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Reviewed: 9/11/2000

Policy: #1010 – By-Laws

SCOPE OF POLICY: Board of Directors

RESPONSIBILITY: Board of Directors, Board President

Article I- Board of Directors

Management

Section 1. The business and property of the District shall be managed and controlled by the Board of Directors. All corporate powers granted to said District by law shall be vested in and exercised by said Board of Directors. The powers of the District shall be exercised in such a manner as to confer upon the District's customers the benefits of a successful and profitable operation and conduct of its business, and to make electric power and energy and service relative thereto available at the lowest cost consistent with a sound economy and good management. There shall be nine Directors who shall be elected from the subdivision of the District and hold office as provided for in Chapter 70, Article 6 of the Statutes of the State of Nebraska of 1943 and amendments thereto. The Directors shall act only as a Board and the individual director shall have no power.

Vacancy

Section 2. If any vacancy shall occur among the Directors by death, resignation, failure to qualify, disability, removal from the District's chartered territory, forfeiture of office, conviction of a felony or other public offense involving the violation of the oath of office, or assuming another elective office contrary to law, or otherwise, the remaining Directors, by affirmative vote of a majority thereof, may elect a successor to hold office until the election of a successor as provided by Nebraska law.

Removal

Section 3. Any member of the Board of Directors may be removed from office for the same reasons and in the same manner as provided by the laws of the State of Nebraska.

Eligibility

Section 4. No persons shall be eligible to be a member of the Board of Directors unless said person shall be a qualified elector of said District, and a qualified elector of the subdivision from which the Director is elected, or a customer of the District and is eligible to be a Director under the provisions of NEB. REV. STAT. § 70-610 as amended.

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Oath of Office

Section 5. Before entering upon the duties of office, every member elected to membership on the Board of Directors shall take such oath as may be required by the statutes of the State of Nebraska to support the Constitution of the United States and the Constitution of the State of Nebraska, and faithfully and impartially to perform the duties of thier office, which oath shall be filed in the office of the Secretary of State. This oath shall be filed in the office of the Secretary of State and a copy thereof filed with the Secretary of said District.

Assumption of Office

Section 6. Members of the Board of Directors elected at the preceding general election shall take office at the first meeting in January following the general election. Unfinished business for the preceding months shall be completed by the incumbent Board of Directors. After adjournment of the old Board of Directors, the new Board of Directors shall convene, at which time they shall appoint the officers of the District and such other standing or ad hoc committees as may be needed or required.

Meetings

Section 7. Regular meetings of the Board of Directors shall be held monthly on the second Tuesday of each month, if not a legal holiday, and if a legal holiday, then on the next succeeding day or as may be directed by the Board. The Directors shall hold their meeting at the principal office of the District, or at such other place or places as the Board of Directors shall publicize as required by law and all such meetings shall be open to the public and conducted in accordance with NEB. REV. STAT. § 84-1407 and the succeeding relative statutes, commonly known as the Open Meetings Act.

Section 7.1. Any regular or special meeting of the Board of Directors duly convened, may be closed to the public upon the affirmative vote of the majority of the members present, taken in open session. Any such meeting may be closed when the Board of Directors deems necessary or for any reason set forth in NEB. REV. STAT. § 84-1410, including, but not limited to, where clearly necessary for the protection of the public interest or for prevention of needless injury to the reputation of an individual and if such individual has not requested a public meeting. Closed sessions may be held for, but not limited to (a) strategy with regard to collective bargaining, real estate purchases, or litigation (b) discussion regarding deployment of security personnel or devices; (c) investigative proceedings regarding allegations of criminal misconduct; or (d) evaluation of job performance of a person when necessary to prevent needless injury to the reputation of a person and if such person has not requested a public meeting. A closed session may not be held for discussion of the appointment or election of a new member to any public body.

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Section 7.2. The vote to hold a closed session shall be by roll call taken in open session. In addition to reporting the vote of each Board member on the question of holding a closed session, the reasons for the closed session and the time when the closed session commenced and concluded shall be recorded in the minutes. The Board of Directors shall restrict its consideration of matters during the closed session to only those purposes set forth in the minutes as the reason for the closed session. The meeting shall be reconvened in open session before any formal action is taken. For the purposes of this section, formal action shall mean a collective decision on any question, motion, proposal, resolution, order, or ordinance or formation of a position or policy, but shall not include negotiations, guidance given by members of a public body to legal counsel or negotiations in closed session authorized under the provisions of NEB. REV. STAT § 84-1410.

Section 7.3. Any member of the Board of Directors may challenge the continuation of a closed session of the Board if the member determines that the session has exceeded the reasons stated in the original motion to hold a closed session or if the member contends that the closed session is neither clearly necessary for (a) the protection of the public interest; or (b) the prevention of needless injury to the reputation of an individual. Such challenge shall be overturned only upon a roll call vote by a majority of the members present. Such challenge and its disposition shall be recorded in the minutes.

Special Meetings and Emergency Meetings

Section 8. Special meetings of the Board of Directors shall be held whenever called by the President of the District or by the Vice-President in the absence or disability of the President or by not less than one third of the Directors. The Secretary shall give reasonable notice of such special meeting to each Director and provide the public with reasonable advanced publicized notice of the time and place of the meeting. The presence at any special meeting of a Director shall constitute a waiver of notice by the Director. In the event an Emergency Meeting is called without advance public notice, the nature of the emergency shall be stated in the minutes and any formal action shall pertain only to the emergency.

Quorum

Section 9. A majority of the Board of Directors shall constitute a quorum for the transaction of business, but if at any meeting of the Board there be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum shall be present.

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Order of Business

Section 10. The order of business at any regular meeting of the Board of Directors may be as follows:

1. Call to order by presiding officer.
2. Open Meetings Act
3. Approval of the Agenda.
4. Roll call and consideration of the minutes of any previous regular meetings or any special meetings of the Board of Directors or Executive Committee.
5. Progress Report by the Manager.
6. Consideration of operating statements and balance sheets.
7. Approval of expenditure of funds by the District.
8. Report of officers and committees.
9. Old Business.
10. New Business.
11. Executive Session (if necessary).
12. Adjournment

Depositories

Section 11. The Board of Directors shall designate the bank or banks or other institutions allowed by Nebraska Law in which shall be deposited the money or securities of the District.

Officers

Section 12. The Board of Directors shall appoint the officers of the District who shall be a President, Vice-President, Secretary, and Treasurer. The Board may also appoint an Executive Committee and such other officers, agents, servants, and employees, as shall be necessary to handle the affairs of and in transacting business of the District. The President and Vice-President shall be appointed from the membership of the Board of Directors. Such officers shall be elected at the January meeting following the general election and shall hold office for two years.

The Board of Directors shall select, employ and determine the salary and duties of the Manager who shall handle the affairs and transactions of the business of the District and shall delegate to the Manager the authority and responsibility to manage such business affairs of the District, including the right to hire, fire, evaluate and recommend compensation of all employees. Such power shall be subject to the overall policies adopted by the Board of Directors.

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Accounting System and Reports

Section 13. The Board of Directors shall cause to be kept accurate records, minutes, and books of account, conforming to approved methods of bookkeeping, clearly setting out and reflecting the entire operation, management and business of the District. The Board of Directors at the close of each year's business shall cause an audit of the books, records and financial affairs of the District to be made by an experienced public accountant or firm of such accounts. Copies of a written report of the audit, certified by said auditors, shall be placed and kept on file at the principal place of business of the District, and a copy filed with the Auditor of Public Accounts and the Nebraska Power Review Board within 180 days after December 31 of each year. The audit shall be conducted in the manner prescribed in Section 84-304.01 or other applicable state or federal law.

Checks and Drafts

Section14. Money of the District shall be paid out by the Board of Directors or expended only upon the authorization or approval of the Board of Directors. All money of the District shall be paid out or expended only by check draft, warrant or other instrument in writing, signed by a person so authorized by the Board of Directors pursuant to all applicable statutes, rules and regulations for federal reserve banks, clearing banks, and other financial institutions. Such authorization shall be in writing and filed with the records of the District. These procedures are pursuant to Section 70-643.

Compensation of Directors

Section 15. Each member of the Board of Directors shall be paid such fees, expenses, or per diem while engaged in performing the duties of the office as Director or otherwise engaged upon the business of the District as may be determined from time to time by the Board of Directors by duly adopted resolution and as limited by Nebraska Statutes. Directors are to be paid mileage costs at I.R.S. levels for attendance at all meetings. Each Director shall submit in writing an itemized bill listing expenses in performing the duties of his office.

Article II-Executive Committee

Election of Executive Committee

Section 1. The Board of Directors may select an Executive Committee consisting of up to four members of the Board, which committee shall consist of the President, and up to three other members.

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Responsibility of the Committee

Section 2. The Board of Directors may delegate to the Executive Committee authority to make recommendations to the Board of Directors but all final determinations of policy or personnel matters must be acted upon by Board of Directors in accordance with the open meeting law.

Article III- Officers

Term

Section 1. The officers of the District shall be selected at the first meeting in January following the election of the Directors at the general state election and shall take office immediately after their selection by the Board of Directors. Such officers shall hold office for a period of two (2) years and until their respective successors shall be duly elected and qualified, except that any officers shall be subject to removal at any time by the affirmative vote of two-thirds of the members of the Board of Directors.

President

Section 2. The President shall preside at all meetings of the Board of Directors and of the Executive Committee. The President or such person so authorized by the Board of Directors shall execute on behalf of the District all authorized contracts, notes, agreements, mortgages or other obligations of and for the District and all papers pertaining to the business of the District upon authorization of the Board of Directors. The President shall also perform such other duties as may be from time to time assigned by the Board of Directors.

Vice-President

Section 3. The Vice-President shall possess the power and may perform the duties of the President in the absence or disability, and shall perform such other duties as may be from time to time assigned by the Board of Directors.

Secretary

Section 4. The Secretary shall be responsible for the minutes of all the meetings of the Board of Directors and of the meetings of the Executive Committee and shall be responsible for seeing that notices of meetings are given to the Board of Directors. The Board of Directors may designate someone other than the Secretary to record the minutes of such meetings and may select someone other than a Director to be a Secretary. The Secretary shall execute with the President or Vice-President in the name of the District, all contracts, notes, mortgages, or other

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obligations authorized by the Board of Directors, and shall have charge of all of the records, except the financial records of the District. The Secretary in general shall perform all of the usual duties incident to the office of Secretary, subject to the control of the Board of Directors from time to time. The books, minutes, and records in the Secretary's custody shall be kept at the principal place of business of the District and shall be open to public inspection at reasonable business hours.

Treasurer

Section 5. The Treasurer shall be responsible to see that the custody of the funds and securities of the District are maintained and properly accounted for. The Treasurer shall be responsible to see that the financial papers and documents of the District are maintained in a proper and safe place, and shall at all reasonable times exhibit such documents, assets and securities to any Director of the District upon application during business hours. The Treasurer shall also perform all acts which are incident to the position of Treasurer, subject to the control of the Board of Directors. The Treasurer shall furnish and maintain a corporate surety bond in an amount sufficient to cover all money coming into his or her possession or control. The bond shall be satisfactory in form and with sureties approved by the Board. The Bond required shall not exceed \$100,000.00. After approval by the Board, said bond shall be filed with the Secretary of the State. The Treasurer may rely upon employees of the District to assist with the duties of the Treasurer, which shall include but are not limited to the preparation of various financial records and reports, including the preparation of Form 7, and providing an oral report to the Board of Directors.

Article IV-Amendments

By-Laws

Section1. The By-Laws of the Board of the District shall be subject to alterations, amendments, or repeal by a two-third majority vote of the members of the Board of Directors present and voting at a regular or special meeting of the Board, but written notice of the proposed alteration, amendment, or repeal of the By-Laws shall be given to each member at least five days prior to such regular meeting or special meeting.

Article V-Indemnification

Section 1. If any legal action shall be brought against any person who is or was a Director, officer or employee, based upon the negligent error or omission of such person while in the performance of such person's lawful duties, the District shall defend such person and shall pay any final judgment rendered against such person on the action. To the extent not covered by a liability insurance policy, or policies, each person who is or was a Director, officer, or employee of the District, shall be indemnified and held harmless by the District, and judgments, which may be imposed upon or incurred by each such person, arising by reason of any act or omission in

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any manner relating to the performance, attempted performance, or failure of performance of such person's official duties as such Director, officer, or employee. Neither the District nor any insurance company shall have any right of restitution or subrogation against any such, Director, officer, or employee except for willful misconduct or gross negligence.