

**Minutes of the 137th Regular Meeting of the Board of Directors
Northeast Nebraska Public Power District**

The 137th regular meeting of the Northeast Nebraska Public Power District was called to order at 7:43 p.m., on April 28, 2009, 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 Loberg Director Bodlak
Director Silhacek Director Kneifl Director Gustafson Director Lebsock
Director Birkley**

Mark Shults, Manager

Others present: Jan Kristjanson, Dean Bruggeman, Randy Belt, guest Jay Homquist and guest Christopher Connolly.

Minutes of the March 24, 2009 Meeting: Corrections to the minutes of the February 27, 2009 are: Director Gansebom noted a change under the heading of, 'New Business #1' that the recovery period should be 5 years on Industrial and Commercial services. Director Silhacek noted a typo under the heading of 'Management Report for Dean Bruggeman', that "... Rotation bolts are now being checked...". There was a motion made by Director Gansebom and seconded by Director Kneifl to approve minutes of the March 24, 2009 meeting with the above corrections. The motion was approved 9-0 on a voice vote.

Safety Meeting Minutes of April 3, 2009: After a short discussion there was a motion by Director Lebsock and seconded by Director Kneifl to approve minutes of the April 3, 2009 Safety Meeting. The motion was approved 9-0 on a voice vote.

Public Comment: None

Guest Speaker: Jay Holmquist, General Manager of the Nebraska Rural Electric Assn., spoke about NREA's new office building and that the move is complete. He talked about working with different Senators, and that the Net Metering bill looks like it will pass. He mentioned that Kristin Gottschalk is doing a good job for NREA with the Legislature. Jay talked about the US Congress and House Representatives on the Energy Bills (on climate change). There was some

discussion about EPA regulation; about Cap and Trade; and about the need to educate customers regarding these issues. He expressed there have been lots of local support across the state for education and political action to get Congress to listen to concerns about the potential cost of environmental legislation.

Dave Lebsock asked for comments and questions from the board as discussion items by the Directors going to Washington DC to visit Legislators.

New Business:

1. Emerson Property: Mr. Breck Giese discussed his interest in purchasing District property located in Emerson. Mr. Giese owns the elevator that is next door to the District's former pole yard. A Level II environmental survey was done on the property. The Survey results were clean regarding contamination of the property. Director Gansebom requested a copy of the tests for the District's records and Giese agreed to provide. Giese stated he paid \$5,000 for the study and then made a verbal offer of \$55,000 to purchase the property from the District. He presented to the Board of Directors a draft purchase agreement for this amount. (Property is 2.07 acres of land with a building).

Shults stated that District personnel will begin removing materials from the pole yard, but leave the built in shelving and pole stanchions. Mr. Giese inquired if the fuel tanks were for sale. Mr. Giese would be interested in purchasing them.

Authorization of March 2009 Expenses: There was discussion on various expenses, including hydraulic boom repairs on truck number 31 and hydraulic inspections and maintenance performed on trucks. There was a motion by Director Gansebom and seconded by Director Gustafson to approve the March 2009 expenses.

The following roll call vote was taken upon the motion:

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

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

Christopher Connolly thanked the board of directors for his years of service with the Board of Directors. Chairman Don Larsen thanked Christopher for his work with the power district.

Financial Reports for March 2009: Shults discussed Budget vs. Revenue differences on the cost of power as reported on the RUS Form 7. Shults went over how the Ethanol Plants kWh purchases from 2004 compared to 2008. Sales to the plants have doubled from 2007 to 2008, which made budgeting hard to project. There was discussion on a small write off due to Salt Creek Software support services that were booked before 2003. We are now expensing this kind of service. Shults mentioned that 57% of revenue for March was to used to purchase wholesale power and that year-to-date cash has increased due to this year's rate increase above

the wholesale power. Shults noted that after adjusting for accounting time periods that line losses appear to be normal at about 7.5%.

Management Reports:

- a. Jan Kristjanson: Gave update on SEDC software conversion.
- b. Randy Belt: Reported that all Irrigation AMR meters are installed and work is underway on programming them for TOU rates. The men are installing repeaters to aid AMR communication. The men removed idle services this last month. Irrigation services that have been approved for 2009 should be completed this season. The Sholes transformer is scheduled to be delivered on Thursday April 30, 2009. Installation of this transformer will be scheduled at a later date due to current soft road conditions. Shults discussed a rate comparison regarding Brad Roberts grain bin cost. Mark Shults will call Mr. Roberts to let him know that there will need to be two separate services. Belt finished with saying the tie line between Carroll and Winside is mostly done and that only about 1000 feet of underground conductor was left to trench.
- c. Dean Bruggeman: He has applied for permits to remove underground tanks in Ponca and Osmond. The tree mover was here today to move the evergreen by the new building to the south side of the power district's property. Dean mentioned that Randy Gamble is doing weed control in the Substations and there is currently only one truck in the shop as of today.

Old Business:

1. Resolution 2009-04-01: Shults discussed changes to Policy 04-05 (governing Board Compensation) that were noted in Red on the draft included in the board packet. There was a motion to approve this resolution made by Director Bodlak and seconded by Director Silhacek and was approved 9-0 on a voice vote.

New Business:

2. Resolution 2009-04-02: The Board enacted two new policies: Personnel Policy 19, *Expense Limits for Employee Business Travel* and Personnel Policy 20, *Board Meeting and Travel Expense Guidelines for Directors*. Shults discussed with board the new policies. There was a motion to approve this resolution made by Director Gansebom and seconded by Director Gustafson and was approved 9-0 on a voice vote.

Shults discussed the Pollux pole-testing program. Shults said there is a used Pollux pole-testing machine in North Dakota. He has inquired about purchasing this used machine to begin testing our poles this summer. The Board of Directors mentioned the possibility of sharing with other Public Power District's. The directors don't want a used one and would like management to purchase a new one.

There was then a discussion by Board regarding a replacement for the Board's Attorney. Discussion began with the question of whether the board wants an attorney at every meeting? Attorney Michael Pieper has visited with Shults about being the Board's Attorney. Some discussion was had on the merits of having the attorney attend the meetings and establishing a monthly retainer. Other attorneys were mentioned and discussion was had about how to go about hiring a new attorney. There was a motion made to solicit a select group of attorneys in the counties we serve, and to inquire about the attorney's availability on an 'on call basis' or monthly retainer. The board suggested at least 4 to 6 different attorneys to be solicited. The motion was made by Director Lebsack and seconded by Director Ganseboom and was approved 9-0 on a voice vote.

The Board of Directors discussed continuing to report expenses of Board of Director as included in the monthly board packet. Shults discussed the Low Income Weatherization Program funding as sponsored by Nebraska Dept. of Revenue. It would be a cost shared matching program. Board decided to take no action at this time because of the lack of interest in an agency to administer the funds.

There was a motion by Director Ganseboom and seconded by Director Silhacek to go into Executive Session for the purpose of discussing real estate and personnel issues. The following roll call vote was taken upon the motion:

Director Bodlak – yes	Director Gustafson – yes	Director Birkley – yes
Director Silhacek – yes	Director Ganseboom – yes	Director Kneifl – yes
Director Loberg – yes	Director Lebsack – yes	Director Larsen – yes

All directors present voting yes, the Chairman declared the motion carried 9-0 at 11:13 p.m.

There was a motion to come out of executive session by Director Silhacek and seconded by Director Bodlak and approved 9-0 on a voice vote at 11:39 p.m.

There was then a motion made to accept the purchase agreement from Mr. Breck Geise to purchase the Emerson property for \$55,000.00 and get a copy of the Phase Two study that was done.

Board Reports:

1. There was Discussion on Washington D.C. trip next week, three directors and Mark Shults are going.
2. Discussion by Director Gustafson on Ne G & T annual meeting.
3. Audit Committee: Director Birkley reported on the meeting with the auditor Roger Schmidt Jr. The District will receive a 'clean audit', which means that management has fairly and accurately maintained the financial records of the District. It was reported that Schmidt reviewed with the audit committee some concerns that his auditors are having with other PPD's and Co-ops, but expressed pleasure he has no concern with NeNPPD.

The audit company Schmidt and Company is to get information regarding deposits made out of state. Jan mentioned for board of directors to fill out the questionnaire for the auditor and mail back in the stamped self addressed envelope. Director Birkley mention that the Mr. Schmidt discussed switching CPA firms once in a while, but since they rotate their auditors that come to do the audit, there is less need for the power district to do this. Shults pointed out pages 2 through 4 in the Manager's report of the audit was written by the Manager to explain increases in wholesale power and costs passed through to the customer.

Shults informed the board of directors, that Senator Bob Geise has asked to use the District's training room on Monday, July 13, 2009. The board of directors approved use of the room by the Senator.

There was then a motion to adjourn the meeting made by Director Kneifl and seconded by Director Birkley and approved 9-0 on a voice vote, the meeting was adjourned at 11:52 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