

**Minutes of the 125th Regular Meeting of the Board of Directors
Northeast Nebraska Public Power District**

The 125th regular meeting of the Northeast Nebraska Public Power District was called to order at 7:38 p.m., on April 22, 2008, by President Don Larsen. This meeting was held in the power district's Operations Center in Wayne, NE. President Larsen announced that the meeting was being conducted pursuant to the Nebraska Open Meetings Law and pointed out the location of the law in the meeting room.

Notice of this meeting was posted at all facilities of Northeast Nebraska Public Power District and was delivered by first class mail to the City Hall offices of the following towns and villages: Allen, Carroll, Concord, Dixon, Emerson, Foster, Hoskins, Hubbard, Jackson, Martinsburg, Maskell, McLean, Newcastle, Obert, Osmond, Pierce, Ponca, Thurston, Waterbury, Wayne, and Winside. Notice was also sent to the following newspapers: Nebraska Journal Leader, Norfolk Daily News, Norfolk Shopper, Pender Times, Pierce County Leader, Osmond Republican, Randolph Times, South Sioux City Star, Wakefield Republican, and Wayne Herald.

The following Officers and Directors were present:

**Director Larsen Director Gansebom Director Lebsock Director Birkley
Director Silhacek Director Kneifl Director Gustafson Director Loberg
Director Bodlak**

Mark Shults, Manager

Christopher J. Connolly, Attorney

Others present: Jan Kristjanson, Dean Bruggeman, and Randy Belt

The Open Meetings Act advisement was also given.

Minutes of the April 22, 2008 Meeting: There was a motion to approve with corrections noted in the Public Comment section, "run and ride" should be "run and hide". There was also a question about the accuracy of the minutes in regard to the west circuit of Sub 15. This motion was made by Director Gansebom and seconded by Director Birkley and was approved 9-0 on a voice vote.

Safety Meeting Minutes of April 4, 2008: The minutes of the April 4, 2008 Safety Meeting were then reviewed and there was a discussion concerning the need for safety inspections on trucks prior to operation. There was then a motion to approve the Safety Meeting minutes made by Director Kneifl and seconded by Director Silhacek and was approved 9-0 on a voice vote.

Public Comment: None.

Ron Asche and Jack Henderson from NPPD gave a presentation. There was a discussion of environmental issues. Equipment necessary to reduce sulfur dioxide and nitrous oxygen for the Gerald Gentleman plant would cost approximately \$1.5 billion. If required by EPA, this equipment would need to be installed within the next 4-5 years. Debt payments alone would be approximately \$100 million per year and an additional \$30 to \$40 million per year for operation and maintenance. NDEQ has approved a nitrous oxygen burner for \$22 million that would take the place of the more expensive scrubbers, but EPA will have final approval. None of this has anything to do with carbon dioxide emissions.

Coal plants are being denied permits around the country. Nuclear power will take a long time to build. There are fewer and fewer skilled workers who have the ability to build such equipment or operate nuclear plants in this country and will result in importation of labor from other countries. An energy crisis will develop in 5 to 10 years because power capacity will drop.

The carbon dioxide cap costs could be anywhere from \$10.00 a ton to \$120.00 per ton. NPPD generates 10 to 11 million tons of carbon dioxide each year. Congressional representatives need to hear about the costs of these fixes from the taxpayers.

NPPD is looking at various options for power security. It may add on to and/or modify the Shelton Station, ultra efficient gas plants may be built. Wind generation and other renewable energy sources will be constructed. Seven hundred megawatts of base load capacity will be coming back to NPPD when various contracts expire related to Nebraska City and Cooper Nuclear Station. Various questions concerning these areas were asked by the directors.

Audit Presentation: Larry Lane of Schmidt & Co. participated by telephone in the audit review. Initially, he reviewed the letter to the audit committee demonstrating compliance and cooperation from management in conducting the audit. He then moved on to the unqualified opinion letter that was issued in connection with this audit. He then went through many of the portions of the audit report itself. No material weaknesses were found in internal controls, but as usual, internal controls are difficult to manage for smaller operations. Questions were raised about the insurance levels. Mr. Lane advised the Board that the levels are similar to what he sees with other power districts and coops of similar size.

After the telephone conference call was completed, there was a motion to approve the audit made by Director Gustafson and seconded by Director Birkley.

The following roll call vote was taken upon the motion:

Director Larsen – yes	Director Gustafson – yes	Director Birkley – yes
Director Lebsock – yes	Director Silhacek – yes	Director Kneifl – yes
Director Gansebom – yes	Director Loberg – yes	Director Bodlak – yes

All directors present voting yes, the chairman declared the motion carried 9-0.

There was then a discussion of raising the medical payments insurance from \$1,000.00 to \$2,000.00. Mark Shults advised that he would consult with Federated Insurance about this issue.

Approval of March, 2008 Expenses: There was a discussion of towing bills and boom repair to one of the bucket trucks. There was then a discussion of the gross receipts tax and how it works. There was then a motion to approve the March bills made by Director Gansebom and seconded by Director Gustafson.

The following roll call vote was taken upon the motion:

Director Larsen – yes	Director Gustafson – yes	Director Birkley – yes
Director Lebsock – yes	Director Silhacek – yes	Director Kneifl – yes
Director Gansebom – yes	Director Loberg – yes	Director Bodlak – yes

All directors present voting yes, the chairman declared the motion carried 9-0.

Review of the Financial Statements: There was then a review of the financial statements. There was a general review of the financial condition of the power district that included discussions on line loss, idle services, credit card fees, and temporary investments. There was then a motion to approve the financial statements made by Director Bodlak and seconded by Director Lebsock and was approved 9-0 on voice vote.

Mark Shults then provided an update on the office construction project. Huntel has now confirmed that they want to lease/purchase the current office building. There was also a discussion of Jeff Morlok's letter to the Board. There is no consensus on interest in changing procedures. After sprinkler issues with the City are worked out, final plans and schedule will be put together and delivered to the power district.

New Business:

1. Policy 11-12: This policy is regarding remote collar disconnects. There was a discussion of uses and procedure. The District currently has approximately 30 of these collars. The Board then took up Resolution 2008-04-01 approving Policy 11-12. The motion was made by Director Silhacek and seconded by Director Lebsock and was approved 9-0 on a voice vote.
2. Mark Shults then presented a new organizational chart to the Board. The positions vacated by Rick Robins and Maria Tello will not be filled. Duties from these positions will be shifted to other employees.
3. Policy 10-04: This policy is regarding the FMLA Policy. Mark Shults advised the Board that the FMLA policy will be updated and brought back to the Board at a future meeting. The Board then reviewed Policy 10-11 regarding employee recognition. There was then a motion to approve the review and renewal of Policy 10-11 as is was made by Director Gansebom and seconded by Director Lebsock and was approved 9-0 on a voice vote.

Management Reports:

1. Jan Kristjanson: Seven hundred letters will be going out shortly on AMR changeovers. Cindy is now close to full-time to make up for the loss of Maria Tello. First test file sent to a mailing house in Sioux Falls. The mailing went well. A second file goes out tomorrow. There was then a discussion of AMR meters not working. The power district has 90% of the AMR meters reading immediately. About 10% need troubleshooting.
2. Dean Bruggeman: Randy Gamble has started spraying substations and pole yards. Materials and parts are coming in and are easy to get. A hired hand has been helping with erosion at the Operations Center. Poles are coming in ok. Some trucks have broken down. There was also a discussion of other trucks in for repairs. One of the pickups was damaged after hitting something in a gravel road windrow. There was extensive damage to this truck. The trees at the Operations Center appear to be doing fine.
3. Randy Belt: About 15 irrigation systems have been constructed. Another 20 to 25 are still out there. Hot stick testing has been done. Only four failed. New home installations continue. A new cell tower has been installed. All sub installs for AMR have been completed. About 1,000 meters still need to be installed. Scott Abraham ordered trouble shooting equipment to help with the installation process.
4. Mark Shults: Room reservations for the trip to Washington were discussed. He will be attending the Ponca City Council meeting next Monday. Vince Kneische has purchased and will install two 20kw wind turbines. Safety disconnect issues still need to be resolved. There was then a discussion of the Touchstone Energy drug cards. There was also discussion of the Terry Gilliland issue. Terry believes that district personnel discouraged him from putting the neutral blocker on. The Board discussed the matter of the bill for installing the neutral blocker and the consensus is to drop the charge. The manager will handle this.

Board Member Reports:

1. G & T: A written report was submitted.
2. NREA: There will be a meeting in Norfolk in mid-May.

There was then a motion to adjourn the meeting made by Director Gustafson and seconded by Director Birkley and was approved 9-0 on a voice vote. The meeting was adjourned at 11:31 p.m.

I, the undersigned, secretary of the Northeast Nebraska Public Power District, Wayne, Nebraska, hereby certify that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and available for public inspection at the office of the District; that minutes of the District were in written form and available for public inspection within ten working days and prior to the next convened meeting of said body; that all news media requesting notification concerning meeting of said body were provided advance notification of the time and place of said meeting and the subject matters to be discussed at said meeting.

Secretary

Attest: _____
President