

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 11:05 a.m. on the 8th day of September, 2014, at 10250 Regency Circle, Suite 300, Omaha, Nebraska.

Present: Jon Meyers, Phillip G. Wright, Wayne Breyfogle and Hugh Abrahamson. Also present: Jim Noerrlinger, Caretaker of Lake Wa-Con-Da, and Daren Konda of Thompson, Dreessen & Dorner, Inc.

Absent: Gary Kaplan.

Notice of the meeting was given in advance thereof by publication in The Plattsmouth Journal on September 4, 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 Clerk first reported in accordance with the provisions of Neb. R.R.S. Section 13-501 through 13-513, the District's certified public accountants were directed to prepare a proposed budget and further that the Clerk attended to the required publication of notice with regard to the budgetary hearing to be held by the Board of Trustees. The Clerk had been directed to give the appropriate notices in accordance with the Nebraska Budget Act and that a budgetary hearing for the District be held on the 8th day of September, 2014, at 10250 Regency Circle, Suite 300, Omaha, Nebraska.

The Clerk next presented the publication of this budgetary hearing as presented in The Plattsmouth Journal. The Clerk next reported that such notice of the budgetary hearing along with a budget summary had been published in accordance with law. The Clerk further reported that it appeared that no person had appeared at the meeting in response to such notice of the budgetary hearing and the Clerk was directed to attach a copy of such notice to the minutes of these proceedings.

After a lengthy discussion and upon a motion duly made and seconded, and upon a roll call vote, the Trustees, Jon Meyers, Phillip G. Wright, Wayne Breyfogle and Hugh Abrahamson, voted "Aye" with none voting "Nay" with the following resolution being thereby adopted and approved:

RESOLVED, by the Board of Trustees of Sanitary and Improvement District No. 1 of Cass County, Nebraska, that the budget and tax levy as tentatively set forth be adopted as the final budget and levy in accordance with Exhibit "A" attached hereto and by this reference made a part hereof. Further that the Clerk of the District be directed to file a copy of the adopted budget with the levying board of the State Auditor's office as well as certifying the levy to the Cass County officials as well as attaching a proof of publication to such adopted budget.

With the budget for the District having been adopted, the Chairman then stated that it would be appropriate at this time to levy the tax in accordance with the budget statement. After a full and complete discussion and upon a motion duly made and seconded, and upon the following roll call vote, the Trustees, Jon Meyers, Phillip G. Wright, Wayne Breyfogle and Hugh Abrahamson voted "Aye" with none voting "Nay" thereby passing and adopting the following resolution:

RESOLVED, that Sanitary and Improvement District No. 1 of Cass County, Nebraska, levy and collect for the year 2014-2015 a tax of \$1.200000 per One Hundred and no/100 Dollars (\$100.00) actual valuation of taxable property in the District, except intangible property, said tax to be credited to the appropriate fund as indicated below:

\$0.400000 on each One Hundred and no/100 Dollars (\$100.00) actual valuation to be credited to the General Fund of the District and thereby collect \$154,891.10 in taxes to be credited to this fund; and

\$0.800000 on each One Hundred and no/100 Dollars (\$100.00) actual valuation to be credited to the Construction (Bond) Fund of the District and thereby collect \$309,782.21 in taxes to be credited to this fund.

FURTHER RESOLVED, that the Clerk of this District be and hereby is directed to deliver and file with the County Clerk of Cass County, Nebraska and the Auditor of Public Accounts, a copy of this resolution.

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

The Clerk next presented to the Board the final estimate with regard to Lake Wa-Con-Da 2014 Road Grading and its installation by Kerns Excavating Co., Inc., which recommended that a final and complete payment be made in the total amount of Five Thousand Twenty-Five and 80/100 Dollars (\$5,025.80) with such being final payment and the final estimate for work completed on such project. The Clerk also presented the Certificate of Completion from the District's engineers, Thompson, Dreessen & Dorner, Inc., recommending that final payment and acceptance of such project be made by the District. Upon a motion duly made and seconded, and upon the following roll call vote, the Trustees, Jon Meyers, Phillip G. Wright, 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 the District's project entitled Lake Wa-Con-Da 2014 Road Grading be accepted as completed in accordance with recommendation of the District's engineers, Thompson, Dreessen & Dorner, Inc. and that final payment be made in the following scheduled amount:

<u>Contractor</u>	<u>Amount</u>
Kerns Excavating Co., Inc.	\$5,025.80

The Clerk next presented to the Board the final estimate with regard to Lake Wa-Con-Da 2013 Road Restoration and its installation by Kerns Excavating Co., Inc., which recommended that a final and complete payment be made in the total amount of Sixty-Four Thousand One Hundred Forty-Five and 07/100 Dollars (\$64,145.07) with such being final payment and the final estimate for work completed on such project. The Clerk also presented the Certificate of Completion from the District's engineers, Thompson, Dreessen & Dorner, Inc., recommending that final payment and acceptance of such project be made by the District. Upon a motion duly made and seconded, and upon the following roll call vote, the Trustees, Jon Meyers,

Phillip G. Wright, 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 the District's project entitled Lake Wa-Con-Da 2013 Road Restoration be accepted as completed in accordance with recommendation of the District's engineers, Thompson, Dreessen & Dorner, Inc. and that final payment be made in the following scheduled amount:

<u>Contractor</u>	<u>Amount</u>
Kerns Excavating Co., Inc.	\$64,145.07

There was next presented a statement Thompson, Dreessen & Dorner, Inc., engineers for the District, presenting and recommending payment in favor of Sta-Bilt Construction Company, for services rendered in connection with the project entitled Lake Wa-Con-Da 2014 Chip Seal, Payment Recommendation No. 1, in the amount of Two Hundred Ninety-Nine Thousand Nine Hundred Eighty-Six and 73/100 Dollars (\$299,986.73).

There were next presented statements from Thompson, Dreessen & Dorner, Inc., engineers for the District, for services rendered in construction-related matters through August 24, 2014, as follows: (i) Invoice #105970, in the amount of Two Hundred Fifty and no/100 Dollars (\$250.00), (ii) Invoice #105971, in the amount of Five Hundred Twenty-Five and no/100 Dollars (\$525.00), (iii) Invoice #105972, in the amount of One Hundred and no/100 Dollars (\$100.00), and (iv) Invoice #105973, in the amount of Six Thousand Seven Hundred Ninety-Two and 35/100 Dollars (\$6,792.35); said statements being in the aggregate amount of Seven Thousand Six Hundred Sixty-Seven and 35/100 Dollars (\$7,667.35).

There was next presented an invoice from Kraig J. Thelen, for professional services in connection with various filings with NEMA, Invoice #102-14, in the amount of Two Thousand Four Hundred and no/100 Dollars (\$2,400.00).

The Clerk next directed the attention of the Board of Trustees to the fact that D.A. Davidson & Co. will purchase Three Hundred Seventy-Nine Thousand Two Hundred Twenty-Four and 95/100 Dollars (\$379,224.95) in warrants at this time and that the contracted charge for such purchase of warrants is three percent (3%) or Eleven Thousand Three Hundred Seventy-Six and 75/100 Dollars (\$11,376.75) 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 was next presented a statement from Nebraska Public Power District, for lighting at Highway 75, from July 15, 2014, through August 15, 2014, having a credit balance in the amount of One Hundred Thirty-Five and 40/100 Dollars (\$135.40).

There was next presented a statement from Nebraska Public Health Environmental Laboratory, for well water testing, Invoice #454187, in the amount of Ninety and no/100 Dollars (\$90.00).

There was next presented a statement from Thompson, Dreessen & Dorner, Inc., engineers for the District, for services rendered in miscellaneous District matters through August 24, 2014, Invoice #105969, in the amount of Three Hundred Six and 88/100 Dollars (\$306.88).

There was next presented a statement from Midwest Laboratories, Inc., for sterile plastic cooler with return labels, Invoice #733348, in the amount of Twenty-Two and 88/100 Dollars (\$22.88).

There was next presented a statement from Noerrlinger Construction Inc., for skid loader rent and miscellaneous District maintenance, Invoice #546, in the amount of Six Hundred Thirteen and no/100 Dollars (\$613.00).

There was next presented a statement from Pansing Hogan Ernst & Bachman LLP, attorneys for the District, for legal services performed through August 31, 2014, in the amount of Three Thousand Four Hundred Eighty-Four and no/100 Dollars (\$3,484.00), and costs advanced in the amount of Thirty and 41/100 Dollars (\$30.41); said statement being in the aggregate amount of Three Thousand Five Hundred Fourteen and 41/100 Dollars (\$3,514.41).

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. 4782 through 4862, 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 September 8, 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. 4782, for the amount of Five Thousand and no/100 Dollars (\$5,000.00), and Warrant No. 4783, for the amount of Twenty-Five and 80/100 Dollars (\$25.80), payable to Kerns Excavating Co., Inc.

Warrant Nos. 4784 through 4795, each for the amount of Five Thousand and no/100 Dollars (\$5,000.00), and Warrant No. 4796, for the amount of Four Thousand One Hundred Forty-Five and 07/100 Dollars (\$4,145.07), payable to Kerns Excavating Co., Inc.

Warrant Nos. 4797 through 4855, each for the amount of Five Thousand and no/100 Dollars (\$5,000.00), and Warrant No. 4856, for the amount of Four Thousand Nine Hundred Eighty-Six and 73/100 Dollars (\$4,986.73), payable to Sta-Bilt Construction Company.

Warrant No. 4857, for the amount of Five Thousand and no/100 Dollars (\$5,000.00), and Warrant No. 4858, for the amount of Two Thousand Six Hundred Sixty-Seven and 35/100 Dollars (\$2,667.35), payable to Thompson, Dreessen & Dorner, Inc.

Warrant No. 4859, for the amount of Two Thousand Four Hundred and no/100 Dollars (\$2,400.00), payable to Kraig J. Thelen.

Warrant Nos. 4860 and 4861, each for the amount of Five Thousand and no/100 Dollars (\$5,000.00), and Warrant No. 4862, for the amount of One Thousand Three Hundred Seventy-Six and 75/100 Dollars (\$1,376.75), 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. 4863 through 4867, 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 September 8, 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. 4863, for the amount of Ninety and no/100 Dollars (\$90.00), payable to Nebraska Public Health Environmental Laboratory.

Warrant No. 4864, for the amount of Three Hundred Six and 88/100 Dollars (\$306.88), payable to Thompson, Dreessen & Dorner, Inc.

Warrant No. 4865, for the amount of Twenty-Two and 88/100 Dollars (\$22.88), payable to Midwest Laboratories.

Warrant No. 4866, for the amount of Six Hundred Thirteen and no/100 Dollars (\$613.00), payable to Noerrlinger Construction Inc.

Warrant No. 4867, for the amount of Three Thousand Five Hundred Fourteen and 41/100 Dollars (\$3,514.41), payable to Pansing Hogan Ernst & Bachman LLP.

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 extensively discussed the status of the Sta-Bilt Construction project and generally the computation of potential liquidated damages due to delays in the completion of the contract. Daren Konda presented a status report on all of the construction projects with completion dates, payment schedules and completion dates.

The Board reserved further action on the question of liquidated damages until the project was completed.

The Board next discussed its contract with the Lake Wa-Con-Da Homeowners Association. The Association had asked the District to consider increasing its quarterly payment to \$12,500.00 per quarter.

The Board, upon conclusion of such discussion, agreed to increase the amount of the payment to the HOA for the services provided to the District to \$12,500.00 per quarter.

A presentation was next made as to the condition of the Caretaker's home owned by the Sanitary and Improvement District. Various Trustees having observed the condition of the house felt that the windows to the house needed to be replaced, siding on the house needed to be replaced, as well as siding on the storage shed. Upon conclusion of such discussion and presentation, the Board unanimously approved to authorize replacement windows for the home, the residing with aluminum siding of the home, and finally, the residing of the storage shed, as well as the installation of a wood-burning heat source within the home. Each of the four projects to be separately bid and proceeded with.

Discussion was next had regarding the District's wells and, in particular, its pump stations. The Board unanimously authorized the installation of a variable frequency drive for approximately \$1,500.00 on the well house, as well as the installation of a waterproof motor house.

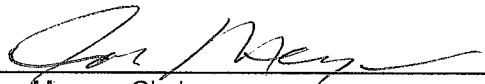
The Board next discussed the filing of an application for grant money for tree planting. The Board unanimously approved authorizing Daren Konda to work with Walt Price in the filing of an application for installation of the trees pursuant to the various governmental programs available.

There was finally presented the Midwest Laboratories Lake Water Quality Report. It was indicated that all testings were substantially under tolerance levels and of high quality.

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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 September 8, 2014, meeting.



Jon Meyers, Clerk