

**PERSONNEL, LEGISLATIVE AND
PUBLIC AFFAIRS
SUBCOMMITTEE MEETING**

October 7, 2003

8:30 p.m.

AGENDA

PAPPIO-MISSOURI RIVER



**NATURAL
RESOURCES
DISTRICT**

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

Personnel, Legislative and Public Affairs Subcommittee:

Barb Nichols, Chairperson
Dick Connealy, Vice Chairperson
Fred Conley
Melissa Gardner
Pete Rubin

Alternate Members: Rich Jansen
Rich Tesar

Staff Liaison: Emmett Egr
Christy Jacobsen

1. Meeting Called to Order – Chairperson Nichols
2. Quorum Call
3. Adoption of Agenda
4. Proof of Publication of Meeting Notice
5. Review and Recommendation on Changes in GM's Insurance Policy and Annuity Plan to Comply with Today's Tax Code, etc., - Brian Farris, Lincoln Financial Advisors; Gary Clatterbuck, Baird-Holm; and Steve Oltmans
6. Other Items of Interest
7. Adjourn

August 22, 2003

Writer's Direct Dial No:
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402.231.8552

E-Mail Address:
gclatterbuck@bairdholm.com

Mr. Brian T. Farris
Lincoln Financial Advisors Corp.
9239 West Center Road, Suite 101
Omaha, Nebraska 68124-1978

Re: Amendment to Steven G. Oltmans General Manager Employment
Agreement

Dear Brian:

We have enclosed a proposed Amendment to the Papio-Missouri River Natural Resources District General Manager Employment Agreement to implement the desired changes to Mr. Oltman's deferred compensation benefits under his Employment Agreement. The Amendment provides that all contributions from July 1, 2003 for the deferred compensation benefit will be made directly to the District's 457(b) Deferred Compensation Plan. The insurance and annuity assets that have been purchased to date to fund Mr. Oltman's benefits will also be transferred to the District's 457(b) Deferred Compensation Plan in a series of transfers that are intended to qualify under the annual deferral limitations of IRC § 457(b).

In accomplishing these transfers, the Amendment first provides that Mr. Oltmans' annual deferred compensation of \$4,000 will be contributed to the District's 457(b) Deferred Compensation Plan. If the July 1, 2003, contribution has not yet been credited to Mr. Oltmans' account, then these contributions to the 457(b) Deferred Compensation Plan should begin with the contribution that was due on July 1, 2003. The Amendment then prescribes that an amount equal to the net cash surrender value of the District's life insurance policy on Mr. Oltman is to be transferred to the 457(b) Deferred Compensation Plan, but with each year's transfer to be limited to an amount which qualifies for the maximum deferral in that year. After the value of the life insurance contract has been fully transferred, the value of Mr. Oltman's annuity contract with Jackson National Life is to be similarly transferred to the 457(b) Deferred Compensation Plan.

The following schedules show the amount of contributions to the 457(b) Deferred Compensation Plan that can be deferred each year on behalf of Mr. Oltman and the schedule for making transfers based on these limitations. The values of the policy and annuity are as of 2002. However, any changes in these values should not significantly change the timetable for transferring assets to the 457(b) Plan.

As shown by these schedules, the net cash value of the insurance policy should be fully transferred in three years, and the value of the annuity contract should be completely transferred by the following year. This analysis assumes that Mr. Oltman is not making any voluntary deferrals to the 457(b) Deferred Compensation Plan in these years.

	457(b) Deferral	414(v) Catchup	457(b) Catchup	Total Deferral
2003	12,000	2,000		14,000
2004	13,000	3,000		16,000
2005	14,000		14,000	28,000
2006	15,000		15,000	30,000

	Annual Deferred Comp.	Amount Transferred from Policy	Amount Transferred from Annuity	Total Deferred
2003	4,000	10,000	0	14,000
2004	4,000	12,000	0	16,000
2005	4,000	8,520	15,480	28,000
2006	4,000	0	10,602	14,602
Totals	16,000	30,520	26,082	72,602

In the event of Mr. Oltman's death prior to all amounts being transferred from the policy and the annuity contract, the Amendment provides that these remaining amounts will be paid to his beneficiaries in a lump sum payment.

If the Amendment accurately reflects Mr. Oltman's understandings and objectives, the Amendment will be forwarded to the District's Board of Directors for review and approval.

Mr. Brian T. Farris
August 22, 2003
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Should you have any questions, feel free to contact us.

Very truly yours,

Gary N. Clatterbuck
FOR THE FIRM

GNC/cas
Enclosures
DOCS/566949.1

Deryl F. Hamann
Jerrold L. Strasheim*
Gerald P. Laughlin
John S. Zeilinger*
Gary W. Radil
Kent O. Littlejohn
Michael G. Lessmann
Alex M. Clarke*
Charles J. Addy*
Paul Scott Dye
Richard J. Pedersen
Thomas E. Johnson
Michael L. Sullivan
David M. Pedersen*
William G. Dittrick*
Kirk S. Blecha*
Ronald C. Jensen*

John R. Holdenried*
John P. Heil
Steven C. Turner
Sharon R. Kresha
James E. O'Connor
Jonathan R. Breuning*
Gary N. Clatterbuck
Richard E. Putnam
Dennis J. Fogland
T. Randall Wright*
Mary L. Swick
Thomas O. Ashby*
R. J. Stevenson*
Jill R. Ackerman*
Barbara E. Person*
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Steven D. Davidson

BAIRD HOLM

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A Limited Liability Partnership

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Patrick J. Ickes
John W.H. McMullen
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Vickie J. Brady
Heidi A. Gutttau-Fox*

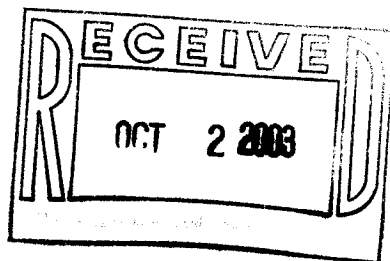
Maren C. Craft
Michael G. Rogers
Grayson J. Derrick
Drew K. Theophilus
Jacqueline A. Egr
Gretchen L. Twohig
Stephen Q. Preston
Mick J. Vande Griend*
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Charles A. Smith

Of Counsel
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Retired
Kenneth B. Holm

**Also Admitted in Iowa*

October 1, 2003



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Mr. Fred Conley
Chair, Board of Directors
Papio Missouri River Natural Resources District
8901 South 154th Street
Omaha, Nebraska 68138-3621

Re: Amendment to Steven G. Oltmans General Manager Employment Agreement

Dear Mr. Conley:

We have enclosed a proposed Amendment to the Papio-Missouri River Natural Resources District General Manager Employment Agreement to implement the desired changes to Mr. Oltman's deferred compensation benefits under his Employment Agreement. This Amendment was forwarded on August 22, 2003, to Brian Farris, Mr. Oltman's advisor, who has informed me that the changes made to Mr. Oltman's deferred compensation benefit by this Amendment are acceptable.

The Amendment provides that all contributions from July 1, 2003 for the deferred compensation benefit will be made directly to the District's 457(b) Deferred Compensation Plan. The insurance and annuity assets that have been purchased to date to fund Mr. Oltman's benefits will also be transferred to the District's 457(b) Deferred Compensation Plan in a series of transfers that are intended to qualify under the annual deferral limitations of IRC § 457(b).

In accomplishing these transfers, the Amendment first provides that Mr. Oltmans' annual deferred compensation of \$4,000 will be contributed to the District's 457(b) Deferred Compensation Plan. If the July 1, 2003, contribution has not yet been credited to Mr. Oltmans' account, then these contributions to the 457(b) Deferred Compensation Plan should begin with the contribution that was due on July 1, 2003. The Amendment then prescribes that an amount equal to the net cash surrender value of the District's life insurance policy on Mr. Oltman's life is to be transferred to the 457(b) Deferred

Mr. Fred Conley
 October 1, 2003
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Compensation Plan, but with each year's transfer to be limited to an amount which qualifies for the maximum deferral in that year. After the value of the life insurance contract has been fully transferred, the value of Mr. Oltman's annuity contract with Jackson National Life is to be similarly transferred to the 457(b) Deferred Compensation Plan.

The following schedules show the amount of contributions to the 457(b) Deferred Compensation Plan that can be deferred each year on behalf of Mr. Oltman and the schedule for making transfers based on these limitations. The values of the policy and annuity are as of 2002. However, any changes in these values should not significantly change the timetable for transferring assets to the 457(b) Plan.

As shown by these schedules, the net cash value of the insurance policy should be fully transferred in three years, and the value of the annuity contract should be completely transferred by the following year. This analysis assumes that Mr. Oltman is not making any voluntary deferrals to the 457(b) Deferred Compensation Plan in these years.

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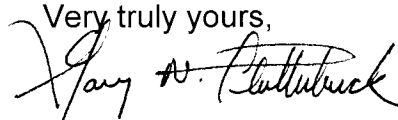
In the event of Mr. Oltman's death prior to all amounts being transferred from the policy and the annuity contract, the Amendment provides that these remaining amounts will be paid to his beneficiaries in a lump sum payment.

Mr. Fred Conley
October 1, 2003
Page 3

If the Amendment accurately reflects Mr. Oltman's understandings and objectives, the Amendment will be forwarded to the District's Board of Directors for review and approval.

Should you have any questions, feel free to contact us.

Very truly yours,



Gary N. Clatterbuck
FOR THE FIRM

GNC/cas
Enclosures
DOCS/573140.1

**AMENDMENT OF
PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT
GENERAL MANAGER EMPLOYMENT AGREEMENT**

THIS AMENDMENT, entered into by and between the PAPIO-MISSOURI RIVER NATURAL RESOURCES DISTRICT ("Employer") and STEVEN G. OLTMANS (the "Employee"), amends the Employment Agreement between the Employer and the Employee dated April 13, 1989, as heretofore amended.

WITNESSETH

WHEREAS, the Employer adopted a deferred compensation arrangement (the "Plan") for the benefit of Employee under an Employment Agreement and Deferred Compensation Addendum dated April 13, 1989, with subsequent Addendums thereto dated August 14, 1992, July 8, 1993, August 16, 1994, and October 8, 1998;

WHEREAS, certain amounts credited to Employee's Deferred Compensation Account (the "Account") established pursuant to the Plan were used by Employer to purchase a policy of life insurance on Employee's life with Jackson National Life Insurance Company, Policy Number 0015318200 (the "Policy");

WHEREAS, the remaining amounts credited to Employee's Account have been invested in an annuity contract with Jackson National Life Insurance Company, Policy Number 0036632630 (the "Annuity");

WHEREAS, it is the Plan's stated intention to comply with the Internal Revenue Code and Regulations in providing deferred compensation benefits to Employee;

WHEREAS, it is the intention of the Employer and the Employee that the benefits of the Plan be provided under an arrangement which qualifies as an eligible deferred compensation plan within the meaning of Section 457(b) of the Internal Revenue Code and the Treasury Regulations thereunder;

WHEREAS, recent amendments to Section 457(b) of the Internal Revenue Code and Treasury Regulations thereunder have changed certain tax-qualification requirements for eligible deferred compensation plans;

WHEREAS, the Employer has established and maintains an eligible deferred compensation plan for its employees known as the Papio-Missouri River Natural Resources District 457(b) Deferred Compensation Plan (the "457(b) Plan"); and

WHEREAS, the parties agree that it is necessary to amend the Plan to reflect the parties' intentions to assure the Plan benefits are provided under a plan meeting the requirements of Section 457(b) of the Internal Revenue Code.

NOW, THEREFORE, the parties hereto agree that the Plan between the parties for Employee's deferred compensation benefit under the Agreement is hereby amended as follows:

1. Future Deferred Compensation. Effective as of July 1, 2003, the annual deferred compensation to be credited to Employee under the Plan in the amount of \$4,000 per year shall be contributed by Employer to the funding medium of the 457(b) Plan. All such deferred compensation shall be contributed to the 457(b) Plan as of the first day of July of each year.
2. Transfer of Net Cash Surrender Value of Policy to 457(b) Plan. Employer shall transfer to the 457(b) Plan an amount equal to the Net Cash Surrender Value of the Policy as of the date of this Amendment. Such transfer shall take place as soon as possible after execution of this Amendment; provided, however, each calendar year, Employer shall only transfer an amount that can be deferred by Employee under Section 457(b) of the Internal Revenue Code, after taking into consideration the amount of all other contributions made or to be made to the Plan on behalf of the Employee for that taxable year.
3. Transfer of Annuity to 457(b) Plan. At such time as Employer has fully transferred the Net Cash Surrender Value of the Policy to the 457(b) Plan pursuant to Paragraph 2 above, Employer shall transfer to the 457(b) Plan all amounts credited to Employee under the Annuity, net of any surrender or early withdrawal charges; provided, however, each calendar year, Employer shall only transfer an amount equal to the maximum amount that can be annually deferred by Employee under Section 457(b) of the Internal Revenue Code, after taking into consideration the amount of all other contributions made or to be made to the Plan on behalf of Employee for that taxable year.
4. Death Benefit Before Completion of Transfers. In the event of Employee's death before the complete transfer of the amounts set forth in Sections 2 and 3 above to the 457(b) Plan, the amounts under the Policy and/or the Annuity which have not been transferred to the 457(b) Plan as of such date shall be paid in a single sum payment to the Employee's designated beneficiary or, if no beneficiary has been designated, to the Employee's estate. The payment of the foregoing amount to the Employee's designated beneficiary or estate hereunder shall be subject to all tax payment and withholding requirements of federal and state laws.
5. No Obligation of Employer After Transfers from Policy and Annuity. The Employer's obligation to provide deferred compensation benefits to the Employee or his beneficiaries pursuant to the Plan shall be completely satisfied upon the transfer of the amounts described in Sections 2 and 3 to the 457(b) Plan or, if Employee should die before the completion of such

transfers, the payment described in Section 4 to the Employee's designated beneficiary or estate. Employer's sole obligation under the Plan after said transfers have been completed shall be to continue to make the annual contribution of \$4,000 to the 457(b) Plan on behalf of Employee during the term of the Agreement as provided in the Fourth Addendum thereto.

6. Confirmation of Agreement. Except as amended by this Amendment, the Employment Agreement, as heretofore amended, is hereby ratified and confirmed in all respects.

IN WITNESS WHEREOF, the Employer has caused this Amendment to be executed by its duly authorized officer and the Employee has hereunto set his hand as of this _____ day of _____, 2003.

PAPIO-MISSOURI RIVER NATURAL
RESOURCES DISTRICT

By: _____
Chairperson, Board of Directors

EMPLOYEE:

Steven G. Oltmans