



MINUTES OF DISTRICT ENERGY CORPORATION BOARD

Minutes of the meeting of the District Energy Corporation (DEC), January 24, 2023, 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 January 17, 2023.

Board Members Present: Tammy Ward, Sean Flowerday, Kim Morrow, Rick Vest, Carl Eskridge

Board Members Absent: None

Others Present: David Levy, Emily Koenig, Jason Fortik, Nick Wischhof, Larry Balm, Dianne Dobrusky, Kerin Peterson, Kurt Kolm, Bryan Willnerd, Lisa Hale

Vice Chair Tammy Ward called the meeting to order at 11:40 a.m. and noted that a quorum was present. Ward 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**

Vice Chair Ward asked for approval of the October 24, 2022 meeting minutes. Flowerday made the motion and Eskridge seconded. The vote to approve the minutes was:
Aye: Ward, Flowerday, Morrow, Eskridge
Nay: None
Abstain: Vest **Approval of Prior Minutes**

Jason Fortik brought forth the re-appointment notice for Tammy Ward, noting that she was reappointed for a term that would end 12/31/2024. Also noted was Rick Vest's appointment to a County Commissioners' seat that would also end 12/31/2024. Carl Eskridge was appointed to the LES seat for a term that would end 12/31/2024. And Kim Morrow was appointed to fill the City seat that was formerly held by Miki Esposito, that term ends 12/31/2023. Fortik also introduced Nick Wischhof, the new LES Manager of Projects Engineering and DEC Project Manager, and Bryan Willnerd in LES Financial Services. **Appointment / Re-Appointment Notices**

David Levy, Legal Counsel, conducted the election of Chair for 2023. Eskridge moved to nominate Sean Flowerday as Chair. Ward seconded the motion. The vote to approve Sean Flowerday as Chair was:

Aye: Ward, Flowerday, Morrow, Vest, Eskridge
Nay: None

Election of Officers for 2023

David Levy conducted the election of Vice Chair for 2023. Vest moved to nominate Carl Eskridge as Vice Chair. Flowerday seconded the motion. The vote to approve Carl Eskridge as Vice Chair was:

Aye: Ward, Flowerday, Morrow, Vest, Eskridge
Nay: None

David Levy conducted the election of Secretary for 2023. Eskridge moved to nominate Kim Morrow as Secretary. Vest seconded the motion. The vote to approve Kim Morrow as Secretary was:

Aye: Ward, Flowerday, Morrow, Vest, Eskridge
Nay: None

Nick Wischhof, LES Manager, Projects Engineering, presented.

Management Report

Wischhof 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.

- **Operations Update**

Wischhof presented the Capital Projects updates for 2022 and 2023, with details for each project. 2022 projects that carry forward include: central cyber security system and the SBP roof upgrade. Capital Projects for 2023 include: C/C water softener upgrade, C/C water service upgrade, CADF geothermal loop cooler, CADF backup circulating water pumps, WHM electric boiler addition, LOC geothermal loop heating system, NSP control room temperature conditioning, and NSP on-line chiller tube cleaning system.

- **Capital Projects Update**

Wischhof presented an outage report and detailed the metrics and data used to determine service interruptions. No unplanned service interruptions were identified in 2022.

- **Service Interruptions**

An update on new customer Feasibility Studies was presented. No expansion is planned at the State Boiler Plant. A decision on the 9th & P expansion project is expected from that developer in Q1 2023.

- **Feasibility Studies**

Emily Koenig, LES VP Financial Services and CFO and DEC CFO, presented. **Financial Report**

- **4th Quarter 2022**

Year to date sales are slightly over budget, due primarily to colder than average temperatures. Year to date revenues are closely following budget. Year to date expenses are slightly over budget, primarily due to natural gas costs. Debt Service Coverage was slightly lower than budget due primarily to higher expenses. 2022 Capital spending was \$411k below budget, pending period 13 adjustments.

Bryan Willnerd, LES Manager Treasury and Risk Management, presented. **Investment Report**

- **4th Quarter 2022**

Willnerd presented the semiannual investment report, with details on DEC's \$8.8M portfolio that is managed by LES. The report showed yield increases throughout 2022, with those increases beginning to slow towards year end. DEC fund performance lagged compared to benchmark yields – but was not unexpected due to DEC's "hold to maturity" strategy.

Investment objectives for safety, liquidity and return on investment were met. Portfolio allocation limits were not in compliance with the policy due to investments maturing on the last day of 2022 and a decision not to reinvest the funds on that same day due to the potential for year-end cross over issues if investments didn't settle properly. The criteria to receive 3 bids for each investment request was met.

Jason Fortik presented information about the International District Energy Association's (IDEA) 2023 annual conference. **IDEA conference**

This annual conference is scheduled for early June 2023 in Chicago. DEC typically budgets for two board members to attend, as well as one or two staff members.

David Levy presented information about proposed Nebraska legislation that may impact DEC. The following bills were discussed: LB 164 (McKinney), LB 299 (Linehan), LB 637 (Albrecht), LB 650 (McDonnell). **Nebraska Legislation**

Flowerday reminded everyone that the next meeting date is April 18th, 2023. Other meeting dates for 2023 are: July 18th and October 17th. **Future Meetings**

Fortik introduced discussion about the start time of future meetings and the provision of lunch. The noon hour meetings with lunch provided was agreeable to all.

Adjournment

Chair Flowerday asked for a motion to adjourn. Ward moved for approval.

Eskridge seconded the motion. The vote to adjourn was:

Aye: Ward, Flowerday, Morrow, Vest, Eskridge

Nay: None

There being no further business to come before the Board, Chair Flowerday declared the meeting adjourned at approx. 12:45 p.m.

Sean Flowerday, Board Chair

By: *Dianne Dobrusky*
Dianne Dobrusky, Assistant Secretary