

CROSBY GUENZEL LLP

FEDERAL TRUST BUILDING
134 SOUTH 13TH STREET, SUITE 400
LINCOLN, NEBRASKA 68508
TELEPHONE: (402) 434-7300
FACSIMILE: (402) 434-7303

WRITER'S E-MAIL: SGS@CROSBYLAWFIRM.COM
WRITER'S DIRECT DIAL NO. (402) 434-7324

WILLIAM D. KUESTER
STEVEN G. SIGLIN
ROCKY C. WEBER
DAVID A. JARECKE
WILLIAM R. KUTILEK
RICHARD L. RICE
THOMAS E. JEFFERS

ROBERT C. GUENZEL (RETIRED)
THEODORE L. KESSNER (RETIRED)

ROBERT B. CROSBY (1911-2000)
THOMAS R. PANSING (1917-1973)
DONN E. DAVIS (1929-1998)

June 30, 2006

Jay Holmquist, General Manager
Nebraska Rural Electric Association
P.O. Box 82048
Lincoln, NE 68501

Re: Investment Authority of Public Power Districts

Dear Jay:

You have asked that we set out the investment authority of public power districts.

The authority for public power districts to invest is found in *Neb. Rev. Stat.* §§ 77-2353.01 and 77-2341.

Neb. Rev. Stat. §77-2353.01 provides:

In addition to other authorized investments, public power districts are authorized to invest and reinvest in: (1) Direct obligations of or obligations guaranteed by the United States of America; (2) bonds, debentures, or notes issued by any of the following federal agencies: Bank for Cooperatives; Federal Intermediate Banks; Federal Home Loan Bank System; Export-Import Bank of Washington; Federal Land Banks; or the Federal National Mortgage Association including participation certificates issued by such association; (3) public housing bonds purchased on the open market, issued by public housing authorities, and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America or temporary notes issued by public housing authorities or preliminary loan notes issued by local public agencies, in each case, fully secured as to the payment of both principal and interest by a requisition or a payment agreement with the United States of America; (4) direct and general obligations of any state within the territorial United States to the payment of the principal of and interest on which the full credit of such state is pledged; (5) bonds, debentures, notes, or other instruments of indebtedness issued by a bank or other financial

lending institution, whether public or privately owned, established by rural electric cooperatives and public power districts to provide supplemental financing in addition to financing available from the Rural Electrification Administration; (6) bonds, debentures, notes, or other instruments of indebtedness of a nonprofit rural electric supply cooperative organization providing electric line materials and other related equipment without profit to its members, including public power districts; (7) stocks, bonds, debentures, notes, or other instruments of indebtedness issued by an insurance carrier providing insurance coverage to such public power district; (8) stocks, bonds, debentures, notes, or other instruments of indebtedness issued by corporations having authority to sell, lease, and service satellite television signal descrambling or decoding devices and satellite television programming; and (9) time certificates of deposit issued by any bank, capital stock financial institution, or qualifying mutual financial institution meeting the requirements of sections 77-2354 to 77-2357. Section 77-2366 shall apply to deposits in capital stock financial institutions. Section 77-2365.01 shall apply to deposits in qualifying mutual financial institutions.

Public power districts when authorized by their respective boards of directors are authorized to take such action as may be necessary in order to carry out the foregoing investment authorization.

Because of the language in § 77-2353.01 which provides “[i]n addition to other authorized investments,” a public power district is also authorized to invest pursuant to *Neb. Rev. Stat.* § 77-2341, which provides in part:

“(1) Whenever any county, city, village, or other governmental subdivision, other than a school district, of the State of Nebraska has accumulated a surplus of any fund in excess of its current needs... the governing body of such county, city, village, or other governmental subdivision may invest any such surplus in excess of current needs... in any securities in which the state investment officer is authorized to invest pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act and as provided in the authorized investment guidelines of the Nebraska Investment Council in effect on the date the investment is made. The state investment officer shall upon request furnish a copy of current authorized investment guidelines of the Nebraska Investment Council.”

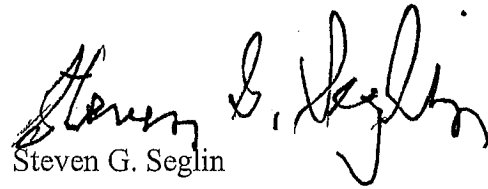
(Emphasis added.)

Attached hereto is the "Nebraska Investment Council Policy for Political Subdivisions"
adopted on January 28, 2003 and last revised September 27, 2004.

Very truly yours,

CROSBY GUENZEL LLP

By


Steven G. Seglin

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Enclosures