

**Minutes of the 158th Regular Meeting of the Board of Directors
Northeast Nebraska Public Power District**

The 158th regular meeting of the Northeast Nebraska Public Power District was called to order at 10:01 a.m., on January 25th, 2011, by President Don Larsen. This meeting was held in the power district's General Office 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 Gansebom Director Silhacek Director Larsen Director Birkley
Director Lebsock Director Gustafson**

Directors Absent: Director Bodlak, Director Kneifl

Others present: Mark Shults, Kyle Dahl, Jan Kristjanson, Dean Bruggeman, Mandy Backer.

Review and approve minutes of the December 21, 2010 regular board of directors meeting: Director Lebsock made a motion to approve the minutes of the December 21, 2010 Regular Board Meeting, which was seconded by Director Gustafson and was approved 6-0 on a voice vote.

Authorization of December 2010 Expenses: There was a brief discussion of various expenses, followed by a motion to approve the October 2010 expenses made by Director Gustafson and seconded by Director Lebsock.

The following roll call vote was taken upon the motion:

Director Larsen – yes Director Gustafson – yes Director Silhacek – yes
Director Birkley – yes Director Gansebom – yes Director Lebsock - yes

All directors present voting yes, the chairman declared the motion carried 6-0.

Financial Statements for November 2010: Mark Shults presented some information on the preliminary financial reports for December 2010, noting that the district finished with a good year financially, but noted that due to the ice storm last winter the District spent about \$900,000 in cash. He stated that the District still has a sufficient amount of cash, but it is an item that will need to be managed throughout 2011. Then there was a brief discussion, but no motions were made and no votes were taken regarding the financial statements as only the preliminary reports were available at the time of the meeting.

Director Bodlak arrived at 11:02 A.M.

Director Gansebom then made a motion to adjourn the meeting as the 2010 Board of Directors and to reconvene as the 2011 Board of Directors, which was seconded by Director Birkley. The motion was approved on a 7-0 voice vote.

District attorney Kyle Dahl acted as counsel for the Board and called the meeting to order was called to order at 11:16 a.m.

The following Officers and Directors were present:

Director Gansebom Director Silhacek Director Larsen Director Birkley
Director Lebsock Director Gustafson Director Bodlak

Directors Absent: Director Kneifl

The Oath of Office was administered to Director Paul Bodlak and Director Dave Lebsock who were re-elected to the Board.

Organization of the board was now in order:

President -- Nominations were opened for president. Director Birkley nominated Director Don Larsen for board president, seconded by Director Gustafson. No other nominations were made, and the motion carried on a 7-0 voice vote

President Larsen then took over the meeting.

Vice President – Nominations were opened for vice-president. Director Birkley nominated Director Paul Bodlak for vice-president, seconded by Director Gansebom. No other nominations were made and the motion carried on a 6-1 voice vote.

Secretary - Nominations were opened for Secretary. Director Silhacek nominated Director Dan Gansebom for Secretary, seconded by Bodlak. No other nominations were made and the motion carried on a 7-0 voice vote.

Treasurer - Nominations were opened for treasurer. Director Birkley nominated Director Tom Gustafson for treasurer, seconded by Director Gansebom. No other nominations were made and the motion carried on a 6-0 voice vote, with Director Gustafson abstaining.

Committee Memberships:

G&T: Remain the same

NEPA Representative: same as G&T

NREA Director: Director Gansebom, Director Bodlak, alternate

Audit Committee: Directors Silhacek, Birkley, and Bodlak

NRECA Representatives: Director Lebsock voting, Director Silhacek, alternate

Federated Representatives: Director Lebsock voting, Director Silhacek, alternate

CFC: Director Silhacek voting, Director Lebsock, alternate

NRTC: Director Silhacek voting, Director Lebsock, alternate

Public Comment Period: None, as no members of the public were present.

Old Business:

1. Update from the Board's Attorney regarding negotiations with the City of Pierce to redefine the City's service area and re-affirming the District's rights to serve loads within the District's area. Attorney Kyle Dahl gave a brief update to the board regarding negotiations with the City of Pierce regarding the service area issues and service to customers in the area. The District has filed a formal Complaint with the Power Review Board regarding the dispute between the District and Pierce over customers located in the District's service area which are being served by Pierce Utilities. The parties are attempting to negotiate a settlement, and a hearing on the issue is set for March 18, 2011 in Lincoln.
2. Monthly review of services purchased through Nebraska Rural Electric Association. Mark provided information and discussion ensued about the District's progress with evaluating the services provided by NREA. Director Bodlak, Director Lebsock, Director Gansebom, and Mark Shults are meeting with NREA on February 1, 2011, in Lincoln.

A motion was then made by Director Dan Gansebom to go into executive session for the purpose of discussing pending litigation, and to discuss a personnel issue involving the District with District Attorney Kyle Dahl and General Manager Mark Shults, seconded by Director Birkley.

The following roll call vote was taken upon the motion:

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|------------------------|--------------------------|-------------------------|
| Director Larsen – yes | Director Gustafson – yes | Director Silhacek – yes |
| Director Birkley – yes | Director Gansebom – yes | Director Lebsock - yes |
| Director Bodlak – yes | | |

The board entered executive session at 12:28 p.m

Director Bodlak left the meeting at 1:31 p.m.

Director Gustafson made a motion to come out of executive session, seconded by Director Lebsock. The board came out of executive session at 1:57 p.m.

Management Reports:

1. Jan Kristjanson: Jan gave a brief accounting report.
2. Dean Bruggeman: Dean reported on the following: Diagnostic tests are scheduled on the Districts vehicles; repairs on substation transformers; the generator at the districts' main office is working well; the need for a new wood chipper; and the fact that his last day before retiring will be March 31, 2011.
3. Mark Shults: Mark reported that District IT manager Scott Abraham is providing services to Burt County Public Power District under a contract agreement with them; the District will start monitoring voltage at substations in the near future; and discussed his interview for selection on the Board of Directors for SEDC.
4. Mandy Backer: Mandy reported that Lydell Haggemeyer has started in his new position as warehouseman to help with the transition following Dean Bruggeman's retirement, and that they have completed a report on inventory regarding all variances that were over or under \$500.00. She noted the auditors will be at the District during March 30 to April 1.
5. Randy Belt: Randy reported that personnel from Federated Insurance were here to inspect the trucks and equipment and that they gave us a favorable report. He also reported on a recent

“hot work” training session in Norfolk; that tree-trimming efforts are continuing; and that they continue to follow-up on blink-count reports.

New Business:

1. Resolution 2011-01-01. Resolution to establish a memorial scholarship in the name of former director Dan Loberg for students in the course of study for apprentice lineworker at Northeast Community College. After a brief discussion a motion was made by Director Gustafson and seconded by Director Lebsock to approve the resolution. The motion passed on a 6-0 voice vote. A motion was also made by Director Gansebom to review the scholarship for possible renewal after three years. The motion was seconded by Director Lebsock, and passed on a 6-0 voice vote.
2. Resolution 2011-01-02. Resolution to approve a new electric rate for small commercial and industrial services over 40 kW but less than 100 kW in electrical demand. Mark Shults provided some information on the need to establish the new rate to be more consistent with its customer classifications, and following a brief discussion, a motion was made by Director Lebsock and seconded by Director Silhacek to approve the resolution. The motion passed on a 6-0 voice vote.
3. Resolution 2011-01-03. Resolution to review and modify the wording of Work Practice #5 which governs credit and collection notification procedures. Mark Shults provided information on the proposed meeting dates for 2011. After a brief discussion, Director Birkley then made a motion to approve the resolution which was seconded by Director Silhacek. The motion passed on a 6-0 voice vote.
4. Vote to move February meeting to March 2, 2011. After a brief discussion, the Board voted 6-0 to move the time of the March 2, 2011, meeting to start at 10:00 a.m.

Board Member Reports: Director Gansebom provided a brief legislative report.

There was then a motion to adjourn the meeting made by Director Gustafson and seconded by Director Birkley and was approved 6-0 on a voice vote. The meeting was adjourned at 3:38 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