

**Minutes of the 171st Regular Meeting of the Board of Directors
Northeast Nebraska Public Power District**

The 171st regular meeting of the Northeast Nebraska Public Power District was called to order at 9:04 a.m., on February 29th, 2012, by Director Paul Bodlak, who chaired the meeting in the absence of the Board President, Director Don Larsen. This meeting was held in the power district's General Office in Wayne, NE. Director Bodlak 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:

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|-------------------------|---------------------------|-------------------------|
| Director Bodlak | Director Gustafson | Director Lebsock |
| Director Birkley | Director Silhacek | |

Directors absent: Director Kneifl, Director Gansebom, Director Larsen

Others present: Mark Shults, Kyle Dahl, Jan Kristjanson, Randy Belt, and Mandy Backer, Cody Wickham of D.A. Davidson & Co., Dennis Rutar.

After the roll call was taken, Director Lebsock made a motion to excuse the absences of Directors Kneifl, Gansebom and Larsen, which was seconded by Director Gustafson. The motion carried on a 5-0 voice vote.

Director Lebsock was also appointed as acting secretary for the meeting in the absence of Director Kneifl.

New Business:

1. Resolution 2012-02-01. Resolution to authorize issuance of \$1.9 million bond financing to retire \$900,000 of 2007 bonds by refinancing at a lower interest rate and shorter terms and securing \$1.0 million in new financing for power line construction projects.

Mr. Cody Wickham of D.A. Davidson & Co. presented some information along with Mark Shults on the benefits of refinancing the bonds and the savings that the District would capture in doing so. After a brief discussion, Director Gustafson made a motion to approve the resolution, which was seconded by Director Lebsock. The following roll call vote was taken

upon the motion:

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|------------------------------|--------------------------|
| Director Larsen - (absent) | Director Gustafson - yes |
| Director Silhacek - yes | Director Birkley - yes |
| Director Gansebom - (absent) | Director Lebsock - yes |
| Director Kneifl - (absent) | Director Bodlak - yes |

All Directors present voting yes, the motion carried 5-0.

2. Resolution 2012-02-02. Resolution approving engineer's recommendation of sealed bids to select a contractor to rebuild the District's Winside substation. Mark Shults provided some information on the bids that were received for the project, and based upon the recommendation of the engineer, suggested that Schmader Electric receive the bid, and presented a proposed resolution. Director Silhacek then made a motion to accept the resolution, which was seconded by Director Birkley. The following roll call vote was taken upon the motion:

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|------------------------------|--------------------------|
| Director Larsen - (absent) | Director Gustafson - yes |
| Director Silhacek - yes | Director Birkley - yes |
| Director Gansebom - (absent) | Director Lebsock - yes |
| Director Kneifl - (absent) | Director Bodlak - yes |

All Directors present voting yes, the motion carried 5-0.

3. Resolution 2012-02-03. Resolution to approve engineer's list of new irrigation pumping services for 2012. Mark Shults presented some information about the 2012 proposed irrigation list after receiving feedback from Jim Herchenback from RVW, Inc. After a brief discussion, Director Silhacek made a motion to approve the list, which was seconded by Director Gustafson. The motion carried on a 5-0 voice vote.

4. Discussion of a proposal from the City of Pierce regarding the District's complaint before Power Review Board and courts. A discussion was had between the Directors, management, and the District's attorney regarding the last proposal from Pierce to settle the dispute between the two parties that is currently before the Nebraska Supreme Court on appeal. No official action vote was taken, but the District's attorney is going to continue the talks with Pierce on resolving the matter.

Authorization of January 2012 Expenses: There was a brief discussion of various expenses, followed by a motion to approve the January 2012 expenses made by Director Silhacek, and seconded by Director Lebsock.

The following roll call vote was taken upon the motion:

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|------------------------------|--------------------------|
| Director Larsen - (absent) | Director Gustafson - yes |
| Director Silhacek - yes | Director Birkley - yes |
| Director Gansebom - (absent) | Director Lebsock - yes |
| Director Kneifl - (absent) | Director Bodlak - yes |

All directors present voting yes, the motion carried 5-0.

Review and approve minutes of the January 11, 2012 Regular Board of Directors meeting: Following review of the minutes a few corrections were noted, and then a motion was made by Director Silhacek to approve the minutes of the January 11, 2012 Regular Board Meeting, with corrections. The motion was seconded by Director Gustafson and was approved on a 7-0 voice vote.

Public Comment Period:

A discussion was had between the Directors, management and Mr. Dennis Rutar regarding the correspondence that the District has received from the U.S. Department of Interior, Bureau of Indian Affairs (BIA) about some power lines that cross through land held in trust by the BIA for the Winnebago Indian Tribe. This was a discussion item only and a no vote was had and no official action was taken.

December 2011 & January 2012 Financial Statements. Mark Shults reported that the budget was generally on track for fiscal year 2011, but that wholesale power expenses were more than expected in relationship to revenue and that the net effect of the expense was \$364,000 in cash. He also noted that the 2012 budget is generally on track through the first month of January. Director Lebsock then made a motion to approve the December Financial Statements, which was seconded by Director Birkley. The motion passed on a 5-0 voice vote. Next, Director Gustafson made a motion to approve the January 2012 financial statements, which was seconded by Director Silhacek. The motion carried on a 5-0 voice vote.

Director Birkley left the meeting at 11:16 p.m.

Management Reports:

1. Randy Belt. Randy reported on various projects including tree-trimming work is beginning and that transmission line work is being done on substation number one, consisting of approximately 11 poles and 60-70 cross arm replacements. He also noted that transformer testing is being done in Ponca and Osmond. Seventy to eighty transformers will need to be changed out.

2. Jan Kristjanson. Jan reported on the fact that the policy regarding deposits is being updated for irrigators, and that the policy will be the same for all customers. In the future, land owners won't be required to co-sign for farm land renters with irrigation accounts, unless they do so voluntarily.

3. Mark Shults. Mark reported that the new Director portraits are ready for review, and that NPPD has recently offered a new discounted rate for

new businesses, apparently in the name of economic development for the state. He also noted that all the directors should have their iPads now and should be set up to access the director gmail account. Mark also discussed his plan for following up on the issues relating to the BIA and the Rutars.

4. Mandy Backer. Mandy reported on the summary of the mowing bids for this year, and that White Dog Lawn Service will be doing the mowing again this year. She also discussed that L&L Construction is completing some work at the Ponca office and that the auditors will be at the District offices during the last week of March.

Old Business: None.

A break was taken at 11:52 p.m. for lunch. The Board reconvened at 12:46 p.m.

Board Member Reports: Director Silhacek gave a report on the CoBank meeting.

Executive Session: Director Bodlak asked if there was any need for the Board to go into executive session. No one made a motion for the Board to go into executive session and none was had.

There was then a motion to adjourn the meeting made by Director Gustafson and seconded by Director Silhacek and was approved 4-0 on a voice vote. The meeting was adjourned at 1:52 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