

LOUP POWER DISTRICT

Board Meeting Summary

November 24, 2009

Senator Dubas —

A letter detailing Nebraska State Senator Dubas' qualifications was given to the Directors as Senator Dubas was to be in attendance at this board meeting. Due to a special session of the legislature and the farming that is done by Senator Dubas, she was unable to attend the Board meeting.

Meeting Dates —

The Directors reviewed the proposed Board meeting dates for 2010. The June Board meeting date was moved to June 30 as the Directors will have the opportunity to attend the APPA annual conference on the regularly scheduled date. The November date has been moved to Tuesday, November 23, 2010, to accommodate travel plans for the Thanksgiving holiday weekend. The meeting dates were approved.

Nominating Committee —

Board Chairman Clausen named Directors Merrill, Gonka, and Kracl to be the nominating committee for the District and to present their recommendations at the December Board meeting.

Drive For Five Initiative —

A letter on the "Drive for Five" initiative was reviewed by President/CEO Suess stating the need to continue to support for the "Drive for Five" Initiative as it addresses the growing skills shortage associated with workers in the Columbus area. This initiative has been in place for the past three years. The initiative has proven successful with 481 additions/improvements to the workforce during the first 30 months. The Columbus Area Chamber of Commerce is requesting \$5,000 per year for the next two years from local businesses to help finance the initiative. Columbus Public Schools has become a partner in the initiative so the funds being requested have been lowered from the past three years. The two-year commitment to the "Drive for Five" was approved.

Operations Budget —

Director Sand informed the Board that the Finance and Budget committee had met on November 10, 2009, to review the 2010 Operations Budget.

President/CEO Suess gave an overview of the 2010 Operations Budget. During the overview, President/CEO Suess provided the Board with the reasoning behind the proposed increase in revenue contained in

the 2010 Operations Budget. President/CEO Suess indicated due to the expansion at ADM, management included additional revenue dollars and energy sales for this additional load. Director Merrill inquired as to how accurate the ADM estimates had been in the past for this expansion. President/CEO Suess informed the Board the ADM estimates were based on the best information available from ADM, however, the estimates had not been very accurate before. President/CEO Suess did point out the ADM revenue is tied to the wholesale purchased power costs from NPPD and that if ADM revenue was down, there would be a similar reduction in purchased power costs. Overall, there would be minimal affect to the District's bottom line.

President/CEO Suess reminded the Directors that the Operations and Maintenance expenses included in the budget are the only controllable expenses the Board has direct control over. These expenses make up approximately 12.8 percent of the overall expense budget for the District. Net plant in service for the District is approximately \$90 million.

Director Kumpf inquired as to if the proposed retail rate increase included in the 2010 Operations Budget covered the operations and maintenance expenses. President/CEO Suess indicated the rate increase included in the budget covered the District's expenses and provided for a small margin. With the approved 2010 construction budget, however, the District is still expected to be drawing down on cash reserves in 2010. A similar situation is expected in 2011, due to the increase in debt service associated with the 2007 Bond Issue, however, after 2011, the District will be on a more level rate increase path.

The 2010 Operations Budget was approved.

Vice Presidents —

The letter addressing the 2010 Vice President salary levels was next on the agenda. The Directors approved the salary increase levels proposed by management.

Other Items —

President/CEO Suess reminded the Rate Committee that a meeting has been set for December 15, 2009 at 10:00 A.M.

President/CEO Suess then wished everyone a happy and safe Thanksgiving holiday.

(Continued on next page.)

The following work orders were approved.

W.O. No. Description

2047 Responsibility Area 923 Budget Code 1292 Item No. 7

This work will consist of installing 19 new steel street light poles in Newman Grove. Existing 250-watt HPS heads will be reused. This work is being done to replace the existing poles that are deteriorating due to rust.

Suppl #1

2027 Responsibility Area 923 Budget Code 1192 Item No. 4

This work order provides for the installation of lighting arresters in TL 3405, sections A & B, from the St Edward city substation north to switch 240, a distance of 8.75 miles. This work will reduce lightning outages and improve reliability in the Albion and St Edward areas.

This supplement is required to adjust funds due to a 28.9% under-run of the authorized amount. Because the grounding on existing lightning gap structures where several arresters were installed proved to be adequate, labor and transportation costs were considerably less, also resulting in a reduction in material costs.