

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF PUBLIC WORKS  
OF THE CITY OF AUBURN, NEMAHA COUNTY, NEBRASKA  
HELD  
AUGUST 20, 2007

THE BOARD OF PUBLIC WORKS OF THE CITY OF AUBURN, NEMAHA COUNTY, NEBRASKA, met in special session on the 20<sup>th</sup> day of August 2007 at the regular meeting place of the Board at the hour of 12:00 Noon. Said meeting being held in open session as required by Chapter 84, Article 14 of Nebraska Statutes.

Vice-Chairman Glenn announced this was an open meeting and information about open meetings was posted on the east wall of the Board Room.

Vice-Chairman Glenn requested roll call: members present - Glenn, Hahn, Humphrey, Schneider; absent - Grant.

Purpose of the meeting being: Discussion/action - Cost of Service Electric Rate Study; and Discussion/action - Ethanol Project: a) Water Project & b) Power Requirements.

*Concerning Cost of Service Electric Rate Study:*

Ken Fairchild of Olsson Associates was present to review the *Study* as prepared by his firm. Fairchild indicated that a complete cost of service study identifies costs to serve and assigns costs to each customer class. Class rates are then adjusted to reflect the cost to serve that particular customer class. The major expense of the local utility is the cost of wholesale purchased power which has increased approximately 15.4% from year 2006 to 2008 with projected cost increases in each of the following four years. The study indicates a composite overall projected annual rate increase of 11.3% over the 2007 rates is necessary. The actual percentage varies by customer class. The electric utility must maintain rates to make the utility a dependable utility which is able to provide electricity to its customers and maintain reserves for disasters. No action was taken at this time as Board Members will review the complete study as provided by Fairchild and plan to take action at the next regular Board Meeting. Fairchild will be in attendance at that meeting to answer any questions or comments.

Chairman Grant arrived at the meeting at 12:45 p.m.

*Concerning Ethanol Plant:*

Chairman Grant reviewed recent meetings held with the Board's attorney, John Heil of Baird-Holm, concerning legal issues in regards to the project and with E-Energy representatives. Also present for this portion of the meeting was Bill Snyder of the City's Ethanol Committee. Copies of letters from Heil were distributed to those present. It was the opinion of the attorney that lease of the wellfield tract to E-Energy would not be in the best interest of the BPW. Therefore, it was discussed of selling the land to E-Energy and whether or not the City should ask E-Energy to upsize the pipe to allow future use for the City. Much discussion followed. Motion was moved by Member Hahn, seconded by Member Schneider, the BPW state their intent, as of this date, to grant to E-Energy an *Option to Purchase* BPW's wellfield site described as 35 acres, more or less, in the NW  $\frac{1}{4}$ , Section 8, Township 4 North, Range 16 East, Nemaha County NE, providing that satisfactory financial and other arrangements can be agreed upon by

both parties. Roll call: those voting aye - Glenn, Hahn, Humphrey, Schneider, Grant. Chairman Grant declared the motion carried. GM Hunter distributed a *draft* MOU between E-Energy & BPW, indicating the BPW has agreed to supply utility services (electric and potable water) to a proposed ethanol plant, that will be built inside the city limits of Auburn for E-Energy, with certain terms and conditions. The *draft* MOU also states that E-Energy and BPW have conceptually agreed to enter into an *Option For Purchase of Wellfield Agreement*. The draft will be forwarded to Heil to review before being presented to E-Energy.

There being no further business to come before the Board, motion was moved by Member Schneider the Board adjourn to the next regular Board Meeting to be held September 10, 2007 at the hour of 12:00 Noon at the regular meeting place of the Board. Member Glenn seconded the motion. Roll call: those voting aye: Glenn, Hahn, Humphrey, Schneider, Grant. Chairman Grant declared the meeting adjourned. Agenda items will be posted.

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James W. Grant III, Chairman

ATTEST:

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Jack W. Humphrey, Secretary

#### CERTIFICATE

I, Betty J. Filbrandt, Notary Public for the State of Nebraska, do hereby certify that the attached and foregoing minutes are a true, correct and conformed copy of proceedings had and done by the Board of Public Works at their August 20, 2007 Special Meeting; that all of the subjects acted upon in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and available for public inspection at the Office of the Board; that such subjects were contained in the agenda for at least twenty-four hours prior to said meeting; that at least one copy of all reproducible material discussed at the meeting was available at the meeting for examination and copying by members of the public; that the said minutes were in written form and available for public inspection within ten days of said special meeting, all in accordance with Chapter 84, Article 14 of Nebraska Statutes.

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Betty J. Filbrandt, Notary Public in and for the State of Nebraska.  
My Commission Expires January 12, 2009.