, District Energy

### Vision

*“Striving for Energy Excellence”*

### Mission

*“Provide low-cost, reliable and efficient thermal energy services to enhance and enable economic development of the Lincoln community”*



**DEC**  
ENERGY

# Natural Gas Purchasing Program



# Natural Gas Purchasing Program

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- ❑ Adopted via Resolution 15-01
- ❑ World Kinect – DEC Energy Manager
  - ❑ Natural gas procurement
  - ❑ Market expertise
  - ❑ Purchase recommendations
- ❑ Meg Maloney
  - ❑ Manager, Client Management
  - ❑ World Kinect Corporation

# Natural Gas Supply DEC Board Meeting July 2025





# Natural Gas Price Components

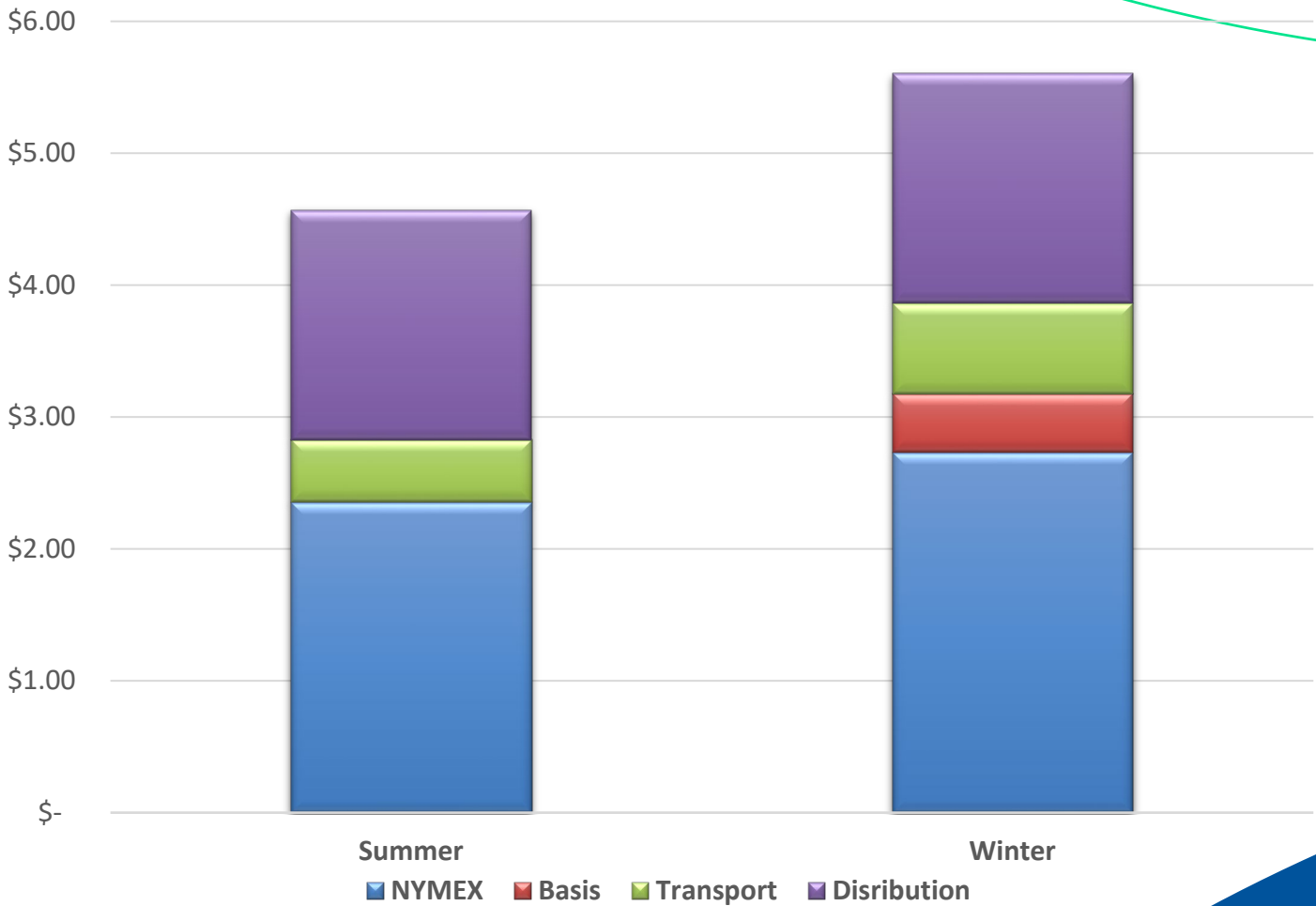
Range of Costs

NYMEX:  
\$1.49 to \$3.17

Basis (Ventura):  
-\$0.48 to \$1.25

Transportation + Margin:  
\$0.57

Distribution:  
\$1.90

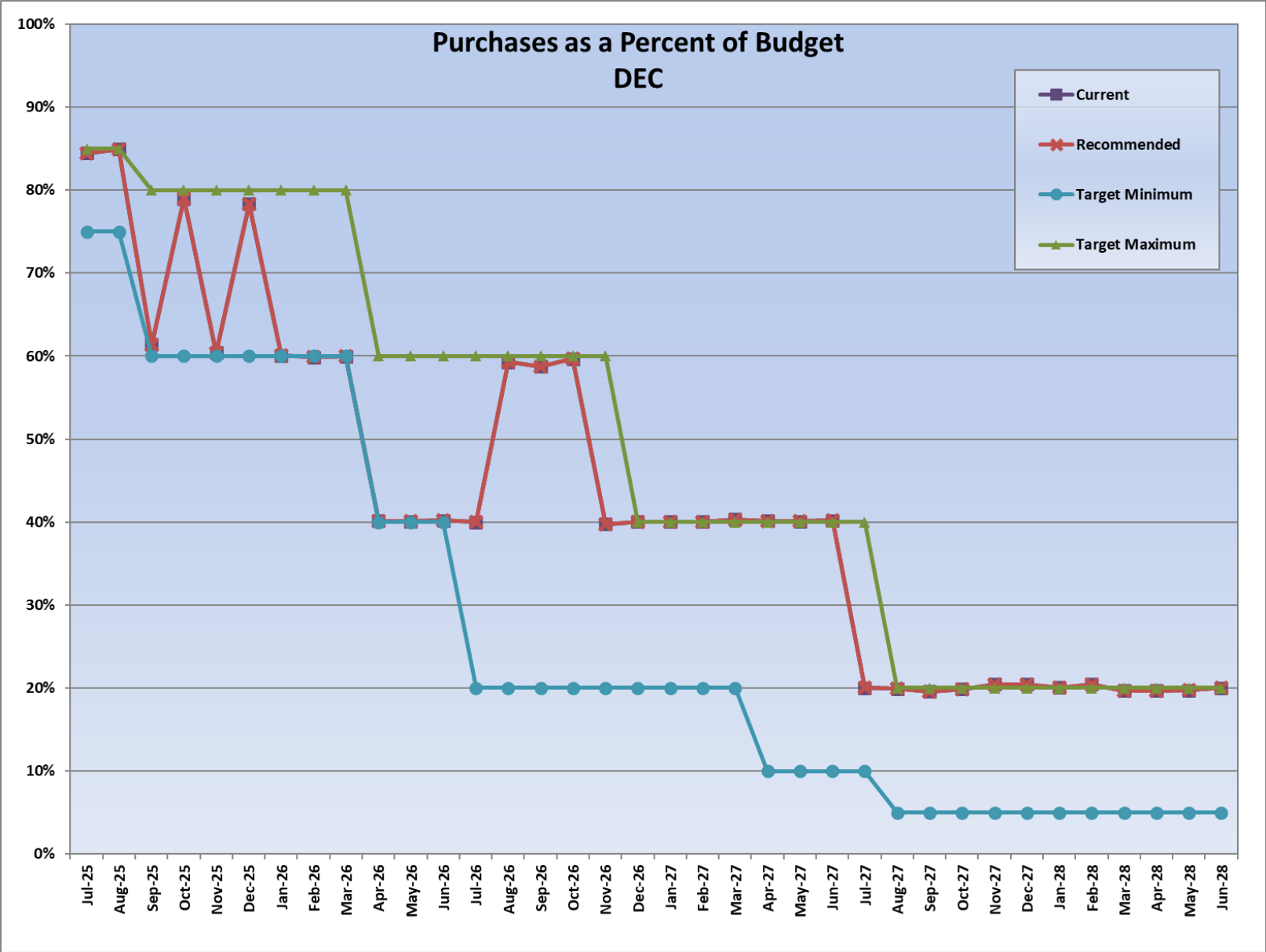


# DEC Natural Gas Purchasing Program

- Purpose: budget certainty, risk management, avoid volatility, not to beat the market
- 36 month plan, gradual purchase levels up to 85%
- Diversify through monthly purchases, layers
- Flexibility to take advantage of market opportunities

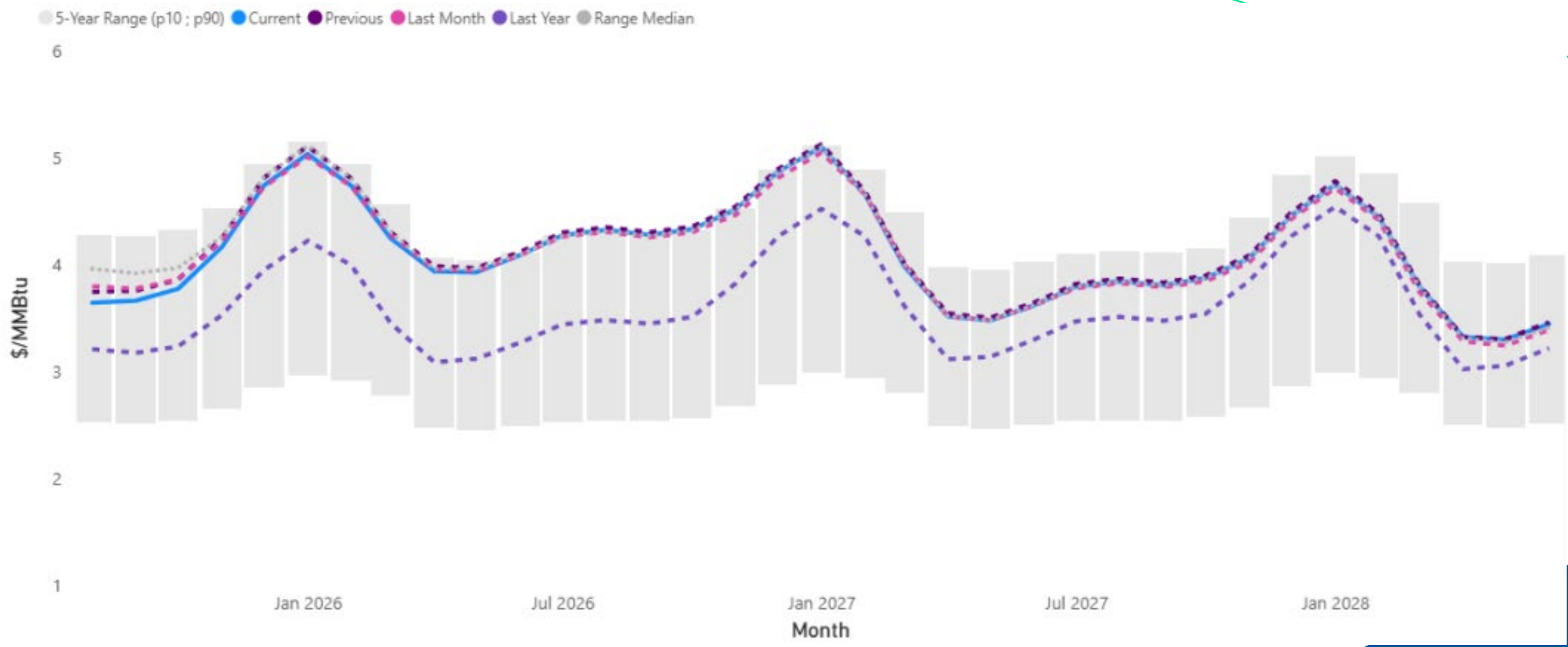


# DEC Natural Gas Purchasing Program





# Natural Gas Forward Curve



# Natural Gas Contract Status

- Encore is DEC's supplier through August 2026
- Recent RFP to extend contract starting September 2026
- New supplier chosen: WoodRiver Energy
- Committed through August 2029

# Thank You!





**DEC**  
ENERGY

# Operations and Fuels Update: July 2025



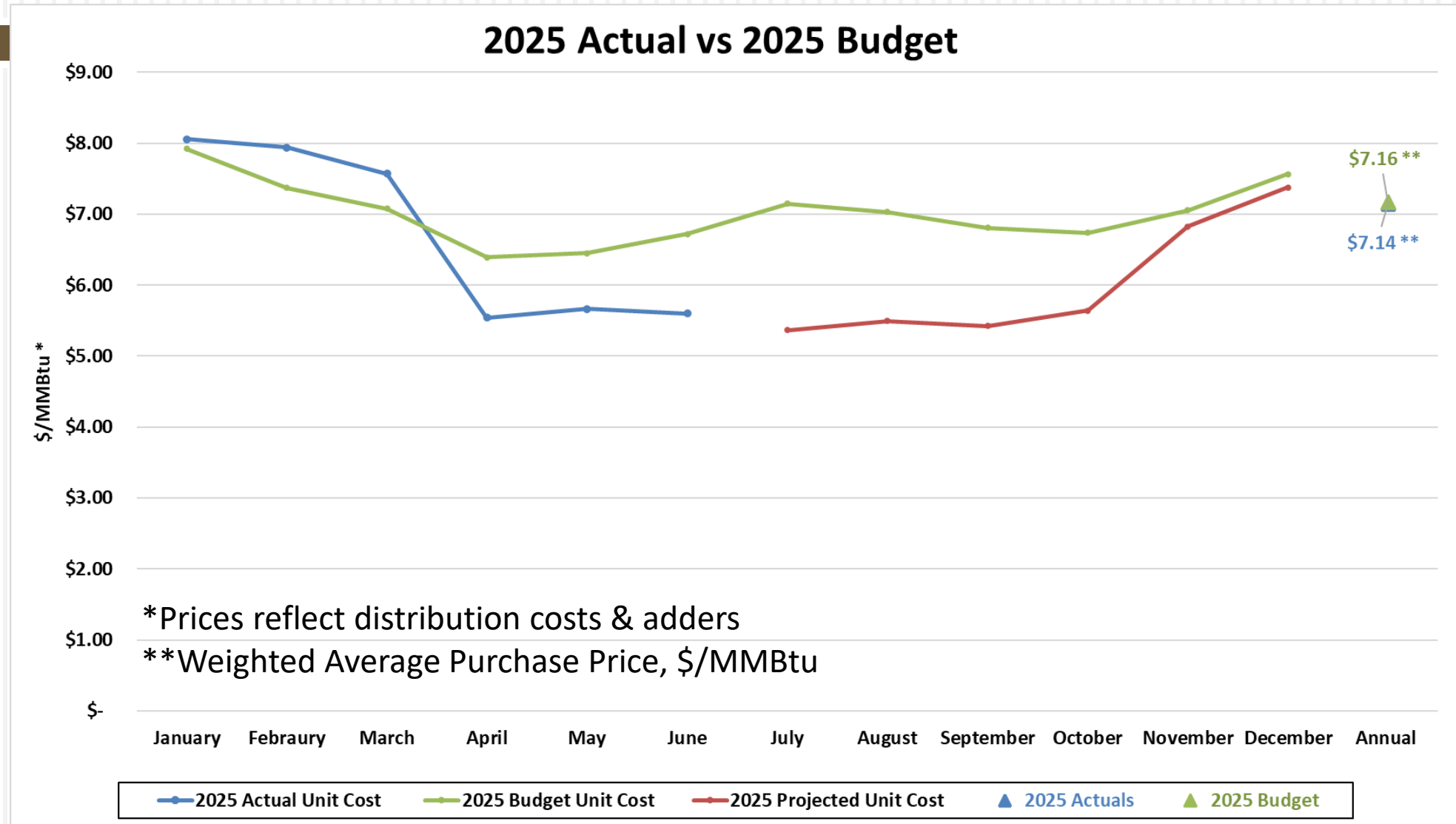
# Operations Update & Service Interruptions

12

- ❑ Planned 3.5 hr chilled water outage at Penitentiary (NSP) to fix leaking chilled water flow meter
- ❑ Annual generator transfer test at NSP
- ❑ Summer interruption periods began for City-County (CC), lasting through September
  - ❑ Thermal Energy Storage (ice tanks)
- ❑ Staffing Update
- ❑ Security Update



# Fuel Unit Costs

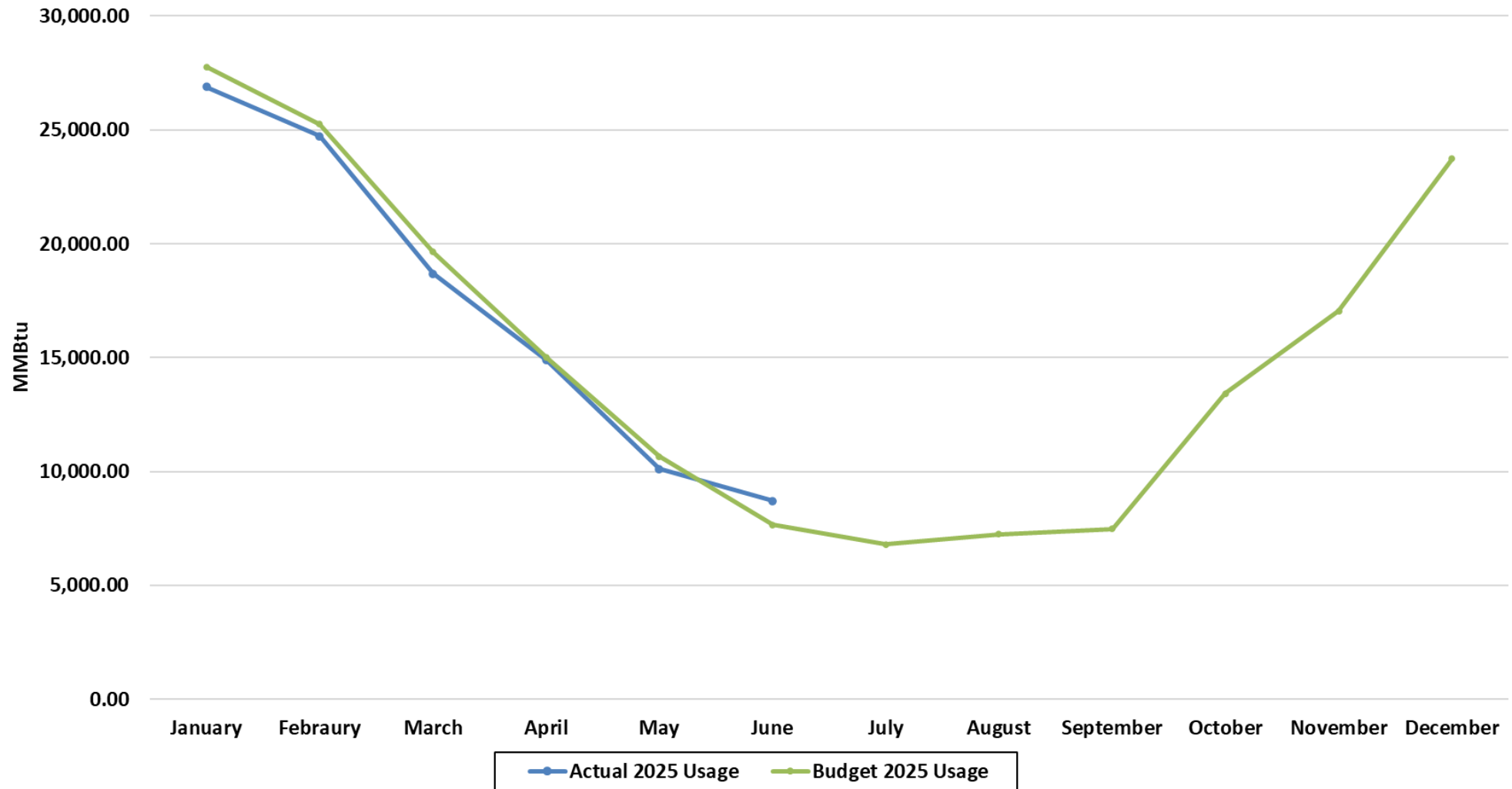




# Fuel Quantities

14

## 2025 Actual vs 2025 Budget





# 2024 Fuel Costs

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	Q1	Q2	Q3	Q4	2025
<b>Total Consumption</b>	<b>70,310</b>	<b>33,753</b>	-	-	<b>104,063</b>
<b>Total Cost (\$)</b>	<b>\$ 554,377</b>	<b>\$ 188,838</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 743,216</b>
<b>Average Unit Cost (\$/mmBTU)</b>	<b>7.88</b>	<b>5.59</b>	-	-	<b>7.14</b>





**DEC**  
ENERGY

# Project Updates



# Capital Projects Update

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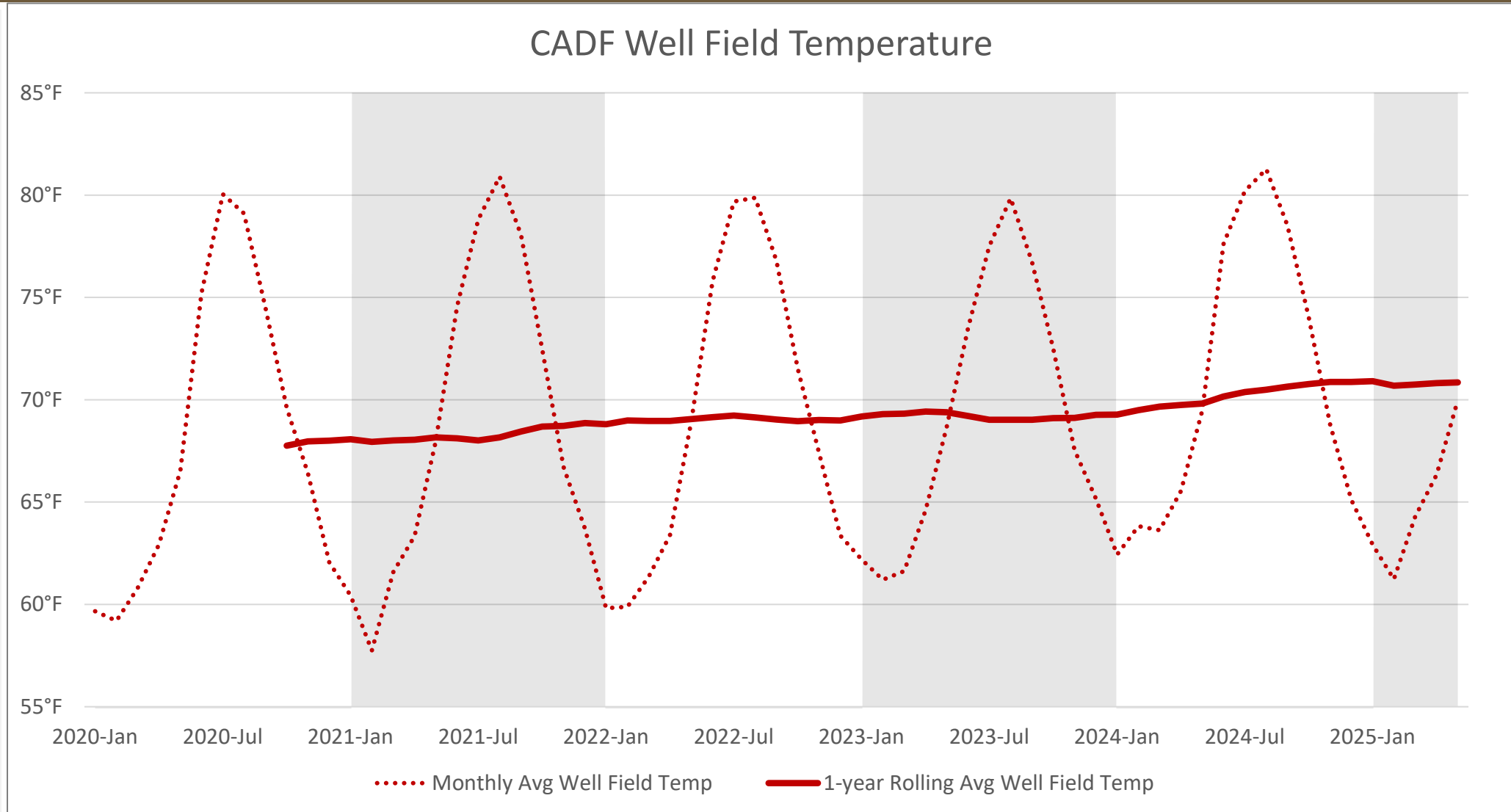
Project	Description	Budget *	Status
<u>All</u> Central Cyber Security System	Continued joint project with LES for real time monitoring of plant control systems and network integrity. Installing a new data diode to further enhance network isolation.	\$66k	On hold to apply for grant funding (IIJA) to procure an additional data diode. <b>Project closed. Reevaluating options.</b>
<u>All</u> Central Safety & Security Improvements	This project will install electric card access on the switchgear/electrical generator control rooms to prevent unauthorized access. This project will also upgrade the exterior & emergency lighting to better illuminate the facilities for improved safety and security.	\$141k	<b>Improved lighting installed at SBP.</b> Installing refrigerant detectors at the LOC and CADF.
<u>CADF</u> Geothermal Loop Cooler	This project will install an air to fluid cooling system to address the geothermal loop temperature increases that affect efficiency of the heat pumps. The system would be operated during the colder winter months to maximize system performance.	\$797k	<b>Construction in progress; substantial completion projected in mid-August.</b>
<u>WHM</u> Electric Boilers	This project will install two additional (960kW each) electric boilers to provide full back up in the event there is a loss of natural gas service.	\$826k	<b>Installation late summer/early fall.</b>
<u>SBP</u> DA Vessel Replacement	Emergent project to replace the deaerator (DA) vessel.	\$150k	<b>Vessel replaced, reconnection in progress for fall startup.</b>

\* Budget column shows total project authorization. Capital spend occasionally shifts from year-to-year.



# CADF Fluid Cooler

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# CADF Fluid Cooler

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# SBP DA Vessel Replacement

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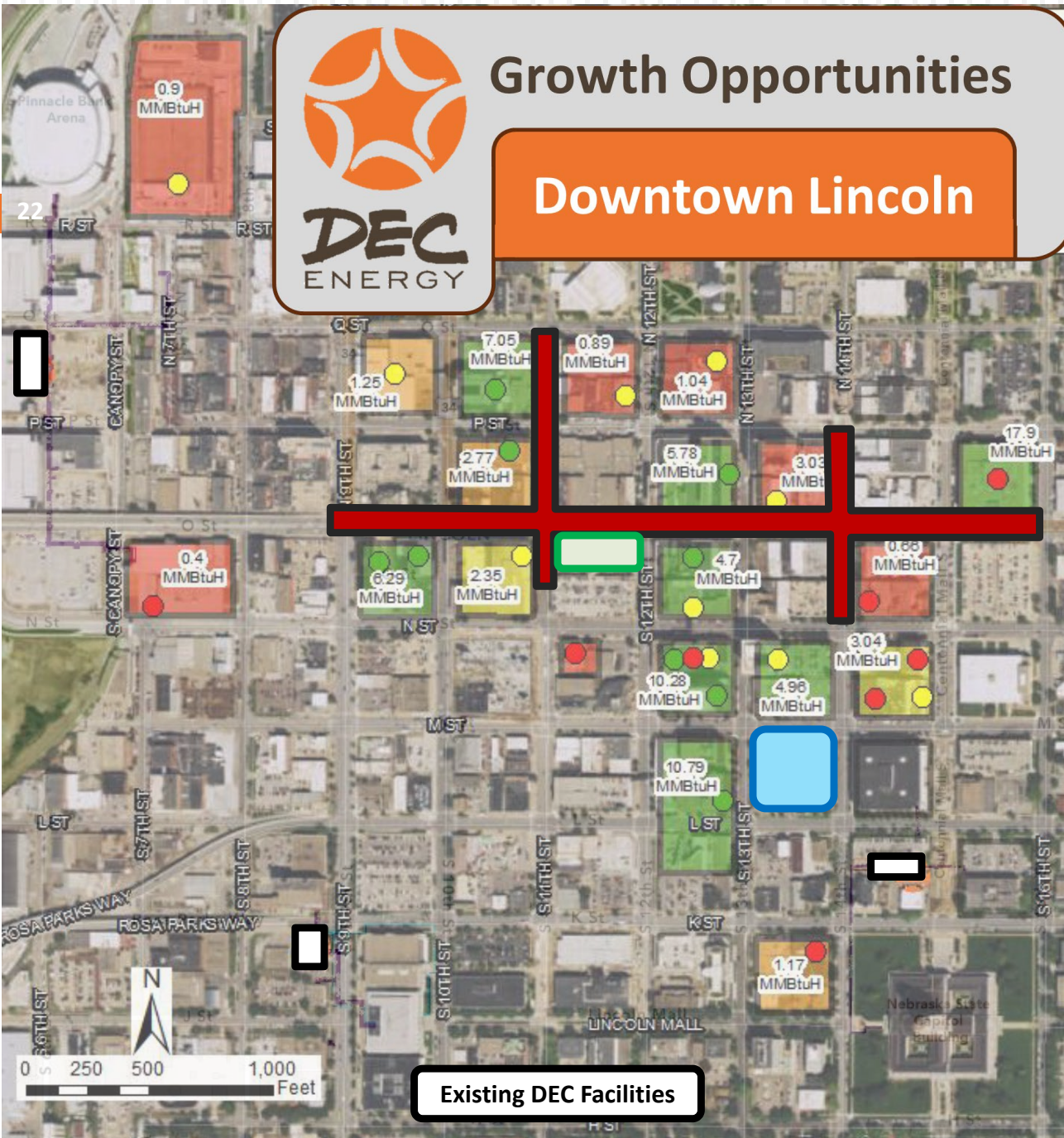




**DEC**  
ENERGY

Potential New Customer  
Connections / Discussions





# DEC Expansion

- Nebraska Wesleyan
- Downtown Lincoln opportunities
- Project O Street
- Downtown Library
- Convention Center
- Stakeholder engagement and feasibility



**DEC**  
ENERGY

# Comments/Questions

\*Seek motion to accept the management report



# TAB IV



# **2<sup>nd</sup> Quarter Financial Report**

*DEC Administrative Board  
July 22, 2025*

*Wade Leibbrandt  
LES Finance Director; DEC CFO*



# Q2 2025 Financial Summary

- YTD Change in Net Position is \$1,165K, 73.7% above budget.
- Investment Income is \$237K, or 84.8%, above budget.
- Expect to see O&M costs level out in Q3 following expected payments for annual service agreements.

\$ in Thousands	2025 Actual	2025 Budget	\$ Var	% Var
<b>Operating Revenue</b>	<b>\$6,638</b>	<b>\$6,560</b>	<b>\$78</b>	<b>+1.2%</b>
Energy	\$1,385	\$1,361	\$25	+1.8%
O&M	\$717	\$899	(\$182)	-20.2%
A&G	\$1,104	\$1,225	(\$121)	-9.9%
Depreciation	\$1,818	\$1,843	(\$25)	-1.4%
<b>Total Operating Expenses</b>	<b>\$5,024</b>	<b>\$5,327</b>	<b>(\$304)</b>	<b>-5.7%</b>
<b>Non-Operating Expenses (Income)</b>	<b>\$449</b>	<b>\$562</b>	<b>(\$113)</b>	<b>-20.1%</b>
<b>Change in Net Position</b>	<b>\$1,165</b>	<b>\$670</b>	<b>\$494</b>	<b>+73.7%</b>

Green variance represents a positive impact to the overall Change in Net Position.  
Red variance represents a negative impact to the overall Change in Net Position.



# 2025 YTD Revenue

About 82% of DEC’s Revenue is through fixed demand charges.

\$ in Thousands

Actual Revenue	Budget Revenue	\$ Var	% Var
\$6,638	\$6,560	\$78	+1.2%

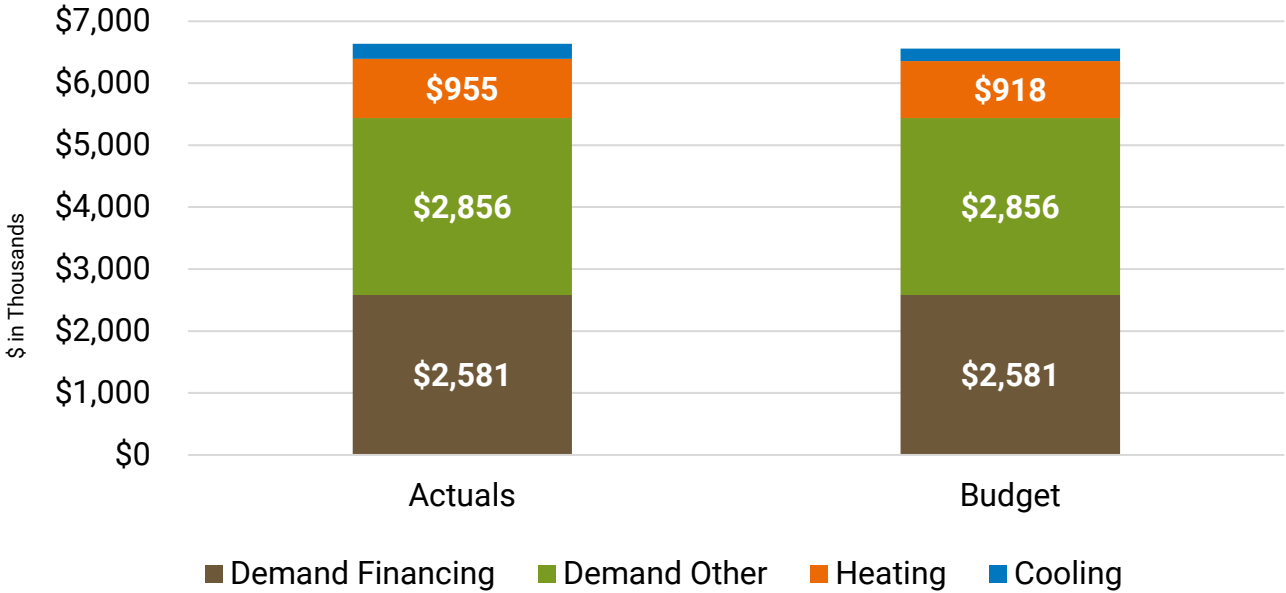
# 2025 YTD Sales

2025 weather has been warmer than average. Heating degree days are 3.1% below average and cooling degree days are 10.4% above average.

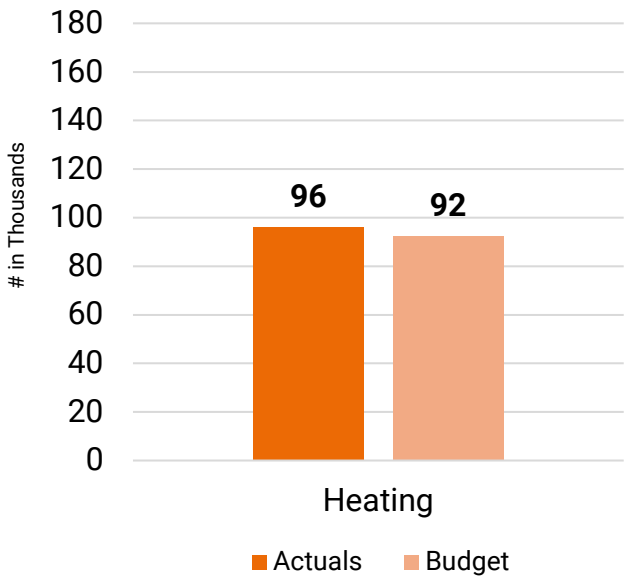
# in Thousands	Actual MMBtu	Budget MMBtu	Var	% Var
Heating	96	92	+4	+4.1%
Cooling	49	41	+9	+21.5%



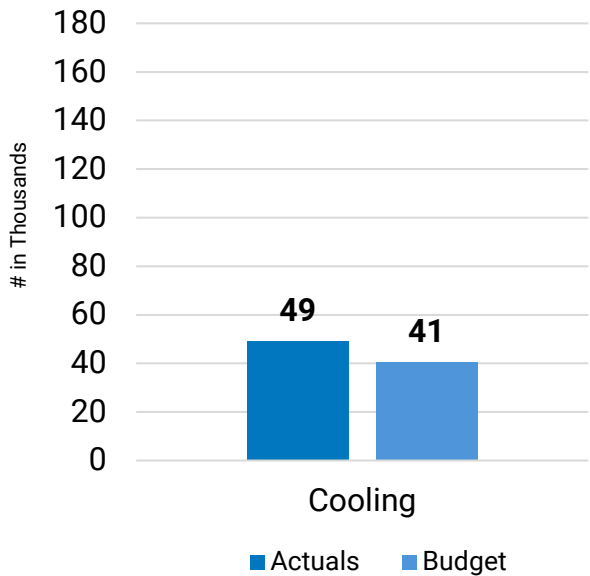
## 2025 Actual Revenue by Category



## Heating MMBtu Sales



## Cooling MMBtu Sales





# 2025 YTD Expenses

Expenses were 5.7% below budget due to:

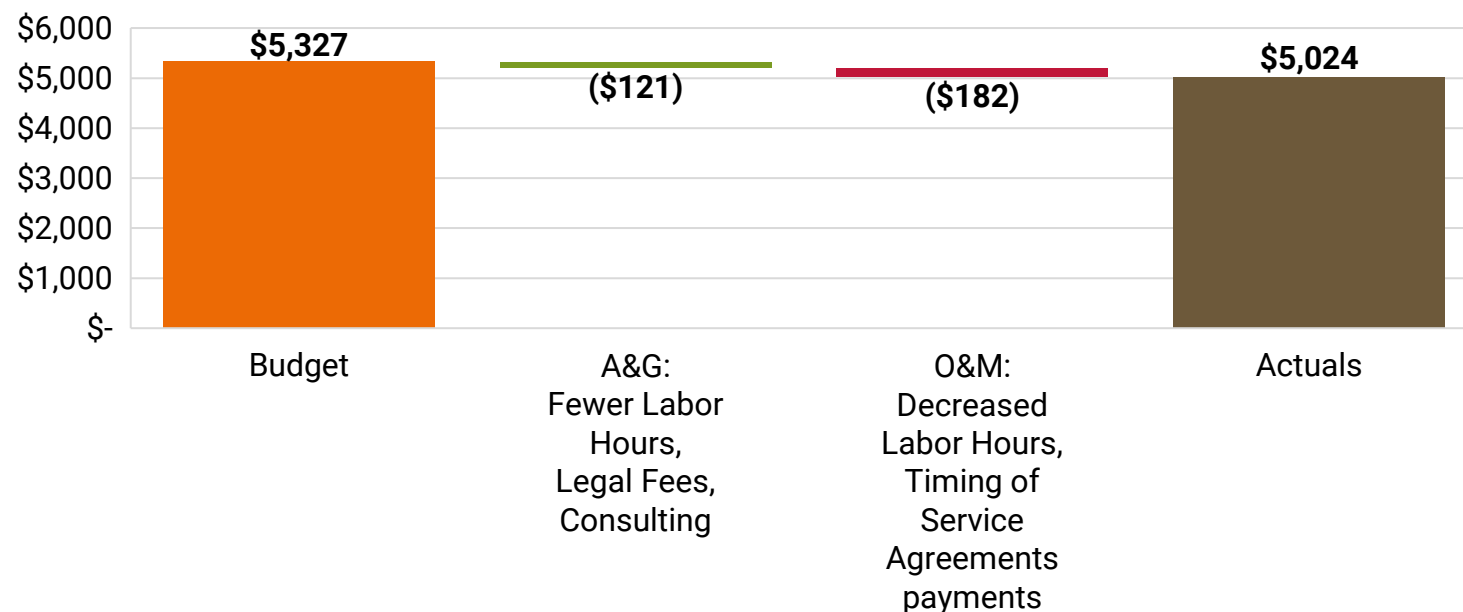
- Investment income about 74% higher than budget
- Fewer labor hours and lower than planned year-to-date outside legal costs, and other outside consulting.
- Timing of payments on annual service agreements.

\$ in Thousands	Actual Expenses	Budget Expenses	Var	% Var
Operating	\$5,024	\$5,327	(\$303)	-5.7%
Non-Operating	\$449	\$562	(\$113)	-20.1%
<b>Total</b>	<b>\$5,473</b>	<b>\$5,889</b>	<b>(\$416)</b>	<b>-7.1%</b>



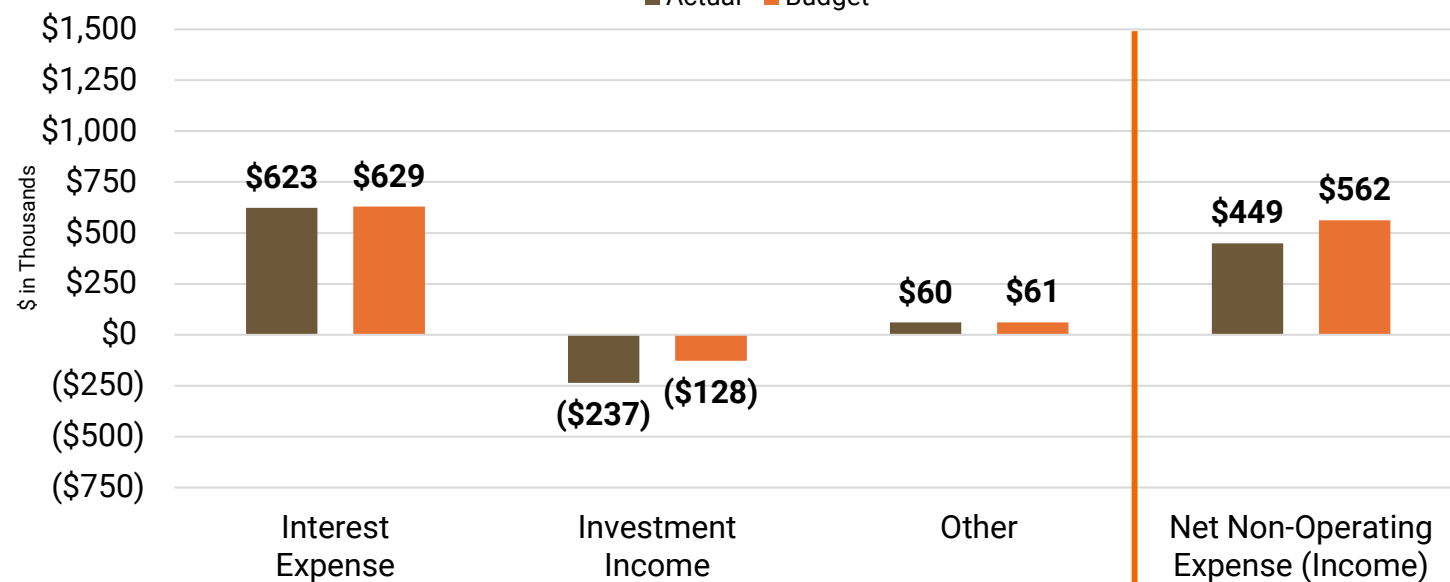
## Operating Expense Variance

\$ in Thousands



## Non-Operating Expenses

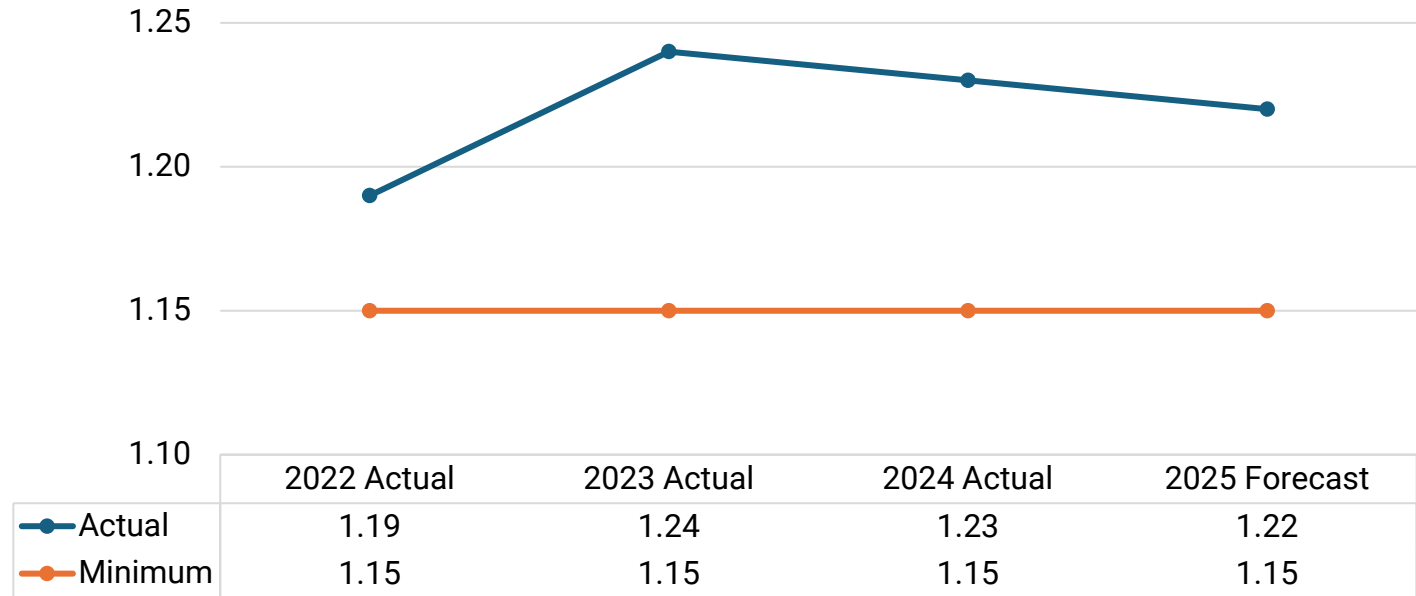
■ Actual ■ Budget



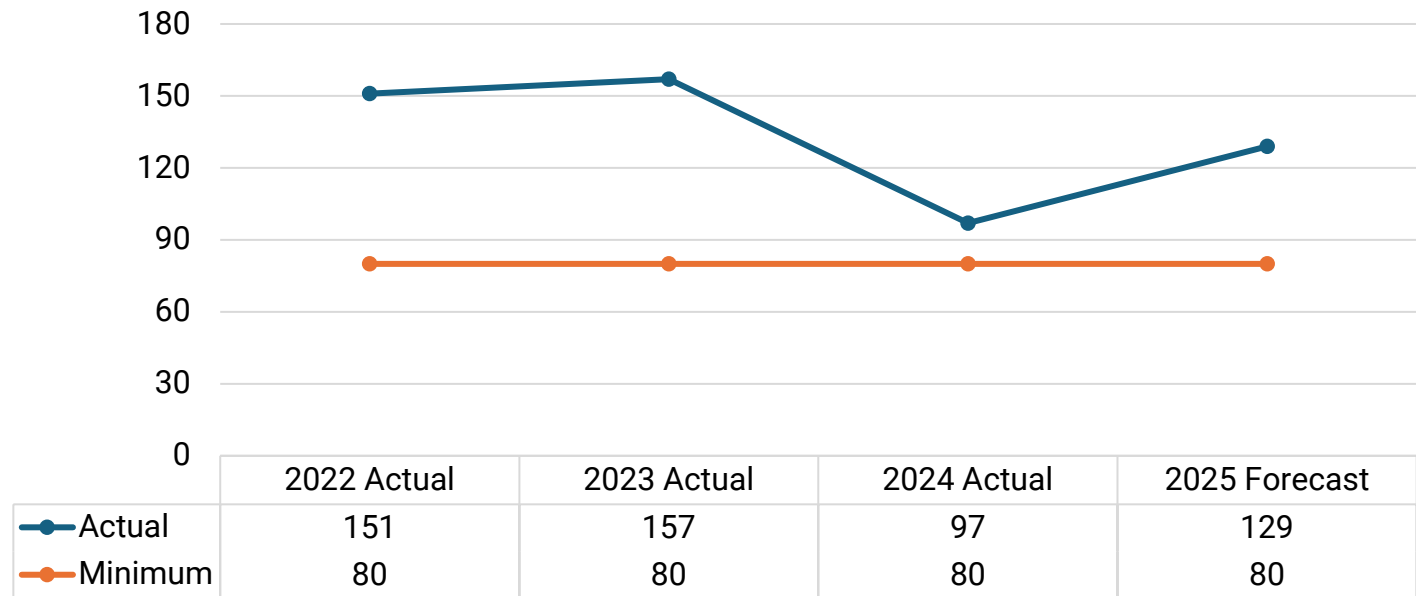
# 2025 YTD Financial Metrics

- DEC met the minimum targets for Debt Service Coverage and Days Cash on Hand.
- Consolidated metrics are reported externally; however, Debt Service Coverage and Days Cash on Hand are monitored by facility.
- DEC has \$1.2M outstanding on the JP Morgan revolving credit facility as of June 30<sup>th</sup>.

## Debt Service Coverage Ratio



## Days of Cash on Hand



# 2025 YTD Capital

- DEC has spent \$1.7M on active projects.
- Unused funds are carried forward from year-to-year as long as the project is active.

Active Projects \$ in Thousands	Approval Year	Life to Date (LTD) as of 06/30/25*	Current Budget**	Remaining (\$)
DEC Central Cyber Security System	2024	\$0	\$66	\$66
DEC Physical Security and Safety	2024	\$94	\$141	\$47
State DA Vessel Replacement	2025	\$131	\$150	\$19
CADF Loop Field Fluid Cooler	2024	\$659	\$797	\$138
CADF Backup Circuit Pumps for Each Loop	2024	\$345	\$366	\$21
WHM Boiler Addition	2024	\$464	\$826	\$363
<b>Total</b>		<b>\$1,693</b>	<b>\$2,346</b>	<b>\$653</b>

\*Life-to-Date includes spending on projects that took place prior to 2025.

\*\*Current Budget reflects additional funds for active projects that were approved in the 2025 budget cycle.



**TAB V**





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# Financial Report

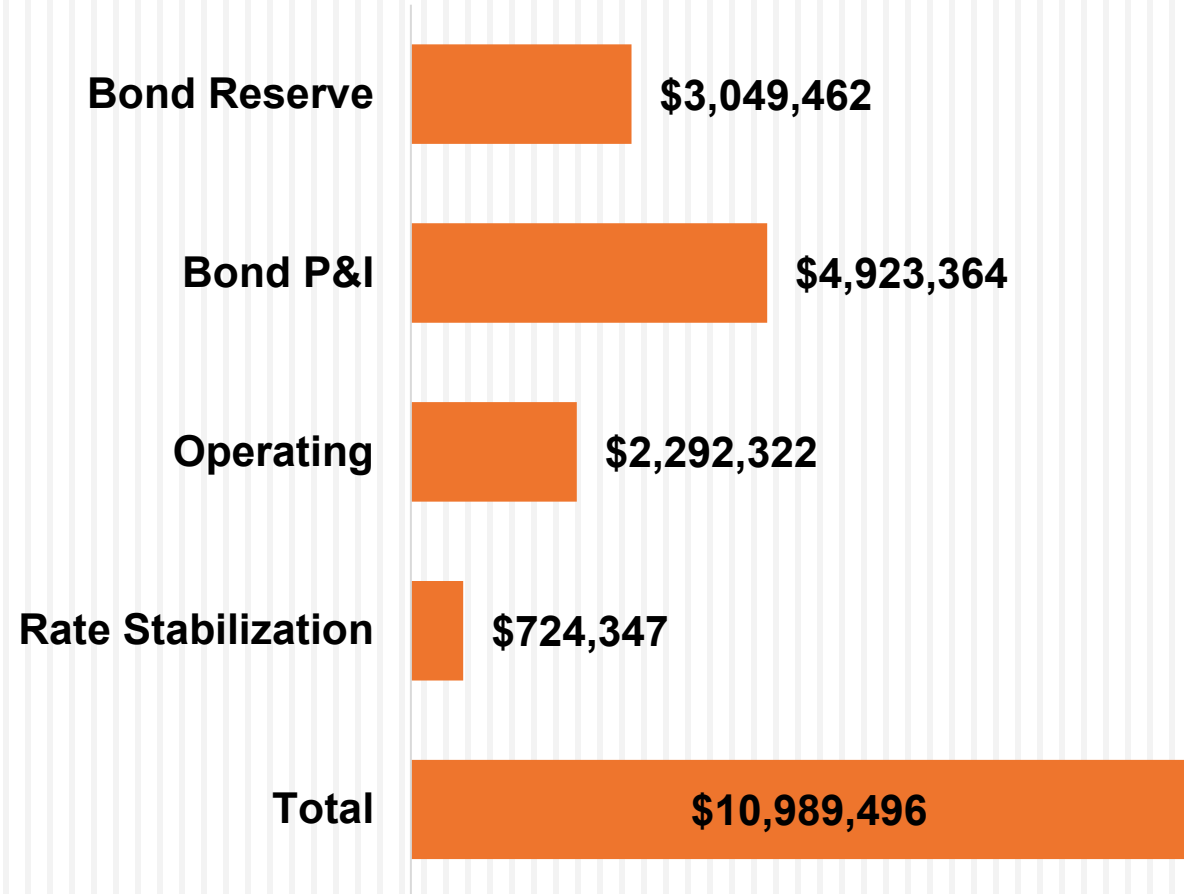
Semi-Annual Investment Report  
Second Quarter Ending  
June 30, 2025

presented by Wade Leibbrandt  
July 22, 2025



# LES manages DEC's \$11m investment portfolio

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# Short-term yields fall in second half of 2024

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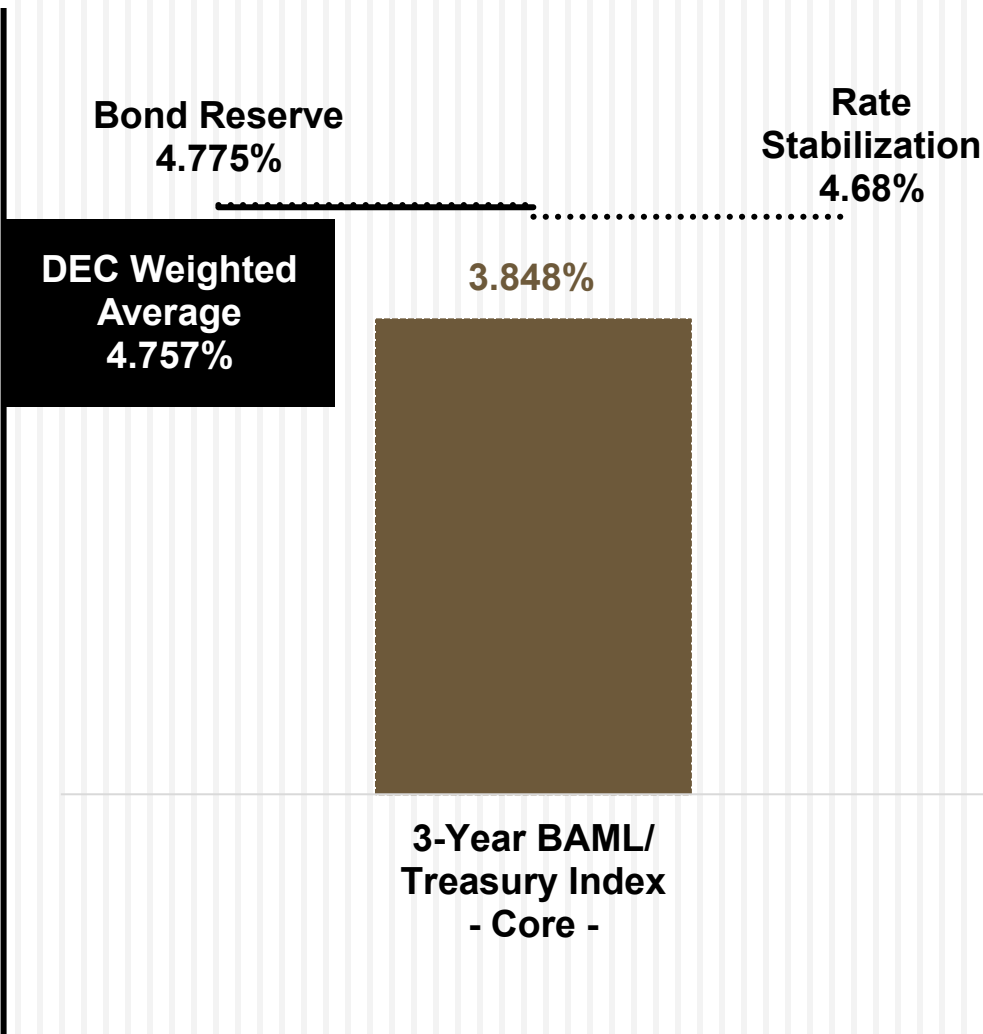
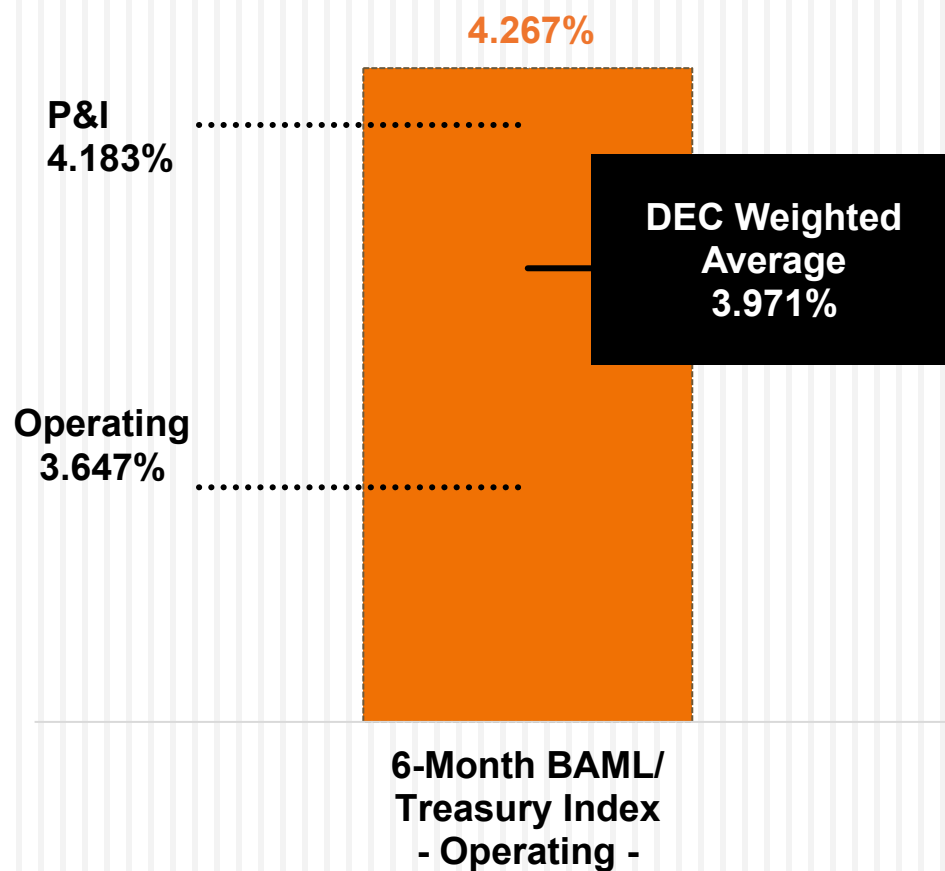
Date	6-Month BAML/Federal Reserve Treasury Index	1-Year BAML/Federal Reserve Treasury Index	0-3 Year BAML/Federal Reserve Treasury Index
3/31/2024	5.324	5.016	4.889
6/30/2024	5.261	5.107	4.965
9/30/2024	4.772	4.389	4.258
12/31/2024	4.379	4.234	4.278
6/30/2025	4.290	3.997	3.747

- Short and long-term yields declined from the end of Q4 2024.
- An inverted yield environment continues with 1-Year and 0-3 Year index rates trailing the 6-Month index.
- DEC will monitor market rates to appropriately maximize investment yields.



# DEC fund performance mixed versus benchmark yields

4





# Portfolio allocations are compliant with Policy 4

5



## Investment Objectives

- **Safety** – primary objective; specific list of investment options
- **Liquidity** – invests funds to meet specific obligations
- **Return on Investment** – maximize yield while meeting other objectives



## Portfolio Allocation Limits

- Agencies – 43.6%
- Treasuries – 9.5%
- Money Market Funds – 46.0%
- Corporate Bonds – 0.9%



## Receive three bids for each investment request

- DEC has active relationships with four investment brokers including First National Bank of Omaha/Northland, Wells Fargo, Moreton Capital, and RBC Capital