

Virtual Conference
Board of Directors and Executive Committee
National Public Gas Agency
In-Person Meeting Site: 8377 Glynoaks Dr, Lincoln, NE
June 8, 2023 – 10:00 a.m. (CT)

A G E N D A

All agenda items are for discussion and action will be taken as deemed appropriate.

1. Call to Order
 - A. Section 84-1412 (8) – Nebraska Open Meetings Act
 - B. Roll Call
 - C. Public Comment
2. Consent Agenda
 - A. Minutes of the February 9, 2023, Meeting
 - B. Next Meeting
 - C. Financial Report
 - I. Results of the 2023 Financial Statement Audit, Including Required Communications
 - II. Audited Financial Statements – Fiscal Year Ended March 31, 2023
 - III. Net Asset Value Account (NAVA) Report
 - D. Consent Resolution
3. Policies and Guidelines, Section 9: Contracts
4. Reports
 - A. Director of Gas Operations
 - B. Gas Operations Controller
5. Hedging Policy and Parameters
6. Natural Gas Supply Agreements in Connection with Prepaid Gas Transactions
7. NAVA References in Amended and Restated Bylaws of National Public Gas Agency
8. Contracts and Natural Gas Counsel Report
9. Comments from the Chairperson
10. Items for Future Agenda
11. Adjournment

CONSENT AGENDA

Date:	June 8, 2023
Initiator/Staff information source:	Chairperson Anderson
Action Proposed:	Approval

Minutes of the February 9, 2023, meeting were previously distributed and are included as Attachment A.

The next meeting of the NPGA Board of Directors is set for Thursday, September 14, 2023, at the NMPP Energy offices, Lincoln, Nebraska.

January, February, and April 2023 financials were previously distributed. March 2023 financials are included in the Audited Financial Statements (Attachment D). Jamie Johnson, Director of Finance and Accounting, will review the fiscal year-end financial results for the NMPP Energy organizations and NPGA in more detail at the meeting. A summary of preliminary fiscal year end results for the NMPP Energy organizations and NPGA's financial results for fiscal year 2023 are reflected on Attachment B.

Representatives from FORVIS, LLP, the independent auditors, will attend the meeting to present audit results. Attachments C and D are the Audit Communication Letter and the Audited Financial Statements, respectively, for the Fiscal Year Ended March 31, 2023.

The Net Asset Value Account (NAVA) calculation report as of March 31, 2023, and the allocation by Member report are included as attachments E and F. These will be reviewed in more detail at the meeting.

CONSENT AGENDA (Continued)

Date:	June 8, 2023
Initiator/Staff information source:	Chairperson Anderson
Action Proposed:	Approval

Consent Resolution

WHEREAS, certain business of the Board of Directors of the National Public Gas Agency transpires on a regular and routine basis or is not of a controversial nature; and

WHEREAS, roll call votes on each individual issue greatly extend the meeting time.

NOW THEREFORE, BE IT RESOLVED BY the Board of Directors of the National Public Gas Agency that in the interest of economizing time yet complying with the Open Meetings Act of the State of Nebraska, which requires roll call voting, the following issues are hereby consolidated in this Consent Resolution:

- 1. BE IT FURTHER RESOLVED BY the Board of Directors of the National Public Gas Agency that the minutes of the February 9, 2023, meeting are hereby approved as presented; and*
- 2. BE IT FURTHER RESOLVED BY the Board of Directors of the National Public Gas Agency that the next regularly scheduled meeting will be Thursday, September 14, 2023, at the NMPP Energy offices, Lincoln, Nebraska; and*
- 3. BE IT FURTHER RESOLVED BY the Board of Directors of the National Public Gas Agency that the financial statements for January, February, March, and April 2023, are hereby reviewed and accepted; and*
- 4. BE IT FURTHER RESOLVED BY the Board of Directors of the National Public Gas Agency that the audit communication letter and the audited financial statements for the fiscal year ended March 31, 2023, are hereby accepted; and*
- 5. BE IT FURTHER RESOLVED BY the Board of Directors of the National Public Gas Agency that the Net Asset Value Account calculation report for the fiscal year ended March 31, 2023, is hereby accepted.*

POLICIES AND GUIDELINES, SECTION 9: CONTRACTS

Date:	June 8, 2023
Initiator/Staff information source:	Jamie Johnson
Action Proposed:	Informational

The Executive Director/CEO made changes to the delegation of authority to sign contracts effective March 9, 2023. In accordance with NPGA's Policies and Guidelines, Section 9: Contracts, the changes have been incorporated into Section 9 and are being reported to the Board of Directors. The changes made are as follows:

During periods in which the Executive Director/CEO is away from the NMPP Energy headquarters due to official travel, authorized leave, or incapacitation, the Director of Corporate Services ~~Enterprise Business Support~~ is authorized to execute contracts and other instruments as necessary to effectively operate NPGA. When both the Executive Director/CEO and the Director of Corporate Services ~~Enterprise Business Support~~ are absent, the Director of Finance and Accounting ~~Retail Utility Services and Member Relations~~ followed by the Director of Wholesale Electric Operations ~~Finance and Accounting~~ and the General Counsel in that order, are authorized to execute contracts and other instruments as necessary to effectively operate NPGA.

Jamie Johnson, Director of Finance and Accounting, will review at the meeting.

DIRECTOR OF GAS OPERATIONS

Date:	June 8, 2023
Initiator/Staff information source:	Beth Ackland
Action Proposed:	Informational

Beth Ackland, Director of Gas Operations, will provide updates on various work activities since the last meeting.

GAS OPERATIONS CONTROLLER

Date:	June 8, 2023
Initiator/Staff information source:	Jamie Barrett
Action Proposed:	Informational

Jamie Barrett, Gas Operations Controller, will provide updates on all current pipeline rate cases and gas supply storage information.

HEDGING POLICY AND PARAMETERS

Date:	June 8, 2023
Initiator/Staff information source:	Beth Ackland
Action Proposed:	Informational

Beth Ackland, Director of Gas Operations, will provide a swap report and update on current hedge positions, and present an overview of factors affecting the natural gas market.

NATURAL GAS SUPPLY AGREEMENTS IN CONNECTION WITH PREPAID GAS TRANSACTIONS

Date:	June 8, 2023
Initiator/Staff information source:	Beth Ackland
Action Proposed:	Informational / Potential Action

Beth Ackland, Director of Gas Operations, will update the Board on several long-term prepay opportunities along with potential to obtain month-to-month supply related to prepaid natural gas transactions.

NAVA REFERENCES IN AMENDED AND RESTATED BYLAWS OF NATIONAL PUBLIC GAS AGENCY

Date:	June 8, 2023
Initiator/Staff information source:	Jamie Johnson
Action Proposed:	Informational

NPGA's Amended and Restated Bylaws define the Net Asset Value Account (NAVA). Exhibit B of the Amended and Restated Bylaws provides a formula for calculating the Tier One and Tier Two components of the NAVA annually. Staff has drafted potential modifications to the Amended and Restated Bylaws to simplify and modernize the NAVA, included as Attachment G.

Jamie Johnson, Director of Finance and Accounting, will discuss further at the meeting.

CONTRACTS AND NATURAL GAS COUNSEL REPORT

Date:	June 8, 2023
Initiator/Staff information source:	Robin Spady
Action Proposed:	Informational

Robin Spady, Natural Gas Counsel, will update the board on contracts to report since the last meeting and provide a legal and regulatory update.

Contracts:

- Twin Eagle Resource Management, LLC, Confidentiality Agreement
- Twin Eagle Resource Management, LLC, NAESB Base Contract for Sale and Purchase of Natural Gas
- Twin Eagle Resource Management, LLC, Special Provisions to NAESB Base Contract for Sale and Purchase of Natural Gas
- FORVIS, LLP, Engagement Letter for Audit Services
- BP Energy Company, Amendment to the ISDA (Swap) Master Agreement dated September 29, 2008; this amends the Threshold of the Credit Support Annex with respect to NPGA, BP Energy Company is registered as a swap dealer under CFTC rules
- Constellation NewEnergy – Gas Division, LLC, Asset Management Arrangement Rider to Base Contract for Sale and Purchase of Natural Gas, (AMA) on Northern for Lyons, Pender, and Stromsburg Capacity; Effective 4/1/2023 through 10/31/2023

Unapproved Minutes
Virtual Conference
Annual Meeting
Board of Directors and Executive Committee
National Public Gas Agency
February 9, 2023 – 10:00 a.m. (CT)

The Board of Directors and Executive Committee of the National Public Gas Agency (NPGA) met on Thursday, February 9, 2023, via virtual conference. Notice of the meeting was given to the Board of Directors and Executive Committee by electronic mail and to the public by publication in the January 26, 2023, edition of the *Lincoln Journal Star* newspaper and on the NMPP Energy website. The notice and agenda were posted upon issuance at the NMPP Energy office, the designated public meeting site, 8377 Glynoaks Drive, Lincoln, Nebraska. Instructions to join the meeting via GoToMeeting virtual conference were provided in the public notice. Links to an electronic copy of the agenda, all documents being considered at the meeting, and the current version of the Open Meetings Act were made available on NMPP Energy's Public Meeting Information website during the meeting.

NPGA BOARD OF DIRECTORS

CALL TO ORDER

Chairperson, Chris Anderson, called the meeting to order at 10:00 a.m. (CT). Anderson announced that pursuant to Section 84-1412(8) of the Nebraska Open Meetings Act, a current copy of the Open Meetings Act was posted in the meeting room. It was also announced that the meeting was being recorded.

ROLL CALL

Quorum was declared with 12 of the 14 Members present. As there was quorum for the Board of Directors, a meeting of the Executive Committee was not called.

Alma, NE	Russ Pfeil
Auburn, KS	Candi Temple (Virtual)
Belleville, KS	Russ Piroutek
Central City, NE	Chris Anderson
Fort Morgan, CO	Brent Nation
Lyons, NE	Terry Ueding (Virtual)
Pender, NE	Chris Brader
Stromsburg, NE	Lenard Schaefer
Stuart, NE	Bob Lockmon
Superior, NE	Andrew Brittenham
Trinidad, CO	Steve Curro (Virtual)
Wisner, NE	Randy Woldt

Absent: Falls City, NE; Walsenburg, CO

PUBLIC COMMENT

Chairperson Anderson asked if there were members of the public body in attendance who would like to make agenda comments. There were no public comments.

CONSENT AGENDA

Minutes

Minutes of the December 8, 2022, meeting were previously distributed as Attachment A. There were no changes to the minutes.

Next Meeting

The next meeting of the NPGA Board of Directors is set for Thursday, June 8, 2023, at the NMPP Energy offices, Lincoln, Nebraska.

Financial Report

Jamie Johnson, Director of Finance and Accounting, reviewed the December 2022 financials for the NMPP Energy organizations and NPGA, which were previously distributed as Attachment B.

FORVIS Pre-Audit Communication Letter

A copy of the Pre-Audit Communication Letter from FORVIS was previously distributed as Attachment C, which provides an overview of the upcoming audit process.

CONSENT RESOLUTION

Motion: Bob Lockmon, Stuart, NE, moved to approve the following Resolution. Andrew Brittenham, Superior, NE, seconded the motion, which carried unanimously on roll call vote.

Consent Resolution

WHEREAS, certain business of the Board of Directors of the National Public Gas Agency transpires on a regular and routine basis or is not of a controversial nature; and

WHEREAS, roll call votes on each individual issue greatly extend the meeting time.

NOW THEREFORE, BE IT RESOLVED BY the Board of Directors of the National Public Gas Agency that in the interest of economizing time yet complying with the Open Meetings Act of the State of Nebraska, which requires roll call voting, the following issues are hereby consolidated in this Consent Resolution:

1. *BE IT FURTHER RESOLVED BY the Board of Directors of the National Public Gas Agency that the minutes of the December 8, 2022, meeting are hereby approved as presented; and*
2. *BE IT FURTHER RESOLVED BY the Board of Directors of the National Public Gas Agency that the next regularly scheduled meeting will be Thursday, June 8, 2023, at the NMPP Energy offices, Lincoln, Nebraska; and*
3. *BE IT FURTHER RESOLVED BY the Board of Directors of the National Public Gas Agency that the financial statements for November and December 2022, are hereby reviewed and accepted; and*
4. *BE IT FURTHER RESOLVED BY the Board of Directors of the National Public Gas Agency that the pre-audit communication letter is hereby accepted.*

DIRECTOR OF GAS OPERATIONS

Beth Ackland, Director of Gas Operations, provided industry and pipeline updates and a market outlook for the upcoming summer season and 10 years out. Basis pricing, swap reports and hedging strategies were discussed.

GAS OPERATIONS CONTROLLER

Jamie Barrett, Gas Operations Controller, provided updates on the effects of Winter Storm Elliott and cost of gas savings.

Motion: Andrew Brittenham, Superior, NE, moved to go into closed session for the protection of the public interest to discuss matters subject to pending litigation regarding proprietary and competitive information relating to strategic transportation information and specified that NPGA Reps, Alt Reps, any NMPP Member community employee or elected official, as well as any NMPP staff member may participate in the closed session. Russ Piroutek, Belleville, KS, seconded the motion, which carried unanimously on roll call vote.

Anderson restated on the record that the limitation of the discussion were matters subject to pending litigation regarding proprietary and competitive information relating to strategic transportation information – regarding a national FERC pipeline filing.

The board went into closed session at 11:08 a.m.

Anderson asked for any objections to return to open session, hearing none, the meeting reconvened in open session at 11:13 a.m. There was no action taken during or as a result of the closed session.

HEDGING POLICY AND PARAMETERS

Johnson presented a review of hedging parameter history and provided an overview of current hedging contracts.

NATURAL GAS SUPPLY AGREEMENTS IN CONNECTION WITH PREPAID GAS TRANSACTIONS

There were no updates to provide to the Board at this time.

FINANCIAL CONSIDERATIONS RELATED TO PROJECTED FISCAL YEAR 2022-2023 NET REVENUE INCLUDING THE FISCAL YEAR 2022-2023 MEMBER FEE

Jamie Johnson, Director of Finance and Accounting, discussed Year-End Projections for Fiscal Year 2022-2023 (Attachment D).

Motion: Lenard Schaefer, Stromsburg, NE, moved to waive the Member Fee for the months of February and March 2023. Bob Lockmon, Stuart, seconded the motion, which carried unanimously on roll call vote.

Staff will revise Attachment I (Schedule of Rates and Charges Member Fee for fiscal year 2022-2023) to reflect these changes and distribute to the Board.

BUDGET AND RATES FOR FISCAL YEAR 2023-2024 AND MODIFICATIONS TO GAS SUPPLY AGREEMENT FOR TOTAL REQUIREMENTS SUPPLY REVISED SCHEDULE OF RATES AND CHARGES

Johnson reviewed the budget and rates for fiscal year 2023-2024 and discussed modifications to the Gas Supply Agreement for Total Requirements Supply Revised Schedule of Rates and Charges. Analysis was provided with the meeting packet as Attachments D and E.

Motion: Bob Lockmon, Stuart, NE, moved to approve the following Resolution. Russ Piroutek, Belleville, KS, seconded the motion, which carried unanimously on roll call vote.

BUDGET & RATES RESOLUTION

WHEREAS, the NPGA Board of Directors is authorized to establish rates and charges for gas supply and other services and transactions in furtherance of the stated objectives and purposes of NPGA, which rates and charges will be sufficiently timely to pay or reimburse NPGA for expenses (including, without limitation, principal of and interest on bonded or other indebtedness) incurred on behalf of the Members; and,

WHEREAS, the NPGA Board of Directors is authorized to annually adopt and monitor a budget of revenues and expenses; and,

WHEREAS, the Budget and Rates for Fiscal Year Ending March 31, 2024, packet was previously sent to the NPGA Board of Directors; and,

WHEREAS, the NPGA Board of Directors is authorized to set the rates for the Gas Supply Agreement for Total Requirements Supply.

NOW THEREFORE, BE IT RESOLVED BY the NPGA Board of Directors that:

- 1. The Budget for Fiscal Year 2023-2024 as set forth in the Budget and Rates for Fiscal Year Ending March 31, 2024, is hereby approved and made a part of the official Minutes book.*

2. *The Revised Schedule of Rates and Charges for the Gas Supply Agreement for Total Requirements Supply is hereby approved as presented to become effective April 1, 2023, with a total Fiscal Year Member Fee as shown on Attachment 1 to the Revised Schedule of Rates and Charges and shall be made a part of the official Minutes book. Furthermore, said rate structure shall remain in effect until duly modified.*
3. *NPGA Staff is hereby authorized and directed to prepare Attachment 1 (Member Fee per BG Participant) to the Revised Schedule of Rates and Charges based on the total Fiscal Year Member Fee amount determined by this resolution, which Attachment 1 shall be made a part of the official Minutes book.*
4. *NPGA staff is hereby authorized and directed to bill the Member Fee as noted on Attachment 1 subject to the applicable Resolutions by the NPGA Board of Directors.*

ELECTION OF OFFICERS

The following nominations by mail were received for Chairperson, Vice Chairperson, and Secretary-Treasurer on the NPGA Board of Directors for Fiscal Year 2023-2024: Chairperson – Chris Anderson, Central City, NE; Vice Chairperson – Bob Lockmon, Stuart, NE; Secretary-Treasurer – Randy Woldt, Wisner, NE.

Robin Spady, Director of Legislative Affairs and Natural Gas Counsel, opened the floor for additional nominations for the office of Chairperson, Vice Chairperson, and Secretary-Treasurer. There were no additional nominations.

Motion: Brent Nation, Fort Morgan, CO, moved that nominations cease and a ballot be cast for the slate as nominated: Chris Anderson as Chairperson, Bob Lockmon as Vice Chairperson, and Randy Woldt as Secretary-Treasurer. Russ Piroutek, Belleville, KS, seconded the motion which carried unanimously via voice acclamation.

APPOINTMENT OF EXECUTIVE COMMITTEE

Pursuant to Article V. Committees, of the Amended and Restated Bylaws of NPGA:

“Section 1. Executive Committee. There shall be an Executive Committee composed of the chairperson, vice-chairperson and three directors to be appointed by the chairperson of NPGA.

The following individuals are appointed by the Chairperson to the Executive Committee for Fiscal Year 2023-2024:

- Chris Anderson, Central City, NE (by virtue of Chairperson position)
- Bob Lockmon, Stuart, NE (by virtue of Vice Chairperson position)
- Randy Woldt, Wisner, NE
- Lenard Schaefer, Stromsburg, NE
- Brent Nation, Fort Morgan, CO

CONTRACTS AND GENERAL COUNSEL REPORT

Spady reported on the following contract NPGA has signed since the last meeting:

- Gas Purchase Agreement for Keyes, OK – Supersedes their prior gas purchase agreements

Spady discussed the rollback of proposed bans on natural gas stoves and current legislative issues in Nebraska, Colorado, and Kansas.

COMMENTS FROM THE CHAIRPERSON

Chairperson Anderson discussed the upcoming APGA meeting and its member orientation webinar, which is available on the APGA website. The APGA Research Foundation's forum will be held in Chicago on May 10-11.

ITEMS FOR FUTURE AGENDA

Chairperson Anderson reminded members to forward any additional agenda items to NPGA staff for inclusion in the next agenda.

ADJOURNMENT

The meeting adjourned at 11:59 a.m.

Recorded by:
Laurie Keiser
Administrative Assistant

Submitted by:
Randy Woldt
Secretary/Treasurer

NMPP Energy				
Balance Sheets				
March 2023				
	NMPP	PRELIMINARY MEAN	NPGA	ACE
Assets and Deferred Outflows of Resources				
Cash and cash equivalents	\$ 544,020	\$ 29,488,935	\$ 2,772,636	\$ 964,496
Investments (Short-term, Long-term & Restricted)	290,000	39,810,018	-	2,356,401
Accounts receivable	984,243	19,375,377	1,684,629	101,135
Gas in storage	-	-	244,286	-
Prepaid expenses and other	386,067	753,345	-	2,700
Productive capacity, net and related operating assets	-	102,286,715	-	-
Capital assets, net	16,328	4,313,928	-	24,352
Costs recoverable from future billings	-	40,552,831	-	-
Deferred loss on refunding	-	5,078,263	-	-
Deferred costs for asset retirement obligation	-	486,848	-	-
Deferred outflows from derivative instruments	-	-	1,894,000	-
Total assets and deferred outflows of resources	\$ 2,220,658	\$ 242,146,260	\$ 6,595,551	\$ 3,449,084
Liabilities and Deferred Inflows of Resources				
Accounts payable and accrued expenses	\$ 870,547	\$ 11,690,996	\$ 1,335,436	\$ 47,909
Storage deposits	-	-	468,000	-
Unearned revenue	587,242	-	-	-
Debt, related bond premium, and accrued interest payable	-	138,626,121	-	-
Asset retirement obligation	-	486,848	-	-
Deferred inflow - deferred revenue - rate stabilization	-	28,600,000	-	-
Deferred inflow - deferred gain on refunding	-	2,819,700	-	-
Fair value of derivative investments	-	-	1,894,000	-
Total liabilities and deferred inflows of resources	1,457,789	182,223,665	3,697,436	47,909
Net Assets/Net Position	762,869	59,922,595	2,898,115	3,401,175
Total liabilities, deferred inflows & net position	\$ 2,220,658	\$ 242,146,260	\$ 6,595,551	\$ 3,449,084

NMPP Energy				
Statements of Revenues and Expenses				
For the Fiscal Year Ended: March 2023				
	NMPP	PRELIMINARY MEAN	NPGA	ACE
Operating Revenues				
Member and champion dues	\$ 268,078	\$ -	\$ -	\$ -
Marketing fees	-	-	-	1,057,498
Sales - product/services, electric, gas	424,983	123,869,891	13,289,985	-
Transfer from (provision for) rate stabilization	-	(286,619)	-	-
Other	92	1,482,792	-	-
Total operating revenues	693,153	125,066,064	13,289,985	1,057,498
Operating Expenses				
Commodity costs (electric energy & gas)	-	103,033,308	12,824,344	-
Administrative and general	776,558	10,657,426	504,316	613,107
Depreciation and amortization	4,500	7,362,809	-	27,702
Total operating expenses	781,058	121,053,543	13,328,660	640,809
Operating Income (Loss)	(87,905)	4,012,521	(38,675)	416,689
Income from Discontinued Operations	177,574	-	-	-
Nonoperating Revenues (Expenses)				
Net costs to be recovered in future periods	-	(613,613)	-	-
Investment return	10,454	793,277	54,381	30,157
Interest expense	-	(4,250,517)	-	-
Distribution to members	-	-	-	(200,000)
Net Revenue (Loss)	\$ 100,123	\$ (58,332)	\$ 15,706	\$ 246,846
Budgeted Net Revenue (Loss)	28,263	(350,598)	-	394,899
+/- Variance to Budget	\$ 71,860	\$ 292,266	\$ 15,706	\$ (148,053)

National Public Gas Agency

Balance Sheets

	March 2023	March 2022	\$ +/-
Assets and Deferred Outflows of Resources			
Cash and cash equivalents	\$ 2,772,636	\$ 1,590,035	\$ 1,182,601
Investments	-	248,936	(248,936)
Accounts receivable	1,684,629	2,254,162	(569,533)
Gas in storage	244,286	125,060	119,226
Fair value of derivative instruments	-	2,885,000	(2,885,000)
Deferred outflows from derivative instruments	1,894,000	-	1,894,000
Total assets and deferred outflows of resources	\$ 6,595,551	\$ 7,103,193	\$ (507,642)
Current Liabilities			
Accounts payable and accrued expenses	\$ 1,335,436	\$ 1,335,784	\$ (348)
Storage deposits	468,000	-	468,000
Total current liabilities	1,803,436	1,335,784	467,652
Fair value of derivative instruments	1,894,000	-	1,894,000
Deferred inflows from derivative instruments	-	2,885,000	(2,885,000)
Net Position - unrestricted	2,898,115	2,882,409	15,706
Total liabilities, deferred inflows of resources and net	\$ 6,595,551	\$ 7,103,193	\$ (2,401,642)

National Public Gas Agency

Statements of Revenues, Expenses and Changes in Net Position

Fiscal Year Ended: April 2022 - March 2023

	Fiscal Year to Date				vs. Prior Year
	Actual	Budget	+/-	Prior Year	+/-
Revenue Units (MMBtu)	2,651,573	2,504,289	147,284	2,487,733	163,840
Gas Supply - commodity revenues	\$ 12,868,877	\$ 10,465,838	\$ 2,403,039	\$ 8,332,346	\$ 4,536,531
Cost of Gas Sold - commodity costs	12,843,701	10,441,835	2,401,866	8,308,523	4,535,178
Commodity margin	25,176	24,003	1,173	23,823	1,353
Other Operating Revenues/(Expenses)					
Gas supply - management fees	4,321	5,120	(799)	4,115	206
Gas supply - member fees	231,870	278,241	(46,371)	313,992	(82,122)
Cost of gas sold - gas discounts	204,274	204,400	(126)	144,175	60,099
Operating expenses - administrative and general	(504,316)	(513,795)	9,479	(489,829)	(14,487)
Total other operating revenues/(expenses)	(63,851)	(26,034)	(37,817)	(27,547)	(36,304)
Operating Income/(Loss)	(38,675)	(2,031)	(36,644)	(3,724)	(34,951)
Investment return	54,381	2,031	52,350	5,653	48,728
Change in Net Position	\$ 15,706	\$ -	\$ 15,706	\$ 1,929	\$ 13,777



Report to the Board of Directors and Management

National Public Gas Agency (NPGA)

**Results of the 2023 Financial Statement
Audit, Including Required Communications**

Lincoln, NE

March 31, 2023

forvis.com

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Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

The following matters are required communications we must make to you, including these responsibilities:

Overview & Responsibilities

Matter	Discussion
Scope of Our Audit	<p>This report covers audit results related to your financial statements:</p> <ul style="list-style-type: none"> • As of and for the year ended March 31, 2023. • Conducted in accordance with our contract dated January 26, 2023.
Our Responsibilities	<p>FORVIS is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP)</p>
Audit Scope & Inherent Limitations to Reasonable Assurance	<p>An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.</p>
Extent of Our Communication	<p>In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that</p>

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Matter	Discussion
	are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.
Independence	The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.
Your Responsibilities	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
Distribution Restriction	<p>This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:</p> <ul style="list-style-type: none"> • The Board of Directors and Management • Others within the Entity

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Other Information Accompanying the Audited Financial Statements

Drafts of the annual report were not available to us as of the date we issued our auditor's report.

We have requested that management provide the document to us when available, in order to allow us to complete our required procedures on the information. We will have no obligation to reissue our report upon completion of these procedures to include the results of our procedures performed on the final document.

However, if we identify material inconsistencies that indicate that the audited financial statements were misstated, then we will be required to evaluate the nature and magnitude of the misstatement to determine if a restatement of the previously issued financial statements.

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Qualitative Aspects of Significant Accounting Policies & Practices

The following matters are detailed in the following pages and included in our assessment:

Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topics detailed in the following pages:

- No matters are reportable

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature), we noted the following:

- No matters are reportable

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- No matters are reportable

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Management Judgments & Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Calculation of the fair value of derivative instruments in accordance with Governmental Accounting Standards Board (GASB) Codification Section D40, *Derivative Instruments*

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Transactions with coalition members (related parties)
- Derivative instruments
- Significant concentrations (major members and customers)

Our Judgment About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding the Entity's application of accounting principles:

- No matters are reportable



Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- No matters are reportable

Uncorrected Misstatements

- No uncorrected misstatements

FORV/S

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Other Required Communications

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (see Attachment)
- We orally communicated to management another deficiency in internal control identified during our audit that is not considered a material weakness or significant deficiency

FORV/S

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Attachments

Management Representation Letter

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

FORV/S

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Representation of:
National Public Gas Agency (NPGA)
8377 Glynoaks Dr.
Lincoln, NE 68516

Provided to:
FORVIS, LLP
Certified Public Accountants
1248 "O" Street, Suite 1040
Lincoln, NE 68508

The undersigned ("We") are providing this letter in connection with FORVIS' audits of our financial statements as of and for the years ended March 31, 2023, and 2022.

Our representations are current and effective as of the date of FORVIS' report: May 26, 2023.

Our engagement with FORVIS is based on our contract for services dated: January 26, 2023.

Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to FORVIS' report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of FORVIS' Report

We confirm, to the best of our knowledge and belief, the following:

Broad Matters

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.
3. We have provided you with:

National Public Gas Agency (NPGA)
Page 2

- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of Board of Directors and Joint Operating Committee meetings held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the Board of Directors or Joint Operating Committee, if applicable, and maintained as part of our records.
 - e. All significant contracts and grants.
4. We have responded fully and truthfully to all your inquiries.

Misappropriation, Misstatements, & Fraud

5. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
- a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
6. We have no knowledge of fraud or suspected fraud affecting the entity involving:
- a. Management or employees who have significant roles in internal control over financial reporting, or
 - b. Others when the fraud could have a material effect on the financial statements.
7. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, customers, analysts, regulators, members, suppliers, or others.
9. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

Ongoing Operations

10. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Entities are potentially facing declines in the fair values of investments and other

National Public Gas Agency (NPGA)
Page 3

assets, declines in the volume of business, constraints on liquidity, difficulty obtaining financing or bonding, , etc. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts receivable, etc., that could negatively impact the entity's ability to maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity's financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments and other assets; , reviewing allowances for uncollectible amounts; evaluating liquidity plans; etc..

Related Parties

11. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware.

In addition, we have disclosed to you all related-party transactions and amounts receivable from or payable to related parties of which we are aware.

Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

12. We understand that the term related party refers to:

- Affiliates
- Management and members of their immediate families
- Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

13. Related-party transaction(s) asserted to or disclosed in the financial statements as arm's length were conducted on terms equivalent to those prevailing for comparable transactions with unrelated parties or, in the absence of comparable transactions, terms that would be offered in good faith to unrelated parties, and support regarding the assertion has been provided.
14. The allocation of salary and related party payroll costs of NPGA that are administered through Nebraska Municipal Power Pool (NMPP) and other administrative and general costs of NPGA that are administered through Municipal Energy Agency of Nebraska (MEAN) is reasonable based on service and/or benefit provided to each entity and consistent with the approved allocation of the Joint Operating Committee.
15. NPGA incurred expenses of approximately \$450,000 for administrative services provided by coalition members during 2023. NPGA shares personnel and facilities within its affiliated group,

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as well as enters into agreements for certain products and services. Amounts due to coalition members related to this activity at March 31, 2023 are as follows

Due to MEAN	\$ 38,996
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Litigation, Laws, Rulings, & Regulations

16. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.
17. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
18. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.
19. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
20. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

Financial Statements & Reports

21. We acknowledge we have not provided you with a draft of the annual report, as of the issuance date of your auditor's report. We will provide you with a final draft of the document, *prior to issuance*, in order for you to be able to complete your required procedures on such documents.
22. We have revised our statement of cash flows as of March 31, 2022, to conform with accounting principles generally accepted in the United States of America. Management has provided you with all relevant information regarding the revisions. We are not aware of any other known matters that require correction in the financial statements.

Transactions, Records, & Adjustments

23. All transactions have been recorded in the accounting records and are reflected in the financial statements.
24. We have everything we need to keep our books and records.
25. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.
26. We believe the commodity swaps are effective in hedging the risk of market price fluctuations and should be considered qualifying hedging derivative instruments, as defined by GASB Codification Section D40, for financial statement presentation purposes.

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Governmental Accounting & Disclosure Matters

27. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
28. With regard to deposit and investment activities:
- a. All deposit and investment transactions have been made in accordance with legal and contractual requirements.
 - b. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - c. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
29. The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
30. We have identified and evaluated all potential fiduciary activities. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
31. Components of net position (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.
32. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
33. The entity's ability to continue as a going concern was evaluated and that appropriate disclosures are made in the financial statements as necessary under GASB requirements.
34. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

Accounting & Disclosure

35. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements, or other arrangements (either written or oral) that are in place..
36. Except as reflected in the financial statements, there are no:
- a. Plans or intentions that may materially affect carrying values or classifications of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.

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- b. Material transactions omitted or improperly recorded in the financial records.
 - c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - d. Events occurring subsequent to the statement of net position date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.
 - e. Agreements to purchase assets previously sold.
 - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.
 - g. Guarantees, whether written or oral, under which the entity is contingently liable.
 - h. Known or anticipated asset retirement obligations.
37. Except as disclosed in the financial statements, the entity has:
- a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
 - b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

Revenue & Accounts Receivable

38. Adequate provisions and allowances have been accrued for any material losses from:
- a. Uncollectible receivables.

Estimates

39. We have identified all accounting estimates that could be material to the financial statements, and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.
40. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to volumes of business, revenues, available sources of supply, or markets investments, or deposits, existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

Fair Value

41. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:

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- a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated course of action.
- b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.
- c. The significant assumptions appropriately reflect market participant assumptions.
- d. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
- e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

DocuSigned by:



78DC7233DAEE#DA
Beth Ackland, Director of Gas Operations
backland@nmppenergy.org

DocuSigned by:



8D998E49F37A4FF...
Jamie Johnson, Director of Finance and
Accounting
jjohnson@nmppenergy.org

National Public Gas Agency
Net Asset Value Account (NAVA) Calculation
(in accordance with Exhibit B of NPGA's Amended & Restated Bylaws)
March 31, 2023

		Tier One	Tier Two	Total NAVA
Beginning NAVA Account Balance - March 31, 2022				
Net position		\$ 2,311,808	\$ 570,601	\$ 2,882,409
Balance in deferred revenue account (current)		-	-	-
Balance in deferred revenue account (long-term)		-	-	-
Beginning NAVA Account Balance - March 31, 2022		<u>2,311,808</u>	<u>570,601</u>	<u>2,882,409</u>
Add: APEA distributions relating to bond series 1998C, 1999B, 2000A, 2003 or 2005		<u>-</u> *		<u>-</u>
Add: APEA distributions from additional bond issues			<u>-</u> *	<u>-</u>
Deduct: Distributions to members		<u>-</u>		<u>-</u>
Deduct: Withdrawals from the Deferred Revenue Acct		<u>-</u>		<u>-</u>
Add: Interest to Tier One:	The Lower of:			
1. 5% interest on beginning account balance (Beginning NAVA balance x 5%)	115,590	<u>-</u>		<u>-</u>
2. Actual interest earned (Note: 2.1 Interest allocation can not exceed actual earnings)	54,381	<u>-</u>		<u>-</u>
3. Net change in net position	15,706	<u>15,706</u>		<u>15,706</u>
Add: Add'l net revenues in excess of interest earned, not to exceed the deferred revenue transfer, less interest earned. (Adjustment will not be less than zero)		<u>-</u>		<u>-</u>
Deduct: Net decrease in net position for year, if applicable			<u>-</u>	<u>-</u>
Add: Operating earnings in excess of interest earned and deferred transfer, if any, shall be allocated to Tier Two			<u>-</u>	<u>-</u>
Ending NAVA Account Balance (amount must equal or exceed \$0) - March 31, 2023	**	<u>\$ 2,327,514</u>	<u>\$ 570,601</u>	<u>\$ 2,898,115</u>
Ending NAVA Account Balance - March 31, 2023:				
Net position		\$ 2,898,115	Per Audited Balance Sheet	
Balance in deferred revenue account (current)		-	Per Audited Balance Sheet	
Balance in deferred revenue account (long-term)		-	Per Audited Balance Sheet	
Ending NAVA Account Balance - March 31, 2023	**	<u>\$ 2,898,115</u>		

* APEA would have to differentiate the source of the funds distributed.

** Tier One NAVA account balance can not exceed the total net position balance.

National Public Gas Agency**Net Asset Value Account (NAVA) Allocation by Member**

(in accordance with Article X and XI and Exhibits A and B of NPGA's Amended & Restated Bylaws)

March 31, 2023

Member	Tier 1		Tier 2		Total
	%	\$'s	%	\$'s	\$'s
Superior	17.4%	\$ 404,987	6.0%	\$ 34,236	\$ 439,223
Central City	22.9%	533,000	7.9%	45,079	578,079
Stuart	3.8%	88,446	1.3%	7,418	95,864
Wisner	8.3%	193,184	2.9%	16,547	209,731
Lyons	7.9%	183,874	2.7%	15,406	199,280
Pender	14.3%	332,835	4.9%	27,959	360,794
Stromsburg	6.3%	146,633	2.2%	12,553	159,186
Belleville	19.1%	444,555	6.6%	37,660	482,215
Auburn, KS	N/A	N/A	4.7%	26,818	26,818
Alma	N/A	N/A	2.9%	16,547	16,547
Trinidad	N/A	N/A	31.6%	180,310	180,310
Fort Morgan	N/A	N/A	22.3%	127,244	127,244
Walsenburg	N/A	N/A	4.0%	22,824	22,824
Total	100.0%	\$ 2,327,514	100.0%	\$ 570,601	\$ 2,898,115

Excludes all Member Non LPP Volumes**Allocation based on Volumes from Fiscal Years Ended March 31: 2017 to 2023**

ORIGINAL DATE OF
ADOPTION BY NPGA
BOARD OF
DIRECTORS,
November 14, 1991

AMENDED AND RESTATED

BYLAWS

OF THE

NATIONAL PUBLIC GAS AGENCY

Revised _____ ~~December 13, 2018~~

ARTICLE I. NAME OF AGENCY

The name of this Agency is National Public Gas Agency (“NPGA”) formed by agreement under the Interlocal Cooperation Act, Neb. Rev. Stat. §13-801 et seq.

ARTICLE II. MEMBERSHIP

Section 1. The membership of the Agency shall consist of two membership categories: (i) Charter Member and (ii) Sustaining Member, both as described in the sections below. “Member” or “Members” as that term is used in the bylaws and Amended and Restated Interlocal Agreement (“Interlocal Agreement”) shall mean Charter Members and Sustaining Members. To be eligible for either of the categories, the entity must be a public agency, as defined in the Interlocal Cooperation Act, Neb. Rev. Stat. §13-801 et seq., that owns and operates a natural gas system.

Section 2. A Charter membership shall be restricted to those eligible public agencies who meet the following requirements:

- A. A Charter Member shall have been a Member as of December 1, 2005.
- B. A Charter Member must be a member or associate member of the Nebraska Municipal Power Pool (“NMPP”).

Subject to Section 5 of this Article, Charter Members shall retain the right to cast one vote as a Member of the Board of Directors unless said Member terminates membership under the Interlocal Agreement or fails to meet its obligations under the Interlocal Agreement.

Section 3. A Sustaining membership shall be available for those eligible public agencies who are not Charter Members, and who meet the following requirements:

A. A Sustaining Member must be approved by no less than two-thirds vote of the entire NPGA Board of Directors and must sign the Interlocal Agreement;

B. A Sustaining Member must be a member or associate member of the NMPP;

C. A Sustaining Member shall enter into the NPGA Gas Supply Agreement (“GSA”) and obtain the approval of the governing body of the GSA.

D. Subject to Section 5 of this Article, a Sustaining Member shall have a representative on the Board of Directors and have the right to cast one vote as a member of the Board of Directors for the life of the GSA unless said Member terminates its membership under the Interlocal Agreement or the GSA or fails to meet its obligations under the Interlocal Agreement or GSA; and

E. A Sustaining Member must continue to purchase natural gas from NPGA for the life of the Interlocal Agreement to remain on the Board of Directors.

Section 4. An Associate class will be available to those entities who are not Charter Members or Sustaining Members and who meet the following requirements:

A. An Associate must be approved by the NPGA Board of Directors;

B. An Associate must either:

(i) enter into a Gas Purchase Agreement (“GPA”) with NPGA for all or part of its natural gas requirements as approved on a case by case basis by the Board of Directors for a fixed term; or

(ii) qualify as an Associate under section C. below;

C. A Charter member who takes no gas from NPGA may transition to the status of Associate by completing the following: (i) requesting and receiving approval of early termination of membership as provided in Section 5.D. and (ii) requesting and receiving approval of the Board of Directors to become an Associate;

D. Participation as an Associate under Section B (i) above is valid throughout the term of the GPA and terminates upon expiration of the GPA or any successive agreement;

- E. Participation as an Associate under Section B (ii) above is valid until terminated by thirty (30) days advance written notice from the Associate or NPGA;
- F. An Associate will not sign the Interlocal Agreement;
- G. An Associate will not have representation on the Board of Directors nor have any voting privileges;
- H. An Associate may join the NMPP, but will not be required to do so; and
- I. An Associate shall not constitute a “Member” under these bylaws or Interlocal Agreement, and are non-assessable for membership costs.

Section 5.

A. A Member that provides notice of withdrawal as a member shall be eligible to vote only as to: (1) natural gas rates for natural gas delivered to that withdrawing Member; and (2) administrative costs that directly and immediately impact the withdrawing Member.

B. A Member that fails to meet its obligations under the Interlocal Agreement, the bylaws, or any contract, including any contract for purchase of gas from NPGA, shall not be eligible to vote.

C. Expulsion, Suspension or Termination of Membership. All Members acknowledge that membership in NPGA is a privilege and is subject to termination. A Member may be expelled, suspended or terminated, including any rights arising out of such membership, as provided below, for any act or omission that in the discretionary judgment of the Board of Directors has caused or is likely to cause material harm to the economic welfare of NPGA or its reputation. Upon the affirmative vote of not less than two-thirds of the entire Board of Directors that such an act or omission has occurred, the Member shall receive not less than fifteen (15) days prior written notice from the Board of Directors of the expulsion, suspension or termination and the reasons therefor. The Member shall be provided with the opportunity to be heard not less than five (5) days before the effective date of the expulsion, suspension or termination by submitting a written response to the Board of Directors or the Board’s designated representative identified in the written notice. The Member may request the opportunity to be heard in person by the Board of Directors or by the Board’s designated representative in addition to the Member’s written response to the written notice. In the event the Board of Directors designates a representative for the Board, the Board of Directors may designate the Executive Committee, the chairperson, or any other committee or individual. The Board representative shall provide a report to the Board of Directors prior to any

final vote taken by the Board of Directors to expel, suspend or terminate a Member. An affirmative vote of not less than two-thirds of the entire Board of Directors is required for any final action to expel, terminate or suspend a Member. Subject to Article III, Section 3.04 of the Interlocal Agreement, expulsion, suspension or termination of a Member shall not abrogate, amend, modify or terminate any contractual obligation of the Member.

D. Voluntary Early Termination of Membership. A Member of NPGA in good standing seeking early termination of membership shall provide written notice to the members of the NPGA Board of the Member's election to terminate membership. The written notice shall include a certified copy of a resolution or ordinance of the Member approving the early termination notice. Upon receipt of required documentation, the NPGA Board shall meet within 60 days to review the notice provided by the Member electing early termination. The NPGA Board of Directors can approve or reject a request for early termination at its sole discretion.

If such early termination is approved, the early termination Member must provide the following to NPGA: (a) a certified copy of a resolution or ordinance approving the termination and (b) a complete release and covenant not to sue NPGA, NPGA Board members, officers, agents, attorneys and all affiliated entities, Board members, officers, agents and attorneys of the affiliated entities. Upon timely delivery of the appropriate certified resolution or ordinance from the withdrawing Member, and the signed release, all member rights and membership status in the NPGA Interlocal terminate.

ARTICLE III. OFFICES

The principal office of NPGA in the State of Nebraska shall be located in the City of Lincoln, County of Lancaster. NPGA may have such other offices, either within or without the State of Nebraska, as the Board of Directors may designate or as the business of NPGA may require from time to time.

ARTICLE IV. BOARD OF DIRECTORS

Section 1. The business and affairs of NPGA shall be conducted and managed by its Board of Directors.

Section 2. Each Member shall designate by resolution a director and alternate director, each of who shall hold office until a successor shall be designated or until his or her earlier resignation. The alternate director shall serve and exercise all powers of a director in the absence of the director for whom he or she is the alternate.

Section 3. Unless otherwise so provided, no action of the Board of Directors shall be taken unless 50% or more of the Members are represented at the meeting. Upon a majority affirmative vote of the representatives present, such action shall be effective immediately unless otherwise provided.

Section 4. No vacancy in the membership of the Board of Directors shall impair the right of such majority to exercise all the rights and perform all of the duties of the Board of Directors. If at any meeting there is less than a majority present, the majority of those present may adjourn the meeting to a fixed time and place, and notice of such time and place shall be given in accordance with the provisions of Section 8 of this Article; provided, however, that if there cannot be reasonable compliance with the time element of said Section 8 of this Article, such notice, if any, of such adjourned meeting shall be given as is reasonably practical.

Section 5. The duties of the Board of Directors include, but are not limited to, the following:

- A. Conduct and manage the business affairs of the agency;
- B. Supervise the development of plans and procedures that will result in the attainment of the objectives of NPGA;
- C. Specify the duties and authority of various committees and task forces which may be established from time to time by the Board of Directors;
- D. Annually adopt and monitor a budget of revenues and expenditures;
- E. Establish rates and charges for gas supply and other services and transactions in furtherance of the stated objectives and purposes of NPGA, which rates and charges will be sufficient to pay or reimburse NPGA for expenses (including, without limitation, principal of and interest on bonded or other indebtedness) incurred on behalf of the Members; and
- F. Appoint and hire an Executive Director.

Section 6. The Board of Directors shall hold an annual meeting at such time and place as the Board shall designate. The Board of Directors shall direct the time and place for the holding of regular meetings.

Section 7. Special meetings of the Board of Directors may be called by or at the request of the chairperson, vice-chairperson, or upon the written request of at least one-third of the members of the Board of Directors.

Section 8. Written notice of all meetings shall be transmitted or made available by facsimile, electronic means, regular mail, or personal delivery to all members of the Board at their designated addresses, and communicated to the public by publication in the Lincoln Journal Star newspaper, or its successor newspaper, by sending copy of the notice to such other news media that request notification of meetings and by posting a copy of the notice in the offices of NPGA at 8377 Glynoaks Drive, Lincoln, Nebraska 68516. The public notice and agenda so displayed shall be in conformity with the Open Meetings Act, Neb. Rev. Stat. §84-1407 et seq., as may be amended from time to time.

Section 9. Notwithstanding the provisions of Section 8 of this Article, when it is necessary to hold an emergency meeting without reasonable advance public notice, the nature of the emergency shall be stated in the minutes of the meeting and any formal action taken in such meeting shall pertain only to the emergency as prescribed by state law in Neb. Rev. Stat. §84-1411, as may be amended from time to time. The procedures for such emergency meetings shall be in conformity with Nebraska state law.

Section 10. An agenda of matters to be acted upon at any regular meeting of the Board shall be prepared by the Executive Director and (whenever reasonably possible) shall be transmitted or made available by facsimile, electronic means, regular mail, or personal delivery to each director at the director's designated address one week preceding the meeting. Any matter shall be put on the agenda at the request of any member of the Board if made at least twenty-four hours before the scheduled commencement of the meeting. The foregoing shall not foreclose the right of the public to attend and the right to speak at meetings, except for closed sessions, subject to such reasonable time and relevancy limitations as the chairperson, with the concurrence of the Board, may set.

Section 11. The members of the Board of Directors shall not be entitled to compensation for their services, but may be reimbursed by NPGA for their necessary expenses properly incurred in the performance of their official duties.

Section 12. Neither the members of the Board of Directors, nor any person executing the bonds of the Agency, shall be liable personally on such bonds by reason of the issuance thereof.

ARTICLE V. COMMITTEES

Section 1. Executive Committee. There shall be an Executive Committee composed of the chairperson, vice-chairperson and three directors to be appointed by the chairperson of NPGA. The terms of office of the Executive Committee and the method of filling vacancies shall be the same as those of the officers of NPGA. The Executive Committee shall have and exercise the power and authority of the Board during intervals between the Board's meetings in accordance with the bylaws, rules, motions, or resolutions. At all meetings of the Executive Committee, the presence of the majority of the members of the Executive Committee shall be necessary for the transaction of business and the affirmative vote of a majority of the members of the Executive Committee present shall be necessary for any action.

Section 2. Other Committees. The Board may create such other committees as may from time to time be necessary and shall at the time of creation establish the committee's powers, duties, membership, and voting requirements.

ARTICLE VI. OFFICERS

Section 1. The officers of NPGA shall be a chairperson, vice-chairperson, secretary-treasurer, and such other officers as the Board of Directors may deem appropriate from time to time. The chairperson and vice-chairperson shall be from among the Board of Directors, and the office of secretary-treasurer may be filled by the Executive Director or from among the Board of Directors.

Section 2. At the first meeting of the initial Board of Directors, the Board shall elect the officers of NPGA. After the initial meeting, the officers shall be elected by the Board at the annual meeting of NPGA and the term of the officers shall begin on the first day of April each year. The officers shall serve for a term of one year or until their successors are elected and qualified, whichever is later.

Section 3. Officers may be removed by at least a two-thirds vote of the Board of Directors representatives present whenever in the Board's judgment the best interest of NPGA will be served thereby. The chairperson may appoint an officer to fill, on a temporary basis, a vacancy in any

office because of death, resignation, removal, disqualification or otherwise; the Board of Directors shall elect at its next meeting a successor to fill such vacancy for the unexpired portion of the term.

Section 4. The chairperson of NPGA:

A. Shall be the principal executive officer of NPGA and, unless otherwise determined by the Board, shall preside at all meetings of the Board of Directors;

B. May sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by resolution of the Board of Directors, or by these bylaws, to be otherwise signed and executed; and

C. Shall, in general, perform all duties incident to the office of chairperson and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5. In the absence of the chairperson, or in the event of his or her inability or refusal to act, the vice-chairperson shall perform the duties of the chairperson, and when so acting shall have all the powers of and be subject to all the restrictions upon the chairperson. The vice-chairperson shall also perform such other duties as from time to time may be assigned to him or her by the Board of Directors.

Section 6. The secretary-treasurer shall cause to be performed the following duties:

A. Keep the minutes of the meetings of the Board of Directors in one or more books provided for that purpose;

B. See that all notices are duly given in accordance with these bylaws or as required by law;

C. Be custodian and have general charge of NPGA's books and records;

D. Keep a register of the names and post office addresses of all participating municipalities and their duly authorized directors and alternates;

E. Have charge and custody of and be responsible for all funds, securities, and properties of NPGA as well as the authority to delegate to the Executive Director charge and custody of such;

F. Be responsible for the receipt of and the issuance of receipts for all monies due and payable to NPGA and for the deposit of all such monies in the name of NPGA in a bank, banks or financial institutions; and

G. In general, perform all the duties incident to the office of secretary-treasurer and such other duties as from time to time may be assigned to him or her by the Board of Directors.

Section 7. The Executive Director shall be an employee of NPGA. The Executive Director shall perform such duties as the Board of Directors may require and shall have such authority as the Board of Directors may vest in him or her. The Board of Directors grants to the Executive Director all of the authority necessary to operate NPGA in accordance with the Board of Director's decisions and consistent with the purposes for which NPGA was formed.

The Executive Director shall submit periodic reports on the activities of NPGA.

Section 8. NPGA and the other entities operating under the NMPP Energy trade name will procure commercial crime insurance with a limit of not less than \$1,000,000.00 to protect against certain losses due to third party fraud or employee fidelity. The insurance policy shall cover the following, among other losses: actions by the Executive Director, the secretary-treasurer and any other officer or agent of NPGA charged with responsibility for the custody of any of NPGA's funds or property.

Section 9. The terms of employment and compensation of all officers, agents, and employees of NPGA shall be fixed by resolution of the Board of Directors if not determined by the Joint Operating Committee under the Joint Operating Committee Agreement among NPGA and the other entities operating under the NMPP Energy trade name.

ARTICLE VII. BOOKS AND RECORDS

The Board of Directors shall cause to be established and maintained in accordance with generally accepted accounting principles books and records of all NPGA's obligations, contracts, transactions, and undertakings and of all income and receipts of every nature and all expenditures of every kind.

ARTICLE VIII. CONTRACTS AND FINANCIAL TRANSACTIONS

Section 1. Subject to the laws of this state and the bylaws of NPGA, the Board of Directors may authorize any one or more of its officers, agents, or employees to enter into any contract or

execute and deliver any instrument necessary or convenient to the exercise of its powers in the name and on behalf of NPGA.

The Executive Director is authorized to execute any contract or other instrument, on behalf of NPGA, which has been approved by the Board of Directors. In addition, the Executive Director is authorized to execute any contract or other instrument necessary to effectively operate NPGA where, in the judgment of the Executive Director, it is not in the best interests of NPGA to delay action until the next meeting of the Board of Directors. At the next regularly scheduled Board meeting following such action, where the amount involved exceeds \$10,000, the Executive Director shall report the significant details of such contract or other instrument, excluding routine supply and financial hedging transactions.

Section 2. All checks, drafts, or other orders of the payment of money, notes, bonds or other evidence of indebtedness shall be signed by more than one officer, agent, or employee.

Section 3. All funds of NPGA shall be deposited to the credit of NPGA in bank(s) or financial institution(s).

Section 4. The fiscal year of NPGA shall begin on the first day of April each year and shall end on the last day of March of the following year.

ARTICLE IX. COOPERATION WITH OTHER ENTITIES

NPGA may, through its Board of Directors and officers, coordinate its activities and cooperate with other NMPP Energy entities, as well as other public energy organizations, for the purpose of promoting the interests of municipal utilities and for the accomplishment of NPGA's purposes and objectives.

ARTICLE X. ALLOCATION OF ASSETS AND DISTRIBUTION WITHOUT DISSOLUTION

NPGA may from time to time elect to make a partial disbursement of funds from NPGA's net position. ~~The Director of Finance and Accounting of NPGA, after the yearly audit, shall make a yearly report to the Board of Directors on the status of the Net Asset Value Account ("NAVA"), and the Board shall acknowledge receipt of and accept the NAVA report, which action shall be reflected in the minutes of such meeting. The NAVA report will document the allocation of~~

~~NPGA's accumulated earnings, if any, to Tier One (Exhibit A—Tier One Members) and Tier Two (Charter and Sustaining Members) per the formula shown on Exhibit B.~~

Any ~~NAVA-partial~~ distribution must be authorized by the Board of Directors.

Any partial distribution will be first allocated to Tier One-Charter Members (Exhibit A – Tier One Members) in good standing until NPGA has distributed \$2,300,000.00 after April 1, 2023. Partial distributions to Tier One Members will be paid based on a “first paid” pro-rata basis, based on total gas volumes used during the immediately preceding seven audited fiscal years minus certain disallowed large loads designated as ineligible for purposes of distribution by the Board of Directors, as evidenced by a resolution of the Board of Directors.

In the event net position remains after such Tier One distributions ~~is~~are completed, then a Tier Two distribution may be authorized by the Board of Directors to Members in good standing and will be paid on a pro-rata basis, based on total gas volumes used during the immediately preceding seven audited fiscal years minus certain disallowed large loads designated as ineligible for purposes of distribution by the Board of Directors, as evidenced by a resolution of the Board of Directors.

Exhibit A ~~and B~~ may be amended at any regular or special meeting of the Board by the affirmative vote of not less than two-thirds of representatives from all Tier One Members in good standing.

ARTICLE XI. DISPOSITION OF ASSETS UPON DISSOLUTION

Approval of dissolution pursuant to this Article shall be by a vote of no less than three-fourths (3/4) of the entire NPGA Board of Directors.

If NPGA is dissolved as permitted by the Interlocal Agreement, the assets, if any, of NPGA, after the payment of all financial obligations of NPGA, will be converted to cash (“Disbursable Cash”) and be disbursed to Members in good standing on the effective date of dissolution (the “Dissolution Date”) as follows:

The Disbursable Cash shall be calculated and tiered by the Director of Finance and Accounting of NPGA based on Member participation, ~~using the NAVA formula set forth in Exhibit B for the purposes of Dissolution.~~

On the Dissolution Date, Tier One Charter Members in good standing will be paid first in accordance with the calculation described in Article X of these Amended and Restated Bylaws if NPGA has not previously distributed the \$2,300,000.00 of funds noted in Article X~~above as completed by the Director of Finance and Accounting of NPGA using the Tier One NAVA distribution formula shown in Exhibit B.~~ The maximum amount of Tier One Disbursable Cash to be disbursed shall not exceed the total amount of Disbursable Cash.

In the event there is Disbursable Cash remaining after such Tier One distribution is completed, then a Tier Two distribution to Members in good standing will be paid ~~on a pro-rata basis, based on total gas volumes used during the immediately preceding seven audited fiscal years minus certain disallowed large loads designated as ineligible for purposes of distribution by the Board of Directors, as evidenced by a resolution of the Board of Directors~~ in accordance with the calculation described in Article X of these Amended and Restated Bylaws.

ARTICLE XII. INDEMNIFICATION OF DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES

To the fullest extent permitted by law, NPGA shall defend and indemnify any individual who was or is a party or threatened to be made a party to any proceeding, other than a proceeding by or in the right of NPGA, because he or she was a director, officer, agent or employee of NPGA against liability and/or expenses incurred in the proceeding if: (i) he or she conducted himself or herself in good faith; (ii) he or she reasonably believed (a) in the case of conduct in his or her official capacity, that his or her conduct was in the best interests of NPGA, and (b) in all other cases, that his or her conduct was at least not opposed to the best interests of NPGA; and (iii) in the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful.

The indemnity provided for by this Article shall not be deemed to be exclusive of any other rights to which those indemnified may be otherwise entitled, nor shall the provisions of this Article be deemed to prohibit NPGA from extending its indemnification to cover other persons or activities to the extent permitted by law or pursuant to any provision in these bylaws.

ARTICLE XIII. AMENDMENTS

Section 1. These bylaws may be altered, amended, suspended, or repealed by the affirmative vote of not less than two-thirds of the votes cast in any regular or special meeting of the Board of Directors.

Section 2. Any proposed amendment shall be transmitted or made available by facsimile, electronic means, regular mail, or personal delivery to all directors of NPGA at least ten days prior to the meeting at which such proposed amendment will be considered.

Section 3. Any amendment shall be transmitted or made available by facsimile, electronic means, regular mail, or personal delivery to all directors of NPGA within ten working days after its adoption.

ARTICLE XIV. MEDIATION

The Board of Directors of NPGA and the Agency's Members mutually agree that providing the opportunity for communication and review of certain limited grievances, issues or disputes that may arise is in the best interest of the Agency and all of its Members. Grievances, disputes or disagreements (other than matters addressed by the Interlocal Agreement, other provisions of these bylaws, or any contract between NPGA and any Member) shall be subject to the Dispute Resolution mechanism; provided, however, that the following matters are excluded and exempt from such Dispute Resolution mechanism: (i) breach or failure to comply with a gas purchase agreement, (ii) non-payment, (iii) failure to take scheduled natural gas by a Member gas purchaser, (iv) expulsion or termination of a Member, or (v) a continuing failure to meet or perform obligations under the Interlocal Agreement or bylaws. The first step to resolve any dispute subject to this procedure shall be initiated by a written statement from the complaining party, with a request for discussion between the representative designated by the chairperson of NPGA and the representative of the Member. Such meeting shall occur within thirty (30) days following the receipt of the written statement setting forth the issue in dispute. In the event such meeting does not produce a resolution of the dispute, then either party may within sixty (60) days following the date of the written statement require non-binding mediation. The parties shall select a mutually acceptable mediator, and the two representatives, one representative designated by the chairperson of NPGA and one representative designated by the Member, shall then meet with the mediator to review the issues in dispute. The mediator shall provide a written report to the parties. The parties

shall use their best efforts in good faith to provide for such meeting on an expedited basis. The mediator shall provide the mediation report to the parties within ninety (90) days following the date of the written statement setting forth the dispute. In the event the report of the mediator is not accepted by all the parties, then the parties shall report the status of any unresolved issues to the Board of Directors.

Article XV. PROPRIETARY INFORMATION

Section 1. All Members of NPGA, and the representatives of all Members, shall maintain the confidentiality of all proprietary information. Proprietary information shall include, but not be limited to, the following:

- (a) The content of any closed session;
- (b) All trade secrets, pricing processes, or other confidential or intellectual property;
- (c) Information or data developed for NPGA by its officers, directors, employees, and agents which may be subject to patent or copyright application; and
- (d) Information or data designated as proprietary or confidential by the Board of Directors.

Article XVI. CONFLICT OF INTEREST

Section 1. All Members of NPGA, and the representatives of all Members, shall provide written disclosure to the Board of Directors of any potential or actual conflict of interest.

These Amended and Restated bylaws shall supersede in their entirety the previous bylaws and any and all amendments, restatements or revisions thereto.

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NATIONAL PUBLIC GAS AGENCY
BYLAWS

EXHIBIT A
TIER ONE MEMBERS

Belleville, KS

Central City, NE

Falls City, NE

Lyons, NE

Pender, NE

Stromsburg, NE

Stuart, NE

Superior, NE

Wisner, NE

~~NATIONAL PUBLIC GAS AGENCY~~ ~~BYLAWS~~

~~EXHIBIT B~~
~~NET ASSET VALUE ACCOUNT (“NAVA”) CALCULATION~~

	Tier One	Tier Two	Total NAVA
Beginning NAVA Account Balance— March 31, ____	?	?	?
Add: APEA distributions relating to bond series 1998C, _____ 1999B, 2000A, 2003 or 2005	?	*	#VALUE!
Add: APEA distributions from additional bond issues		*	?
Deduct: Distributions to members	(?)		#VALUE!
Deduct: Withdrawals from the Deferred Revenue Acct	(?)		#VALUE!
Add: Interest to Tier One			
	The Lower Of:		
1. 5% interest on beginning account balance, _____ or (Beginning NAVA balance times 5%)	?	?	#VALUE!
2. Actual interest earned	?	?	#VALUE!
(Note: 2.1 Interest allocation can not exceed _____ actual earnings.)			
3. Net change in net position	?	?	#VALUE!
Add: Add'l. net revenues in excess of interest earned, not to _____ exceed the deferred revenue transfer, less interest _____ earned. (Adjustment will not be less than zero)		?	#VALUE!
Deduct: Net decrease in net position for year, if applicable		(?)	#VALUE!
Add: Operating earnings in excess of interest earned and _____ deferred transfer, if any, shall be allocated to Tier Two		?	#VALUE!
Ending NAVA account balance (which cannot go below a zero balance)— March 31, ____	#VALUE!	**	#VALUE!
Net position—per audited financial statements	#VALUE!		
Balance in deferred revenue account (current)—per audited financial statements	?		
Balance in deferred revenue account (long term)—per audited financial statements	?		
Total net position (Tiers One & Two & Audited Financial Statements)— March 31, ____	#VALUE!	**	

~~*American Public Energy Agency (APEA) would have to differentiate the source of the funds distributed.~~

~~**Tier One NAVA account balance can not exceed the total net position balance.~~