

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 31st day of March, 2014, at Regency Center, 10250 Regency Circle, Suite 300, Omaha, Nebraska.

Present: Gary Kaplan, Jon Meyers, Wayne Breyfogle and Hugh Abrahamson. Also present: Daren Konda of Thompson, Dreessen & Dorner, Inc., engineers for the District, Mr. and Mrs. Lou Hurst, residents of the District, Jim Noerrlinger, Caretaker of Lake Wa-Con-Da.

Absent: Phillip G. Wright.

Notice of the meeting was given in advance thereof by publication in The Plattsmouth Journal on March 27, 2014, 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 Chairman next presented the proof of publication of the Notice to Contractors for the construction of the improvements entitled **Lake Wa-Con-Da 2014 Asphalt Repair**.

The Clerk then presented the list of bids and bidders for such work specified within the Notice to Contractors with such bids having been taken on March 20, 2014, in accordance with the provisions of such Notice to Contractors. The bids having been individually reviewed by Thompson, Dreessen & Dorner, Inc., the District's engineers, and upon completion of such review, the engineers have submitted their Letter of Recommendation which the Clerk was directed to attach along with a copy of the bid tabulations to these minutes.

After the Trustees had received the Letter of Recommendation directed to the District, Daren Konda of Thompson, Dreessen & Dorner reported that the recommendation of the engineers was the bid of Oldcastle Materials Midwest Co. d/b/a Omni Engineering for **Lake Wa-Con-Da 2014 Asphalt Repair** in the amount of Fifty-Eight Thousand Seven Hundred Sixty-Four and 40/100 Dollars (\$58,764.40) and that such amount be accepted. Mr. Konda reminded the Board that the Engineer's estimate of the construction cost of this project was Fifty-Four Thousand Nine Hundred Fifty and no/100 Dollars (\$54,950.00). Mr. Konda reported that another contractor had picked up the bid specifications but did not bid. Recent increases in oil prices contributed to the price difference. The District's engineers then indicated that it was their opinion that the rebidding of such project would yield no more beneficial pricing to the District than that presented by the previously specified bid and again recommended acceptance of such bid. Mr. Konda further reported that the bid of Oldcastle Materials Midwest Co. d/b/a Omni Engineering was accompanied by the required bid bond, contract and maintenance bond in the amount of 100% of the contract price.

After considerable discussion by the Board, the following resolution was duly moved and seconded upon a roll call vote of the Trustees, Gary Kaplan, Jon Meyers, Wayne Breyfogle and Hugh Abrahamson voted "Aye" with none voting "Nay" thereby adopting the following resolution:

RESOLVED, by the Board of Trustees of Sanitary and Improvement District No. 1 of Cass County, Nebraska, that the bid of Oldcastle Materials Midwest Co. d/b/a Omni Engineering in the total amount of \$58,764.40 for the construction of **Lake Wa-Con-Da 2014 Asphalt Repair** be accepted and approved and that the Clerk and Chairman of the District be and they hereby are authorized and directed to execute the contract of Oldcastle Materials Midwest Co. d/b/a Omni Engineering for and on behalf of the District.

The Chairman next presented the proof of publication of the Notice to Contractors for the construction of the improvements entitled **Lake Wa-Con-Da 2014 Road Grading**.

The Clerk then presented the list of bids and bidders for such work specified within the Notice to Contractors with such bids having been taken on March 20, 2014, in accordance with the provisions of such Notice to Contractors. The bids having been individually reviewed by Thompson, Dreessen & Dorner, Inc., the District's engineers, and upon completion of such review, the engineers have submitted their Letter of Recommendation which the Clerk was directed to attach along with a copy of the bid tabulations to these minutes.

After the Trustees had received the Letter of Recommendation directed to the District, Mr. Konda reported that the recommendation of the engineers was the bid of Kern Excavating Co., Inc. for **Lake Wa-Con-Da 2014 Road Grading** in the amount of Forty-One Thousand Fifty and non/100 Dollars (\$41,050.00) and that such amount be accepted. Mr. Konda reminded the Board that the Engineer's estimate of the construction cost of this project was Twenty-Seven Thousand Four Hundred and no/100 Dollars (\$27,400.00). A second bid was higher. The price difference from estimate is due to a change in the scope to allow the District to retain and use salvaged road material to provide a rock surface on the new boat trailer storage area and to improve access roads to District wells and the levee. Combining these projects provides more than a 50% discount over doing the additional work as a separate project. The District's engineers then indicated that it was their opinion that the rebidding of such project would yield no more beneficial pricing to the District than that presented by the previously specified bid and again recommended acceptance of such bid. The Mr. Konda further reported that the bid of Kern Excavating Co., Inc. was accompanied by the required bid bond, contract and maintenance bond in the amount of 100% of the contract price.

After considerable discussion by the Board, the following resolution was duly moved and seconded upon a roll call vote of the Trustees, Gary Kaplan, Jon Meyers, Wayne Breyfogle and Hugh Abrahamson voted "Aye" with none voting "Nay" thereby adopting the following resolution:

RESOLVED, by the Board of Trustees of Sanitary and Improvement District No. 1 of Cass County, Nebraska, that the bid of Kern Excavating Co., Inc. in the total amount of \$41,050.00 for the construction of **Lake Wa-Con-Da 2014 Road Grading** be accepted and approved and that the Clerk and Chairman of the District be and they hereby are authorized and directed to execute the contract of Kern Excavating Co., Inc. for and on behalf of the District.

The Chairman next presented the proof of publication of the Notice to Contractors for the construction of the improvements entitled **Lake Wa-Con-Da 2014 Chip Seal**.

The Clerk then presented the list of bids and bidders for such work specified within the Notice to Contractors with such bids having been taken on March 20, 2014, in accordance with the provisions of such Notice to Contractors. The bids having been individually reviewed by Thompson, Dreessen & Dorner, Inc., the District's engineers, and upon completion of such review, the engineers have submitted their Letter of Recommendation which the Clerk was directed to attach along with a copy of the bid tabulations to these minutes.

After the Trustees had received the Letter of Recommendation directed to the District, Mr. Konda reported that the recommendation of the engineers was the bid of Sta-Bilt Construction Company for **Lake Wa-Con-Da 2014 Chip Seal** in the amount of Three Hundred Fifty-Eight Thousand Three Hundred Sixty-Two and no/100 Dollars (\$358,362.00) and that such amount be accepted. Mr. Konda reminded the Board that the Engineer's estimate of the construction cost of this project was Two Hundred Thirty-Nine Thousand Four Hundred Seventy and no/100 Dollars (\$239,470.00). Omni Engineering had also picked up the bid specifications. The primary reason for the additional cost is a revision to the scope of the work. During the bidding process, road damage was discovered to be deeper than expected. The new scope includes deeper stabilization of the road subgrade. This requires substantially more oil to be placed. The District's engineers then indicated that it was their opinion that the rebidding of such project would yield no more beneficial pricing to the District than that presented by the previously specified bid and again recommended acceptance of such bid. Mr. Konda further reported that the bid of Sta-Bilt Construction Company was accompanied by the required bid bond, contract and maintenance bond in the amount of 100% of the contract price.

It was pointed out that Sta-Bilt's last chip seal project for the District had held up well. After considerable discussion by the Board, the following resolution was duly moved and seconded upon a roll call vote of the Trustees, Gary Kaplan, Jon Meyers, Wayne Breyfogle and Hugh Abrahamson voted "Aye" with none voting "Nay" thereby adopting the following resolution:

RESOLVED, by the Board of Trustees of Sanitary and Improvement District No. 1 of Cass County, Nebraska, that the bid of Sta-Bilt Construction Company in the total amount of \$358,362.00 for the construction of **Lake Wa-Con-Da 2014 Chip Seal** be accepted and approved and that the Clerk and Chairman of the District be and they hereby are authorized and directed to execute the contract of Sta-Bilt Construction Company for and on behalf of the District.

There was next presented Change Order No. 1 with regard to Lake Wa-Con-Da 2013 Sand Placement, which will result in an additional One Thousand Five Hundred Fifty-Eight and 55/100 Dollars (\$1,558.55) being added to the contract granted to Mark Hughes Construction. After discussion by the Board, the following resolution was duly moved and seconded, and upon a roll call vote of the Trustees, Gary Kaplan, Jon Meyers, Wayne Breyfogle and Hugh Abrahamson voted "Aye" with none voting "Nay" thereby passing and adopting the following resolution:

RESOLVED, by the Board of Trustees of Sanitary and Improvement District No. 1 of Cass County, Nebraska, that Change Order No. 1 to the Lake Wa-Con-Da 2013 Sand Placement project resulting in an additional amount of \$1,558.55 being added to the contract granted to Mark Hughes Construction, be accepted and approved and that the Chairman and Clerk of the District be and they hereby are authorized and directed to execute Change Order No. 1 for and on behalf of the District.

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

There was next presented an invoice from Kraig J. Thelen, for professional services in connection with various filings with NEMA, Invoice #100-14, in the amount of Two Thousand Forty and no/100 Dollars (\$2,040.00).

There were next presented invoices from Thompson, Dreesen & Dorner, Inc., engineers for the District, for services rendered in construction-related matters, as follows: (i) Invoice #103628, in the amount of One Thousand Five Hundred Thirty and no/100 Dollars (\$1,530.00), (ii) Invoice #103629, in the amount of One Hundred Thirty-Five and 96/100 Dollars (\$135.96), (iii) Invoice #103630, in the amount of One Hundred Thirteen and 67/100 Dollars (\$113.67), (iv) Invoice #103631, in the amount of Two Hundred Seventy and no/100 Dollars (\$270.00), (v) Invoice #103632, in the amount of One Thousand One Hundred Two and 50/100 Dollars (\$1,102.50), (vi) Invoice #103633, in the amount of One Thousand Six Hundred Fifty-Two and 50/100 Dollars (\$1,652.50), and (vii) Invoice #103634, in the amount of Two Thousand Six Hundred Sixty-One and 92/100 Dollars (\$2,661.92); said invoices being in the aggregate amount of Seven Thousand Four Hundred Sixty-Six and 55/100 Dollars (\$7,466.55).

The Clerk next directed the attention of the Board of Trustees to the fact that D.A. Davidson & Co. will purchase Nine Thousand Five Hundred Six and 55/100 Dollars (\$9,506.55) in warrants at this time and that the contracted charge for such purchase of warrants is three percent (3%) or Two Hundred Eighty-Five and 20/100 Dollars (\$285.20) in accordance with the financing agreement previously adopted by the Board. The Chairman recommended the issuance of a warrant for such amount to D.A. Davidson & Co.

There were next presented statements from Nebraska Public Power District, for lighting at Highway 75, from January 20, 2014, through March 18, 2014, having a credit balance in the amount of Two Hundred Twenty-Four and 95/100 Dollars (\$224.95).

There was next presented a statement of Summary Account #5843000090 from Omaha Public Power District, for street lights and other electrical services, in the amount of Two Thousand Four Hundred Fifty-Five and 18/100 Dollars (\$2,455.18).

There was next presented a statement from Midwest Farmers Cooperative, for purchases made, with a remaining balance due in the amount of Seven Hundred Fifty-Seven and 28/100 Dollars (\$757.28).

There were next presented statements from Nebraska Public Health Environmental Laboratory, for well water testing, as follows: (i) Invoice #448312, in the amount of Three Hundred Forty-Nine and no/100 Dollars (\$349.00), and (ii) Invoice #449356, in the amount of Fifteen and no/100 Dollars (\$15.00); said statements being in the aggregate amount of Three Hundred Sixty-Four and no/100 Dollars (\$364.00).

There were next presented statements from One Call Concepts, Inc., for line locates within the District, as follows: (i) Invoice #3120564, in the amount of One and 10/100 Dollars (\$1.10), and (ii) Invoice #4010460, in the amount of Two and 20/100 Dollars (\$2.20); said statements being in the aggregate amount of Three and 30/100 Dollars (\$3.30). **The Board was next reminded that it has a credit balance at this time.**

There was next presented a statement from Grace/Mayer Insurance Agency, Inc., for renewal of directors and officers renewal premium, Invoice #845572, in the amount of Two Thousand One Hundred Fifty and no/100 Dollars (\$2,150.00).

There was next presented a statement from Pansing Hogan Ernst & Bachman LLP, attorneys for the District, for legal services performed in miscellaneous District matters, in the amount of Five Thousand One Hundred Forty-Three and 50/100 Dollars (\$5,143.50), and costs advanced in the amount of Eighty-Four and 54/100 Dollars (\$84.54); said statement being in the amount of Five Thousand Two Hundred Twenty-Eight and 04/100 Dollars (\$5,228.04).

There were next presented invoices from Thompson, Dreessen & Dorner, Inc., engineers for the District, for services rendered in miscellaneous District maintenance matters, as follows: (i) Invoice #103625, in the amount of Five Hundred Ninety-One and 40/100 Dollars (\$591.40), (ii) Invoice #103626, in the amount of Forty-Four and 75/100 Dollars (\$44.75), and (iii) Invoice #103627, in the amount of Sixty-Five and no/100 Dollars (\$65.00); said invoices being in the aggregate amount of Seven Hundred One and 15/100 Dollars (\$701.15).

There was next presented an invoice from Jim Noerrlinger, requesting reimbursement be made to Lake Waconda Association for miscellaneous District maintenance, as follows: (i) Invoice from Transit Works, for pin finder, Order No. 3255, in the amount of Seven Hundred Forty-Three and 65/100 Dollars (\$743.65), (ii) Invoice from Bishop Plumbing & Heating, Inc., for back flow test, Invoice #55806, in the amount of One Hundred Sixty-Nine and 15/100 Dollars (\$169.15), and (iii) Invoice from Urban Utilities, Inc., for water testing, Invoice #7105, in the amount of One Hundred Twenty and 20/100 Dollars (\$120.20); said statements being in the aggregate amount of One Thousand Thirty-Three and no/100 Dollars (\$1,033.00).

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 Nos. 4638 and 4641, 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 March 31, 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. 4638, for the amount of Two Thousand Forty and no/100 Dollars (\$2,040.00), payable to Kraig J. Thelen.

Warrant No. 4639, for the amount of Five Thousand and no/100 Dollars (\$5,000.00), and Warrant No. 4640, for the amount of Two Thousand Four Hundred Sixty-Six and 55/100 Dollars (\$2,466.55), payable to Thompson, Dreessen & Dorner, Inc.

Warrant No. 4641, for the amount of Two Hundred Eighty-Five and 20/100 Dollars (\$285.20), payable to D.A. Davidson & Co.

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. 4642 through 4649, 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 March 31, 2017, 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. 4642, for the amount of Two Thousand Four Hundred Fifty-Five and 18/100 Dollars (\$2,455.18), payable to Omaha Public Power District, Account #584300090.

Warrant No. 4643, for the amount of Seven Hundred Fifty-Seven and 28/100 Dollars (\$757.28), payable to Midwest Farmers Cooperative.

Warrant No. 4644, for the amount of Three Hundred Sixty-Four and no/100 Dollars (\$364.00), payable to Nebraska Public Health Environmental Laboratory.

Warrant No. 4645, for the amount of Two Thousand One Hundred Fifty and no/100 Dollars (\$2,150.00), payable to Grace/Mayer Insurance Agency, Inc.

Warrant No. 4646, for the amount of Five Thousand and no/100 Dollars (\$5,000.00), and Warrant No. 4647, for the amount of Two Hundred Twenty-Eight and 04/100 Dollars (\$228.04), payable to Pansing Hogan Ernst & Bachman LLP.

Warrant No. 4648, for the amount of Seven Hundred One and 15/100 Dollars (\$701.15), payable to Thompson, Dreesen & Dorner, Inc.

Warrant No. 4649, for the amount of One Thousand Thirty-Three and no/100 Dollars (\$1,033.00), 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.

The Board undertook a discussion of site line safety issues, particularly on the south end of Wa-Con-Da along East Lake Drive. Jon Meyers was authorized to negotiate with the land owners for fair compensation for leaving a site zone of fifteen (15) feet.

The Board next undertook a review of the 2013 Road Restoration contract. Under the terms of the contract, a Notice to Proceed had been issued for commencement of work on April 1, 2014. Daren Konda indicated that there would be a pre-construction meeting on April 1, 2014, to coordinate the various

contracts and contractors outstanding in order to minimize conflicts and facilitate all contracts being completed on a timely basis. Mr. Konda indicated that a short delay had been requested in order to allow other contractors to complete work being done and, as a result, clear the areas. Thompson, Dreessen & Dorner, Inc. was authorized to negotiate a change order to convert the 2013 Road Restoration contract as it related to days for performance of the contract to a calendar day from a working day contract, with such work to be completed by a mutually acceptable date around June 1, 2014.

Daren Konda next discussed the status of routine levee repairs. He indicated to the Board that some of the indicated repairs to the levee had already been completed and that all annual maintenance items had also already been completed or were scheduled. Seeding for the toe of the levee was authorized now that work was completed, as well as the removal of woody debris.

This work was also discussed in relation to the Corps of Engineers' regular inspections of the levee. It was indicated that the Corps' new policy is that any "unacceptable rating" given will make the levee ineligible for future rehabilitation assistance under PL84-99 until such condition is corrected and approved by the Corps. Mr. Konda indicated that the District had corrected all "unacceptable rating" items and submitted documentation to the Corps.

The Board indicated that based upon the pending construction contracts and the progress payments anticipated from the District's engineers, it would be necessary to schedule meetings of the Board for mid-May, mid-June, and mid-July.

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