



## MINUTES OF DISTRICT ENERGY CORPORATION BOARD

Minutes of the meeting of the District Energy Corporation (DEC) Board of Directors meeting held on October 24, 2024, at the Lincoln Electric System Kevin Wailes Operations Center, 9445 Rokeby Road, Lincoln, Nebraska. Notice of the meeting was published in the Lincoln Journal Star newspaper on October 17, 2024.

Board Members Present: Sean Flowerday, Carl Eskridge  
Rick Vest joined via speaker phone from approx. 1:15-1:30pm

Board Members Absent: Kim Morrow, Bennie Shobe

Others Present: Jason Fortik, Emily Koenig, Nick Wischhof, Larry Balm, Dianne Dobrusky, Keith Snyder, Denise Parrott, Nichi Richardson, Bryan Willnerd, Wade Leibbrandt, Ben Hostetler, Curt Donalson, Doug Bantam, Kerin Peterson

Chair Sean Flowerday called the meeting to order at 1:15pm. Chair 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. To meet the quorum requirements, Chair Flowerday and Vice Chair Eskridge were in the room, and Director Vest was on speaker phone.

### **Call to Order**

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

### **Safety Briefing**

Chair Flowerday asked a motion to approve the July 16, 2024 meeting minutes. Chair Flowerday made the motion and Director Eskridge seconded. The vote to approve was:  
Aye: Flowerday, Eskridge, Vest

### **Approval of Minutes for 7/16/24**

Chair Flowerday called for a motion to approve adjusting the agenda to address the items needing action first, as Director Vest was only available (via phone) for a limited time. Vice Chair Eskridge made the motion and Director Vest seconded. The vote to approve was:  
Aye: Flowerday, Eskridge, Vest

### **Motion to Adjust Agenda**

Wade Leibbrandt, LES Manger Budget and Financial Planning, presented information and details regarding the DEC 2025 Budget and

### **2025 Budget and Rates**

Rates pertaining to Resolution 24-04 (original agenda item VI. C.). The 2025 operating budget is a 7.9% increase over 2024. Leibbrandt reviewed the main drivers for the increase, as well as the capital budget items. Graphs and details for the Demand-Other and Demand-Financing rates for each plant were presented. The proposed heating and cooling rates both meet the cost-of-service targets. Leibbrandt also reviewed the Rate Stabilization Fund balance and Debt Service metrics. Altogether, the 2025 total proposed budget is a 2% decrease compared to 2024. The details for each plant were broken out to show their individual comparison of 2024 vs. 2025.

Chair Flowerday called for a motion to approve Resolution 24-04. Vice Chair Eskridge made the motion and Director Vest seconded. The vote to approve was:  
Aye: Flowerday, Eskridge, Vest

**Resolution 24-04**

Wade Leibbrandt presented information and details regarding authorization needed to withdraw funds from the Rate Stabilization Fund, for NSP only, not to exceed \$117,525.00, pertaining to Resolution 24-05. (Original agenda item VI. D.)

**Rate Stabilization Funds Moved**

Chair Flowerday called for a motion to approve Resolution 24-05. Vice Chair Eskridge made the motion and Director Vest seconded. The vote to approve was:  
Aye: Flowerday, Eskridge, Vest

**Resolution 24-05**

Wade Leibbrandt presented information and details regarding the intent to reimburse certain capital expenditures from future tax-exempt obligations pertaining to Resolution 24-06. (Original agenda item VI. E.)

**Reimburse Capital Expenditures**

Chair Flowerday called for a motion to approve Resolution 24-05. Vice Chair Eskridge made the motion and Director Vest seconded. The vote to approve was:  
Aye: Flowerday, Eskridge, Vest

**Resolution 24-06**

Emily Koenig, LES VP Financial Services and CFO, and DEC CFO, presented information and details regarding the ratification of the Financial Statement Audit Contract with Forvis Mazars for audit years 2024-2026. (Original agenda item VI. G.)

**Forvis Mazars Audit Contract**

Chair Flowerday called for a motion to ratify the contract. Vice Chair Eskridge made the motion and Director Vest seconded. The vote to approve was:  
Aye: Flowerday, Eskridge, Vest

**Ratify Forvis Contract**

Nick Wischhof, LES Manager, Projects Engineering, presented information and details regarding the approval needed for Revised

**Black Hills Energy Agreement**

Exhibit B, Quantity, Term, and Rates that is attached to the Nebraska Transportation Services Base Agreement between DEC and Black Hills Energy, pertaining to Resolution 24-03 (original agenda Item V. E.). This is a three-year extension to the existing agreement.

Chair Flowerday called for a motion to ratify the contract. Vice Chair Eskridge made the motion and Director Vest seconded. The vote to approve was:  
Aye: Flowerday, Eskridge, Vest

**Resolution 24-03**

*Director Rick Vest (attending via speaker phone) left the meeting at approx. 1:30pm.*

Chair Flowerday welcomed public comment and introduced Curt Donaldson. Donaldson shared comments on the efficacy of solar installations (original agenda Item III.).

**Public Comment**

Nick Wischhof presented the 3<sup>rd</sup> Quarter Management Report (original agenda item V.). Wischhof reviewed the service interruptions occurring during the 3<sup>rd</sup> quarter and planned outages for the 4th quarter. Fuel usage and costs, compared to budget, were reviewed. Wischhof provided details for capital projects in process - reviewing budgets, project status, and cash flow. Possible DEC expansion with the new Lincoln convention center was discussed.

**Management Report**

Wade Leibbrandt present the 3<sup>rd</sup> Quarter Financial Report (original agenda item VI.). Leibbrandt noted that energy sales were slightly above budget due to increased cooling loads for the period. Revenues have closely matched budget for YTD, and expenses were 2% below budget due primarily to higher investment income. Debt service coverage was higher than budget due to lower operating expenses and higher interest income.

**Financial Report**

Bryan Willnerd, LES Manager, Treasury and Risk Management, presented the annual insurance coverage review (original agenda item VI. F.). Willnerd detailed the timeline for the insurance renewal and each step in the process, especially highlighting the steps needed between now and year-end. Industry trends in different coverage categories were reviewed. It is estimated that the year-over-year premiums may increase 7.4%. resulting in the preliminary estimated renewal premiums being 3.5% over budget.

**Insurance Coverage Review**

Jason Fortik presented information regarding the DEC LOC Plant LES REC Rider Program Participation (original agenda item VII. B.). LES, (as a customer of DEC). will be asking LES (as the management contractor for DEC), to sign up for the program and purchase RECs to offset electricity consumption. The dollar amount is minimal, at less than \$100 per year.

**REC Rider Program**

Jason Fortik discussed the board terms ending 12/31/24 and the steps taken to refill or reappoint members (original agenda item VII. C.). Three board members have terms expiring at year-end. Both Director Shobe and Vice Chair Eskridge have expressed an interest in being reappointed, and we are in the process of getting those official confirmations. Direct Vest will let us know in mid-November and will then take the appropriate steps.

**Board Terms Expiring  
12/31/24**

Jason Fortik discussed the progress and next steps toward filling the DE Manager position (original agenda item VII. D.). This position has been budgeted for going forward, and the job posting has recently closed. The applications are being reviewed and candidate interviews are being scheduled shortly.

**DEC Manager Position**

These items, from the original agenda, will be moved to the next meeting, in January 2025:

**Agenda Items Moved to  
Next Meeting**

- V. D. Approval of Management Report
- VI. B. Approval of Financial Report
- VII. A. Greenhouse Gas Strategy and Resolution 24-07

The next meeting dates, in 2025, were reviewed. Vice Chair Eskridge brought forward that the location of the meetings should be a discussion item at a future meeting, with the possibility of utilizing the downtown board room.

**Future Meeting Dates**

There being no further business to come before the board, the meeting was adjourned, at approximately 2:00 pm.

**Adjournment**

Sean Flowerday, Board Chair

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