

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 10:00 a.m. on the 14th day of April, 2019, and to be held at the Cobb Community Center located within the Lake Wa-Con-Da subdivision in Union, Nebraska.

Present: Gary P. Bruechert, Jon Meyers, Wayne Breyfogle and Peggy L. Lawton. Also, in attendance were Mark J. LaPuzza, attorney for the District, Kraig Thelen, and Ed Hobza of Thompson, Dreessen & Dorner, Inc.

Absent: Phillip Wright.

Notice of the meeting was given in advance thereof by publication in The Plattsmouth Journal on April 11, 2018, 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 was next presented correspondence from Thompson, Dreessen & Dorner, Inc., engineers for the District, for the project entitled **Receipt Reimbursement – March 2019 Flood (Lake Wa-Con-Da)**, for reimbursement to the Lake Waconda Association, for supplies needed for the flood fight, as follows: (i) ASP Enterprises, Order #ASP102484, in the amount of Five Thousand Two Hundred Twenty-Two and 26/100 Dollars (\$5,222.26), (ii) Schumacher Irrigation, Invoice #0239212-IN, in the amount of Three Hundred Seventeen and 18/100 Dollars (\$317.18), (iii) Menards, Reference #132104031042, in the amount of Nine and 50/100 Dollars (\$9.50), (iv) Bomgaars, Invoice #36559946, in the amount of One Hundred Ninety-Three and 64/100 Dollars (\$193.64), (v) Bomgaars, Invoice #36560644, in the amount of Sixty-Four and 26/100 Dollars (\$64.26), (vi) USPS Murray, Nebraska, Invoice #000002, in the amount of Seventy-One and 50/100 Dollars (\$71.50), (vii) Westover Rock & Sand, Inc., Invoice #10222, in the amount of Three Thousand Three Hundred Sixty-Nine and 81/100 Dollars (\$3,369.81), and (viii) Whetrock Inc., Invoice #2205, in the amount of Twenty Thousand Nine Hundred Ninety-Seven and 98/100 Dollars (\$20,997.98); said statements being in the aggregate amount of Thirty Thousand Two Hundred Forty-Six and 13/100 Dollars (\$30,246.13).

There was next presented correspondence from Thompson, Dreessen & Dorner, Inc., engineers for the District, for the project entitled **Trucking – March 2019 Flood (Lake Wa-Con-Da)**, for reimbursement to Cather and Sons Construction, Inc., for delivery services, Invoice #59950-IN, in the amount of Four Hundred Eleven and 86/100 Dollars (\$411.86).

There was next presented a statement Thompson, Dreessen & Dorner, Inc., engineers for the District, presenting and recommending payment in favor of Prairie Mechanical Corporation, for services

rendered in connection with the project entitled Lake Pumping Road Crossing (Lake Wa-Con-Da), Payment Recommendation No. 1, in the amount of Nineteen Thousand Eight Hundred Forty-Three and 78/100 Dollars (\$19,843.78).

There was next presented a statement from Thompson, Dreessen & Dorner, Inc., engineers for the District, for services rendered in connection with the project entitled Lake Pumping Road Crossing (Lake Wa-Con-Da), Invoice #130727, in the amount of Four Hundred Seventy-One and 64/100 Dollars (\$471.64).

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 Three Hundred Nine and 23/100 Dollars (\$2,309.23).

There was next presented a statement from Midwest Farmers Cooperative, for the purchases of unleaded gas and diesel, Statement dated March 31, 2019, as follows: (i) Ticket #T15907, in the amount of Four Thousand Four Hundred Five and 40/100 Dollars (\$4,405.40), and (ii) Ticket #T15930, in the amount of Two Thousand Two Hundred Seventy-Five and 25/100 Dollars (\$2,275.25); said statements being in the aggregate amount of Six Thousand Six Hundred Eighty and 65/100 Dollars (\$6,680.65).

There were next presented a Statement from Midwest Laboratories, for testing services, Invoice #936475, in the amount of Thirty and 08/100 Dollars (\$30.08).

There was next presented a statement from Thompson, Dreessen & Dorner, Inc., engineers for the District, for services rendered in miscellaneous District matters through March 3, 2019, Invoice #130726, in the amount of Three Hundred Sixty-Four and 04/100 Dollars (\$364.04).

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. 5351 through 5363, 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 April 14, 2024, 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 Nos. 5351 through 5356, each for the amount of Five Thousand and no/100 Dollars (\$5,000.00), and Warrant No. 5357, for the amount of Two Hundred Forty-Six and 13/100 Dollars (\$246.13), payable to Lake Waconda Association.

Warrant No. 5358, for the amount of Four Hundred Eleven and 86/100 Dollars (\$411.86), payable to Cather and Sons Construction, Inc.

Warrant Nos. 5359 through 5361, each for the amount of Five Thousand and no/100 Dollars (\$5,000.00), and Warrant No. 5362, for the amount of Four Thousand Eight Hundred Forty-Three and 78/100 Dollars (\$4,843.78), payable to Prairie Mechanical Corporation.

Warrant No. 5363, for the amount of Four Hundred Seventy-One and 64/100 Dollars (\$471.64), 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. 5364 through 5368, 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 April 14, 2022, 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. 5364, for the amount of Two Thousand Three Hundred Nine and 23/100 Dollars (\$2,309.23), payable to Omaha Public Power District, Account #5843000090.

Warrant No. 5365, for the amount of Five Thousand and no/100 Dollars (\$5,000.00), and Warrant No. 5366, for the amount of One Thousand Six Hundred Eighty and 65/100 Dollars (\$1,680.65), payable to Midwest Farmers Cooperative.

Warrant No. 5367, for the amount of Thirty and 08/100 Dollars (\$30.08), payable to Midwest Laboratories.

Warrant No. 5368, for the amount of Three Hundred Sixty-Four and 04/100 Dollars (\$364.04), 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 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.

There was next presented a receipt from the Cass County Treasurer representing a deposit to the District's general fund for cash rent from Noerrlinger Farms, Inc., in the amount of Nine Thousand Eight Hundred Thirty-Seven and 50/100 Dollars (\$9,837.50).

There was significant discussion with regard to the actions of the District with respect to flood protection, mitigation, restoration and future projects. A presentation was made by Kraig Thelen, who has been retained by the District to handle reimbursement applications and processing, as well as to assist with potential U. S. Army Corps of Engineers projects. Kraig discussed his continued participation in telephone calls and meetings and review of materials provided with respect to obtaining reimbursement or all possible expenditures. He also discussed coordination with all parties involved with the restoration efforts and record keeping requirements.

Ed Hobza, acting as engineer for the District, also discussed the potential for future large-scale projects. He discussed the potential consideration of a significant federally financed levee improvement as an option for District consideration. As an example, he discussed the major dam projects done by the City of Blair in coordination with federal agencies, resulting in significant improvements for, comparatively, variable out-of-pocket costs to the City. Mr. Hobza indicated that such projects would likely require the involvement of a large-scale engineering firm, such as HDR, in order to handle the complexity of the application process.

Jim Noerrlinger then discussed lake protection and cleanup efforts. Yard waste would need to be taken out by trash haulers or otherwise, as there is not presently a good area for yard waste removal. There was also some discussion regarding the use of dumpsters in the area, and the past history of communal cleanup dumpsters being used for general trash removal.

There was some discussion regarding boils which have been forming on and around the levee, and the risk to the levee caused these areas. The Trustees discussed, generally, that the levee was reported, prior to the recent flooding, to have been in good condition, but acknowledged that the flood incident likely weakened, to some extent, the condition of the levee and its long-term stability.

The Trustees then led a discussion regarding the sea walls in the District. It was noted that the sea walls are all private improvements, but that the District has a vested interest in ensuring the sea walls are properly maintained and repaired, and activity would begin to attempt to manage the condition of improvements.

The next order of business was general discussion regarding construction projects related to the flooding. The Trustees discussed that FEMA reimbursements for emergency measures and repairs involved 75% reimbursement to the District, while U. S. Army Corps of Engineers projects were reimbursed or funded at an 80% rate. The Trustees discussed that, at the time of the 2011 flooding, the District did not have significant funds available to resolve projects, and was essentially only able to perform projects to the extent reimbursement was available. At the present time, however, the District has more than \$600,000 in available construction funds, over and above other allocated funds, to spend. While the Trustees are mindful of the need to maintain some of these funds as a safety net for future flooding, the discussion has turned to the ability of the District to perform its own projects without the necessity of letting reimbursements drive the decisions made. While there will still be an effort made to ensure that the maximum reimbursements and cost participation are obtained, the District generally considered that it would be most appropriate to let the needs of the District govern actions taken.

To that end, the Trustees discussed current projects. There was a discussion regarding installation of pipes and valves under the road where water flowed, which was a project already scheduled and completed. The Trustees also discussed the potential for road improvements, including a \$45,000 potential expenditure for road improvements at the entrance and \$60,000 for other road improvements. All Trustees reiterated a desire to manage the funds of the District in a fiduciary fashion, while providing protection and quality of life improvements for residents and property owners.

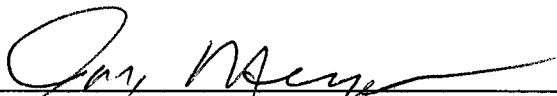
The next order of business was discussion regarding the lake and the use thereof. The Trustees discussed that the lake was open to boats only for the purpose of putting boats in the lake for the season, but that recreational activities were presently prohibited.

The Trustees discussed that they would continue to maintain communications to Jim Noerrlinger and the internet to keep the newest and best information available to residents and property owners. The Trustees thanked Jim Noerrlinger for his significant efforts in protecting the property in the District and his continued efforts to manage risks.

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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 April 14, 2019, meeting.



Jon Meyers, Clerk