

**Minutes of the 172nd Regular Meeting of the Board of Directors
Northeast Nebraska Public Power District**

The 172nd regular meeting of the Northeast Nebraska Public Power District was called to order at 10:11 a.m., on March 27th, 2012, by President Don Larsen, who chaired the meeting. This meeting was held in the 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 Bodlak	Director Gustafson	Director Lebsock
Director Birkley	Director Silhacek	Director Larsen
Director Gansebom	Director Kneifl	

Directors absent: None.

Others present: Mark Shults, Kyle Dahl, Jan Kristjanson, Randy Belt, Mandy Backer, and Mr. Brook Curtiss, Plainview, NE.

Review and approve minutes of the February 29, 2012 Regular Board of Directors meeting: Following a review of the minutes, a few corrections were noted, and then a motion was made by Director Lebsock to approve the minutes of the February 29, 2012 Regular Board Meeting, with corrections. The motion was seconded by Director Bodlak and was approved on a 8-0 voice vote.

Review and approve minutes of the February 24, 2012 Safety Meeting: Following review of the minutes, a motion was made by Director Birkley to approve the minutes of the February 24, 2012 Safety Meeting. The motion was seconded by Director Gustafson and was approved on a 8-0 voice vote.

Public Comment Period: Mr. Brook Curtiss from Plainview, Nebraska briefly addressed the Board. Mr. Curtiss is running for a seat in the Nebraska Legislature, District 41. That Legislative District covers Pierce County, a part of which is also included within the District's service area.

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

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
Director Kneifl - yes	Director Bodlak - yes

All directors present voting yes, the motion carried 8-0.

February 2012 Financial Statements. Mark Shults reported the District is still in good shape financially and the February financial statements are pretty close to budget, although sales and revenue were a little down. After a brief discussion, Director Lebsock made a motion to approve the February 2012 Financial Statements. The motion was seconded by Director Bodlak. The motion carried on an 8-0 voice vote.

Management Reports:

1. Mandy Backer: Mandy reported the auditor from Schmidt & Co. was at the office and will be available to give a report and answer any questions the Board might have. She also gave updates on other projects, such as the repairs to the Ponca office have been completed, the District is looking at computerized fuel pumps to improve data collection and management of inventory, and they have begun treating the substations for weeds. Finally, Mandy and a couple of other employees will be attending a training event for some new staking software and they received a discount on the cost because they are doing the training with employees from RVW, Inc., and another power district.

2. Jan Kristjanson: In response to a Director inquiry, Jan gave a report on the District's credit card program for purchases through US Bank. The District earns 1% back for purchases and so far the District has spent approximately \$336,000.00 through the program. She also reported the District has spent approximately \$36,000.00 on attorney fees relating to the service area dispute and related issues with Pierce Utilities and, through a program with CFC, the District should recoup about half of that amount. Finally Jan noted that to date the District's Charitable Fund has collected \$10,768.00 and disbursed \$3,260.00.

3. Randy Belt: Randy reported the linemen are working on

installing new irrigation services and they have approximately 15-20 to complete. He also noted the linemen have begun working on tree-trimming, spraying trees, and finishing up work on transmission lines. He also discussed some new techniques for grounding poles as well as some possible topics for future safety meetings.

4. Mark Shults: Mark reported that a cost of service study will be conducted soon. He also discussed some of the issues related to NPPD's financial situation and that union negotiations are probably coming in August, so they will be conducting a salary survey in preparation. Finally, he discussed some of the conversations he has had with customers regarding the rate charge for security lights.

Old Business:

1. Decision regarding the District's financial responsibility on a verbal claim made by Dennis Rutar to cover the expense of relocating his service tap. The Board discussed Mr. Rutar's situation and the possible options for assisting Mr. Rutar with some of the expenses involved in relocating his service tap approximately three-quarters of a mile in order to not cross over land held by the U.S. Department of Interior, Bureau of Indian Affairs in trust for the Winnebago Indian Tribe. After a discussion, Director Gustafson made a motion for the District to assist Mr. Rutar by giving him credit towards the cost of relocating the line in equivalent footage to the distance of his current service tap, but requiring that Mr. Rutar pay for the additional cost of construction for the remaining distance, pursuant to the District's aid-to-construction policy. The motion was seconded by Director Lebsock. The motion carried on an 8-0 voice vote.

A break was taken at 12:15 p.m. for lunch. The Board reconvened at 12:55 p.m.

New Business:

1. Resolution 2012-03-01. Resolution to approve management's report on future bulk power purchase decisions and provide the report to NNPPD customers, the public, and potential power suppliers. Mark Shults prepared a report on future bulk power purchase decisions and presented it to the Board for its consideration. After a discussion between Mark and the Board, Director Bodlak made a motion to approve the report and its distribution. The motion was seconded by Director Lebsock and was passed on an 8-0 voice vote.

2. Resolution 2012-03-02. Resolution to approve modification of Policy 11-07 on customer deposits to include new applications for credit from irrigation customers. Mark Shults presented information about the new policy and, after a brief discussion, Director Gansebom made a motion to approve the resolution, which was seconded by Director Gustafson. The resolution passed on an 8-0 voice vote.

3. Resolution 2012-03-03. Resolution to approve enactment of Policy 11-20 to establish a practice of setting all irrigation transformer banks at the road and requiring the farmer to be responsible for high voltage wires into the field when it is not possible to site the transformers on the road. Mark Shults presented some background information on the new policy and the reasoning behind it. After a discussion with the Board and management, Director Bodlak made a motion to approve the resolution, which was seconded by Director Kneifl. The following roll call vote was taken upon the motion:

Director Larsen - yes	Director Gustafson - yes
Director Silhacek - yes	Director Birkley - yes
Director Gansebom - no	Director Lebsock - yes

Director Kneifl - no

Director Bodlak - yes

A majority of the directors present voting yes, the motion carried on a 6-2 vote.

4. Auditor's preliminary report to the Board. The auditor from Schmidt & Co. presented some preliminary information to the Board about the District's annual audit. He noted there were not any major issues that needed to be dealt with and the staff was good to work with on the few minor issues that needed to be addressed. The Board and the auditor then had a discussion about potential issues that could arise with power districts and electric cooperatives, including the use of credit cards by employees. The auditor stated he has seen some situations where employees may get into trouble with credit cards by using them for personal expenses. He noted sometimes organizations will not have a clear policy on acceptable use of company credit cards and recommended the District review its own policies to ensure it is clearly communicated to prohibit employees from using credit cards for any personal use. No official action was taken and no vote was had on this issue.

5. Discussion of proposed settlement offer from the City of Pierce regarding the District's complaint before the Power Review Board. A discussion was had between the Board, management, and attorney Kyle Dahl, regarding the draft proposal by Pierce Utilities to settle the matter. Attorney Kyle Dahl will respond to Pierce Utilities on behalf of the board.

Director Gansebom left the meeting at 3:27 p.m.

6. Discussion regarding report from management on the stated requirements for transmission line service by a proposed wind farm near Thurston, NE and a brief discussion regarding any

proposals the wind farm developers may want to make to the District regarding their sales of energy. Mark Shults presented some information to the Board concerning a proposed wind farm near Thurston, NE, but suggested the Board go into executive session to prevent the Board or Management from publicly disclosing sensitive information regarding competitive electric rates. Director Bodlak then made a motion to go into executive session to discuss the wind farm proposal in order to prevent the Board from publicly disclosing sensitive information concerning competitive electric rates.

The following roll call vote was taken upon the motion:

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

All Directors present voting yes, the motion carried 7-0. The Board entered executive session at 3:38 p.m. The Board came out of executive session at 4:01 p.m. No official action was taken and no vote was had.

There was then a motion to adjourn the meeting made by Director Kneifl and seconded by Director Gustafson and was approved 7-0 on a voice vote. The meeting was adjourned at 4:04 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