

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 11th day of February, 2016, at 10250 Regency Circle, Suite 300, Omaha, Nebraska.

Present: Gary Kaplan, Jon Meyers, Hugh I. Abrahamson and Wayne Breyfogle.

Absent: Phillip G. Wright.

Notice of the meeting was given in advance thereof by publication in The Plattsmouth Journal on February 4, 2016, 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.

Aaron Klusmire of Farmers National made a presentation to the Board regarding water quality, lake management and fish population. Discussion was had regarding the quality of the lake's water, as well as its fish population and the species contained in such fish population. Mr. Klusmire informed the board that:

- The best way to prevent harmful algae blooms in the lake is to prevent phosphorous from entering the lake due to runoff from fertilizer used near lake. He also stated that most Nebraska soils already contain ample phosphorous to support healthy lawns, so it is not necessary to use fertilizers that contain phosphorous. The Board agreed to ask residents and their lawn care companies who apply fertilizer at the lake to use only fertilizers that contain no phosphorous.
- Having water that is not too clear helps control unwanted plant growth in the lake.
- For a few thousand dollars, the District can do a study of current fish population and take steps to build up the populations of game fish. The Board elected to proceed with authorization to allow a study of the fish population to be done by Farmers National at a cost of approximately \$1,500.00.

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

There was next presented a statement from Thompson, Dreessen & Dorner, Inc., engineers for the District, for services rendered in 2015 Chip and Seal project, Invoice #112722, in the amount of Three Hundred Seventy-Five and no/100 Dollars (\$375.00).

There were next presented statements from Nebraska Public Power District, for lighting at Highway 75, from October 15, 2015, through February, 2016, **having a small credit balance in the amount of Thirty and 93/100 Dollars (\$30.93)**. **The Board next directed advance payment to be made in the amount of Two Hundred and no/100 Dollars (\$200.00)**.

There were next presented statements of Summary Account #5843000090 from Omaha Public Power District, for street lights and other electrical services, in the aggregate amount of Thirteen Thousand Twenty-Three and 60/100 Dollars (\$13,023.60).

There were next presented statements from Midwest Farmers Cooperative, for purchase of propane, as follows: (i) statement dated October 31, 2015, in the amount of Two Hundred Twenty-Four and 35/100 Dollars (\$224.35), and (ii) statement dated January 31, 2016, in the amount of One Hundred Twelve and 91/100 Dollars (\$112.91); said statements being in the aggregate amount of Three Hundred Thirty-Seven and 26/100 Dollars (\$337.26).

There was next presented a statement from Meeske Ace Hardware, for miscellaneous purchases made for the District, statement dated November 30, 2015, in the amount of Two Hundred Forty-One and 51/100 Dollars (\$241.51).

There were next presented statements from One Call Concepts, Inc., for line locates within the District, as follows: (i) Invoice #5080566, in the amount of One and 85/100 Dollars (\$1.85), (ii) Invoice #5090560, in the amount of Five and 50/100 Dollars (\$5.50), (iii) Invoice #5100599, in the amount of Four and 10/100 Dollars (\$4.10), (iv) Invoice #5110559, in the amount of One and 10/100 Dollars (\$1.10), and (v) Invoice #5120561, in the amount of One and 10/100 Dollars (\$1.10); said statements being in the aggregate amount of Thirteen and 65/100 Dollars (\$13.65). **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 Cornerstone Insurance Agency, for renewal of Chairman and Clerk bonds, Invoice #541, in the amount of Three Hundred Forty and no/100 Dollars (\$340.00).

There was next presented a statement from Arthur J. Gallagher & Co., for renewal of Directors & Officers liability insurance, Invoice #1619909, in the amount of Three Thousand Four Hundred Sixteen and no/100 Dollars (\$3,416.00).

There was next presented a statement from Commercial Seeding Contractors, for overseeding and erosion blanket installed within the District, Invoice #16155, in the amount of Four Thousand Nine Hundred Twenty and no/100 Dollars (\$4,920.00).

There was next presented a statement from Nebraska Public Health Environmental Laboratory, for well water testing kit, Invoice #471814, in the amount of Thirty-Seven and no/100 Dollars (\$37.00).

There was next presented correspondence from Thompson, Dreessen & Dorner, Inc., engineers for the District, presenting and requesting payment in favor of Noerrlinger Construction, Inc., for equipment rental to do miscellaneous District maintenance and clean up, Invoice #563, in the amount of One Thousand Two Hundred Thirty-Seven and 50/100 Dollars (\$1,237.50).

There was next presented a statement from Masimore Magnuson & Associates, P.C., accountants for the District, for accounting services performed, Invoice dated January 25, 2016, Invoice #44515, in the amount of Seven Thousand Six Hundred Seventy-Five and no/100 Dollars (\$7,675.00).

There were next presented statements from Thompson, Dreessen & Dorner, Inc., engineers for the District, for services rendered in miscellaneous District maintenance matters through January 10, 2016, as follows: (i) Invoice #112721, in the amount of Three Thousand One Hundred Eighty and no/100 Dollars (\$3,180.00), (ii) Invoice #113222, in the amount of Eight Hundred Sixty-Nine and 50/100 Dollars (\$869.50), and (iii) Invoice #113610, in the amount of Seven Hundred Fifty-Nine and 50/100 Dollars (\$759.50); said statements being in the aggregate amount of Four Thousand Eight Hundred Nine and no/100 Dollars (\$4,809.00).

There was next presented a statement from Pansing Hogan Ernst & Bachman LLP, attorneys for the District, for legal services performed through January 31, 2016, in the amount of Three Thousand One Hundred Forty-One and 50/100 Dollars (\$3,141.50), and costs advanced in the amount of Three Hundred Thirty-Nine and 94/100 Dollars (\$339.94); said statement being in the aggregate amount of Three Thousand Four Hundred Eighty-One and 44/100 Dollars (\$3,481.44).

There was next presented correspondence from Jim Noerrlinger, requesting reimbursement to Lake Waconda Association for payments made to Midwest Laboratories, Inc., for lake water package and testing, as follows: (i) Invoice #774226, in the amount of One Hundred Eighty-Seven and 50/100 Dollars (\$187.50), and (ii) Invoice #777716, in the amount of Fifteen and 54/100 Dollars (\$15.54); said statements being in the aggregate amount of Two Hundred Three and 04/100 Dollars (\$203.04).

There was next presented correspondence from Jim Noerrlinger, requesting reimbursement to Lake Waconda Association for various payments made for miscellaneous District services, as follows: (i) Nebraska Public Health Environmental Laboratory, for water testing at the lake, Invoice #467675, in the amount of Eighty-Three and no/100 Dollars (\$83.00), (ii) Nebraska Public Health Environmental Laboratory, for water testing at the lake, Invoice #468787, in the amount of Fifteen and no/100 Dollars (\$15.00), (iii) Nebraska Public Health Environmental Laboratory, for water testing at the lake, Invoice #469780, in the amount of Ninety-One and no/100 Dollars (\$91.00), (iv) Midwest Laboratories, Inc., Invoice #781488, in the amount of One Hundred Seventy-Seven and no/100 Dollars (\$177.00), (v) Midwest Pumping, for pumping septic tank, Invoice #564545, in the amount of One Hundred Ninety and no/100 Dollars (\$190.00), (vi) ULINE, for installation of no parking signs, Invoice #71698508, in the amount of Four Hundred Nine and 06/100 Dollars (\$409.06), (vii) Southeast Plumbing & Heating, for repair of water heater, Invoice #13669, in the amount of Two Hundred Eighty-Seven and no/100 Dollars (\$287.00), (viii) Nebraska Rural Water Association, in the amount of One Hundred Fifty and no/100 Dollars (\$150.00), and (ix) State of Nebraska Water Operator's License for Jim Noerrlinger, in the amount of One Hundred Fifteen and no/100 Dollars (\$115.00); said statements being in the aggregate amount of One Thousand Five Hundred Seventeen and 06/010 Dollars (\$1,517.06).

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 **4-0** vote, with any other exceptions duly noted above:

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 No. 5056, of the District, dated the date of this meeting, to the following payee 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 February 11, 2021, 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. 5056, in the amount of Three Hundred Seventy-Five and no/100 Dollars (\$375.00), 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. 5057 through 5074, 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 February 11, 2019, 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. 5057, for the amount of Two Hundred and no/100 Dollars (\$200.00), payable to Nebraska Public Power District, Account #211010041398.

Warrant Nos. 5058 and 5059, each for the amount of Five Thousand and no/100 Dollars (\$5,000.00), and Warrant No. 5060, for the amount of Three Thousand Twenty-Three and 60/100 Dollars (\$3,023.60), payable to Omaha Public Power District, Account #5843000090.

Warrant No. 5061, for the amount of Three Hundred Thirty-Seven and 26/100 Dollars (\$337.26), payable to Midwest Farmers Cooperative.

Warrant No. 5062, for the amount of Two Hundred Forty-One and 51/100 Dollars (\$241.51), payable to Meeske Ace Hardware.

Warrant No. 5063, for the amount of One Hundred and no/100 Dollars (\$100.00), payable to One Call Concepts, Inc.

Warrant No. 5064, for the amount of Three Hundred Forty and no/100 Dollars (\$340.00), payable to Cornerstone Insurance Agency.

Warrant No. 5065, for the amount of Three Thousand Four Hundred Sixteen and no/100 Dollars (\$3,416.00), payable to Arthur J. Gallagher & Co.

Warrant No. 5066, for the amount of Four Thousand Nine Hundred Twenty and no/100 Dollars (\$4,920.00), payable to Commercial Seeding Contractors.

Warrant No. 5067, for the amount of Thirty-Seven and no/100 Dollars (\$37.00), payable to Nebraska Public Health Environmental Lab.

Warrant No. 5068, for the amount of One Thousand Two Hundred Thirty-Seven and 50/100 Dollars (\$1,237.50), payable to Noerlinger Construction, Inc.

Warrant No. 5069, for the amount of Five Thousand and no/100 Dollars (\$5,000.00), and Warrant No. 5070, for the amount of Two Thousand Six Hundred Seventy-Five and no/100 Dollars (\$2,675.00), payable to Masimore Magnuson & Associates, P.C.

Warrant No. 5071, for the amount of Four Thousand Eight Hundred Nine and no/100 Dollars (\$4,809.00), payable to Thompson, Dreessen & Dorner, Inc.

Warrant No. 5072, for the amount of Three Thousand Four Hundred Eighty-One and 44/100 Dollars (\$3,481.44), payable to Pansing Hogan Ernst & Bachman LLP.

Warrant No. 5073, for the amount of Two Hundred Three and 04/100 Dollars (\$203.04), payable to Lake Waconda Association.

Warrant No. 5074, for the amount of One Thousand Five Hundred Seventeen and 06/100 Dollars (\$1,517.06), 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.

Jim Noerrlinger next made his Caretaker's Report as to various situations within the District. He presented an application for lateral easements from Michael and Elena Shnyder (Lot 62) and Joseph and Kay Brown (Lot 75), with both the requisite easements descriptions and a check consistent with the District's fee policy. The Board was reminded that at its meeting held on July 12, 2015, the following language was approved and directed to be included in future easements:

The Grantor specifically reserves the right to remove any septic lateral system installed pursuant to this easement in the event that the Grantor elects to proceed with the installation of a permanent sanitary sewer treatment facility which would alleviate the need for such septic lateral system. The determination of when, how and to what extent such removal shall occur shall be in the sole and absolute discretion of the Grantor.

The Board agreed to proceed with the easements subject to appropriate easement forms, which shows the additional language, being sent to Jim Noerrlinger for signature by the above-referenced lot owners.

The Board discussed the payment for the street reconstruction project (*Lake Wa-Con-Da 2015 Chip Seal*) undertaken by the Board and completed in 2015. It had been indicated to the Board that the payments were made to Kerns Excavating Co., as follows: (i) District's meeting held on August 10, 2015, by General Fund Warrant Nos. 5007 through 5034 in the aggregate amount of \$136,348.27; and (ii) District's meeting held on September 2, 2015, by General Fund Warrant Nos. 5044 through 5047 in the aggregate amount of \$15,699.81. Such payment should have been made on the District's Construction/Bond Fund, as opposed to the General Fund, as this is the fund into which the FEMA reimbursements had been deposited. After a complete discussion by the Board, the Board unanimously adopted the following resolution:

RESOLVED, by the Board of Trustees of Sanitary and Improvement District No. 1 of Cass County, Nebraska, that the Board had previously approved a payment for Lake Wa-Con-Da 2015 Chip Seal to Kerns Excavating Co. in the TOTAL amount of \$152,048.08, as follows: (i) General Fund Warrant Nos. 5007 through 5034 in the aggregate amount of \$136,348.27; and (ii) General Fund Warrant Nos. 5044 through 5047 in the aggregate amount of \$15,699.81.

FURTHER RESOLVED, that such payments should have been made from the District's Construction/Bond Fund;

BE IT RESOLVED, that the payment of \$152,048.08 to Kerns Excavating Co., as detailed above, shall be paid from the District's Construction/Bond Fund, rather than the General Fund;

FURTHER RESOLVED, that the amount of \$152,048.08 shall be transferred from the Construction/Bond Fund to the General Fund in order to accomplish such resolution.

John Kuehl of D.A. Davidson & Co., underwriter for the District, presented certain scenarios showing the impact of the refinancing of the District's outstanding bond issues, all of which were callable without penalty at this point, and the impact of such refinancing upon the District's tax rate. Such proposed refinancing showed various scenarios where none of the District's cash on hand or all of the District's cash on hand or a combination of each were used and its impact upon the District's finances and tax rate.

During the course of such conversation, the Board generally discussed future capital improvements that the Board might consider, such as, the District's five-year road plan, a permanent sanitary sewer system, the integrity of the lake, including maintenance of its water retaining ability, the District's levee system and finally, appropriate or necessary maintenance for the District's water system. At the conclusion of such discussion, Mr. Kuehl was asked to review the comments in conjunction with possible early repayment of bonds so that the Board could further discuss such at its next meeting in conjunction with the District's capital improvement needs, as well as its ability to reduce its tax rate.

Daren Konda of Thompson, Dreessen & Dorner, Inc., engineers for the District, next made a presentation regarding the proposed resolution with the Lower Platte South for a hazard mitigation plan. The Board thoroughly examined the priorities presented in such plan and, with minor adjustments, proceeded to approve. After full and complete discussion and upon a motion duly made and seconded, and upon the following roll call vote, the Trustees, Gary Kaplan, Jon Meyers, Hugh I. Abrahamson and Wayne Breyfogle voted "Aye" with none voting "Nay" thereby passing and adopting the following resolution:

WHEREAS, the Federal Disaster Mitigation Act of 2000 was signed in to law on October 30, 2000, placing new emphasis on state and local mitigation planning for natural hazards an requiring communities to adopt a hazard mitigation action plan to be eligible for pre-disaster and post-disaster federal funding for mitigation purposes; and

WHEREAS, a Multi-jurisdictional Hazard Mitigation Plan was prepared by Lower Platte South Natural Resources District with assistance from JEO Consulting Group, Inc. of Lincoln, NE which includes the jurisdiction of Cass County Sanitary Improvement District #1.

WHEREAS, the purpose of the mitigation plan was to lessen the effects of disasters by increasing the disaster resistance of the District and participating jurisdictions located within the planning boundary by identifying the hazards that affect the District and prioritize mitigation strategies to reduce potential loss of life and property damage from those hazards, and

WHEREAS, FEMA regulations require documentation that the plan has been formally adopted by the governing body of Cass County Sanitary Improvement District #1 in the form of a resolution and further requesting approval of the plan at the Federal Level; and

NOW, THEREFORE, the governing body of Cass County Sanitary Improvement District #1, does herewith adopt the Lower Platte South NRD Multi-jurisdictional Hazard Mitigation Plan in its entirety.

Mr. Konda also discussed certain potential projects of the District in the near term, including channel cleanup and levee repair. The Board authorized Mr. Konda to proceed further with tying down bids for such work.

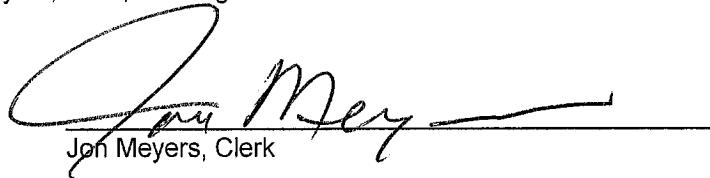
The Board also reviewed various rental rates for skid loaders and other construction equipment that the District may, on an emergency or periodic basis, require for its purposes. The intention of such review was to have available to the Board what competitive rates were in the area in order to establish what reasonable charges would be in the event that needs would appear on short notice. The rates prepared by Thompson, Dreessen & Dorner, Inc., showed that the rates available from Noerrlinger Construction were very competitive for short term rentals. As a result, Noerrlinger Construction should have the first call in the event of the District needing short-term usage of skid loaders or related equipment for less than 30 day rentals.

The Board was informed that the lake is unusually high at this time. It was decided to authorize the caretaker to pump water out to lower the lake so that residents could do seawall maintenance projects during March.

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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 February 11, 2016, meeting.



Jon Meyers, Clerk