



**Papio-Missouri River Natural Resources District  
Board of Directors Meeting  
Suggested Resolutions/Recommendations  
July 12, 2018**

**\*Agenda Item 4 - Agenda**

BE IT RESOLVED that the agenda be adopted.

**\*Agenda Item 5 – Consent Agenda**

BE IT RESOLVED that the following resolutions on the consent agenda are hereby adopted.

Agenda Item 3.A.:

BE IT RESOLVED that the absences of the following Director(s) from the July 12, 2018, Board of Directors Meeting are excused:

Patrick Leahy.

Agenda Item 7.A., 7.B., and 7.C.:

BE IT RESOLVED that the June 14, 2018, Papio-Missouri River NRD Board meeting minutes, the June 13, 2018, Dakota County Rural Water Advisory Board meeting minutes, and the June 28, 2018, Washington County Rural Water Advisory Board meeting minutes are approved as printed.

**\*Agenda Item 9.A. – Personnel, Legislative and Public Affairs Subcommittee**

BE IT RESOLVED that the minutes of the July 10, 2018, meeting of the Personnel, Legislative and Public Affairs Subcommittee are accepted, incorporated in these minutes, and the following recommendation(s) of the Subcommittee are hereby adopted and approved.

1. Addendum Five to the Papio-Missouri River NRD General Manager Employment Agreement – Recommendation that the Chairperson of the Board of Directors be authorized to execute for and on behalf of the District the Fifth Addendum to the General Manager's Employment Agreement, containing updates to the terms of his agreement and an extension of the General Manager's term of employment, as recommended by the Subcommittee.

**\*Agenda Item 9.B. – Programs, Projects and Operations Subcommittee**

BE IT RESOLVED that the minutes of the July 10, 2018, meeting of the Programs, Projects and Operations Subcommittee are accepted, incorporated in these minutes, and the following recommendation(s) of the Subcommittee are hereby adopted and approved.

1. West Branch Channel Bank Stabilization Project Bids – Recommendation that the General Manager be authorized to execute a contract with High Plains Enterprises, Inc. in a not-to-exceed amount of \$366,894 for the construction of the West Branch Channel Bank Stabilization Project, subject to changes deemed necessary by the General Manager and approval as to form by District Legal Counsel.
2. Little Papillion Creek Channel Stabilization Mercy 10R Project Bids – Recommendation that the General Manager be authorized to reject the bid received for the construction of the Little Papillion Creek Channel Stabilization Mercy 10R Project.
3. Water Sustainability Fund Grant Application for West Papillion Regional Basin 1 (WP1) – Recommendation that the General Manager be authorized to execute and submit a Water Sustainability Fund application for 60% of the eligible project costs for the WP1 project, subject to changes deemed necessary by the General Manager.
4. City of Tekamah Wellhead Protection Area Plan Cost Share Agreement – Recommendation that the General Manager be authorized to execute the proposed Interlocal Agreement with the City of Tekamah for Wellhead Protection Area Plan cost share, in an amount not-to-exceed \$7,500 in District funds, subject to changes deemed necessary by the General Manager and approval as to form by District Legal Counsel.
5. Bids Received for the Washington County Rural Water System Pump Station Upgrade Project Construction Contract – Recommendation that the General Manager be authorized to execute a contract with Eriksen Construction for the construction of the Washington County Rural Water System Pump Station Upgrade Project in the bid amount of \$274,100, subject to changes deemed necessary by the General Manager, approval as to form by District Legal Counsel, and subject to project financing approval at the District's July 12, 2018 Board of Directors meeting.

**\*Agenda Item 9.C. – Finance, Expenditure and Legal Subcommittee**

BE IT RESOLVED that the minutes of the July 10, 2018, meeting of the Finance, Expenditure and Legal Subcommittee are accepted, incorporated in these minutes, and the following recommendations of the Subcommittee are hereby adopted and approved.

1. FY 2019 Budget – Draft 1 – No action was taken by the Subcommittee.
2. Washington County Rural Water System SRF Loan for Pump Station Upgrade Project – Recommendation that the General Manager be authorized to execute a Nebraska Department of Health and Human Services and Department of Environmental Quality SRF

Loan, in an amount not-to-exceed \$300,000, as presented to the Subcommittee, subject to changes deemed necessary by the General Manager, with approval as to form by District Legal Counsel, and that furthermore, the following resolution be adopted:

**EXTRACT FROM MINUTES OF MEETING  
OF THE BOARD OF DIRECTORS  
OF PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT**

A meeting of the Board of Directors (the "Board") of the Papio-Missouri River Natural Resources District, in the State of Nebraska (the "District") was held at \_\_\_\_ p.m. on July 12, 2018, at the District's Omaha City Office, 8901 S. 154 Street, Omaha, Nebraska, in a publicly convened session, the same being open to the attendance of the public and having been preceded by advance publicized notice, said advance publicized notice having been given in strict accordance with the provisions of Article 14, Chapter 84, Reissue Revised Statutes of Nebraska, as amended, and having set forth (a) the time, date, and place of this meeting; (b) that this meeting would be open to the attendance of the public; and (c) that an agenda of then known subjects to be taken up at the meeting could be obtained from the office of the District. A copy of the affidavit of publication of said advance publicized notice was ordered annexed to the minutes of this meeting. Additionally, reasonable efforts were made to provide advance notification of the meeting to all news media requesting the same of the time, date, and place of the meeting. All proceedings hereafter shown were taken while the meeting was open to the attendance of the public.

The following members were present: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_. Absent were: \_\_\_\_\_.

A quorum being present and the meeting duly commenced, the following proceedings were had and done. At the beginning of the meeting the Chairperson of the Board publicly stated to all in attendance that a current copy of the Nebraska Open Meetings Act was posted for review and indicated the location of such copy in the room where the meeting was being held.

Board Member \_\_\_\_\_ then introduced the following resolution and moved its adoption:

RESOLUTION AUTHORIZING ISSUANCE OF SERIES 2018 WATER REVENUE BOND  
(NDEQ LOAN AGREEMENT AND PROMISSORY NOTE)

BE IT RESOLVED by the Board of Directors (the “Board”) of the Papio-Missouri River Natural Resources District, in the State of Nebraska (the “District”), as follows:

Section 1.     Findings and Determinations.     The Board hereby finds and determines as follows:

(a)     pursuant to Sections 2-3252 to 2-3255, R.R.S. Neb., as amended, the District previously established improvement project areas designated Washington County Rural Water Project No. 1 (“WC Project No. 1”) and Washington County Rural Water Project No. 2 (“WC Project No. 2”) to serve portions of Washington County; and

(b)     the District has constructed rural water system improvements to serve WC Project No. 1 (such improvements, as presently existing and all additions, extensions and improvements thereto hereafter constructed by the District to serve WC Project No. 1 and for which revenue bonds may be issued under the terms of Section 2-3226, R.R.S. Neb., as amended [the “Act”] being herein referred to and collectively designated as the “WC1 Water System”), and has constructed rural water system improvements to serve WC Project No. 2 (such improvements, as presently existing and all additions, extensions and improvements thereto hereafter constructed by the District to serve WC Project No. 2 and for which revenue bonds may be issued under the terms of the Act, being herein referred to and collectively designated as the “WC2 Water System”); and

(c)     the District has taken actions to extend the boundaries of both the WC1 Water System and the WC2 Water System and to effect a financial merger of the WC1 Water System and the WC2 Water System into a combined service area (together, the “Water System”); and

(d)     the Water System constitutes and is determined to be a revenue producing facility for which revenue bonds may be issued under the terms of the Act; and

(e)     the District has issued and there are now outstanding the following bonds which are a lien upon and secured by a pledge of the revenues of the Water System (the “Outstanding Parity Bonds”):

(i) Water System Revenue Refunding Bonds, Series 2016A, dated November 10, 2016, of which the remaining principal balance outstanding is \$1,525,000; and

(ii) Water System Revenue Bonds, Series 2016B, dated November 10, 2016, issued in the original drawable principal amount of \$350,000, issued to evidence a loan from the Nebraska Department of Environmental Quality (“NDEQ”);

The resolutions authorizing the Outstanding Parity Bonds are sometimes referred

to herein as the "Outstanding Parity Bonds Resolutions".

(f) NDEQ has approved a project designated as "NDEQ Project No. D311627" relating to the acquisition, construction, improvement, repair, rehabilitation or extension of the District's Water System consisting of eligible costs associated with the improvement of a pump station for which the estimated costs are \$300,000 (collectively, the "Project"), and NDEQ has agreed to lend the District funds in such amount (the "Loan") and in such connection has agreed to accept the Note (in such amount and as defined below) payable from the revenues of the Water System; in connection with the Loan it will be necessary for the District to approve, execute and deliver an agreement entitled "Loan Agreement (Governmental Borrower) between the Nebraska Department of Environmental Quality and Pappio-Missouri River Natural Resources District, Washington County Rural Water System #1 Project, Washington County, Nebraska, NDEQ Project No. D311627" (the "Loan Agreement") and it is necessary and advisable for the District to approve the execution and delivery of said Loan Agreement and the "Note" as described therein (for the borrowed amount of up to \$300,000, which Note shall evidence, be and constitute the Note as herein authorized); and

(g) The Outstanding Parity Bonds Resolutions each permit the issuance of "Additional Bonds" which are payable on a parity with the Outstanding Parity Bonds and equally and ratably secured therewith under the terms of the Outstanding Parity Bonds Resolutions provided that the District shall have received a projection made by a consulting engineer or firm of consulting engineers, recognized as having experience and expertise in municipal utility systems, projecting that the Net Revenues of the Water System in each of the three full fiscal years after the issuance of such Additional Bonds will be at least equal to 1.25 times the Average Annual Debt Service Requirements of the Note, the Outstanding Parity Bonds and any Additional Bonds, all as then outstanding, and of the proposed Additional Bonds. In satisfaction of such requirement, the District has received and is relying on a projection made by HDR Engineering Inc. (the "Engineer"), attached hereto this resolution as Exhibit A, stating that the Engineer projects that the Net Revenues of the Water System in each of the three full fiscal years following the issuance of the Note will be equal to at least 1.25 times the Average Annual Debt Service Requirements of the Note and the Outstanding Parity Bonds.

(h) to satisfy the borrowing requirements described in this Section 1, it is necessary for the District to issue its Water System Revenue Bond, Series 2018, in the total principal amount of up to \$300,000 (referred to herein as the "Note" or the "Bond") pursuant to Section 2-3226 R.R.S. Neb. 2012, as amended; and

(i) at the time of issuance of the Bond, the Outstanding Parity Bonds will be the only then-outstanding indebtedness of the District for which the revenues of the Water System have been pledged (subject to the right of the District to issue Additional Bonds and junior lien indebtedness as described in this Resolution); and

(j) all conditions, acts and things required by law to exist or to be done precedent to the issuance of the Bond as provided for in this Resolution do exist and have been done in regular and due form and time as required by law.

Section 2. Defined Terms. In addition to the definitions provided in parentheses elsewhere in this Resolution, the following definitions of terms shall apply, unless the context shall clearly indicate otherwise:

(a) The term “Additional Bonds” shall mean any and all bonds hereafter issued by the District pursuant to the terms of this Resolution which are equal in lien to the Note and the Outstanding Parity Bonds, including all such bonds issued pursuant to Section 10 and refunding bonds issued pursuant to Section 11.

(b) The term “Average Annual Debt Service Requirements” shall mean that number computed by adding all of the principal and interest due when computed to the absolute maturity of the bonds for which such computation is required and dividing by the number of years remaining that the longest bond of any issue for which such computation is required has to run to maturity. In making such computation, (i) the principal of any bonds for which mandatory redemptions are scheduled shall be treated as maturing in accordance with such schedule of mandatory redemptions and (ii) the principal of the final maturity of any bonds for which a sub-account has been established in the Debt Service Reserve Account shall be treated as reduced by the amount required to be held in such sub-account, so long as the amounts in such sub-account are required to be applied to payment of the final principal maturity of such bonds at maturity.

(c) The term “Deposit Securities” shall mean obligations of the United States of America, direct or unconditionally guaranteed, including any such obligations issued in book entry form.

(d) The term “Net Revenues” shall mean the revenues (as defined below), not including any income from the sale or other disposition of any property belonging to or forming a part of the Water System, less the ordinary expenses for operating and maintaining the Water System payable from the Operation and Maintenance Account described in Section 8 of this Resolution. Operation and Maintenance expenses for purposes of determining “Net Revenues” shall not include depreciation, amortization of financing expenses or interest on any bonds or other indebtedness. Net Revenues for all purposes of this Resolution shall be shown by an audit for the fiscal year in question as conducted by an independent certified public accountant or firm of such accountants, provided that if (a) such audit has not yet been completed and (b) a period of not more than 120 days have elapsed from the ending date of such fiscal year, then the Net Revenues may be shown by the audit report for the fiscal year immediately preceding the fiscal year in question and confirmation given by the District’s Treasurer that the unaudited information then available to the District for the fiscal year in question, if used as the basis for determining Net Revenues, would not result in a showing of Net Revenues insufficient to meet the test or tests for which Net Revenues are being determined.

(e) The term “revenues” shall mean all of the rates, rentals, fees and charges, earnings and other monies, including investment income, from any source derived by the District through its ownership and operation of the Water System, including any and all payments to be received by the District for such system under the terms of interlocal agreements related thereto.

Section 3. Authorization of Loan Agreement and Note.

(a) The District shall enter into the Loan Agreement in substantially the form set forth in Exhibit B to this Resolution, which exhibit is by such reference incorporated herein as if fully set forth.

(b) To provide for paying the costs of the Project as described in Section 1 hereof, and to pay certain associated costs, there shall be and there is hereby ordered issued the District’s Water System Revenue Bond, Series 2018, in the form of a single promissory note (referred to in this Resolution sometimes as the “Note” or the “Bond”) in the principal amount not to exceed \$300,000, with such Note to be in substantially the form and to have such payment terms as are set forth in Attachment F to the Loan Agreement and are otherwise agreed to and set forth in the final form of the Note, which exhibit is by such reference incorporated herein as if fully set forth. For all purposes of this Resolution, the Note shall constitute a revenue bond of the District as authorized by Section 2-3226 R.R.S. Neb. 2012, as amended, and shall be included within the terms “bond” where such inclusion is appropriate.

(c) The Note and the Loan Agreement are hereby approved and the Chairperson, Vice Chairperson, Treasurer and/or General Manager of the District, or any other officer designated by one of such officers (each, an “Authorized Officer”) are each hereby authorized to finalize the terms thereof and to execute and deliver the Note and the Loan Agreement with such changes from the forms presented and attached hereto as such officers shall deem appropriate for and on behalf of the District; provided however that the principal amount of the Note shall not exceed the amount set out in Section 3(b), the per annum rate of interest attributable to the Note shall not exceed 2.0%, administrative fees payable to NDEQ shall not exceed 0.50% per annum, and the longest maturity of the Note shall not be longer than twenty years from the date that the Project is completed and placed into operation.

(d) Each Authorized Officer is hereby authorized to negotiate, execute and deliver the Loan Agreement and the Note and are further authorized to take such further actions and to execute such certificates and other documents as shall be deemed necessary or appropriate by any of them in connection with the issuance and delivery of the Note and the Loan Agreement.

Section 4. Certification of Transcripts. The Secretary shall make and certify in counterpart transcripts of the proceedings of the Chairperson and Board with respect to the Loan Agreement and the Note, one of which shall be retained on file with the Secretary.

Section 5. Water System Revenue Pledge. For the payment of the Bond, both principal and interest, the District hereby pledges, hypothecates and grants a security interest in the entire revenues and earnings of the Water System as a first and prior pledge and encumbrance of such revenues, in accordance with the terms of this Resolution, such pledge, hypothecation and security interest being on an equal and ratable basis with the Outstanding Parity Bonds and any Additional Bonds issued from time to time as described in this Resolution. The pledge and hypothecation provided for the Bonds in this Resolution is intended to be and shall provide for a first and prior pledge and lien upon and security interest in the revenues of the Water System superior to any pledge, lien or security interest made or given with respect to any other indebtedness of the District as to its Water System (other than the Outstanding Parity Bonds and any such Additional Bonds) and is intended as a full exercise of the powers of the District provided for in the Act, as now or hereafter amended, with respect to the District's Water System and the revenues and earnings thereof. The Bond is a lien only upon said revenues and earnings and are not general obligations of the District, nor is the Bond supported in any way by taxation.

Section 6. Use of Proceeds. The proceeds of the Bond shall be applied on proper order of the District to pay costs of the Project. Proceeds may also be used to pay certain costs of issuance as determined by an Authorized Officer.

Section 7. Covenant to Establish and Collect Rates and Charges. The District hereby agrees that it will impose and maintain and shall revise from time to time when necessary and shall collect such rentals, rates, fees and charges for the use and services of the Water System which shall be sufficient at all times to produce revenues and earnings sufficient at all times to provide for the payment of interest on and principal of the Bonds, the Outstanding Parity Bonds and any Additional Bonds as such interest and principal become due, to pay all reasonable costs of operation and maintenance of the Water System, including adequate insurance as provided by this Resolution and to pay for the necessary and reasonable repairs, replacements and extensions of said Water System, and to otherwise satisfy the requirements of the Loan Agreement.

Section 8. Funds and Accounts. In connection with the pledge of the revenues and earnings of the Water System for the payment of principal of and interest on the Bonds, the Outstanding Parity Bonds and any Additional Bonds, the District does hereby agree with the holders of said Bond as follows:

(a) **WATER SYSTEM FUND** - The entire gross revenues and income derived from the operation of the Water System shall be set aside as collected and deposited in a separate fund which is hereby ordered established and designated as the "Water System Fund." For purposes of allocating the monies in the Water System Fund, the District shall maintain the following accounts (by the terms of this Resolution directed to be established): (1) Operation and Maintenance Account; (2) Bond Payment Account; (3) Debt Service Reserve Account; and (4) Retained Revenues Account.

(b) **OPERATION AND MAINTENANCE ACCOUNT** - Out of the Water System Fund there shall be monthly credited into the Operation and Maintenance Account such amounts as the District shall from time to time determine to be necessary to pay the reasonable and necessary expenses of operating and maintaining the Water System, and the



District may withdraw funds credited to the Operation and Maintenance Account as necessary from time to time to pay such expenses.

(c) **BOND PAYMENT ACCOUNT** - Out of the Water System Fund there shall be credited monthly on or before the first day of each month to the Bond Payment Account, funds in such amounts and at such times as are sufficient to satisfy the payment obligations of the District under the Loan Agreement and the Note. The District Treasurer is hereby authorized and directed, without further authorization, to withdraw monies credited to the Bond Payment Account, or if the monies in such Account are insufficient, then from the Debt Service Reserve Account (but only from the appropriate debt service reserve sub-account) and next from the Retained Revenues Account, in an amount sufficient to pay, when due, the principal of and interest on the Note, the Outstanding Parity Bonds or any Additional Bonds and to transfer such amounts due to the Paying Agent and Registrar (or other paying agent for Additional Bonds or, in the case of the Note, to NDEQ) at least five (5) business days before each principal and interest payment date. Upon the issuance of any Additional Bonds pursuant to this Resolution appropriate additional credits to the Bond Payment Account shall be provided sufficient to pay principal and interest on said Additional Bonds.

(d) **DEBT SERVICE RESERVE ACCOUNT** – No amount shall be required to be maintained in the Debt Service Reserve Account with respect to the Note. Other sub-accounts within the Debt Service Reserve Account may from time to time be established with respect to other bonds. Monies credited to the Debt Service Reserve Account may be withdrawn (but only from the appropriate sub-account), as needed to provide funds to pay, when due, the principal and interest on the Additional Bonds issued pursuant to this Resolution, if the Bond Payment Account contains insufficient funds for that purpose, and the District Treasurer is hereby authorized and directed to make such withdrawal if and when needed. In the event of a withdrawal from the Debt Service Reserve Account, there shall be credited to the Debt Service Reserve Account in the month following such withdrawal and each month thereafter (until each sub-account in the Debt Service Reserve Account has been fully restored) all monies in the Water System Fund remaining after making the payments required to be made in such month to the Operation and Maintenance Account and Bond Payment Account. Upon the issuance of any Additional Bonds a separate sub-account in the Debt Service Reserve Account shall be established (in such amount as the Board of Directors shall determine appropriate, which may be \$-0-) and any such separate debt service reserve account shall have the right to share, in the event of drawings upon such reserve sub-account for Additional Bonds, in revenues available in the Water System Fund upon a pro rata basis in accordance with the respective outstanding principal amounts or each such issue. Anything in this Subsection (d) to the contrary notwithstanding, the amount required to be maintained in any debt service reserve sub-account for any issue of Additional Bonds the interest on which is intended to be exempt from federal income taxation shall not be required to exceed at any time the maximum amount permitted to be invested without yield restriction under Section 103(b) and 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations of the United States Treasury Department. Each sub-account in the Debt Service Reserve Account shall constitute a special and separate account held in trust for the specific issue for which it has been established held solely for such specific issue and to assure the payment of principal and interest thereon. When any issue of Additional

Bonds for which a sub-account has been established is no longer outstanding, the particular sub-account for such issue shall no longer be required to be maintained.

(e) **RETAINED REVENUES ACCOUNT** - Monies from the Water System Fund remaining after the credits required in the foregoing Subsections (b), (c) and (d) have been made in full shall be credited to the Retained Revenues Account. Monies in the Retained Revenues Account shall be applied (1) first, to make up any deficiencies in the accounts described in the foregoing Subsections (b), (c) and (d); (2) second, to retire any of the Note, the Outstanding Parity Bonds or any Additional Bonds prior to their maturity, (3) third, to provide for replacements for or improvements to the Water System, (4) fourth, to pay principal of and interest on any junior lien indebtedness incurred with respect to the Water System, and (5) fifth, to provide for any other lawful purpose of the District related to the Water System determined upon by the Board of Directors.

The provisions of this Section shall require the District to maintain a set of books and records in accordance with such accounting methods and procedures as are generally applicable to a utility enterprise, which books and records shall show credits to and expenditures from the several accounts required by this Section 8. Monies credited to the Water System Fund or any of the accounts or sub-accounts therein as established by this Resolution shall be deposited or invested separate and apart from other District funds. Except as specified below for the Debt Service Reserve Account, the District shall not be required to establish separate bank or investment accounts for the accounts and sub-accounts described in Subsection (b), (c), (d) and (e). Monies credited to the Debt Service Reserve Account or any reserve sub-account therein (unless otherwise directed in the authorizing resolution for any Additional Bonds with respect to the reserve sub-account for such Additional Bonds) shall, if maintained in a demand or time deposit account, be kept in a separate account and not commingled with other Water System funds or accounts. If invested, monies credited to the Debt Service Reserve Account or any reserve sub-account therein may be commingled with other Water System funds or accounts so long as the District maintains books and records clearly identifying the specific investments, or portions thereof, which belong to the Debt Service Reserve Account and the specific sub-accounts therein. Monies in any of the accounts may be invested in securities eligible for investment of other District funds. Income from or profit realized from any such investment shall be credited to the respective account from which said investment has been made until such account contains the maximum amount required to be deposited therein and thereafter such income or profit shall be transferred to the Water System Fund and treated as other revenues from the operation of the Water System.

Section 9. Covenants Relating to Water System. So long as any Note, the Outstanding Parity Bonds or Additional Bonds are outstanding, the District hereby covenants and agrees as follows:

(a) The District will maintain the Water System in good condition and will continuously operate the same in a reasonable and efficient manner, and the District will punctually perform all duties with reference to said system required by the Constitution and statutes of the State of Nebraska, but this covenant shall not prevent the District from discontinuing the use and operation of all or any portion of the Water System so long as the revenue derived from the District's ownership of the properties constituting the Water System shall be sufficient to fulfill the District's obligations under this Resolution.

(b) The District will not grant any franchise or right to any person, firm or corporation to own or operate a water system in competition with the Water System.

(c) The District will maintain insurance on the property constituting the Water System (other than such portions of the system as are not normally insured) against risks customarily carried by similar utilities, but including fire and extended coverage insurance in an amount which would enable the District to repair, restore or replace the property damaged to the extent necessary to make the Water System operable in an efficient and proper manner to carry out the District's obligations under this Resolution. The Board of Directors shall annually examine the amount of insurance carried with respect to the Water System and shall evidence approval of such insurance by resolution. The proceeds of any such insurance received by the District shall be used to repair, replace or restore the property damaged or destroyed to the extent necessary to make the Water System operable in an efficient and proper manner, and any amount of insurance proceeds not so used shall be credited to the Retained Revenues Account and applied in a manner consistent with the priorities set forth in subsection 8. In the event of any such insured casualty loss, the District may advance funds to make temporary repairs or provide for an advance on costs of the permanent repair, restoration or replacement from the Operation and Maintenance Account or other funds of the District and any such advances shall be repaid from insurance proceeds received.

(d) The District will keep proper books, records and accounts separate from all other records and accounts in which complete and correct entries will be made of all transactions relating to the Water System. The District will upon request have its operating and financial statements related to the Water System audited annually by a certified public accountant or firm of certified public accountants. The District will furnish to the original purchaser of the Note and to the original purchaser or purchasers of each series of Additional Bonds issued hereunder (which may be accomplished by posting on EMMA), within seven (7) months after the end of each fiscal year of the Water System, a copy of the financial statements of the Water System and the certified public accountant's report thereon.

(e) The District shall cause each person handling any of the monies in the Water System Fund to be bonded by an insurance company licensed to do business in Nebraska in an amount or amounts deemed sufficient by the Board of Directors to cover the amount of money belonging to said system reasonably expected to be in the possession or control of any such person. The amount of such bond or bonds shall be fixed by the Board of Directors and the costs thereof shall be paid as an operating and maintenance expense from the Operation and Maintenance Account.

Section 10. Additional Bonds. To provide funds for any purpose related to the Water System, the District may issue Additional Bonds (other than Additional Bonds issued for refunding purposes which are governed by Section 11 of this Resolution) payable from the revenues of the Water System having equal priority and on a parity with the Note, the Outstanding Parity Bonds and any Additional Bonds then outstanding, only upon compliance with the following conditions:

(a) Such Additional Bonds shall be issued only pursuant to a resolution which shall provide for an increase in the monthly credits into the Bond Payment Account in

amounts sufficient to pay, when due, the principal of and interest on the Note, the Outstanding Parity Bonds and any Additional Bonds then outstanding and the proposed Additional Bonds and for any monthly credits to the Debt Service Reserve Account as may be required to be established with respect to such Additional Bonds.

(b) The District shall have complied with one or the other of the two following requirements:

1) The Net Revenues derived by the District from its Water System for the fiscal year next preceding the issuance of the Additional Bonds shall have been at least equal to 1.25 times the Average Annual Debt Service Requirements of the Note, the Outstanding Parity Bonds and any Additional Bonds, all as then outstanding, and of the proposed Additional Bonds; or

2) The District shall have received a projection made by a consulting engineer or firm of consulting engineers, recognized as having experience and expertise in municipal utility systems, projecting that the Net Revenues of the Water System in each of the three full fiscal years after the issuance of such Additional Bonds will be at least equal to 1.25 times the Average Annual Debt Service Requirements of the Note, the Outstanding Parity Bonds and any Additional Bonds, all as then outstanding, and of the proposed Additional Bonds. In making such projection, the consulting engineer shall use as a basis the Net Revenues of the Water System during the last fiscal year for which an independent audit has been prepared and shall adjust such Net Revenues as follows: (A) to reflect changes in rates which have gone into effect since the beginning of the fiscal year for which the audit was made, (B) to reflect such engineer's estimate of the net increase over or net decrease under the Net Revenues of the Water System for the fiscal year for which the audit was made by reason of: (i) changes of amounts payable under existing contracts for services; (ii) additional general income from sales to customers under existing rate schedules for various classes of customers or as such schedules may be revised under a program of changes which has been adopted by the Board of Directors of the District; (iii) projected revisions in costs for water service, labor, wages, salaries, machinery, equipment, supplies and other operational items; (iv) revisions in the amount of service to be supplied and any related administrative or other costs associated with such increases due to increased supply from the acquisition of any new facility; and (v) such other factors affecting the projections of revenues and expenses as the consulting engineer deems reasonable and proper. Annual debt service on any proposed Additional Bonds to be issued may be estimated by the consulting engineer in projecting Average Annual Debt Service Requirements, but no Additional Bonds shall be issued requiring any annual debt service payment in excess of the amount so estimated by the consulting engineer.

The District hereby covenants and agrees that so long as any of the Note, the Outstanding Parity Bonds and any Additional Bonds are outstanding, it will not issue any bonds or notes payable from the revenues of the Water System except in accordance with the provisions of this Resolution,

provided, however, the District, to the extent permitted under the terms of this Resolution, reserves the right to issue bonds or notes which are junior in lien to the Note, the Outstanding Parity Bonds and any such Additional Bonds with the principal and interest of such junior bonds or notes to be payable from monies credited to the Retained Revenues Account as provided in Subsection 8(e) of this Resolution.

Section 11. Refunding Bonds. The District may issue refunding bonds which shall qualify as Additional Bonds of equal lien to refund any of the Bonds, the Outstanding Parity Bonds or Additional Bonds then outstanding, provided, that if any such Bonds, the Outstanding Parity Bonds or Additional Bonds are to remain outstanding after the issuance of such refunding bonds, the principal and interest payments due on the refunding bonds in any calendar year following such refunding shall not exceed the principal and interest payments which would otherwise have been due on the refunded bonds in such calendar year by more than ten percent (10%). Refunding Bonds issued in accordance with this paragraph may be issued as Additional Bonds of equal lien without compliance with the conditions set forth in Subsection 10(b) of this Resolution.

The District may also issue refunding bonds which shall qualify as Additional Bonds of equal lien to refund any Note, the Outstanding Parity Bonds or Additional Bonds then outstanding provided, that, if any such Note, the Outstanding Parity Bonds or Additional Bonds are to remain outstanding after the application of the proceeds of the refunding bonds to the payment of the bonds which are to be refunded, such issuance must comply with the Net Revenues test set forth in Subsection 10(b)(1) of this Resolution and, if the proceeds of such refunding bonds are not to be applied immediately to the satisfaction of the bonds which are to be refunded, then such refunding bonds must provide by their terms that they shall be junior in lien to all Note, the Outstanding Parity Bonds and any Additional Bonds outstanding at the time of issuance of such refunding bonds until the time of application of their proceeds to the satisfaction of the bonds which are to be refunded. In computing Average Annual Debt Service Requirements to show compliance with said Net Revenues test for such refunding bonds, all payments of principal and interest due on such refunding bonds from the time of their issuance to the time of application of the proceeds of such refunding bonds to the satisfaction of the bonds which are to be refunded shall be excluded from such computation to the extent that such principal and interest are payable from sources other than the revenues of the Water System, such as earnings on the investment of the proceeds of said refunding bonds, or from monies in the Retained Revenues Account, and all payments of principal and interest due on the bonds which are to be refunded from and after the time of such application shall also be excluded. For purposes of this paragraph of this Section 11, the time of application of the proceeds of the refunding bonds to the satisfaction of the bonds which are to be refunded shall be the time of deposit with the paying agent for such bonds which are to be refunded pursuant to Section 10-126 R.R.S. Neb. 2012, as amended, (or any successor statutory provision thereto) or the time when such bonds which are to be refunded under the terms of their authorizing resolution or resolutions are no longer deemed to be outstanding, whichever occurs sooner.

Section 12. Bonds No Longer Outstanding. The District's obligations under this Resolution and the liens, pledges, dedications, covenants and agreements of the District herein made or provided for shall be fully discharged and satisfied as to the Note issued hereunder, and said bonds shall no longer be deemed outstanding hereunder if such bonds shall have been purchased and canceled by the District or, as to any of said bonds not theretofore purchased and canceled by the District, when payment of the principal of and any applicable redemption premium, if any, on such

bonds plus interest thereon to the respective dates of maturity or redemption (a) shall have been made or caused to be made in accordance with the terms thereof; or (b) shall have been provided for by depositing with a state or national bank having trust powers or trust company in trust solely for such payment (i) sufficient moneys to make such payment and/or (ii) Deposit Securities in such amount and bearing interest payable and maturing or redeemable at stated fixed prices at the option of the holder as to principal at such times as will ensure the availability of sufficient moneys to make such payment and such bonds shall cease to draw interest from the date fixed for their redemption or maturity and, except for the purposes of such payment, shall no longer be entitled to the benefits of this Resolution; provided that, with respect to any such bonds called or to be called for redemption, the District shall have duly given notice of redemption or made irrevocable provision for such notice. Any such moneys so deposited with the aforesaid state or national bank or trust company as provided in this section may be invested and reinvested in Deposit Securities at the direction of the District and all interest and income from all such Deposit Securities in the hands of the aforesaid trustee bank or trust company which are not required to pay principal and interest on the Note for which such deposit has been made shall be paid to the District as and when realized and collected.

Section 13. General Authority. The officers of the District, or any one or more of them, including the Chairperson, Vice Chairperson and Secretary of the Board and the General Manager of the District are hereby individually authorized to do all things and execute all such documents as may by them be deemed necessary and proper to complete the issuance and sale of the Note and the execution and delivery of the Loan Agreement as contemplated by this Resolution.

Section 14. Expectations of Tax Status of the Note. The Board hereby expressly declares the intent and understanding that interest on the Note shall not be excludable from gross income under the terms of Section 103 of the Internal Revenue Code of 1986, as amended, and the District as issuer shall not file any information report with respect to the issuance of the Note pursuant to Section 149(e) of said Code.

Section 15. Severability. If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Resolution.

Section 16. Conflicting Resolutions Repealed. All resolutions or orders or parts thereof in conflict with the provisions of this Resolution are to the extent of such conflict hereby repealed.

Section 17. Effectiveness. This Resolution shall be in force and take effect as provided by law.

ADOPTED July 12, 2018.

ATTEST:

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Chairperson

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Secretary

Exhibit "A"

Projections from HDR Engineering Inc.

[see attached]

Exhibit "B"

Loan Agreement  
(Including Form of Note as Attachment F)

[see attached]



The motion for adoption was seconded by Board Member \_\_\_\_\_. The Chairperson then stated the question was, "Shall this Resolution be passed and adopted?" Upon roll call vote, the following Board Members voted YEA: \_\_\_\_\_

\_\_\_\_\_; the following voted NAY: \_\_\_\_\_. The passage and adoption of said resolution having been concurred in by two thirds of all members of the Board, the Chairperson declared the resolution adopted and the Chairperson, in the presence of the Board of Directors, signed and approved the resolution and the Secretary attested the passage and approval of the same and affixed his signature thereto.

DATED THIS July 12, 2018.

ATTEST:

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Secretary

3. Legislative Representation (01-01-000-4393) Account over 110% – Recommendation that the Legislative Representation Account 01-01-000-4393 be allowed to exceed 110% of the budget, with a maximum not-to-exceed amount of \$121,697.56 without further Board approval.
4. Zorinsky Basin 2 Construction Costs (02-01-558-4410) Account over 110% – Recommendation that the Zorinsky Basin 2 Water Quality Basin Construction Costs Account 02-01-558-4410 be allowed to exceed 110% of the budget, with a maximum not-to-exceed amount of \$1,100,000 without further Board approval.
5. WP5 Professional Services (02-01-554-4400) Account over 110% – Recommendation that the WP5 Professional Services Account 02-01-554-4400 be allowed to exceed 110% of the budget, with a maximum not-to-exceed amount of \$44,000 without further Board approval.

**\*Agenda Item 9.D. – Ad Hoc Consultant Selection Subcommittee Request for Proposals for Professional Services to Update P-MRNRD Multi-Jurisdictional Multi-Hazard Mitigation Plan**

BE IT RESOLVED that the minutes of the July 10, 2018, meeting of the Ad Hoc Consultant Selection Subcommittee Request for Proposals for Professional Services to Update P-MRNRD Multi-Jurisdictional Multi-Hazard Mitigation Plan are accepted, incorporated in these minutes, and the following recommendations of the Subcommittee are hereby adopted and approved.

1. Initial Screening of Proposals for Consultant Selection Interviews – Recommendation that District Policy 15.2 be waived and that a contract be negotiated with JEO Consulting Group, Inc. to provide professional services to update the District's Hazard Mitigation Plan.

**\*Agenda Item 10. A.-J. – Treasurer’s Report**

**BE IT RESOLVED** that the Treasurer is authorized to expend general funds to pay: (l) claims listed in the June, 2018, financial report; and, (2) any claims made prior to the next Board meeting for (a) earned salaries of District employees, (b) withholding taxes, (c) social security payments, (d) retirement program contributions, (e) utilities, (f) registration fees and expenses for upcoming meetings and conferences, (g) certified completed CAP and Special Project Area applications, (h) invoices which offer a credit or discount for payment made prior to the next Board meeting, (i) postage, and, (j) building and grounds contract expenses.

**BE IT FURTHER RESOLVED** that the Treasurer is authorized to pay, from the respective operating accounts of the Washington County, Dakota County, and Thurston County Water Supply System, the Elkhorn Breakout Project, the Elkhorn River Stabilization Project, the Elk/Pigeon Creek Drainage Project, the Western Sarpy Drainage Project, the Papillion Creek Watershed Partnership, and the Southern Sarpy Watershed Partnership project bills listed on the June, 2018, financial report, and future claims for project utilities.

**BE IT FURTHER RESOLVED** that the financial reports be affixed to and made a part of the minutes.

**\*Agenda Item 11. – Resolution of Appreciation and Acknowledgement of the Efforts of Senator Deb Fischer and Congressman Jeff Fortenberry**

**WHERE AS**, the Papio-Missouri Natural Resources District, in its efforts to upgrade Missouri River Levee Systems R-616-613 and R-613, spent years working with the U.S. Army Corps of Engineers (USACE) to complete regulatory review of the project.

**WHEREAS**, Senator Fischer and Congressman Fortenberry worked with USACE staff to expedite the review process and brought the matter to the attention of senior USACE officials to help facilitate review completion.

**WHEREAS**, on June 30, 2018, the USACE Omaha District Commander, signed the completed review, paving the way for the start of construction to upgrade Missouri River Levee Systems R-616-613 and R-613.

**NOW, THEREFORE, BE IT RESOLVED**, on behalf of Papio-Missouri Natural Resources District, its staff, and the communities that it serves, this Board does hereby express its appreciation for the work and dedication of Senator Fischer and Congressman Fortenberry on this matter and to their commitment to reducing flood risks in and around Omaha.

**\*Agenda Item 14. and Agenda Item 15. – Election of P-MRNRD Officers and NARD Director and Alternate Director**

**BE IT RESOLVED** that the following directors be and are hereby elected officers of the Papio-Missouri River Natural Resources District for the coming year and until a successor has been elected: Jim Thompson, Chairperson; Fred Conley, Vice-Chairperson; Rich Tesar, Secretary; and John Conley, Treasurer.

BE IT FURTHER RESOLVED that the Treasurer's written designation of Tim Fowler as Assistant Treasurer is concurred in by the Board of Directors.

BE IT FURTHER RESOLVED that the presently elected Treasurer, John Conley, and the designated Assistant Treasurer, Patrick Leahy be and are hereby authorized to serve until such time as bonding is completed on the Treasurer-elect and the Assistant Treasurer designate.

BE IT FURTHER RESOLVED that Rich Tesar is hereby elected the Nebraska Association of Resources Districts Director for the coming year and that Tim Fowler is hereby elected the Nebraska Association of Resources Districts Alternate Director for the coming year.