

**Minutes of the 128th Regular Meeting of the Board of Directors
Northeast Nebraska Public Power District**

The 128th regular meeting of the Northeast Nebraska Public Power District was called to order at 1:04 p.m., on July 25, 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 Loberg
Director Silhacek Director Kneifl Director Gustafson Director Bodlak**

Director Absent: Director Birkley

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 June 24, 2008 Meeting: There was a motion to approve the minutes made by Director Kneifl and seconded by Director Bodlak and was approved 8-0 on a voice vote.

Director Birkley arrives at 1:06 p.m.

Public Comment: None.

Office Project: Jack Jackson was present to bring the Board up to speed on the office project. He advised that the bid opening had occurred on July 23, 2008 at 11:00 a.m. The apparent low bidder was L & L Builders Company of Sioux City, IA with a base bid of \$1,418,800.00. Mr. Jackson then reviewed this bid in comparison with all others and advised the Board that he felt that the low bidder was also a capable and competent builder. This bidder satisfied all of the requirements of the bid package and recommended acceptance. Mr. Jackson advised the Board that the State Fire Marshall's office has not yet completed its review of the drawings. He suggested that the contract date be set for August 11, 2008. The completion date will be February 6, 2009. He also suggested giving Mark Shults authority for up to \$40,000.00 in change orders. There was then a motion to include the umbrella portion of the project made by Director Gansebom and seconded by Director Lebsock. After further discussion concerning the umbrella, the motion and second were withdrawn. Mr. Jackson advised the Board that approval of the bid without alternate one would result in the umbrella structure being built. The Board then moved onto Resolution 2008-07-01 approving the bid of L & L Builders in the amount of \$1,418,800.00. This motion was made by Director Birkley and seconded by Director Kneifl.

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 Bodlak – yes	Director Loberg - yes

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

There was then a motion to authorize Mark Shults to spend up to \$40,000.00 on change orders. This motion was made by Director Bodlak 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 Bodlak – yes	Director Loberg – yes

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

There was then a motion to authorize Mark Shults to sign the approved contract documents made by Director Lebsock and seconded by Director Gansebom and was approved 9-0 on a voice vote.

Bruce Pontow was scheduled to speak this month, but this matter has been moved to the September meeting.

Rose Middleton and Carl Schroeder from Federated Insurance were present to do a review of the District insurance policies. Property coverages only apply to substations and property with an address. Distribution and transmission lines are not insurable. There was then a discussion of medical payments coverage. Each category of insurance was reviewed.

Authorization of June, 2008 Expenses: There was a review of the June bills, including a discussion of mowing and spraying of substations. There was then a motion to approve the June, 2008 expenses made by Director Gustafson and seconded by Director Silhacek.

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 Bodlak – yes	Director Loberg – yes

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

Review of the Financial Statements: There was a general discussion of the financial condition of the District. Tree trimming and AMR expenses are up substantially this year. There was also a discussion of how the budget items are starting to even out. Line loss is down due to reduced irrigation sales year to date. One certificate of deposit with Indy Mac Bank is being called in following the collapse of the bank. The District's CD was 100% insured by FDIC. There was also a discussion of moving beyond Salt Creek Software in the next year. Management is looking at different vendors to provide software.

There was then a discussion of floating a bond for some or all of the office construction costs. This would help save cash for emergencies and operations.

There was then a motion to approve the financials made by Director Bodlak and seconded by Director Lebsock and was approved 9-0 on a voice vote.

There was then a discussion of increasing the medical payments coverage on the insurance. After further discussion, the consensus of the Board is to leave the matter to Mark Shults to determine whether or not that should be increased.

There was then a discussion of the sale of the Emerson building. Mark Shults advised the Board that the Emerson City Council had approved buying the property. There was then a motion to approve Resolution 2008-07-02 which is the sale of the Emerson building made by Director Gustafson and seconded by Director Gansebom.

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 Bodlak – yes	Director Loberg – yes

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

There was then a discussion of the basic facility charges. Mark Shults presented a proposal to the Board concerning possible changes to the basic facilities charge. After much discussion, the Board moved on to Resolution 2008-07-03. There was a motion to approve that resolution enacting standby service rates made by Director Gustafson and seconded by Director Bodlak.

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 Bodlak – yes	Director Loberg – yes

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

The Board then moved onto Resolution 2008-07-04 amending the signatory card. There was then a motion to approve made by Director Kneifl and seconded by Director Gansebom and was approved 9-0 on a voice vote. Approval of this resolution allows Don Larsen as the President to execute checks and removes the name of Rick Robins as an authorized signatory.

The Board then decided to hold off on Resolution 2008-07-05 regarding the NRECA meeting until next month.

Management Reports:

1. Jan Kristjanson: Another 300 customers have been transferred to AMR. The Village of Carroll is included in this group. Inside staff are taking vacations. Things are going well. Trouble-shooting in the AMR area is limited to situations where there are multiple units not working correctly.
2. Dean Bruggeman: Concrete is being poured for new pole stanchions and transformers. The new 50 foot bucket truck will be ready by mid-August. Unit 31 has been returned to Osmond after retro fitting a new chassis. The District will need to invest in new 3kva transformers for pump services. The landscaping job in Osmond is complete. He will schedule clean-up of the Emerson pole yard. People from Bobcat will be in to examine the machines next week.
3. Randy Belt: The first round of irrigation systems is now completed. Crews have retired 20-25 services in the last two weeks. Storm caused pole change-outs are numerous. Under AMR, there are 250 new meters installed. All new meters have been pretty much installed west of Wayne. There are perhaps 400-500 east of Wayne that still need to be installed. Falling trees took out three poles near Substation 9 and there is difficulty in rebuilding this line. May need to go underground. The Emerson linemen will start reporting to Wayne on August 18, 2008. This will allow for the crews to be mixed better. Safety Meeting will be coming up in two weeks. Slings and chains will be checked by Dakota Rigging. The Emerson crews' attitude was ok as the change comes up. There was then a discussion of how close bins can be built to power lines. There was also a discussion of irrigation systems waiting for connection.
4. Mark Shults: Nothing else.

Board Member Reports:

1. G & T: Rates are expected to increase from 3 – 4% to 15% next year.
2. NREA: There will be a quarterly meeting to be held in Scottsbluff, NE starting August 18, 2008.

The President then declared that the regular meeting session was over at 4:54 p.m. and the Board recessed in order to have dinner before moving on to the Strategic Planning Session. Director Birkley also left at 4:54 p.m.

The meeting then reconvened at 5:14 p.m. for the Strategic Planning Session.

There was then a discussion of possible changes to the organizational documents. The attorney was asked to review certain changes to the By-Laws. There also a discussion of the grassroots campaign and training by Touchstone Energy.

The Board then went on to discuss the possibility of hiring an additional person to be a tree trimmer. Management was looking for ideas on how to deal with this. The Board also discussed whether or not a contractor should be hired. If an additional person is hired, this will need to be discussed with the Union. Mark Shults advised that he is not sure what cost savings there are in hiring another person. He advised that he would talk to various contractors to see if any savings could result from handling trimming in that manner.

There was then a discussion of customer satisfaction with AMR. Just about anyone who has a new meter is very happy with the AMR system. There are currently 36 disconnect collars in use for rental units. There was also a discussion of movement of crews around the District.

There was also a discussion of growing irrigation loads. The problem is not at a crisis point right now. There was a discussion of load growth for the next couple of years.

There was then a discussion of ways to reduce the number of late notices and accounts each month. AMR and prepay may be ways to improve this.

There was then a discussion of the cost of implementing a new software system. The initial conversion would cost \$40,000 – \$50,000.00. The annual license renewal will be \$20,000 – \$45,000.00.

Director Loberg then left the meeting at 6:25 p.m.

There was then a discussion of board policies including leadership succession. Mark advised that he had some ideas on who should take certain duties in his absence, but acknowledged that more work needed to be done on this. Directors Larson and Gustafson then left the meeting at 6:49 p.m. and Director Bodlak took over the chair of the meeting.

There was then a discussion of the Emerson pole yard, as well as discussions on-call procedures after the Emerson office closes.

There was then discussion of easement issues in Ponca.

Director Gansebom left the meeting at 7:19 p.m.

There was also a discussion of what to do with the old Osmond sub.

Director Bodlak then adjourned the meeting at 7:45 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