

THE CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT

DAWSON PUBLIC POWER DISTRICT

BYLAWS OF PLATTE RIVER PUBLIC POWER & IRRIGATION DISTRICT

Overview of Concept Draft

Legally, the Bylaws of Platte River Public Power & Irrigation District (“PRPPID”) will be an amendment and restatement of the Bylaws of The Central Nebraska Public Power and Irrigation District (“Central”), which is the continuing legal entity after consolidation.

Once endorsed by the Board of Directors of Dawson Public Power District (“Dawson”) and adopted by the Board of Directors of Central, the Bylaws will, upon approval by the Nebraska Power Review Board (“PRB”) of Central’s Petition for Charter Amendment No. 6 and Dawson’s Petition for Dissolution, take effect on the date PRB certifies Central’s amended charter authorizing its ongoing existence and operation as PRPPID (“Effective Date”).

The concept draft of the Bylaws that follows includes the following bylaws of note (basis for the specific bylaw’s provision, if applicable):

- Bylaw 1.3 would establish three (3) operating divisions: Distribution; Production; District Services (Plan of Consolidation).
- Bylaw 2.4 would formalize the election cycle, by subdivision, for the 14 permanent director offices (Plan of Consolidation).
- Bylaw 3.2 would establish the regular meeting date for the Board of Directors and the location of those meetings, including semi-annually in Phelps County (Plan of Consolidation).
- Bylaw 3.3 would establish how special meetings of the Board of Directors are called.
- Bylaw 3.6 would establish what is required for an action to be approved by the Board of Directors. The default would be a majority of directors when quorum is present but supermajorities would be required for the specified matters in the sub-bylaws, including customer rates, allocation, and changes in water rights.
- Bylaw 3.11 would require that a period of public comment be offered at every regular meeting of the Board of Directors.
- Bylaw 4.1 would establish seven (7) committees of the Board of Directors (Plan of Consolidation) and the areas of oversight for each.
- Bylaw 4.2 would require at least three (3) members for all committees, appointed by the President, who would also designate the committee chair. There would be additional requirements for the Electric Distribution Services and Water Services committees as to the number of members, qualification of members, and qualification of chairs.
- Bylaw 4.6 would require a majority of a committee at a meeting when a quorum is present to approve a recommendation to the Board of Directors. Committees would have no authority to act on their own on behalf of PRPPID.
- Bylaw VI would establish the officers of the District, provide for two (2) year terms, limit an individual from serving more than three (3) consecutive terms in the same

office, and provide for election of officers by secret ballot. It would also provide for the election of the initial officers of PRPPID (Plan of Consolidation).

- Bylaw 6.1 would pertain to the General Manager position (Statutes; Plan of Consolidation).
- Bylaw 6.2 would establish five (5) financial units for PRPPID and identify the revenue sources and expenses for each (Plan of Consolidation).
- Bylaw 6.3 would establish the parameters for allocation of revenue from hydropower generation when used internally by PRPPID and when sold externally to third parties.
- Bylaw 6.4 would establish reserve funds by financial unit (Plan of Consolidation), the initial designated amount in each reserve fund, and establish the process for subsequent additions to reserve funds.
- Bylaw 6.6 would prohibit intra-financial unit transfers unless: i) between approved financial units, ii) recommended by the Electric Distribution Service, Finance, and Water Services committees, iii) approved by 3/5 of all directors, and iv) repayment of the transferred amount is required (Plan of Consolidation).
- Bylaw VIII would require the affirmative vote of two-thirds (2/3) of all directors at a regular meeting to amend the Bylaws.

THE CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT

AMENDED & RESTATED BYLAWS

These Amended & Restated Bylaws (“Bylaws”) of The Central Nebraska Public Power and Irrigation District (“Central”) were adopted by the Board of Directors on _____, 2023 by a vote of ____ in favor, ____ opposed, with ____ abstentions, having been endorsed by the Board of Directors of Dawson Public Power District (“Dawson”), given the intention and purpose of same, on _____, 2023 by a vote of by a vote of ____ in favor, ____ opposed, with ____ abstentions.

These Bylaws are expressly contingent upon the Nebraska Power Review Board approving Petition for Charter Amendment No. 6 and certifying the Restatement of the Charter of Central on or after July 21, 2023 and shall, in accordance with the terms set forth herein, take effect and be the bylaws of **Platte River Public Power & Irrigation District** on the date of certification (“Effective Date”) without further action by the Board of Directors of Central, but not prior thereto.

BYLAW I

Organization

1.1 **Platte River Public Power & Irrigation District** (“District”) is a public corporation and political subdivision of the State of Nebraska organized and operating as a public power and irrigation district under Chapter 70, article 6 of the Nebraska Revised Statutes.

1.2 **Governing Body.** The governing body of the District is the Board of Directors.ⁱ

1.3 **Operating Divisions.** The District shall be divided and organized into divisions for management and operational purposes. The name and description of each division is as follows:

1.3.1 **Distribution Division** comprises Electric Distribution; Engineering Services related to activities of the division; and all other specific activities directly related to or necessitated by the distribution of electrical power to retail customers by the District, including transmission of power purchased from third parties.

1.3.2 **Production Division** comprises Engineering Services related to activities of the division; Hydroelectric Production & Supply; Irrigation & Water Services; Water Supply; and all other specific activities directly related to or necessitated by the delivery of surface water for irrigation to customers and the generation and supply transmission of power from generation facilities of the District.

1.3.3 **District Services** comprises Administration; Finance; Fleet & Facilities; Government Relations; Human Resources; Information

Technology; Natural Resources; Public Relations; and all other activities of the District not occurring under the Distribution and Production operating divisions.

1.4 **District Characteristics.** For purposes of applying state law, the District receives annual gross revenue of Forty Million Dollars (\$40,000,000) or more.

BYLAW II

Directors

2.1 **Term of Office.** The term of office for a Director of the District shall be six (6) years.ⁱⁱ

2.2 **Representation.** Each Director shall represent a subdivision of the District and each subdivision shall be represented by two (2) directors. Notwithstanding the foregoing, on the Effective Date, Subdivision One shall be represented by four (4) directors; Subdivision Two shall be represented by three (3) directors; Subdivision Three shall be represented by four (4) directors; Subdivision Four shall be represented by three (3) directors; Subdivision Five shall be represented by four (4) directors; Subdivision Six shall be represented by four (4) directors; and Subdivision Seven shall be represented by one (1) director. During the period commencing on the Effective Date and concluding on January 9, 2029, no subdivision shall be represented by more than the number of directors representing said subdivision as of the Effective Date.

2.3 **Qualification.** Each Director shall be a registered voter residing within the chartered territory of the District and the subdivision which the individual represents on the Board of Directors or be a retail customer of the District duly certified in accordance with NEB. REV. STAT. § 70-604.03(3). No Director shall be an employee of the District. No individual shall be qualified to hold office as a Director unless he or she is eligible to be a Director pursuant to state law.ⁱⁱⁱ

2.4 **Election.** Directors shall be elected in accordance with the Election Act^{iv} by subdivision, with candidates for said offices appearing on both the primary and general election ballot.^v Elections shall be staggered in accordance with the following schedule commencing in the corresponding election year and occurring at six (6) year intervals thereafter:

- 2.4.1 Subdivision One shall elect Office A in 2024 and Office B in 2026.
- 2.4.2 Subdivision Two shall elect Office A in 2024 and Office B in 2026.
- 2.4.3 Subdivision Three shall elect Office A in 2024 and Office B in 2028.
- 2.4.4 Subdivision Four shall elect Office A in 2026 and Office B in 2028.
- 2.4.5 Subdivision Five shall elect Office A in 2026 and Office B in 2028.
- 2.4.6 Subdivision Six shall elect Office A in 2024 and Office B in 2028.
- 2.4.7 Subdivision Seven shall elect Office A in 2024 and Office B in 2028.

2.5 **Compensation.** Each Director shall be paid such compensation and expenses incurred while engaged in performing the duties of a Director, or as otherwise engaged in the business of the District under the authority of the Board of Directors, as shall be determined and authorized by the Board of Directors by resolution or as provided in policies adopted by the Board of Directors; provided, however, that any such amounts approved by the Board of Directors shall not exceed limits on compensation established by state law.^{vi}

2.6 **Office; Oath.** Directors shall take office on the first Thursday after the first Tuesday in January following their election.^{vii} Before entering upon the duties of his or her office, each individual elected as a Director of the District shall take and subscribe to such oath as may be required by state law.^{viii}

2.7 **Vacancy.** A vacancy on the Board of Directors shall occur as set forth in NEB. REV. STAT. § 32-560, as amended, and NEB. REV. STAT. § 70-615, as amended. In the event of a vacancy for any cause, the vacancy shall be filled in accordance with state law.^{ix} An individual appointed to fill a vacancy shall take office as a Director immediately following administration of the oath of office.

BYLAW III

Board of Directors

3.1 **General Powers.** The corporate powers of the District shall be vested in and exercised by the Board of Directors.^x Said powers include, but are not limited to, governing the business and legal affairs of the District, managing and controlling the property of the District, the appointment of officers, and the employment of individuals and contractual engagements with third parties as are mandated or allowed by state law or as the Board of Directors deems necessary and appropriate for the transaction and conduct of the business of the District.

3.2 **Regular Meetings.** The Board of Directors shall hold regular meetings monthly on the first Tuesday following the first Wednesday of the month; provided, however, that when said day falls on a legal holiday, the Board of Directors shall meet on the next business day or as may be determined by the Board, and, provided further, that when the first day of January next succeeding a general election in the State of Nebraska is a Wednesday, the Board of Directors shall meet on the second Tuesday of January. Regular meetings shall be held at the headquarters of the District or at such place within the subdivisions of the District as may be determined by the Board of Directors from time to time; provided, however, that the Board of Directors shall meet at least once every six (6) months at a place located within Subdivision Four.

3.3 **Special Meetings.** Special meetings of the Board of Directors may be called by the President or, upon written request by three (3) directors delivered to the President or Secretary, shall be called by the President. The date, time, and place within the District of a special meeting shall be determined by the President and set forth in the notice thereof.

3.4 **Emergency Meetings.** Emergency meetings of the Board of Directors may only be called by the President, by the Vice President in the absence or disability of the President, or by the General Manager in the absence or disability of both the President and Vice President, when it is necessary, due to extraordinary circumstances, to hold such meeting within twenty-four (24) hours without reasonable advance public notice. The nature of the emergency shall be stated in the minutes of the emergency meeting.^{xi}

3.5 **Quorum.** A majority of the Board of Directors shall constitute a quorum for the transaction of business. If at any meeting of the Board of Directors there is less than a quorum present, a majority of directors present may adjourn the meeting from time to time until a quorum shall be present.

3.6 **Manner of Acting.** Votes before the Board of Directors on any question or motion duly moved and seconded or recommended by a committee shall be taken by roll call vote in open session^{xii}; provided, however, that votes to elect officers shall be taken by secret ballot.^{xiii} Except as otherwise required by state law or these Bylaws, the act of a majority of the Board of Directors at a meeting at which quorum is present shall be the act of the Board of Directors.

- 3.6.1 The establishment of rates for surface water delivery for irrigation shall require the affirmative approval of two-thirds (2/3) of directors eligible to vote thereon at a Board of Directors meeting at which quorum is present.
- 3.6.2 The establishment of rates for electrical distribution shall require the affirmative approval of two-thirds (2/3) of the directors eligible to vote thereon at a Board of Directors meeting at which quorum is present.
- 3.6.3 The approval of the form and general terms of water service agreements, whether by canal or District-wide, shall require the affirmative approval of two-thirds (2/3) of the directors eligible to vote thereon at a Board of Directors meeting at which quorum is present.
- 3.6.4 The approval of allocation of surface water delivery for irrigation and the transfer of location or use of surface water rights shall require the affirmative approval of two-thirds (2/3) of the directors eligible to vote thereon at a Board of Directors meeting at which quorum is present.
- 3.6.5 The approval of the form and general terms of residential lease agreements with the District shall require the affirmative approval of a majority of the directors eligible to vote thereon at a Board of Directors meeting at which quorum is present.
- 3.6.6 The approval of compensation for the President, General Manager, Assistant General Manager, and officers of the District not held by a Director shall require the affirmative approval of two-thirds (2/3) of the members of the Board of Directors then in office.^{xiv}
- 3.6.7 At an emergency meeting of the Board of Directors, any formal action taken at said meeting shall pertain only to the present emergency.^{xv}

3.7 **Notice.**

3.7.1 **Notice to Directors.** Reasonable advance notice of the date, time, and place of each meeting of the Board of Directors shall be given as provided in policies adopted by the Board of Directors, which notice shall contain an agenda of subjects known at the time of notice and access to all written material, then available, to be discussed at said meeting.^{xvi}

3.7.2 **Notice to Public.** Reasonable advance notice of the date, time, and place of each regular and special meeting of the Board of Directors shall be communicated to the public by legal notice in such legal newspapers of general circulation within the District as shall be designated by the Board of Directors by resolution. Said notice shall contain an agenda of subjects known at the time of publicized notice. Agenda items shall be sufficiently descriptive to give the public reasonable notice of the matters to be considered at the meeting.^{xvii}

3.8 **Agenda.** An agenda of matters to be discussed or acted upon at any regular or special meeting of the Board of Directors shall be prepared and made available as provided in policies adopted by the Board of Directors. No additions to the agenda, other than emergency items, may be placed on the agenda less than twenty-four (24) hours prior to the scheduled commencement of the applicable meeting.^{xviii}

3.9 **Minutes.** Minutes shall be kept at all meetings of the Board of Directors, setting forth the date, time, place, directors present and absent, substance of all matters discussed, and record of all actions taken, and fully conform to, comply with, and be maintained in accordance with state law.^{xix}

3.10 **Public Meetings.** Every meeting of the Board of Directors shall be open to the public, except as otherwise provided by law, in accordance with state law.^{xx}

3.11 **Public Comment.** The public shall have the right to speak at all regular meetings of the Board of Directors. Said right to speak shall be governed by policies adopted by the Board of Directors which conform to, and do not contravene, state law.

BYLAW IV

Committees of the Board of Directors

4.1 **Committees.** The Board of Directors shall utilize committees to conduct its work. The name and jurisdiction of each committee is as follows:

4.1.1 **Administration** oversees the operation of the District as a whole, including, but not limited to, management, personnel, policies, procedures, facilities, District-wide contractual engagements, legal, regulatory, and audit.

- 4.1.2 **Electric Distribution Services** oversees those matters and activities directly related to or necessitated by the distribution of electrical power to retail customers by the District, including transmission of power purchased from third parties.
- 4.1.3 **Finance** oversees the fiscal, financial, and investment matters and activities of the District.
- 4.1.4 **Natural Resources** oversees those matters and activities directly related to or necessitated by regulatory compliance with the Federal Energy Regulatory Commission license held by and required of the District to operate, including, but not limited to, leaseholders at reservoirs of the District, environmental, recreational, and wildlife issues involving various federal, state, and local entities.
- 4.1.5 **Power Supply** oversees those matters and activities directly related to or necessitated by the generation and transmission of power from generation facilities of the District.
- 4.1.6 **Public Affairs** oversees those matters and activities directly related to or necessitated by engagement with and to customers, residents, and stakeholders of the District, and government relations.
- 4.1.7 **Water Services** oversees those matters and activities directly related to or necessitated by the delivery of surface water for irrigation, including the operation, repair, replacement, and enhancement of the dams, reservoirs, and canals of the District; the Nebraska Department of Natural Resources; and natural resource districts.

4.2 **Committee Membership.** Committee members shall be directors of the District. A committee shall have not less than three (3) members; provided, however, that the Electric Distribution Services and Water Services committees shall have not less than five (5) members. Committee members will be appointed by the President after consultation with directors, one (1) of whom shall be designated by the President as the chair of each committee; provided, however, that the Electric Distribution Services committee shall have three (3) members elected from Subdivisions 1, 3, 5, or 6, one (1) of whom shall be designated by the President as chair of said committee; and the Water Services committee shall have three (3) members elected from Subdivisions 2, 4, or 6, one (1) of whom shall be designated by the President as chair. The President shall be an *ex officio* member of all committees of the Board of Directors. No committee shall have a majority of the Board of Directors appointed to it.

4.3 **Term.** Committee members shall serve for one (1) year and shall be appointed by January 15 of each year.

4.4 **Meetings.** A committee shall meet as called by the committee chair or the President at such place as the committee chair or the President shall determine after consultation with the members of the committee. Meetings of a committee may be open to the public when determined by the committee chair or the President and shall be open to the public if a quorum of the Board of Directors attends the committee meeting or the committee is holding hearings.^{xxi}

4.5 **Quorum.** A majority of the members of a committee shall constitute a quorum for the transaction of committee business. If at any meeting of the committee there is less than a quorum present, a majority of committee members present may adjourn the meeting from time to time until a quorum shall be present.

4.6 **Manner of Acting; No Direct Authority.** The act of a majority of the members of a committee at a meeting at which quorum is present shall be the act of the committee. Except as required by these Bylaws, the act of a committee shall constitute a recommendation to the Board of Directors. No committee shall have authority to act directly on behalf of the District or the Board of Directors, including, but not limited to, the adoption of policies or taking of formal action.

BYLAW V

Officers

5.1 **Offices.** The offices of the District shall be President, Vice President, Secretary, and Treasurer.^{xxiii}

5.2 **President.** The President shall be the principal executive officer of the District and, subject to the authority and control of the Board of Directors, shall in general oversee and supervise the business and affairs of the District. The President shall, when present, preside at all meetings of the Board of Directors. The President shall sign contracts, deeds, and other legal instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to another office or agent or shall be required by law to be otherwise signed or executed. The President shall, in general, perform all duties incident to the office of President and such other duties as from time to time may be assigned by the Board of Directors.

5.3 **Vice President.** In the absence of the President or in the event of his or her death, inability, or refusal to act, the Vice President shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned by the Board of Directors.

5.4 **Secretary.** The Secretary: shall attend and keep minutes of the meetings of the Board of Directors in books provided for that purpose; shall cause all notices to be duly given in accordance with the provisions of these Bylaws or as required by law; shall be the custodian of the records of the acts and proceedings of the Board of Directors; and shall sign, with the President or the Vice President, contracts, deeds, and other legal instruments which the Board of Directors has authorized to be executed. The Secretary shall have charge of the corporate seal of the District and shall attach same as required for the District. The Secretary may, with the approval of the Board of Directors, appoint an Assistant Secretary of the District who, upon appointment, shall be authorized to sign legal instruments on behalf of the District and attach the corporate seal of the District. The Secretary shall perform such other duties as from time to time may be assigned by the Board of Directors.

5.5 Treasurer. The Treasurer: shall have charge and custody of and be responsible for all funds and securities of the District and shall keep a proper and accurate record thereof; shall receive and give receipts for monies due and payable to the District from any source whatsoever; shall deposit all monies in the name of the District in such banks and financial institutions as shall be designated by the Board of Directors from time to time; shall pay all obligations of the District that have been properly audited, certified as correct, and authorized for payment in accordance with policies adopted by the Board of Directors; and shall sign with the President or Vice President all warrants for the expenditure of monies of the District. The Treasurer may, with the approval of the Board of Directors, appoint an Assistant Treasurer of the District and delegate to said Assistant Treasurer such duties as the Treasurer may determine. The Treasurer shall perform such other duties as from time to time may be assigned by the Board of Directors.

5.6 Term of Office; Limits. The officers set forth in Bylaw 5.1 shall be elected to a term of two (2) years. The term for other officers of the District established by the Board of Directors shall be as set forth in the authorizing resolution adopted by the Board of Directors. No Director may hold more than one (1) office concurrently. No Director may serve more than three (3) consecutive terms in the same office; provided, however, that there is no limit on how many cumulative terms a Director may serve in the same office.

5.7 Election. Officers shall be elected at the first regular meeting of the Board of Directors held after January 1 next succeeding a general election in the State of Nebraska. Individuals shall be nominated for office by oral nomination by a Director and any individual nominated may decline said nomination. Nominated individuals who do not decline said nomination shall be presented for election. Election to each office shall be by secret written ballot and shall require the affirmative vote of a majority of the directors then in office. If more than two (2) nominees stand for election to an office and no nominee receives the required number of votes on a ballot, another ballot shall be conducted between the nominees receiving the most and second most votes on the preceding ballot. Upon election, officers shall hold office until their successors have been duly elected and taken office.

5.8 Initial Officers. Notwithstanding Bylaws 5.6 and 5.7 herein, from the Effective Date through January 31, 2025, the following provisions shall apply:

- 5.8.1 Officers shall be elected at the first meeting of the Board of Directors after the Effective Date in the following order and pairings: President, then Vice President; Secretary, then Treasurer. The officers shall be elected from the members of the Board of Directors. Directors shall be nominated for office by oral nomination by a Director and any individual nominated may decline said nomination. Nominated individuals who do not decline said nomination shall be presented for election. Election to each office shall be by secret written ballot; provided, however, that the President and Vice President and the Secretary and Treasurer shall not have both been directors of either Central or Dawson. Once the President has been elected, only directors of the District who were directors of the predecessor district which the President was not a director of may be nominated for and elected to

serve as Vice President. Once the Secretary has been elected, only directors of the District who were directors of the predecessor district which the Secretary was not a director of may be nominated for and elected to serve as Treasurer.

- 5.8.2 Officers elected in accordance with Bylaw 5.8.1 shall serve until their successors have been duly elected and taken office at the first meeting of the Board of Directors held on or after January 14, 2025.
- 5.8.3 The term in office of officers elected in accordance with Bylaw 5.8.1 shall not count against the limit of serving three (3) consecutive terms in the same office set forth in Bylaw 5.6.

5.9 **Removal.** An officer of the District shall be subject to removal at any time, with or without cause, by the Board of Directors upon the affirmative approval of two-thirds (2/3) of the members of the Board of Directors then in office. If the individual removed from office in accordance with this Bylaw 5.9 is a Director of the District, said action has no effect on the current term of said individual as a Director.

5.10 **Vacancy.** A vacancy occurring in an office of the District, other than on the Board of Directors, by reason of death, resignation, or otherwise may be filled by the Board of Directors at any meeting thereof. An officer elected to fill a vacancy shall hold office for the unexpired term of his or her predecessor in office and until his or her successor shall be duly elected. If the unexpired term to which the Director is appointed is more than thirteen (13) months in duration, said term shall count against the limit of serving three (3) consecutive terms in the same office set forth in Bylaw 5.6.

5.11 **Compensation of President.** The Board of Directors may, by resolution, approve paying the President compensation in excess of the amount paid to directors of the District; provided, however, that the amount approved by the Board of Directors shall not exceed the limit on compensation of the President established by state law.^{xxiii}

BYLAW VI

Management

6.1 **General Manager.** The General Manager shall be the chief executive officer of the District and, subject to the control of the Board of Directors, shall manage, conduct, and administer the affairs of the District. The General Manager shall be selected by the Board of Directors and employed on such terms as the Board of Directors deems advisable.^{xxiv} The General Manager shall expressly perform such duties as from time to time may be assigned by the Board of Directors.

- 6.1.1 **Assistant General Manager.** The Board of Directors may employ an Assistant General Manager who, subject to the supervision of the General Manager, shall perform the duties of the General Manager.
- 6.1.2 **Co-General Managers.** From the Effective Date through January 31, 2026, the Board of Directors may employ and utilize Co-General Managers, who shall be jointly and severally responsible, subject to the

control of the Board of Directors, for managing, conducting, and administering the affairs of the District in such manner as the Board of Directors shall determine.

6.2 Financial Units. To the extent consistent with state and federal laws and regulations, and in accordance with generally accepted accounting principles for state and local governments, the District shall be divided and organized into units for financial and accounting purposes in order to allocate, track, and report the corresponding revenue and expenses for each financial unit. The name and description of the source of revenue and basis for expenses of each financial unit is as follows:

- 6.2.1 **District Services.** The management and administration of the District as a whole not otherwise attributed to another financial unit of the District.
- 6.2.2 **Energy Distribution.** The infrastructure and facilities, including transformers, substations, distribution lines, power poles, meters, and all property, equipment, and personnel incidental thereto, to deliver electrical power to retail customers.
- 6.2.3 **Glendo Water Transmission.** The sale of certain water supply from the Glendo Reservoir in the State of Wyoming, pursuant to an agreement with the United States Department of the Interior, Bureau of Reclamation, to certain irrigation companies on the North Platte River and all property, equipment, and personnel incidental thereto.
- 6.2.4 **Hydro-Irrigation.** Except with regard to those aspects that relate to Bylaws 6.2.3 and 6.2.5 herein, Kingsley Dam, Lake McConaughy, the Platte River diversion dam and head gate, the Supply Canal, the Phelps, E-65, and E-67 canals, the Jeffrey, J-1, and J-2 hydroelectric generating plants, river returns, storage reservoirs, irrigation and water conveyance systems, transmission facilities, and all property, equipment, and personnel incidental thereto, to deliver surface water for irrigation and generate hydroelectric power.
- 6.2.5 **Kingsley Hydroelectric Generating.** Those certain hydroelectric generating unit and related facilities located in Keith County, State of Nebraska to harness water flowing through the outlet structure at Kingsley Dam, generate hydropower, and transmit said power to a substation and the property, equipment, and personnel incidental thereto, as defined in the Kingsley Hydro Power Purchase Agreement.

6.3 Allocation of Revenue & Expense. It shall be the practice of the District to allocate revenue and expenses to financial units and to use District resources in the most productive and financially beneficial manner possible.

- 6.3.1 **Internal Use.** When hydroelectric power generated by the Hydro-Irrigation financial unit is utilized by the Energy Distribution financial unit, reducing the amount of power from third parties that must be purchased, the District shall, after accounting for the fair market value of generated power by the Hydro-Irrigation financial unit, allocate the difference between said fair market value of generated power and the

avoided cost to purchase power to the Energy Distribution and Hydro-Irrigation financial units in accordance with policies adopted by the Board of Directors.

- 6.3.2 **External Sale.** When hydroelectric power generated by the Hydro-Irrigation financial unit is sold to third parties, the revenue realized from said sale to third parties shall be allocated to the Hydro-Irrigation financial unit.

6.4 **Reserve Funds.** The District shall have and maintain reserve funds by financial unit.

- 6.4.1 **Designation.** As of the Effective Date, the District shall have the following reserve funds:

- a) **District Services:** Operations Reserve
- b) **Energy Distribution:** Electric Rate Stabilization
- c) **Glendo Water Transmission:** Glendo Reserve
- d) **Hydro-Irrigation:** Capital Projects; Contingency Reserve; FERC Licensing; Irrigation Rate Stabilization; Kingsley Hydro Falling Water; Project Boundary; Water Resources Service
- e) **Kingsley Hydroelectric Generating:** Kingsley Reserve

- 6.4.2 **Initial Designation.** The treasurer and general manager of Central and Dawson, respectively, shall, on the business day immediately preceding the Effective Date, certify the fair market value of the funds in the possession of each such district consistent with the designations set forth in Bylaw 6.4.1. After the Effective Date, upon recommendation of the General Manager and Treasurer, the Board of Directors will designate said reserve funds not later than the last business day of the second month subsequent thereto.

- 6.4.3 **Future Designations.** Once the audit is accepted by the Board of Directors, a recommendation to designate revenue in excess of expense for a financial unit, if any, by reserve fund, shall be made to the Board of Directors. Upon approval of the Board of Directors, said amounts shall be added to the corresponding reserve funds.

6.5 **Debt.** Indebtedness of the District shall be allocated to financial units and may only be incurred when authorized by a duly adopted resolution of the Board of Directors that contains the specific terms and conditions thereof. Outstanding debt on the business day immediately preceding the Effective Date shall be allocated, in its entirety, to the Energy Distribution financial unit and shall be an obligation thereof.

6.6 **Intra-Unit Transfers Prohibited; Exceptions.** The revenue and reserve funds of a financial unit shall not be used to pay an obligation of another financial unit. Notwithstanding the foregoing, for the District Services, Energy Distribution, and Hydro-Irrigation financial units, upon the joint recommendation of the Electric Distribution Services, Finance, and Water Services committees, and upon the affirmative approval of three-fifths (3/5) of the members of the Board of Directors then in office, the revenue and reserve funds of one of the foregoing named financial units may be used to pay the obligation of another of the foregoing named financial units; provided, however, that the amount of said

revenue and reserve funds shall be repaid by the financial unit owing said obligation to the financial unit providing same pursuant to terms established by the Board of Directors at the time of approval.

BYLAW VII

Miscellaneous

7.1 Rules, Regulations & Policies. The Board of Directors may adopt such rules, regulations, and policies as it deems necessary or expedient for the conduct of the business and affairs of the District.^{xxv}

7.2 Books & Records. The Board of Directors shall cause to be kept accurate minutes of its meetings and accurate records and books of account, conforming to approved methods of bookkeeping, clearly setting out and reflecting the entire operation, management, and business of the District in accordance with state law. Said books and records shall be kept at the principal place of business of the District and shall be open to public inspection during business hours. Books and records of local operation may be kept at the locality to which said books and records appertain.^{xxvi}

7.3 Fiscal Year. The fiscal year of the District shall be and coincide with the calendar year.^{xxvii}

7.4 Audit. The Board of Directors, at the close of business of each fiscal year, shall cause an audit of the books, records, and financial affairs of the District to be made and conducted as required by state law. When an audit has been completed, it shall be retained, filed, and published as required by state law.^{xxviii}

7.5 Bonds of Officers. The Board of Directors shall require the Treasurer, and may require such other officers or employees of the District as it deems necessary, to furnish and maintain a fidelity bond with a corporate surety in an amount deemed necessary by the Board of Directors. The form of bond and the surety thereon shall be approved by the Board of Directors. The District shall handle all administrative details of any such bond application and pay the premium thereon. The bond, when approved, shall be filed with the Secretary of State for the State of Nebraska.^{xxix}

7.6 Seal. The corporate seal of the District shall be circular in form and shall have inscribed thereon the name of the District and the words "Corporate Seal." The corporate seal of the District shall be attached to all formal corporate actions of the District and all legal documents executed for and on behalf of the District.

7.7 Legal Counsel. The Board of Directors may employ attorneys at law duly licensed to practice in the State of Nebraska on such terms as it deems prudent to advise the District, acting through the Board of Directors, General Manager, and other officers or employees of the District, on matters of interest to the District, including, when requested, to give opinions and advice thereto. The Board of Directors may select any such attorney at law to serve as General Counsel for the District, who: shall generally represent the District

in all of its legal matters; shall, subject at all times to the control of the Board of Directors, report to the General Manager on the legal affairs of the District; shall attend all meetings of the Board of Directors; and shall prepare opinions on matters of law affecting the District and present same directly to the Board of Directors.

7.8 Indemnification. If any legal action shall be brought against any individual who is or was a Director, officer, or employee, based upon the negligent error or omission of said individual while in the performance of his or her lawful duties, the District shall defend said individual and shall pay any final judgment rendered against said individual in the action. To the extent not covered by any liability insurance policy, or policies, each such individual who is or was a Director, officer, or employee of the District shall be indemnified and held harmless by the District, to the full extent permitted or authorized by state law, for any and all costs, charges, expenses, attorneys fees, settlements approved by the District, and judgments, which may be imposed upon or incurred by each such individual, arising by reason of any act or omission in any manner relating to the performance, attempted performance, or failure of performance of such individual's official duties as such Director, officer, or employee of the District. 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 by such individual.

BYLAW VIII

Amendment

8.1 These Bylaws may be amended at any regular meeting of the Board of Directors by the affirmative vote of two-thirds (2/3) of the members of the Board of Directors then in office.

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ⁱ NEB. REV. STAT. § 70-619

ⁱⁱ NEB. REV. STAT. § 70-615

ⁱⁱⁱ NEB. REV. STAT. § 70-610; NEB. REV. STAT. § 70-612

^{iv} NEB. REV. STAT. § 32-101 et seq.

^v NEB. REV. STAT. § 32-512

^{vi} NEB. REV. STAT. § 70-624.02

^{vii} NEB. CONST. ART. XVII, SEC. 5

^{viii} NEB. REV. STAT. § 70-616

^{ix} NEB. REV. STAT. § 70-615

^x NEB. REV. STAT. § 70-619

^{xi} NEB. REV. STAT. § 84-1411(1)(e),(5)

^{xii} NEB. REV. STAT. § 84-1413(2)

^{xiii} NEB. REV. STAT. § 84-1413(3)

^{xiv} NEB. REV. STAT. § 70-624

^{xv} NEB. REV. STAT. § 84-1411(5)

^{xvi} NEB. REV. STAT. § 84-1411

- xvii NEB. REV. STAT. § 84-1411
- xviii NEB. REV. STAT. § 84-1411(1)(e)
- xix NEB. REV. STAT. § 84-1413
- xx NEB. REV. STAT. § 84-1407 to § 84-1414
- xxi NEB. REV. STAT. § 84-1409(1)(b)
- xxii NEB. REV. STAT. § 70-620(2)
- xxiii NEB. REV. STAT. § 70-624.02
- xxiv NEB. REV. STAT. § 70-620.01
- xxv NEB. REV. STAT. § 70-621
- xxvi NEB. REV. STAT. § 70-622
- xxvii NEB. REV. STAT. § 70-623
- xxviii NEB. REV. STAT. § 70-623
- xxix NEB. REV. STAT. § 70-620(2)