

**Finance, Expenditure & Legal
Subcommittee Meeting
March 7, 2006
8:00 p.m.
Agenda**

Finance, Expenditure & Legal Subcommittee Members:

Dick Connealy, Chairperson
Tim Fowler, Vice-Chairperson
John Conley
Dorothy Lanphier
Jim Thompson

Alternate Members: John Schwope
Rich Tesar

Staff Liaison: Jim Becic
Jerry Herbster *
Jack Lawless
Trent Heiser

1. Meeting Called to Order – Chairperson Connealy
2. Quorum Call
3. Adoption of Agenda
4. Proof of Publication of Meeting Notice
5. Review and Recommendation on Appointment of an Ad Hoc Subcommittee for Auditing Services – Director Lanphier
6. Review and Recommendation on Request for Increase in Hourly Rate for Legal Services – Paul Peters, District Legal Counsel
7. Review and Recommendation on NARD Issues – Director Tesar and Steve Oltmans
 - a. NARD By-Law Change
 - b. NARD 457 Deferred Compensation Plan
8. Adjourn

MEMORANDUM

TO: Pappia Missouri River Board of Directors

FROM: Jack Lawless - Accountant

SUBJECT: Informational Memo on RFP for Professional Auditing Services

DATE: March 1, 2006

Changes to the Pappia-Missouri River NRD Policy Manual concerning District audits were passed at the January 8, 2006 Board of Directors Meeting (see policies 14.3 and 15.2 attached). These changes mandated formal competitive price proposals for the District's Auditing Services be made in accordance with Policy 15.6.C (attached), and obtained at a minimum of every five years.

A Director will bring an item before the March 7, 2006 Finance, Expenditure and Legal Subcommittee Meeting recommending an Ad-Hoc Subcommittee for Accounting Services. Policy 15.6.C does not provide for an Ad-Hoc Committee so this would be a change in policy. To assist Directors in evaluating the need for an Ad-Hoc Committee for Accounting Services, please find enclosed a copy of our Request For Proposals, and a copy of the Selection Schedule, and an RFP Checklist for CPA Services (Governmental Organizations) provided by Director Lanphier.

Unless otherwise directed by the Board of Directors, management's intentions are to proceed with the RFP as written.

**PROFESSIONAL AUDITING SERVICES
REQUEST FOR PROPOSALS
Selection Schedule**

March 13, 2006 - FAX legal notice to the Omaha World-Herald and send out RFP information to Auditing Firms.

March 29 and April 5, 2006 - Advertise RFP in the Omaha World-Herald.

April 18, 2006 - RFP opening at 2:00 p.m. at NRC.

April 19-28, 2006 – Management review RFPs and interview selected firms, if necessary.

May 2, 2006 – Submit RFP summary plus Management recommendation memo to the Finance, Expenditures and Legal Subcommittee.

May 9, 2006 - F, E and L Subcommittee meeting at 8:00 p.m. (tentative time) to consider proposals and make recommendation to the Board.

May 11, 2006 - Board of Directors Meeting at 8:00 p.m. to consider F, E and L Subcommittee recommendation on proposals and select Auditor.

PAPIO-MISSOURI RIVER



NATURAL RESOURCES DISTRICT

REQUEST FOR PROPOSALS PROFESSIONAL AUDITING SERVICES – PAPIO-MISSOURI RIVER NRD

March 1, 2006

8901 S. 154TH ST.
OMAHA, NE 68138-3621
(402) 444-6222
FAX (402) 895-6543
www.papionrd.org

The Papio-Missouri River Natural Resources District is hereby soliciting proposals for professional auditing services. The District's fiscal year is July 1 through June 30, and services will begin on July 1, 2006 for a period of five fiscal years.

The Natural Resources District is a local unit of government operating under the Nebraska Statutes Section 2-2301 through 2-32, 101 and other statutes relating to political subdivisions. The District encompasses all or portions of Sarpy, Douglas, Dodge, Washington, Thurston, Burt, and Dakota Counties.

The District is authorized to levy a property tax of not to exceed \$0.045/\$100 actual valuation. This taxing authority provides the major funding for the District's budget. The District also receives funds from federal, state, and other local and private sectors.

The 2006 fiscal year, which ends June 30, 2006, includes total budget expenditures of \$31,128,289. The budget is prepared in accordance with Sections 13-501 through 13-51 of the Nebraska Budget Act, and in compliance with the Single Audit Act. The budget format, forms, and account numbers and descriptions are prescribed and provided by the State Auditor's Office.

Sections 2-3220 and 2-3223 of the Statutes provide the procedures and requirements for bookkeeping and auditing of District funds.

Attached is a brief description of the required audit procedures and responsibilities. Also attached is a copy of the last audit. District staff will prepare all cash, accounts receivable, or other confirmations; and will locate any invoices selected for testing.

If interested in being considered, your written proposal for professional services should include, as a minimum, the following in your letter of transmittal:

1. A description of your firm's background and scope of practice.
2. A list of "comparable" government entities served by your firm, with names of contact persons in those entities.

3. A list of the individuals that would be assigned to work with the District and a description of their experience and degree of involvement.
4. An analysis of your ability to meet the District's schedule requirements for completing the audit by October 1, 2006 for approval at the October 12, 2006 Board Meeting.
5. Your approach to the audit, including statistical sampling, and methodology for documentation.
6. Your concepts, philosophies, and ideas for changes in format or content of reports or in the division of responsibilities.
7. A proposed Audit Services Fee is required. The Audit Services Fee is to be fixed, complete and all-inclusive. It is to include the costs, prices, charges, inflation, expenses, labor, fringe, taxes, margin, markup, add-ons and any other fees you incur in the completion of the audit. It shall include offers for each fiscal year 2006, 2007, 2008, 2009, and 2010.

Fifteen (15) copies of the proposal must be submitted to the Papio-Missouri River Natural Resources District, 8901 South 154th Street, Omaha, Nebraska 68138, by 2 p.m., April 18, 2006. They will be reviewed and considered by management and the District's Finance, Expenditure and Legal Committee in accordance with the enclosed Selection Schedule. Proposals will be evaluated based upon cost and qualifications. The Papio-Missouri River Natural Resources District reserves the right to reject any and all proposals received, and to request additional information.

Any questions concerning this proposal should be directed in writing to:

Jack Lawless, District Accountant
8901 South 154th Street
Omaha, NE 68138
Phone: (402) 444-6222
Fax: (402) 895-6543
Email: jlawless@papionrd.org

It is your responsibility to ensure your complete knowledge and understanding of our requirements.

Optomistically,

Steven G. Oltmans
General Manager

Description of audit procedures and responsibilities:

Examination of the financial statements in accordance with generally accepted auditing standards in the United States of America; the standards for financial audits contained in the *Government Accounting Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133; and issuance of the independent auditor's report.

Tests of transactions to determine a reasonable assurance the financial statements are free from material misstatements. Tests of transactions related to major federal award programs for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Submit a document that will include the following:

1. Schedule of Expenditures of Federal Awards
2. Statement of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget (Budgetary Basis) – General Fund
3. Statement of Revenues, Expenses, and Changes in Net Assets – Actual and Budget (Budgetary Basis) – General Fund
4. Statement of Functional Revenues, Expenditures, and Changes in Fund Balance – General Fund
5. Statement of Net Assets – Non-Major Proprietary Funds
6. Statement of Revenues, Expenses, and Changes in Net Assets – Non-Major Proprietary Funds
7. Schedule of Investments – General Funds
8. Schedule of Investments – Proprietary Funds
9. Schedule of Insurance Policies and Bonds
10. Schedule of Taxes Receivable – General Fund
11. Schedule of Cash Balances Held by County Treasurers
12. Information Required by Section 2-3223, N.R.S.-1943
13. Data Collection Form
14. Management Letter of Audit Findings and Recommendations

RFP Checklist for CPA Services (Governmental Organizations)

Purpose of This Tool. This tool consists of a checklist to be used by the government's audit committee or its equivalent oversight body to ensure the organization's request for proposal is complete and contains the necessary elements for the successful procurement of professional auditing services.

Background

This tool has been prepared to assist a government's audit committee or its equivalent in the preparation or review of a request for proposal (RFP) for professional auditing services. This guide describes the RFP contents and sample format for said services. As a generic model, it should be used for reference purposes only. A government organization most likely will obtain the services of a team of qualified experts including legal advisers, accountants, internal auditors, procurement officers, and other technical resources to assist in the preparation of a RFP for CPA services.

The preparation of a sound RFP is important. The RFP should outline the proposal and selection process, as well as summarize the background, objectives, expectations, and requirements of the engagement to be undertaken. Therefore, the following should be remembered when writing the RFP:

- Communicate the facts and conditions surrounding the engagement to be completed.
- State your objectives and requirements clearly and thoroughly.
- Be specific about the information needed to properly evaluate the proposal.
- Require the proposal to be presented in a common format to allow for efficient and effective evaluation.

A quality RFP will determine the quality of the respondents and will help to reduce the time and effort expended in the overall RFP and selection process. A quality RFP can be a factor in mitigating potential challenges associated with subsequent contract negotiations.

Because each government is different and unique in its own right, the following is offered as a checklist for government oversight bodies to assess the quality and comprehensiveness of the RFP document for professional auditing services.

Guidelines On The Introduction

The Introduction of the RFP establishes the tone for the proposal document and provides an indication of the scope of work to be performed. The Introduction should accomplish the following:

- Describe why the RFP is being released. Discuss in general terms the objective to be achieved and the reason professional CPA services are being sought.
- Discuss the term of the engagement, such as the length of time the contemplated contract covers (for example, an annual or a multi-year engagement), along with renewal options.
- Provide an overview of how the RFP is structured and describe what information or supporting documents are contained in the appendixes, attachments, or the body of the RFP document.

Guidelines When Describing The Government Organization

The objective in describing the government organization is to provide an understanding of the composition and makeup of the organizational structure and financial reporting considerations. This information should provide respondents with insight about the possible size and complexity of the work to be performed.

Depending on the information deemed relevant in describing a particular government organization, incorporate the following:

- Year of incorporation
- Charter date
- Form of government
- Term length and term limits for elected officials
- Composition of governing body
- Composition of audit committee
- Population size and other relevant demographics
- Activities and services provided by the government to its citizenry
- Accounting and reporting structure, including chart of accounts or summary description of number and types of funds and account groups
- Accounting systems/software used in accounting and financial reporting activities
- Basis of accounting used in daily operations (for example, generally accepted accounting principles, budgetary basis)
- Component units and joint ventures included in the reporting entity

- Pension plans and actuarial services information
- Additional resource information (for example, budget documents, official statements, annual financial reports, policies and procedures, prior internal or external audits, single audits), along with contact names and numbers to obtain access to this information.

Guidelines On The Scope Of Work

This section of the RFP should describe the required services to be provided as a result of this engagement. It should describe the scope of work and any special considerations, such as the following:

- Provide a general description of the services being solicited, including the term of the engagement (for example, number of fiscal year(s) to be audited and related time frame).
- Indicate the exact scope of work to be performed, including the expected deliverables (that is, expressed opinion on the fair presentation of the government's basic financial statements in conformity with generally accepted accounting principles). Specific language should distinguish whether the expected deliverables are to include:
 - An expression of an audit opinion in conjunction with the full-scope audit of a comprehensive annual financial report (CAFR)
 - Audit report on basic financial statements only
 - Single audit report relative to state and/or federal financial assistance programs
 - Quality control reviews (for example, reviews related to financial assistance programs)
 - Management letter indicating deficiencies or opportunities for accounting and reporting improvements, specifically identifying any reportable condition or material weakness
 - Disclosure of irregularities and illegal acts
 - Other reports to be issued or deliverables to be completed
- Include any other special services that may be required of the auditor such as:
 - Reporting on the internal control system based on the auditor's assessment of the structure and control risk
 - Providing continuing education training for the government's staff
 - Conducting performance audits to assess operating effectiveness and efficiency
- Indicate the standards required in performing the auditing services, such as
 - Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants

- Standards for financial audits as set forth in the U.S. Government Accountability Office's *Government Auditing Standards (2003)*, known as the Yellow Book
- Provisions of the *Single Audit Act Amendments of 1996* and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*
- Standards as set forth by local or state charter, code, or other legal mandate
- Identify any special considerations that will allow the respondent to properly assess the size and complexity of the prospective engagement, for example:
 - Participation in the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting program, which will require a certain level of knowledge and experience to assist governments in achieving this reporting milestone
 - Specific timelines that must be satisfied (for example, CAFR and single audit timeline requirements)
 - Preparation of the entire CAFR and/or certain support schedules (at minimum, any assistance from the auditors must follow the AICPA's *Code of Professional Conduct* and the independence standards as set forth in the U.S. Government Accountability Office's *Government Auditing Standards (2003)*.)
 - Assistance in preparing official statements or other documents or disclosure related to sales of debt instruments
 - Foreseeable difficulties that may be encountered as part of the audit process

Guidelines On Proposal Content And Other Submission Requirements

This section should consist of a discussion of specific requirements and parameters to ensure the RFP proposal is submitted successfully. From this information, the respondent should have a clear understanding of what should be included in the proposal, and what steps and timelines must be met for proposal consideration. Ask the respondent, when considering proposal content, to:

- Disclose qualifications and experience of the firm and staff assignment
 - Respondent's experience in providing professional auditing service (for example, prior engagements)
 - Respondent's quality control review reports
 - Partner, supervisory, and staff qualifications and experience who are assigned to the specific engagement and the procedures for changing assigned staff during the audit process
 - Audit approach (for example, statistical sampling, analytical procedures, methodology for documenting, EDP use in the auditing process)

- Comply with local, state, or federal statutes and regulations
 - Maintenance of independence as required by U.S. Government Accountability Office's *Government Auditing Standards (2003)*, known as the Yellow Book
 - Adherence to the AICPA's Code of Professional Conduct
 - Conflict of interest (for example, ethics ordinance, code of ethics requirements)
 - Assignment of professional services contract to a third party
 - Minority, women, and/or small business participation goals and requirements
 - License requirements to contract and practice public accounting/auditing in a specific locality
 - Other relevant laws and statutes affecting proposal process and submission of the proposal

- Discuss whether subcontracting will be used and to what extent. If joint ventures are permissible, disclose how such business arrangements will comply with RFP requirements.

Additionally, the government should:

- Identify submission criteria for proposals
 - Government contact name(s) and telephone number(s)
 - Address where proposals will be accepted
 - Required number of original and copies of the proposal document to be submitted
 - Whether proposals are to be signed and by whom
 - Submission date and time deadline (including time zone)
 - How proposals are to be delivered (for example, in a sealed package marked plainly)
 - Response format or presentation layout for the proposal (for example, title page, table of contents, transmittal letter, detailed proposal)

- Communicate other information useful to the respondent, such as:
 - Basis on which government organization will/can reject proposals
 - Public information disclosure indicating proposals are subject to open record's laws and regulations
 - Costs that will be reimbursed by the government organization, if any
 - Basis for contract termination, including the termination notification process and related timelines
 - Insurance requirements and indemnification clause (for example, liability insurance, workers' compensation)
 - Procedures to handle inquiries from potential RFP respondents

Guidelines On The Schedule Of Events And Timelines

Proposal milestones and related timelines should be specifically outlined for complete understandability. This information is often presented in a table format for easy reference. Regardless of the presentation, provide potential respondents with a calendar of proposal events and dates.

Guidelines On The Proposal Evaluation

To complete the body of the RFP document, clearly outline the proposal evaluation process. A properly defined evaluation process promotes consistency and fairness in the selection process and will reduce the time spent assessing the respondents' qualifications and experience. When developing the proposal evaluation process and subsequently completing this section of the RFP document:

- Identify the composition of the selection committee (for example, audit committee)
- Disclose elements of the proposal that will be specifically evaluated (for example, technical experience and expertise)
- Indicate the methodology for scoring the proposal (for example, point system)
- Outline the steps involved in the selection process
- Incorporate a right-to-reject clause

Appendixes And Attachments

Appendixes and attachments can be used to accompany the body of the RFP in an attempt to provide added relevant information to prospective respondents. Following is a list of information that is often included in the appendixes and/or attachments to RFP documents:

- Glossary
- Organization chart
- List of key personnel, office locations, and telephone numbers
- Recent external and internal audit findings
- Audited financial statements
- Summary budgetary information
- Single audit reports
- Corrective action plans
- Management letters
- Respondent guarantees and warranties

- Format for schedules of professional fees and expenses
- Offering statements
- Excerpts from state and local laws and regulations
- Standard legal language to be included in the audit contract
- Previous listing of schedules prepared by client (PBC)

Conclusion

The RFP is an important step in the selection process. It establishes an opportunity for dialogue regarding a certain set of procurement needs. The previous checklist is not all-inclusive and depends upon a particular government organization and its individual requirements. Therefore, a government organization seeking professional auditing services should employ the help of a team of experts to develop the specific RFP.

For further guidance on developing or assessing a RFP of this type, refer to the following organizations:

- Government Finance Officers Association at www.gfoa.org
- AICPA Audit Committee Toolkit — Sample Request for Proposal for a Public Company at www.aicpa.org/audcommctr
- Institute of Internal Auditors at www.theiia.org

The Internet can be used as a resource to locate RFPs originated by other governments.

14-3 Financial - Accounting.

A. Accounting books and records for all financial transactions will be kept in accordance with generally accepted accounting principles. An audit of the District's books shall be made at the end of each fiscal year.

B. Expenses of the District employees and Directors will be reimbursed only upon the completion of an Expense Claim, Form 14.3.B., Manual of Standard Forms (Appendix E). The expense claim shall itemize and describe the nature of the expense. Receipts for expenses shall be attached to the claim as required by the claim form. Staff expense claims will be furnished to the District Accountant by Wednesday noon, a week prior to Board meetings. The Administrative Coordinator will forward monthly expense claims to each Director for review, signature and return to the office for payment with the next payroll.

Directors and District employees are eligible for a travel advance against the otherwise reimbursable expenses of any authorized out-of-District travel. Maximum amount for a travel advance shall be \$500.00. A written request for a travel advance must be submitted to the District Accountant at least five (5) days prior to the date of travel.

While conducting District business out-of-District, Directors and District employees shall be eligible for reimbursement for mileage. It shall be the policy of the District to pay the standard mileage rate allowed by the State of Nebraska Administrative Services Department, pursuant to Section 81-1176, R.R.S., 1943, for those Directors and District employees required to provide their own vehicles. However, if air travel is available, the District shall reimburse the lesser amount, i.e., if lowest available rate for air travel is \$200.00 and mileage is \$225.00 the District shall only pay \$200.00. If air travel is available and Directors or District employees choose to drive, they will be reimbursed for the reimbursable expenses for one travel day and Directors shall be paid for only one day of per diem. If air travel is available, additional housing expense will not be allowed as a reimbursable expense if road transportation is utilized as a matter of choice.

[December 5, 1986; February 4, 1988]

15.2 Purchasing - Professional Services.

A. Statement of purpose. It is the purpose of this policy to provide a uniform procedure for advertising for and selecting firms for the award of contracts for professional services.

B. Definitions. As used throughout this policy, unless the context otherwise requires, the following terms shall have the following meanings:

1. Firm: Any person, partnership, association or corporation engaged in, and legally authorized to practice in the state, a professional service.
2. Professional services: Any one or more of the following services: architecture, engineering, land surveying, landscape architecture or land appraisal.
3. Auditing Services: Auditing Services are excluded from the requirements of Policy 15.2.B.2. and shall be obtained in accordance with Policy 15.6 Purchases by Formal Competitive Bidding.” The District shall obtain bids for auditing services at a minimum of every five years.

C. Selection Committee. The Ad Hoc Selection Committee responsible for selecting and negotiating with firms for these professional services shall consist of three Directors appointed by the Chairperson and one non-voting staff member appointed by the General Manager, or, as determined by the Chairperson, five Directors appointed by the Chairperson and two non-voting staff members appointed by the General Manager.

D. Request for Services. Projects that have been determined by the General Manager as requiring professional services shall be advertised at least once in the daily newspaper having the greatest circulation in the District. Written requests for professional services (requests for proposals) may be sent by Management to known qualified firms. Such requests for professional services shall indicate that those firms wishing to participate shall contact the District for a copy of the general scope of the professional services. All firms requesting a copy of the general scope of the professional services shall be given a uniform date by which to reply, and the name of the District staff member to contact for replies to any questions.

E. List of Firms. A list of all firms interested in providing professional services shall be developed and maintained by Management. Statements of qualifications and past performance data will be required to be filed by interested firms. Such statements should include the following:

1. Firm name, address, telephone number;
2. Years established and former names;
3. Type of services particularly qualified to perform;
4. Names of principals and states in which they are registered;
5. Names of key personnel to be utilized, experience of each and length of service with the firm;

6. Maximum number of the staff at any one time;
7. Outside consultants and associates that might be employed;
8. List of similar completed projects for which the firm was the principal professional;
9. Similar current projects of the firm and estimated construction costs of each; and,
10. History of professional negligence claims made against the firm during the past five years.

F. Reply by interested firms. After the firm has obtained a copy of the general scope of the professional services, then firm shall reply in writing to the General Manager to the following items:

1. Express if they are interested in the project;
2. Relate any changes in the firm's qualifications and past performance data from those previously submitted;
3. Express willingness and capability to meet time requirements;
4. Other additional material as may be outlined in the scope of the project, or as may be beneficial to the selection committee; and,
5. Provide a proposed plan of approach to the project.

G. Method of selection. The method of selection of a firm for professional services shall be in accordance with the following estimated fees, as established by the General Manager:

1. When the fee does not exceed twenty thousand dollars (\$20,000.00), the General Manager shall select the firm directly, giving consideration which shall include, but not be limited to, the following:
 - a) Firms which have sufficient professional manpower to meet project schedules;
 - b) Firms with a sound performance record for meeting time and budget requirements;
 - c) Firms which possess project experience and management ability;
 - d) Recent, current and projected work load with the District; and,
 - e) Any other specialized qualification which the firms might possess to benefit the project.
2. When the fee exceeds twenty thousand dollars (\$20,000.00), the Ad Hoc selection committee shall, where possible, select the three (3), or more at its discretion, best qualified firms in accordance with the considerations set out in subsection (a),

above, and from the reply to the items set out in subparagraph F. The selection committee shall rank the firms first, second, third, etc. Where possible, the three (3) or more at its discretion, best qualified firms shall be given a time and place for a personal interview by the selection committee. After review of submittal materials and the personal interview, the selection committee shall rank the firms first, second, third, etc.

H. Fee negotiations.

The firm ranked as first shall be notified to appear and negotiate with Management on the fee, detailed scope and schedule for the professional services requested. If Management and the firm selected as first cannot come to an agreement regarding the fee, the negotiations with that firm shall be terminated and the firm ranked second shall be contacted. If the factors which caused them to be ranked as such have not changed, negotiations shall be initiated with them. The procedure shall be repeated until an agreement is reached if it can be reached.

Where agreement is reached, the contract in final written form shall be submitted to the Ad Hoc selection committee for approval and be awarded and executed, if approved, in accord with all applicable provisions of these policies and applicable provisions of State Statutes.

I. Board authority not limited. Nothing in this policy shall be construed to abrogate, limit or amend the authority of the Board in the award or approval of contracts.

[December 5, 1986; June 13, 1991; January 9, 1992; January 12, 2006]

15.6 Purchasing - Competitive Bidding. The competitive bidding requirements hereinafter set forth shall not apply to the purchase of utilities, insurance policies, intangible personal property, such as bonds, bills, notes and certificates of deposit, and unique or non-competitive items, such as library books, publications and used personal property.

A. Purchases Exempt from Competitive Bidding. Whenever the consideration or price for the purchase of any service or any item of personal property, or whenever the aggregate consideration or price for the purchase in one transaction of two or more similar or identical services or items of personal property, shall be \$2,000 or less, such service(s) or item(s) of personal property may be purchased from any supplier of such service(s) or item(s) without calling for competitive bids.

B. Purchasing by Informal Competitive Bidding. Whenever the consideration or price for the purchase of any service or any item of personal property, or whenever the aggregate consideration for the purchase in one transaction of two or more similar or identical services or items of personal property, shall be estimated by Management to exceed the sum of \$2,000 and be less than \$20,000, Management shall cause the following information to be communicated to at least three known suppliers of such service or item, or in the case of two or more similar or identical services or items of personal property to be purchased in one transaction, to at least three known suppliers of all of such services or items, to-wit: (a) the specifications for such service(s) or item(s), and (b) an Invitation for Informal Competitive Bids (Form 15.6.B., Manual of Standard Forms, (Appendix E)) thereon, including a notification of the final time for the reception of bids. Management shall award such contract to the supplier determined by Management to be the lowest responsible bidder whose informal written bid shall be timely received. A written memorandum of such communications and copies of the informal bids thus received shall be made and maintained in the files of the District and available for inspection by any interested person during all normal business hours; provided, however, in the event the lowest and best informal bid thus received exceeds the sum of \$20,000, Management shall submit to the Board for its consideration and action the informal bids received by the District. A written memorandum of such communications and copies of the informal bids thus received shall be made and maintained in the files of the District and available for inspection by any interested person during all normal business hours.

C. Purchases by Formal Competitive Bidding.

1. Whenever the consideration or price for purchase of any service or item of personal property, or the aggregate consideration or price for the purchase in one transaction or of two or more similar or identical services or items, shall be estimated by Management to be the sum of \$20,000 or more, Management shall prepare or cause to be prepared detailed written specifications for such service(s) or item(s), and an invitation for bids thereon, and shall transmit a copy of the invitation for bids by mail to each known supplier of such service or item, or in the case of two or more services or items to be purchased in one transaction, to each known supplier of all of such services or items, or, as determined by the General Manager, the General Manager shall cause the invitation for formal sealed competitive bids to be published once each week for two consecutive weeks in a publication having general circulation within the District, the last

publication of which shall be at least one week, and not more than three weeks, prior to the final time for reception of bids.

2. All formal sealed competitive bids received by the General Manager shall be publicly opened and read by the General Manager, or a designated representative, at the time specified in the invitation for bids. The bid opening must occur at least one week, and not more than two weeks, prior to the next duly convened meeting of the appropriate Subcommittee of the Board.
3. Contracts for the purchase of services or items of personal property in the amount of \$20,000 or more shall be awarded to the lowest responsible bidders by resolution of the Board, which reserves the right to accept or reject any and all bids in whole or part. Contracts shall not be phased or split to avoid the limitation.
4. Invitations for formal sealed competitive bids shall be drawn in accordance with Form 15.6.C., Invitation for Formal Competitive Bids, in the District's Manual of Standard Forms (Appendix E).

D. Unforeseen Requirements. In the event Management determines that there exists a need for personal property for an unforeseen need, repair, parts or materials for District projects which these regulations would normally require to be let for formal sealed competitive bids, he may use the informal bidding procedure described in Policy 15.6.B. to purchase such item or items.

[December 5, 1986; June 13, 1991; December 9, 1993; December 10, 1998]

Law Offices

TAYLOR, PETERS & DREWS

MONTE TAYLOR (1931-2005)
PAUL F. PETERS, P.C., L.L.O.
RICHARD A. DREWS

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TELEPHONE (402) 391-3712
FAX (402) 391-3714
E-MAIL paul.peters@mindspring.com

February 13, 2006

Board of Directors and General Manager
Papio-Missouri River Natural Resources District
8901 South 154th Street
Omaha, NE 68138-3621

Via: Mail and e-mail

Dear Clients:

I respectfully request that the Board permit me to increase, to \$145 per hour, my hourly billing rate for legal services furnished to the District.

My present billing rate of \$130 per hour, approved by the Board on October 12, 2000, has become out of sync with the billing rates charged by other attorneys having similar qualifications and experience, and with my own rates for other clients, which I recently increased to \$165 per hour.

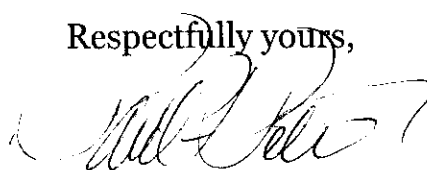
Because of my experience and methods, I am able to efficiently provide most legal services the District requires with minimal time expenditures.

As in the past, I would intend to provide detailed monthly billings for time expended and I would intend to bill my expenses, such as court costs, fees for experts and court reporters, out-of-city travel expenses, long distance telephone charges and photocopies, without any markup.

In addition, I would intend to continue my past practice of not charging a fee for attending official Board or subcommittee meetings.

Thank you for considering my request. Please feel free to phone me with any questions you may have.

Respectfully yours,



PAUL F. PETERS



NEBRASKA ASSOCIATION OF RESOURCES DISTRICTS

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January 27, 2006

TO: NARD Board (via email and mail), NRD Managers(via email)
FROM: Dean E. Edson, NARD Executive Director
RE: Draft BY-LAW Changes for the Insurance and Retirement Committee.

The attached is a draft of the changes to the NARD BY-LAWS to modify the Retirement and Insurance Committee and rename it the NARD/NRD Employee Benefit Committee. The NARD Board approved the draft and requested that it be sent out to the local NRD Boards for consideration. The NARD Board will take final action on this proposal on March 13, 2006 at the Lower Platte South NRD Office. The by-laws require a 30-day prior notice of proposed by-law changes. This memo serves that notice.

Background

Since we changed to a defined contribution plan in 1998, the Committee has not discussed the retirement fund as the investments have been controlled by the employees. Over the last year, we have assigned a special retirement advisory committee to make suggested changes to the retirement program. Also, the committee has only been meeting once a year to make recommendations to the NARD Board on insurance renewals.

In light of this change, it is appropriate to make changes to the committee structure. The draft proposal attempts to create equal distribution of employee representation by region.

Here is a brief summary of the proposed changes:

- 1) Change the committee name to the NARD NRD Employee Benefits Committee**
- 2) The committee make-up would be the Executive Committee and two employees from each region rather than just three employees statewide. Only one employee per district so that all NRDs have a chance to have representation**
- 3) Allows the Managers Committee to recommend the employee representatives to the Committee.**
- 4) Allows the President to add members.**
- 5) Requires the committee to meet at least twice a year.**
- 6) Clarifies that the NARD Board approves changes to the programs.**
- 7) Sets up staggered 4-year terms for the employee representatives and regional caucus requirement for the NRD Managers to recommend members from the region.**

At the September board meeting , we discussed splitting the committee into two committees. However, after some discussion with managers and others it seems appropriate that we streamline the committee to include both.

If we propose a change, ARTICLE XIII, AMENDMENTS, require that a copy of any proposed amendment shall be mailed to each member natural resources district's headquarters thirty (30) days prior to the date of the meeting where such amendments will be considered.

If you have any questions, please ask.

ARTICLE VI COMMITTEES

Section 7. ~~Insurance and Retirement~~ NARD/NRD Employee Benefits Committee. The ~~Insurance and Retirement~~ NARD/ NRD Benefits Committee shall be comprised of the ~~President, three representatives from the NARD Board of Directors Executive Committee, and three~~ two participating employees of the natural resources districts ~~from each region~~ who shall be appointed by the President of the Corporation. ~~One of the employees shall be a manager, who~~ The employee representatives may be recommended by the Managers Committee. ~~No district may have more than one employee on the committee.~~ The President may appoint additional members to the committee. The Committee shall be responsible for the administration, monitoring and direction of the ~~retirement fund and insurance plans programs,~~ including, but not limited to, investments and investment strategies, and federal or state laws relevant to retirement, pension and insurance funds, and any other relevant issues essential to the management of the ~~pension fund programs.~~ The Committee shall be chaired by the President and shall meet at least twice a year. The committee shall make recommendations to the Board of Directors through the Executive Committee for any changes to the programs.

The initial terms of the employee committee members shall be as follows: For odd Region Number representatives, terms shall begin in March 2006 and shall serve 2 years. In March of 2008, and terms thereafter, employee committee members from odd Region Numbers Regions shall serve a 4 year term. For even Region Number representatives, the term shall begin in March 2006, and shall serve a 4 year term. The NRD managers shall hold region caucuses in March of the even years to recommend the employee committee appointments. The Chairman of the NRD Managers shall report the regional caucus selections to the President of the Association. Any vacancies created shall be refilled by the President of Corporation after receiving recommendation from the regional caucus of the vacated position.

For Reference Purposes -- Article II, Members, of the NARD By-Laws.

Section 8. Regional Representation. The twenty-three (23) natural resources district members shall be divided into the following six (6) regions:

<u>Region 1:</u>	Lower Elkhorn Upper Elkhorn Lewis & Clark	<u>Region 4:</u>	Middle Republican Tri-Basin Lower Republican Upper Republican
<u>Region 2:</u>	Lower Platte North Lower Platte South Papio-Missouri River Nemaha	<u>Region 5:</u>	North Platte South Platte Upper Niobrara-White Twin Platte
<u>Region 3:</u>	Little Blue Lower Big Blue Central Platte Upper Big Blue	<u>Region 6:</u>	Middle Niobrara Upper Loup Lower Loup Lower Niobrara

Teer, Pat

From: Jeanne Dryburgh [jdryburgh@nrdnet.org]

Sent: Tuesday, January 31, 2006 10:15 AM

To: Upper Republican; Tom Moser; Oltmans, Steve; Stan Staab; Ron Cacek; Ron Bishop; Rod Horn; Teer, Pat; Mike Onnen; Mike Murphy; Mike Murphy; Mike Clements; Marie Herbek; Lyndon Vogt; Lower Niobrara; Leon Koehlmoos; Kent O. Miller; Kathy Spence; John Turnbull; John Thorburn; John Miyoshi; Helen White; Glenn Johnson; Duane Filsinger; Dennis Schueth; Dave Clabaugh; Dan Smith; Bob Hilske; Nancy Brisk

Cc: Dean Edson; Milt Willnerd

Subject: NARD 457 Deferred Compensation Plan

General Managers,

Attached is the resolution for your local board to adopt, to participate in the new NARD 457 Retirement Program. This is an optional retirement program for NRD employees to voluntarily participate in. This program is in addition to the mandatory 414(h) program. The NARD Board approved the plan document at the January 25, 2006 Board Meeting.

Mail a signed original to our office - NARD 601 So 12th St., Suite 201 Lincoln, NE 68508.

Contact the Association with any questions you may have,
Jeanne Dryburgh
Nebraska Association of Resources Districts
www.nrdnet.org 402-471-7670

**RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE
_____ NATURAL RESOURCES DISTRICT**

Two proposals regarding the existing Internal Revenue Code Section 457 eligible deferred compensation plan were submitted to the Board of Directors of the _____ Natural Resources District (the "NRD") on _____, 2006. The first proposal was a recommendation to amend and restate the existing 457 deferred compensation plan of the NRD as a Participating Employer of the newly adopted Section 457 deferred compensation plan of the Nebraska Association of Resources District, known as the Nebraska Association of Resources Districts 457 Deferred Compensation Plan (the "NARD Plan"), effective as of January 1, 2006. The second proposal was a recommendation to merge the existing Section 457 deferred compensation plan of the NRD with and into the new NARD Plan, effective as of January 1, 2006. After review and full discussion of the proposals, upon motion duly made and seconded, the following Resolutions were unanimously adopted:

RESOLVED, that the amendment and restatement of the existing 457 deferred compensation plan of the NRD as a Participating Employer of the newly adopted Nebraska Association of Resources Districts 457 Deferred Compensation Plan (the "NARD Plan") by the Nebraska Association of Resources District, effective as of January 1, 2006, is hereby authorized and approved;

RESOLVED FURTHER, that any officer of the NRD shall be authorized to execute the Participation Agreement to effectuate the participation in the NARD Plan;

RESOLVED FURTHER, that the consent to the appointment of Nebraska Association of Resources Districts Board of Directors as the Trustee, pursuant to the trust which is made a part of the NARD Plan, is hereby authorized and approved;

RESOLVED FURTHER, that the consent to the Plan Year of the NARD Plan as the 12-month period commencing on January 1st of each year and ending on December 31st of each year is hereby authorized and approved;

RESOLVED FURTHER, that, effective as of January 1, 2006, the merger of the existing Section 457 deferred compensation plan of the NRD with and into the NARD Plan, such that the NARD Plan shall be the surviving and successor Section 457 Plan, is hereby authorized and approved;

RESOLVED FURTHER, that the adoption of the NARD Plan and the merger of the existing Section 457 deferred compensation plan of the NRD shall be carried out and accomplished as provided in the NARD Plan and the articles of merger;

RESOLVED FURTHER, that any officer of the NRD shall be authorized to execute the Articles of Merger to effectuate the merger of the existing Section 457 deferred compensation plan of the NRD with and into the NARD Plan;

RESOLVED FURTHER, that the officers of the NRD are hereby authorized and directed to establish such reasonable, non-discriminatory, and

uniformly applied rules and regulations for the administration of the NARD Plan as they deem appropriate from time to time, such rules in all cases are to be consistent with the provisions of the NARD Plan document and applicable laws;

RESOLVED FURTHER, that the officers of the NRD be, and they hereby are, authorized and directed to take such actions as may be necessary or appropriate to fully implement the foregoing Resolutions including, but not limited to the execution of the Participation Agreement, the Articles of Merger and any other necessary documentation, and the preparation and distribution of appropriate notification, explanatory booklets and materials to participants and beneficiaries of the NARD Plan;

RESOLVED FURTHER, that any and all actions taken and documentation executed by the management or the officers of the NRD to effectuate the foregoing Resolutions and the transactions described therein be, and they hereby are, approved and ratified.

DATED this ____ day of _____, 2006.

Secretary