

MINUTES OF MEETING
OF
SANITARY AND IMPROVEMENT DISTRICT NO. 1
OF CASS COUNTY, NEBRASKA

A meeting of the Board of Trustees of Sanitary and Improvement District No. 1 of Cass County, Nebraska, was convened in open and public session at 11:00 a.m. on the 17th day of June, 2020, and to be held at the 10250 Regency Circle, 2nd Floor, Omaha, Nebraska.

Present: Peggy L. Lawton, Jon Meyers, Wayne Breyfogle, Phillip Wright and Scott Pekarek. Also, in attendance were Mark J. LaPuzza, attorney for the District, Kraig Thelen, Ed Hobza of Thompson, Dreessen & Dorner, Inc., John Kuehl of D.A. Davidson & Co., Jon Blumenthal, of Baird Holm, and a few residents.

Absent: None.

Notice of the meeting was given in advance thereof by publication in The Plattsmouth Journal on June 11, 2020, a copy of the proof of publication being attached to these minutes. Notice of this meeting was simultaneously given to all members of the Board of Trustees, and a copy of their acknowledgment of receipt of notice is attached to these minutes. Availability of the agenda was communicated in the published notice and in the notice to the Trustees of this meeting. All proceedings of the Board were taken while the convened meeting was open to the attendance of the public. The agenda was at all times available at the office for the District at Regency Center, Suite 300, 10250 Regency Circle, Omaha, Nebraska 68114.

It was first publicly stated to all in attendance that a current copy of the Nebraska Open Meetings Act was available for review and indicated the location of such copy in the room where the meeting was being held.

The Board was next presented with consideration of its outstanding bills and invoices.

There were next presented statements from Kraig J. Thelen, for work performed on FEMA Disaster DR 4420, as follows: (i) Statement dated April, 2020, in the amount of Five Hundred Seventy and no/100 Dollars (\$570.00), and (ii) Statement dated May, 2020, in the amount of One Thousand Thirty-Five and 50/100 Dollars (\$1,035.50); said statements being in the aggregate amount of One Thousand Six Hundred Five and 50/100 Dollars (\$1,605.50).

There was next presented a statement from Thompson, Dreessen & Dorner, Inc., engineers for the District, for services provided for the project entitled March 2019 Flood (Lake Wa-Con-Da), Invoice #137603, in the amount of Three Hundred Sixty and no/100 Dollars (\$360.00).

There were next presented statements from Nebraska Public Power District, for lighting at Highway 75, Account #211010041398, as follows: (i) Statement dated April 16, 2020, in the amount of Sixteen and 78/100 Dollars (\$16.78), and (ii) Statement dated May 18, 2020, in the amount of Sixteen and 78/100 Dollars (\$16.78); said statements being in the aggregate amount of Thirty-Three and 56/100 Dollars (\$33.56). **The Board was next reminded that it has a credit balance in the amount of Sixty-Five and 36/100 Dollars (\$65.36), so no payment is due at this time.**

There were next presented statements of Summary Account #5843000090 from Omaha Public Power District, for street lights and other electrical services, as follows: (i) Statement dated April 6, 2020,

in the amount of One Thousand Six Hundred Ninety-Eight and 54/100 Dollars (\$1,698.54), (ii) Statement dated May 5, 2020, in the amount of Two Thousand Eight Hundred Twenty-Three and 77/100 Dollars (\$2,823.77), and (iii) Statement dated June 5, 2020, in the amount of Two Thousand Three Hundred Sixty-Two and 48/100 Dollars (\$2,362.48); said statements being in the aggregate amount of Six Thousand Eight Hundred Eighty-Four and 79/100 Dollars (\$6,884.79).

There were next presented statements from Frontier Cooperative, for the purchases of propane and Ruby Fieldmaster, as follows: (i) Statement dated March 31, 2020, in the amount of Two Hundred Seventy-Nine and 68/100 Dollars (\$279.68), and (ii) Statement dated May 31, 2020, in the amount of One Thousand One Hundred Eight and 62/100 Dollars (\$1,108.62); said statements being in the aggregate amount of One Thousand Three Hundred Eighty-Eight and 25/100 Dollars (\$1,388.25).

There was next presented a statement from Kreifels Electric L.L.C., for footing pump repair, Invoice #4916, in the amount of One Hundred Fifty and no/100 Dollars (\$150.00).

There was next presented a statement from Midwest Laboratories, Inc., for water testing kits, Invoice #988551, in the amount of Forty-Three and 18/100 Dollars (\$43.18).

There was next presented a statement from AgriVision Equipment Group, for parts needed, Statement dated April 1, 2020, in the amount of Two Hundred Ninety-One and 71/100 Dollars (\$291.71).

There were next presented statements from Nebraska Public Health Environmental Lab, for testing services performed, as follows: (i) Invoice #524641, in the amount of Four Hundred Ninety-Seven and no/100 Dollars (\$497.00), and (ii) Invoice #526869, in the amount of Fifteen and no/100 Dollars (\$15.00); said statements being in the aggregate amount of Five Hundred Twelve and no/100 Dollars (\$512.00).

There was next presented a statement from Wilbur-Ellis, for miscellaneous purchases, Invoice #12595, in the amount of One Thousand Three Hundred Forty-Two and 88/100 Dollars (\$1,342.88).

There were next presented statements from One Call Concepts, Inc., for line locates within the District, as follows: (i) Invoice #0030551, in the amount of Three and 08/100 Dollars (\$3.08), (ii) Invoice #0040551, in the amount of Four and 22/100 Dollars (\$4.22), and (iii) Invoice #0050556, in the amount of Six and 14/100 Dollars (\$6.14); said invoices being in the aggregate amount of Thirteen and 44/100 Dollars (\$13.44). **The Board was next reminded that it has a small credit balance in the amount of Twenty-Four and 48/100 Dollars (\$24.48). The Board next directed advance payment to be made in the amount of One Hundred and no/100 Dollars (\$100.00).**

There was next presented a statement from JSM Concrete, for a couple yards to be used by Jim to use around the lake on small projects, Invoice #1195, in the amount of Three Hundred and no/100 Dollars (\$300.00).

There was next presented a statement from Thompson, Dreesen & Dorner, Inc., engineers for the District, for miscellaneous District maintenance through May 10, 2020, Invoice #137602, in the amount of Nine Hundred Thirty and no/100 Dollars (\$930.00).

There were next presented statements from Pansing Hogan Ernst & Bachman LLP, attorneys for the District, for legal services performed through May 31, 2020, as follows: (i) Miscellaneous District matters, in the amount of Four Thousand Eight Hundred Thirty-Three and 69/100 Dollars (\$4,833.69), and (ii) March 2019 Flood, in the amount of One Thousand Eight Hundred Fifteen and no/100 Dollars (\$1,815.00); said statements being in the aggregate amount of Six Thousand Six Hundred Forty-Eight and 69/100 Dollars (\$6,648.69).

There was next presented correspondence from Jim Noerrlinger, presenting and requesting payment in favor of Lake Waconda Association, for miscellaneous expenses as follows: (i) Selective, for flood insurance, in the amount of Seven Hundred Forty-One and no/100 Dollars (\$741.00), (ii) First Wireless, Inc., for the purchase of emergency radio, Invoice #111831, in the amount of Seven Hundred Eighteen and 46/100 Dollars (\$718.46), and (iii) Bomgaars, for the purchase of grass seed, in the amount of Sixty and no/100 Dollars (\$60.00); said statements being in the aggregate amount of One Thousand Seven Hundred Four and 49/100 Dollars (\$1,704.49).

The previously described bills, invoices, recommendations and statements having been presented for the Board's consideration and after review and discussion of such items, the following resolution was duly moved and passed on a 5-0 vote.

RESOLVED, by the Board of Trustees of Sanitary and Improvement District No. 1 of Cass County, Nebraska, that the Chairman and Clerk be and they hereby authorized and directed to execute and deliver Warrant Nos. 5542 and 5543, of the District, dated the date of this meeting, to the following payees and in the following amounts, said Warrants to be drawn on the **BOND** Fund of the District and to draw interest at the rate of seven percent (7%) per annum (interest to be payable on February 10 of each year) and to be redeemed no later than June 17, 2025, subject to extension of said maturity date by order of the District Court of Cass County, Nebraska, after notice is given as required by law, to-wit:

Warrant No. 5542, for the amount of One Thousand Six Hundred Five and 50/100 Dollars (\$1,605.50), payable to Kraig J. Thelen.

Warrant No. 5543, for the amount of Three Hundred Sixty and no/100 Dollars (\$360.00), payable to Thompson, Dreessen & Dorner, Inc.

FURTHER RESOLVED, by the Board of Trustees of Sanitary and Improvement District No. 1 of Cass County, Nebraska, that the Chairman and Clerk be and they hereby authorized and directed to execute and deliver Warrant Nos. 5544 through 5555, of the District, dated the date of this meeting, to the following payees and in the following amounts, said Warrants to be drawn on the General Fund of the District and to draw interest at the rate of six percent (6%) per annum and to be redeemed no later than June 17, 2023, subject to extension of said maturity date by order of the District Court of Cass County, Nebraska, after notice is given as required by law, to-wit:

Warrant No. 5544, for the amount of Six Thousand Eight Hundred Eighty-Four and 79/100 Dollars (\$6,884.79), payable to Omaha Public Power District, Account No. 5843000090.

Warrant No. 5545, for the amount of One Thousand Three Hundred Eighty-Eight and 25/100 Dollars (\$1,388.25), payable to Frontier Cooperative.

Warrant No. 5546, for the amount of One Hundred Fifty and no/100 Dollars (\$150.00), payable to Kreifels Electric L.L.C.

Warrant No. 5547, for the amount of Forty-Three and 18/100 Dollars (\$43.18), payable to Midwest Laboratories, Inc.

Warrant No. 5548, for the amount of Two Hundred Ninety-One and 71/100 Dollars (\$291.71), payable to AgriVision Equipment Group.

Warrant No. 5549, for the amount of Five Hundred Twelve and no/100 Dollars (\$512.00), payable to Nebraska Public Health Environmental Lab.

Warrant No. 5550, for the amount of One Thousand Three Hundred Forty-Two and 88/100 Dollars (\$1,342.88), payable to Wilbur-Ellis.

Warrant No. 5551, for the amount of One Hundred and no/100 Dollars (\$100.00), payable to One Call Concepts, Inc.

Warrant No. 5552, for the amount of Three Hundred and no/100 Dollars (\$300.00), payable to JSM Concrete.

Warrant No. 5553, for the amount of Nine Hundred Thirty and no/100 Dollars (\$930.00), payable to Thompson, Dreessen & Dorner, Inc.

Warrant No. 5554, for the amount of Six Thousand Six Hundred Forty-Eight and 69/100 Dollars (\$6,648.69), payable to Pansing Hogan Ernst & Bachman LLP.

Warrant No. 5555, for the amount of One Thousand Seven Hundred Four and 49/100 Dollars (\$1,704.49), payable to Lake Waconda Association.

FURTHER RESOLVED by the Board of Trustees of Sanitary and Improvement District No. 1 of Cass County, Nebraska, that both they and the district hereby find and determine and covenant, warrant and agree as follows: the improvements and/or facilities being financed or refinanced by the above Warrants are for essential governmental functions and are designed to serve members of the general public on an equal basis; all said improvements have from the time of their first acquisition and construction been owned, are owned and are to be owned by the District or another political subdivision; to the extent special assessments have been or are to be levied for any of said improvements, such special assessments have been or are to be levied under Nebraska law as a matter of general application to all property specially benefited by said improvements in the District; the development of the land in the District is for residential or commercial use and the development of the land in the District for sale and occupation by the general public has proceeded and is proceeding with reasonable speed; other than any incidental use of said improvements by a developer during the initial period of development of said improvements, there have been, are and will be no persons with rights to use such improvements other than as members of the general public; none of the proceeds of said Bonds or any refinanced indebtedness have been or will be loaned to any private person or entity; the District hereby authorizes and directs the Chairperson or Clerk to file or cause to be filed, when due, an information reporting form pursuant to Section 149(e) of the Internal Revenue Code of 1986, as amended, pertaining to the above Warrants; and the District does not reasonably expect to sell or

otherwise dispose of said improvements and/or facilities, in whole or in part, prior to the last maturity of the above Warrants.

FURTHER RESOLVED by the Board of Trustees of Sanitary and Improvement District No. 1 of Cass County, Nebraska, that the District hereby covenants, warrants and agrees as follows: (a) to take all actions necessary under current federal law to maintain the tax exempt status (as to taxpayers generally) of interest on the above Warrants; and (b) to the extent that it may lawfully do so, the District hereby designates the above Warrants as its "qualified tax exempt obligations" under Section 265(b)(3)(B)(i)(III) of the Internal Revenue Code of 1986, as amended, and covenants and warrants that the District does not reasonably expect to issue warrants or bonds or other obligations aggregating in the principal amount of more than \$10,000,000 during the calendar year in which the above Warrants are to be issued.

FURTHER RESOLVED, by the Board of Trustees of Sanitary and Improvement District No. 1 of Cass County, Nebraska, that this and the preceding Resolutions are hereby adopted as the Certificate With Respect to Arbitrage of the District pertaining to the above Warrants and the District and the Chairman and Clerk of the District hereby further certify, as of the date of the registration of the above Warrants with the County Treasurer of Cass County, Nebraska, as follows:

1. No separate reserve or replacement fund has been or will be established with respect to the above Warrants. The District reasonably anticipates that monies in its Bond Fund reasonably attributable to the above Warrants in excess of the lesser of: (a) ten percent (10%) of the net principal proceeds of the above Warrants, (b) the maximum annual debt service due on the above Warrants, or (c) one hundred twenty-five percent (125%) of average annual debt service due on the above Warrants will be expended for payment of principal of and interest on the above Warrants within thirteen (13) months after receipt of such monies. That amount which is currently held in the District's Bond Fund which exceeds the amount which is to be expended for payment of principal and interest on the above Warrants within thirteen (13) months after receipt of such monies, plus that amount arrived at pursuant to the immediately preceding sentence, will not be invested in any securities or any other investment obligations which bear a yield, as computed in accordance with the actuarial method, in excess of the yield on the above Warrants.

2. To the best of their knowledge, information and belief, the above expectations are reasonable.

3. The District has not been notified of any listing of it by the Internal Revenue Service as an issuer that may not certify its bonds.

4. This Certificate is being passed, executed and delivered pursuant to Section 1.148-2(b)(2) of the Income Tax regulations under the Internal Revenue Code of 1986, as amended.

Kraig Thelen provided an update as to the status of continued requests for reimbursement from FEMA and NEMA. The District continues to submit information as requested. Kraig expressed that some delays had occurred due to the need to resubmit information on account of a change in point of contact. The Trustees thanked Kraig for his continued efforts in securing reimbursement.

The next order of business was discussion regarding replacement of the basketball court. The Trustees discussed that installation of a new basketball court had been delayed as related to potential improvements related to the levy. Specifically, it appears that levy improvements would need to be made in the area where the basketball court currently exists, such that the court should be rebuilt in a different, nearby location. The Trustees directed that work be delayed until the District was able to receive confirmation that relocation of the basketball court would not impact reimbursement by FEMA.

The Trustees were presented with a bid from JSM Concrete for pouring a new basketball court concrete slab. The Trustees considered the bid and generally found the price and terms to be acceptable. However, the Trustees again noted that the work should not be performed until the location could be verified.

Thereafter, upon a motion duly made and seconded and upon a roll call vote, all the Trustees, Peggy L. Lawton, Jon Meyers, Wayne Breyfogle, Phillip Wright and Scott Pekarek voted "Aye" with none voting "Nay" thereby adopting the following resolution:

RESOLVED that the estimate from JSM Concrete is hereby approved.

FURTHER RESOVLED, that Jim Noerrlinger is hereby directed to act on behalf the District to coordinate the timing and location of installation of the new basketball court.

The next order of business was discussion regarding the presentation of District information at the Lake Waconda Homeowners Association meeting. Jon Meyers reported that he made a presentation to the Homeowners Association members at the annual meeting of the members concerning the ongoing efforts and negotiations related to the levy improvement project required by the United States Army Corps of Engineers (the "Corps"). Jon made sure to note at the annual meeting of the Homeowners Association that the District had made no decisions regarding the matter.

Jon also noted that members of the Homeowners Association had asked the District to consider leasing certain areas owned by the District to the Homeowners Association for the purpose of allowing the Homeowners Association to control access to and manage those areas. In particular, the residents noted that concerns had been raised regarding the parking issues surrounding the dump site, the old trailer parking area, and along the road in some areas. While this matter was discussed by the Trustees, no formal request was made by the Homeowners Association to the District at this time.

The next order of business was discussion regarding the continued participation of the District in the PL84-99 levy program.

Jon Meyers and Peggy Lawton, together with Ed Hobza and Mark LaPuzza, attended a meeting with the representatives of the Corps to review the 100% complete plan for the levy improvement project. While several attempts were made to have suggestions made by the District and its professionals incorporated into the 100% plan, the 100% plan was virtually identical to the 90% plan previously circulated. It was reported that there would be no expectation of the Corps modifying plans at the request of the District.

There was then an extended discussion regarding the risks and expenses associated with continued participation in the levy program. If the District elects to remain in the program, it must bear 20% of the costs of levy improvements contemplated by the plan. This is in addition to the District's obligation to provide all materials (sand, clay, soil, etc.) at the District's own expense. The District would further be required to provide, at its sole expense, all real estate required as a part of the levy improvements. This includes 6 or, potentially, 7 houses that would have to be purchased from individual owners or condemned and demolished. The ultimate costs to the District are estimated to be \$4,000,000.00.

The benefit of remaining in the program is that the risks associated with flooding would be mitigated by the improvements. Just as importantly, the ability of the District to remain in the program means that the Corps would continue to pay 80% of the costs of future improvements to the levy.

Removal from the levy program would have the potential to cause the flood insurance for the properties within the District to increase due to the potential recalculation of flood risk maps.

John Kuehl of D.A. Davidson & Co. discussed that the District would be required to issue bonds in order to pay for the expenses of the construction and related costs. The bond issuance is estimated to require a tax levy increase of \$.10 for every \$1,000,000.00 to be raised. The available interest rates at the present time are comparatively very low, allowing the District to raise more funds than would otherwise be available for the same increase in the tax levy. However, Mr. Kuehl also discussed that there would be risk associated with the District's high debt to value ratio, potentially meaning that the bonds would have to be issued at a slightly higher than market rate. It was also discussed that in the event that sale of the bonds become difficult, it may be appropriate for the District to seek active participation of residents to purchase the bonds.

Jon Blumenthal of Baird Holm law firm, who provides opinions as to the securities issued by the District, noted that developments regarding the status of the levy, participation in the levy program, and levy improvements would need to be noted in the disclosures associated with any new bond issuance. Furthermore, he noted that it is prudent to update disclosures made with respect to previous bond sales to reflect any noteworthy changes and circumstance.

The Trustees spent a considerable amount of time discussing the alternative to continued participation in the levy program. While the total cost of construction proposed by the Corps is approximately \$7,000,000.00 worth of improvements, the engineer for the District and the Trustees discussed that many proposed improvements would not be considered by the District if not required by the Corps. While the District would still very strongly consider installation of many improvements, some of the more costly improvements, as well as the removal of several homes, could be avoided in a scaled-back improvement project. The District may elect to perform a significantly smaller project, with a cost closer to \$3,000,000.00. Although there would be no cost participation by the Corps for this project, the District would be able to select individual items of work and manage the project itself.

The Trustees discussed that the levy improvements proposed by the Corps would, likely, provide better protection than those less aggressive measures the District might elect on its own. The Trustees discussed that, to an unknown degree, the failure to remain certified in the levy program would potentially cause the District's flood certifications to change, which would likely increase the cost of flood insurance to individual property owners, thereby offsetting or surpassing the tax savings from a smaller project. The Trustees spent additional time discussing the consideration of removing several houses as a part of the construction preparation process. The District would be required to purchase or condemn 6 or 7 houses and fairly compensate individual owners. Of course, individual owners, regardless of compensation, may be disappointed to lose their houses to the project. To a lesser extent, the Trustees discussed the participation the project would require additional easements and property acquisitions, the entire expense of which would be bore by the District.

It was noted that the Corps would continue to provide emergency services, such as engineering, equipment availability and coordination efforts whether or not the District remained in the levy program. Furthermore, the funding available from FEMA and NEMA in the event of a federally declared disaster would apply to allow for recoupment of expenses incurred as a result of flooding. It was noted, however, that the cost sharing with Corps means that the District is not required to front the costs for work performed. By contrast, FEMA provides only reimbursements, meaning that the District would be required to spend hundreds of thousands of dollars of its own funds in the hope that reimbursement would be timely. While the Trustees continue to be grateful for the efforts of Kraig Thelen in obtaining reimbursements, the Trustees also noted that recovery from the 2011 flooding took many years to fully resolve.

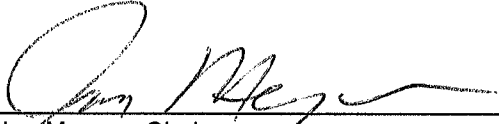
The Trustees agreed that information needs to be provided to residents to allow them to be updated as to the District's efforts and to be made of the consequences of remaining in or leaving the levy program. The Trustees directed Jon Meyers to work with Mark LaPuzza and Ed Hobza to prepare an initial draft of correspondence to be considered by the residents. The Trustees further review information provided prior to mailing of the letter. The Trustees discussed that the letter should clearly identify the two (2) options presented to the District, as well as the costs, benefits and risks associated with either alternative.

There was also discussion as to the timeline for making a decision with respect to continued participation in the levy program. The Trustees were informed that the Corps continued to press the District for an answer as to whether or not the District would participate in the program. It was noted that the funds have already been earmarked by the Corps for this project, and that access those funds later may not be certain. The Trustees expressed a general desire to make a decision on this matter at a meeting to be held in July.

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SIGNATURES APPEAR ON THE FOLLOWING PAGE]**

There was next reviewed the Agenda which had been available for public inspection in accordance with the law prior to this meeting of the Board of Trustees and reported that all matters considered by the Board at this meeting appeared on the Agenda.

Jon Meyers, as Clerk for Sanitary and Improvement District No. 1 of Cass County, Nebraska (the "District") does hereby certify that the above proceedings are a true and accurate statement of the proceedings had by the District at its June 17, 2020, meeting.



Jon Meyers, Clerk