

**Minutes of the 138<sup>th</sup> Regular Meeting of the Board of Directors  
Northeast Nebraska Public Power District**

The 138<sup>th</sup> regular meeting of the Northeast Nebraska Public Power District was called to order at 7:04 p.m., on May 26<sup>th</sup>, 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 Ganseboom   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, Jason Doele and Dennis Collins, Attys with the firm Jewell, Collins, Delay and Flood; Mike Pieper, Amy Wiebelhaus and Kyle Dahl, Attys with the firm Pieper, Weibelhaus and Dahl; and Breck Giese.

Minutes of the April 28, 2009 Meeting: There was a motion made by Director Lebsock and seconded by Director Kneifl to approve minutes of the April 28, 2009 meeting. The motion was approved 9-0 on a voice vote.

Public Comment: None

Teleconference with Auditors: The Board heard by teleconference from Roger Schmidt Jr., Accountant who performed the District's annual financial audit for 2008. The accounting firm of Schmidt and Co. is retained by the Board to perform the annual audit of the District's financial records. The Board had previously received written copies of the financial audit. Mr. Schmidt's presentation was to permit him to bring to the Board's attention any areas of significance in either the financial position of the District or the quality of the financial records as maintained by management. Mr. Schmidt told the Board that there were no areas of weakness in the manner in which the financial records were maintained or the way in which the financial reports were prepared. Mr. Schmidt also stated that the financial condition of the District continues to be strong and that he has seen some areas of concern with other of his clients, but that for 2008 the District has maintained a good financial foundation. The auditor mentioned that he met in

person and in private with the Board's audit committee (without management present) to discuss any questions about the audit process or concerns about the District's records and there were none discussed at that meeting. He offered by teleconference to meet again in private with the Board, but there was no action by the Board to do so.

Presentation by Dennis Collins and Jason Doele: Mr. Collins spoke representing his Law Firm regarding their desire to serve as General Counsel for the Power District. The Board had asked Mr. Collins to meet with them at this Board meeting.

Execution of Purchase Agreement with Mr. Breck Giese: Mr. Giese visited briefly with the Board to execute in person his portion of the purchase agreements for the sale of District owned property in Emerson, NE. Mr. Giese is purchasing the District's material storage yard which has been declared as surplus by the District's management.

Authorization of April 2009 Expenses: There was discussion on various expenses, including the expenses related to annual hydraulic boom inspections and maintenance and an advertising expense. There was a motion by Director Gustafson and seconded by Director Birkley to approve the April 2009 expenses.

The following roll call vote was taken upon the motion:

Director Lebsack - 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.

Financial Reports for April 2009: Shults discussed the good margins (\$1.1 million) for the first four months of the year, but reminded the Board that the summer season can have volatile and expensive wholesale power costs. Shults expressed optimism that the modifications to the District's Time of Use Irrigation rates will work well this summer. Shults mentioned the report on comparative financial statements from the G&T and mentioned just how low cost the District was on prices charged customers. In fact, the District had the 2<sup>nd</sup> low cost per kWh for irrigation rates and was 3<sup>rd</sup> lowest cost on an average cents per kWh overall.

Management Reports:

Randy Belt discussed the work done at the Sholes Substation to change out the transformers; the recent 'near-miss' accidents, the results of the engineer's study for contingency re-feeding of Substations; and the status of the new line section between Winside Sub and the Village of Carroll.

Dean Bruggeman reported on some upgrades to the fences and property at the McLean Substation and added to the report on transporting the new transformer to the Sholes Sub site.

Jan Kristjanson reported on a recent bankruptcy by a customer and the resulting change in Board policy on deposits

Mark Shults added nothing more at this time.

Presentation by Mike Pieper

Attorneys Mike Peiper, Amy Wiebelhaus and Kyle Dahl discussed with the Board their desire to serve as General Counsel for the District. There were some questions and answers between the guest and the Board members.

Board Discussion regarding selection of General Counsel

After all guests departed the Board entered into a review and discussion of the Law Firms that had responded to the Board's solicitation. Shults stated that the Wayne Boyd had declined the solicitation as did Kate Jorgensen. Shults mentioned that Dennis Hurley had not responded to the solicitation and had discussed by telephone that the District's work didn't really fit his practice. Mr. Hurley did express his desire to talk further if the Board was unable to find another Attorney that would be suitable to the Board.

Based on the written responses to the formal solicitation and the personal presentations by the two firms there was a motion to retain Kyle Dahl of the firm Pieper, Wiebelhaus and Dahl as the District's General Counsel made by Director Kneifl and seconded by Director Lebsock. The motion was for the General Manager to negotiate the terms of a monthly retainer.

The following roll call vote was taken upon the motion:

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

Old Business:

There was no old business brought before the Board.

New Business:

Resolution 2009-05-01: Board Policy 11-07 which governs the District's collection of consumer security deposits was reviewed and modified to permit management to increase the maximum amount of a deposit to two times a customers high month's bill when the customer has demonstrated a poor credit history with the District. There was a motion made by Director Silhacek and seconded by Director Birkley to approve the resolution. The resolution was passed 9 – 0 on a voice vote.

Resolution 2009-05-02: Board Policy 11-10 sets a limit of 4 years for the District to collect from customers or make refunds to customers when billing errors have occurred. This policy was enacted in January, 2006 and was reviewed in light of a recent refund situation due to a mistake in metering by NPPD years ago. The Board affirmed Policy 11-10 as being satisfactory. A motion was made by Director Lebsock and seconded by Director Bodlak. The resolution passed 9 – 0 on a voice vote.

Resolution 2009-05-03: Board Policy 11-09 stipulates the process and time lines for ‘self-read self-bill’ customers to make payments for their monthly electric bills. Management proposed some modifications due to there no longer being any more ‘self-bill’ customers as a result of the Automated Meter Reading System and the conversion of billing software now underway. Management reported that there remains about 65 single-phase customers that will remain ‘self-read’ for the next few months and as a result the policy as modified was needed so that the District’s billing and collection process with these customers had a basis in Board Policy. There was a motion made by Director Gansebom and seconded by Director Gustafson. The resolution passed 9 – 0 on a voice vote.

Board Reports:

Generation and Transmission Cooperative Meetings: No Report

Nebraska Rural Electric Assoc.: Director Gansebom told the Board of his presenting a plaque and gift card to Chris Connolly as appreciation for his service to the District. He also reported on a statewide communications plan underway to educate employees and customers regarding pending climate change legislation. The cost of participation to the District would be \$1,952.00.

National Rural Electric Cooperative Assoc. Legislative Conference: Directors Lebsock, Gustafson, and Silhacek reported on their recent participation in the conference and visits with Congressional representatives.

Upcoming Events: Mark Shults notified the Board that the District will host the Wayne Area Chamber of Commerce morning coffee at 10:00 am on Friday, June 19. It was decided that Directors Bodlak, Gustafson and Silhacek would represent the District at the upcoming NPPD Board meeting in Columbus. Director Bodlak discussed an arranged meeting with Mr. Louis Pofahl, Regional Congressional Representative for Congressman Fortenberry. This meeting was set for 2:00 pm on May 28.

Executive Session: The President asked those in attendance if there was a need to conduct an executive session. There was not a call for one and none was conducted.

The President then called for a motion to adjourn. There was a motion made by Director Lebsock and seconded by Director Birkley. The President declared the meeting adjourned at 11:02 pm.