

CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT

HOLDREGE, NEBRASKA

MARCH 6, 2017 – 9:00 AM

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MINUTES OF SPECIAL MEETING OF THE
BOARD OF DIRECTORS
THE CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT
HOLDREGE, NEBRASKA
FEBRUARY 24, 2017 – 9:00 A.M.

This meeting was publicly advertised in accordance with Section 84-1411 of the Nebraska Statutes by a notice on Radio Station KUVR on February 20, 2017, giving the time, date, and place of the meeting and the information that the Agenda was available in advance at the Office of the Assistant Secretary.

Notices giving the time, date, and place of this meeting were mailed to the Directors on February 17, 2017.

The following Directors were present:

Dudley L. Nelson, President	Geoffrey K. Bogle	Roger D. Olson
Martin E. Mueller, Secretary	Ronald E. Fowler	Robert L. Petersen
Robert B. Dahlgren, Treasurer	William E. Knoerzer	Gordon N. Soneson
	David G. Nelson	

The following Directors were absent: K. Scott Olson and David L. Rowe

Also present were the following:

Don D. Kraus, General Manager	Duane Cernousek, Purchasing Agent
Eric Hixson, Engineering Services Manager	Luke Ritz, Land Administrator
Mike A. Drain, Natural Resources Mgr.	Holly Rahmann, Public Relations Assistant
Jeff J. Buettner, Public Relations Coord.	Michael C. Klein, Legal Counsel
Dave R. Ford, Irrigation Division Manager	Emily Anderson, Assistant Secretary
Cory A. Steinke, Civil Engineer	

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The Board Vice President announced that information for the public concerning the Open Meetings Act was available for interested parties to view.

At 9:00 A.M., Board President, Dudley L. Nelson, announced the meeting was open for business and proceeded with roll call.

PUBLIC INPUT: None.

BID TAB – THREE-YEAR FARM GROUND LEASES: Duane Cernousek presented the bid tab reflecting two bid groups, Parcel #1 being 163 acres of dryland farm ground and Parcel #2 being 81 acres of irrigated farm ground. He explained on Parcel #1 the current lessee, Brian Isaacson, exercised his right of first refusal and his bid was \$107.00 per acre for a total bid of \$17,441.00. On Parcel #2, the high bid was from Wade Kloeping in the amount of \$141.50 per acre for a total bid of \$11,461.50. The leases for the Gallagher Canyon farm ground are for the period of 2017-2019.

It was moved by Director Knoerzer and seconded by Director Mueller to approve Brian Isaacson's bid in the amount of \$107.00 per acre for a total bid of \$17,441.00 for Parcel #1 consisting of 163 acres of dryland farm ground and to approve Wade Kloeping's bid in the amount of \$141.50 per acre for a total bid of \$11,461.50 for Parcel #2 consisting of 81 acres of irrigated farm ground. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, Mueller, David Nelson, Dudley Nelson, R. Olson, Petersen, and Soneson. Absent

was: S. Olson and D. Rowe. None voted no and the motion was declared carried.

DIRECTORS' ATTENDANCE: It was moved by Director Petersen and seconded by Director Bogle to excuse the absences of K. Scott Olson and David L. Rowe from the Special Meeting of the Board. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, Mueller, David Nelson, Dudley Nelson, R. Olson, Petersen, and Soneson. None voted no and the motion was declared carried.

The meeting adjourned at 9:03 A.M.

MINUTES OF COMMITTEE MEETING OF THE
 BOARD OF DIRECTORS
 THE CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT
 HOLDREGE, NEBRASKA
 FEBRUARY 24, 2017 – 9:00 A.M.

This meeting was publicly advertised in accordance with Section 84-1411 of the Nebraska Statutes by a notice on Radio Station KUVR on February 20, 2017, giving the time, date, and place of the meeting and the information that the Agenda was available in advance at the Office of the Assistant Secretary.

Individual cards giving the time, date, and place of this meeting were mailed to the Directors on February 17, 2017.

The following Directors were present:

Dudley L. Nelson, President	Geoffrey K. Bogle	Roger D. Olson
Martin E. Mueller, Secretary	Ronald E. Fowler	Robert L. Petersen
Robert B. Dahlgren, Treasurer	William E. Knoerzer	Gordon N. Soneson
	David G. Nelson	

The following Directors were absent: K. Scott Olson and David L. Rowe

Also present were the following:

Don D. Kraus, General Manager	Duane Cernousek, Purchasing Agent
Eric Hixson, Engineering Services Manager	Luke Ritz, Land Administrator
Mike A. Drain, Natural Resources Mgr.	Holly Rahmann, Public Relations Assistant
Jeff J. Buettner, Public Relations Coord.	Michael C. Klein, Legal Counsel
Dave R. Ford, Irrigation Division Manager	Emily Anderson, Assistant Secretary
Cory A. Steinke, Civil Engineer	

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The Board President announced that information for the public concerning the Open Meetings Act was available for interested parties to view.

At 9:03 A.M., the Board President, Dudley L. Nelson, announced that the meeting was open for business and proceeded with roll call.

PUBLIC INPUT: None.

CONSENT TO ASSIGNMENT SUMMARY: There was one Consent to Assignment at Johnson Lake in February, 2017.

PERMIT TO CONSTRUCT SUMMARY: The following Permits to Construct were approved in the month February, 2017:

Permits to Construct Approved by General Manager February 24, 2017			
Name	Description	Amount	Purpose
Lake McConaughy Lessees, Inc.	S1/2 16-15-39	\$0.00	Construct a roadway and associated drainage ditches within lease boundaries of K-3 Cabin area

Permits to Construct Approved by Real Estate Department February 24, 2017 – Johnson Lake & Lake McConaughy			
<u>Name</u>	<u>Description</u>	<u>Permit & Purpose</u>	<u>Date Approved & Fee</u>
None			

Permits to Construct Approved by Real Estate Department February 24, 2017 – Jeffrey & Midway Lakes			
<u>Name</u>	<u>Description</u>	<u>Permit & Purpose</u>	<u>Date Approved & Fee</u>
Gengenbach, Brent & Kelly	1 Plum Creek Canyon Dr. 12C	PTC (SWAF)-Remove and relocate existing riprap to create an access area, place new sand to create a sandy beach area with sloped bank, construct concrete retaining wall	February 2, 2017- \$400.00 application fee

WORK ORDER/PURCHASE REQUISITION SUMMARY: Eric Hixson stated the following work order and purchase requisition relate to the purchase of a server and hardware for the Holdrege/Gothenburg shared network, which will also host and provide back-up for the accounting software.

- a. Work Order No. 186807 – New Server, Operating System, etc. (\$44,000.00)
- b. Purchase Requisition No. HA6142 – New Server (\$40,532.12)

RIGHT OF WAY TRANSACTIONS: Dave Ford presented a lateral closure which will affect several landowners.

APPLICATION TO CLOSE LATERAL

<u>System</u>	<u>Tract No.</u>	<u>Legal Description</u>	<u>Landowner</u>
Phelps	A24.4N#10	E½SE¼ of 31-7-17	Donna M. Silver, Life Estate; Nancy L. Bartels and David L. Bartels; James M. Silver and Sherri A. Silver
Phelps	A24.4N#11	N¼ of 31-7-17	Donna M. Silver
Phelps	A24.4N#24	Gov't Lots 2 & 7 of 31-7-17	Erick R. & Gwendolyn K. Erickson, Trustees
Phelps	A24.4N#38	Gov't Lot 6 of 31-7-17	Merna J. Larson, David A. Larson, Kathy Larson
Phelps	A24.4N#38	Gov't Lots 11-13 of 31-7-17	SANDY AG, LLC
Phelps	A24.4N#38	W½SE¼ of 31-7-17	Donna M. Silver, Life Estate; Nancy L. Bartels and David L. Bartels; James M. Silver and Sherri A. Silver

COUNTY BRIDGE AGREEMENT SUMMARY: A Letter of Consent and Letter of Understanding for the Phelps Canal Bridge Replacement at A29.1-8.3 were presented. Don Kraus stated Phelps County has already approved and signed the letters and the work will be completed by the end of April, 2017.

GRANT AUTHORITY TO GENERAL MANAGER TO SIGN LETTERS OF CONSENT AND LETTERS OF UNDERSTANDING FOR COUNTY BRIDGE AGREEMENTS: Don Kraus stated these two documents are standard when a bridge replacement is needed. He is requesting authority to sign the documents without the need for Board approval which would in many situations prevent delays in the project. Kraus stated the agreements would still be reported monthly on the County Bridge Agreement Summary.

FUNK LAGOON PIPELINE: Cory Steinke presented a preliminary overview of a potential Funk Lagoon Pipeline project which would be a joint venture between the Fish and Wildlife Service, Ducks Unlimited, the Rain Water Basin Joint Venture, and CNPPID. The project would benefit recharge in the area and habitat. Steinke believes the project might also qualify for funding through the Water Sustainability Funds. The pipeline project would be on a partial cost-share program with Central making an in-kind contribution.

BID TAB – MOTOR GRADER (GOTHENBURG): Duane Cernousek presented four bids for the motor grader. The bids were divided into two groups for both new and used equipment. Bids were received from Nebraska Machinery Co. and Murphy Tractor in each group. The recommended bid is for a new 2017 John Deere 772GP from Murphy Tractor in the amount of \$257,000.00.

BID TAB – BACKHOE LOADER (GOTHENBURG): Duane Cernousek presented three bids for the backhoe loader. Bids were received from Nebraska Machinery Co. and Murphy Tractor. The recommended bid is for a new 2017 John Deere 310SL HL from Murphy Tractor in the amount of \$105,000.00.

ELLICOTT DREDGE TECHNOLOGIES PAYMENT (\$60,395.00): Don Kraus presented a Statement of Service in the amount of \$60,395.00 which is for the first month dredge rental fee and installation, first month pipe and flex hose rental fee, and a security damage deposit. The dredge maker is about a month behind on building the dredge, with delivery expected the end of April, 2017.

POWER & RECREATION COMMITTEE: Don Kraus explained the Power & Recreation Committee meeting scheduled this morning was cancelled due to the weather. Luke Ritz, Land Administrator, was present to review the variance request and Mike Klein handled the Notices of Restitution. More discussions were held in Closed Session regarding the Lake McConaughy Lessees, Inc. Lease Fees.

- a. Variance Request – 0 Plum Creek Canyon Drive 12I (Kugler): Luke Ritz explained this adjacent landowner desires to construct a covered boat port on lands owned by Central, the placement of which is less than 10' from the side lot line. The Permitting Procedures state in paragraph 5.2.1 Location: Water-Based SWAF will be located no closer than 10' from the side lot lines and those lines that represent a reasonable extension of a lot's side boundaries into Project waters as determined by Central. Staff does not support the request because the strict application of the LSMP and Permitting Procedures does not produce an undue hardship. There was discussion by the Committee members of approving the variance subject to the neighbor's approval. This item will be brought before the Board at the Regular Business Meeting of the Board on March 6, 2017.
- b. Notices of Restitution – Lake McConaughy Lessees, Inc.: Mike Klein reviewed the lots at K-4 Cabin Area, Lot 11 and K-1 Cabin Area, Lot 80 which are in arrears on their lease payments. The lots are now in default. Klein explained the process of filing the case in court to terminate the leasehold which would put LMLI and Central in possession of the lots. He stated LMLI could then make payment of the arrears a condition of any new sub-lease.
- c. Lake McConaughy Lessees, Inc. – Lease Fees: This was discussed in Closed Session.

LAND USE AGREEMENT – PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM: This was discussed in Closed Session.

MAKO'-CH-MNI EROSION AT LAKE MCCONAUGHY: This was discussed in Closed Session.

KINGSLEY BLACKSTART AGREEMENT EXTENSION: Eric Hixson presented a draft of Amendment No. 3 to the agreement which would extend it by two years, with a termination date of March 31, 2019.

FACILITIES IMPROVEMENTS: Don Kraus is proposing a Board tour of the Upper Big Blue NRD facilities in York on the way to or from the Board Retreat March 20-22, 2017.

LITIGATION - MALOLEY: Mike Klein reported the judge overruled the Motions for Summary Judgment of both parties and the case will go to trial.

REPUBLICAN BASIN DIVERSION PROJECT: Don Kraus stated the Ad Hoc committee will hold a meeting with Tri-Basin on March 2, 2017 at 2:00 p.m. where a draft of the feasibility study of the diversion project will be presented.

COTTONWOOD RANCH DIVERSION PROJECT: This was discussed in Closed Session.

BOARD RETREAT AGENDAS: Don Kraus presented a draft of the tentative agendas for the board retreat scheduled for March 21-22, 2017. Jeff Buettner stated room reservations need to be confirmed by Monday. Revisions will be made to the agenda for the board retreat.

A break was taken at 10:13 a.m. The meeting resumed at 10:32 a.m.

PERSONNEL: This was discussed in Closed Session.

OUT OF STATE TRAVEL: None.

A break was taken at 9:57 a.m. The meeting resumed at 10:21 a.m.

LEGISLATION: Jeff Buettner gave a detailed update of the bills on Central's watch list. He stated Governor Ricketts signed the bill to reduce the budget by 4% which included cuts to the Water Sustainability Funds.

BOARD COMMENTS: Director Fowler reported the attitude of Johnson Lake customers towards Central has been positive and he has heard many tenants comment they are thankful for the Board's decision to not increase the lease rates for the next six years.

OPERATIONS REPORT:

- a. Don Kraus reported for Devin Brundage who was unable to attend the meeting that he has begun advertising for a Hydro Electric Supervisor at Gothenburg to fill his position.
- b. Cory Steinke reported Lake McConaughy is at elevation 3,255.7, 1,462,500 acre feet and 83.9% capacity. Inflows are at 1,150 cfs and outflows are at 2,370 cfs due to environmental account releases. Snowpack in the upper basin is at 126% of average, 116% in the lower basin, and 131% in the South Platte basin.
- c. Mike Drain stated FERC is dealing with the Oroville Dam crisis regarding emergency releases from reservoirs and there may be further FERC review of emergency release structures for other reservoirs across the country.
- d. Jeff Buettner gave a presentation to the Flying Farmers earlier this week.
- e. Dave Ford reported recharge on E65 and Phelps ceased on February 15, 2017. The agreements with NDNR and Tri-Basin on E65 were fulfilled, but there are some remaining obligations on the Elwood and Phelps canal contracts. Beginning March 15, 2017, recharge will begin again on Elwood and Phelps with two pumps starting up on March 1, 2017. Pumping will cease April 1, 2017 and resume again on May 1, 2017. He also reported after meeting with some chemical salesmen this week, he learned about a granular product that may help with control of the sago pond weed at Johnson Lake which is safe for swimming and fishing.
- f. Luke Ritz stated he spoke with the Fish and Wildlife Service and they have concerns over using the granular product to control the sago pond weed as some species of fish and water fowl

depend on it.

- g. Eric Hixson is working to update the transmission revenue requirements for filing with the Southwest Power Pool.
- h. Holly Rahmann is working on the next edition of The Communicator which will be mailed next week. She has been helping with eagle viewing tours and working on a brochure for the Land Administration department to help educate customers about the permitting procedures.
- i. Don Kraus informed the Directors he will be on vacation from March 7-14, 2017.

WORKSHOPS, SEMINARS AND CONFERENCES: None.

At 11:11 AM it was moved by Director R. Olson and seconded by Director Knoerzer, that the Board enter into Closed Session to protect the public interest, to receive legal advice, and to discuss contract negotiations. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, Mueller, David Nelson, Dudley Nelson, R. Olson, Petersen, and Soneson. Absent was: S. Olson and D. Rowe. None voted no and the motion was declared carried. Board President Nelson stated the items to be discussed in closed session were the following agenda items: Notices of Restitution at K-Areas (K-4 Cabin Area, Lot 11 and K-1 Cabin Area, Lot 80); Lake McConaughy Lessees, Inc.; Land Use Agreement – Platte River Recovery Implementation Program; Mako'-Ch-Mni Erosion at Lake McConaughy; Cottonwood Ranch Diversion Project; and Personnel.

C L O S E D S E S S I O N

A break for lunch was taken at 11:47 a.m. The meeting reconvened at 12:25 p.m

At 1:32 PM it was moved by Director Petersen and seconded by Director Dave Nelson, that the Board exit Closed Session and reconvene in Regular Session. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, Mueller, David Nelson, Dudley Nelson, R. Olson, Petersen, and Soneson. Absent was: S. Olson and D. Rowe. None voted no and the motion was declared carried. Board President Nelson stated that the items discussed in Closed Session were of a legal nature relating to the following agenda items: Notices of Restitution at K-Areas (K-4 Cabin Area, Lot 11 and K-1 Cabin Area, Lot 80); Lake McConaughy Lessees, Inc.; Land Use Agreement – Platte River Recovery Implementation Program; Mako'-Ch-Mni Erosion at Lake McConaughy; Cottonwood Ranch Diversion Project; and Personnel.

The meeting adjourned at 1:32 p.m.

MINUTES OF REGULAR BUSINESS MEETING OF THE
BOARD OF DIRECTORS
THE CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT
RODEWAY INN, HOLDREGE, NE
MARCH 6, 2017 – 9:00 A.M.

This meeting was publicly advertised on February 27, 2017, giving the time, date, and place of the meeting and the information that the Agenda was available in advance at the Office of the Assistant Secretary.

Individual cards giving the time, date, and place of this meeting were mailed to the Directors on February 17, 2017.

The following Directors were present:

Dudley L. Nelson, President	Geoffrey K. Bogle	K. Scott Olson
David L. Rowe, Vice President	Ronald E. Fowler	Roger D. Olson
Robert B. Dahlgren, Treasurer	William E. Knoerzer	Robert L. Petersen
Martin E. Mueller, Secretary	David G. Nelson	Gordon N. Soneson

Also present were the following:

Don D. Kraus, General Manager	Jeff J. Buettner, Public Relations Coord.
Rochelle A. Jurgens, Controller	Luke Ritz, Land Administrator
Cory A. Steinke, Civil Engineer	Devin M. Brundage, Gothenburg Division Mgr.
Eric R. Hixson, Engineering Services Mgr.	Holly Rahmann, Public Relations Assistant
Mike A. Drain, Natural Resources Mgr.	Michael C. Klein, Legal Counsel
Dave R. Ford, Irrigation Division Mgr.	Emily J. Anderson, Assistant Secretary

Others present:

John Thorburn, Tri-Basin NRD	Lori Potter, Kearney Hub
Scott Dicke, Lower Republican NRD	Jean Edeal, JLDI President
Rob Lang	Dan Finken

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The President announced that information for the public concerning the Open Meetings Act was available for interested parties to view.

At 9:00 AM, the Board President, Dudley L. Nelson, announced that the meeting was open for business and proceeded with roll call.

PUBLIC INPUT: John Thorburn stated the feasibility study for the Platte to Republican Basin Diversion Project was presented at the Ad Hoc/Joint Meeting of members from Central's and Tri-Basin's board on March 2, 2017. The report will be made public once it is presented at an upcoming meeting at the Lower Republican NRD.

CONSENT AGENDA: President Nelson asked the Directors if there were items they wished to be removed from the following consent agenda, to be discussed and voted on individually.

- **Approval of Minutes of Regular Business Meeting of the Board of Directors held February 6, 2017**
- **Approval of Minutes of Special Meeting of the Board of Directors held February 24, 2017**

- **Approval of Minutes of Committee Meeting of the Board of Directors held February 24, 2017**
- **Approval of the March Disbursements:**

Hydro Division:

Check #s 53467 & 53631-VOID; Check #s 53757 through 53973 and 8899347 through 8899362 (Accounts Payable) \$1,277,506.21

Check #s 9913192 through 9913299 (Payroll) \$337,003.66

Kingsley Division:

Check #s 2923 through 2928 (Accounts Payable) \$71,152.74

J-2 Regulating Reservoir Construction Fund:

Check # 1246 (Accounts Payable) \$73.76

Glendo Division:

Check #1108 \$1,298.20

Flex Spending Account:

Check #s 8065 through 8071 \$1,811.65

- **Approval of the Letter of Consent and Letter of Understanding with Phelps County to replace a bridge at A29.1-8.3**
- **Approval of District Policy relating to County Bridge Agreements**
- **Approval of Work Order No. 186807 – New Server, Operating System, etc. (\$44,000.00)**
- **Approval of Purchase Requisition No. HA6142 – New Server (\$40,532.12)**
- **Approval of the following Right of Way Transactions:**

APPLICATION TO CLOSE LATERAL

<u>System</u>	<u>Tract No.</u>	<u>Legal Description</u>	<u>Landowner</u>
Phelps	A24.4N#10	E½SE¼ of 31-7-17	Donna M. Silver, Life Estate; Nancy L. Bartels and David L. Bartels; James M. Silver and Sherri A. Silver
Phelps	A24.4N#11	N¼ of 31-7-17	Donna M. Silver
Phelps	A24.4N#24	Gov't Lots 2 & 7 of 31-7-17	Erick R. & Gwendolyn K. Erickson, Trustees
Phelps	A24.4N#38	Gov't Lot 6 of 31-7-17	Merna J. Larson, David A. Larson, Kathy Larson
Phelps	A24.4N#38	Gov't Lots 11-13 of 31-7-17	SANDY AG, LLC
Phelps	A24.4N#38	W½SE¼ of 31-7-17	Donna M. Silver, Life Estate; Nancy L. Bartels and David L. Bartels; James M. Silver and Sherri A. Silver

- **Approval of Murphy Tractor's bid for a new 2017 John Deere 772GP Motor Grader in the amount of \$257,000.00**
- **Approval of Murphy Tractor's bid for a new 2017 John Deere 310SL HL Backhoe Loader in the amount of \$105,000.00**
- **Approval of a payment to Ellicott Dredge Technologies in the amount of \$60,395.00 for the first month's dredge rental and installation, one month of pipe and flex hose rental fee, and a security damage deposit**
- **Approval of a variance at 0 Plum Creek Canyon Drive 12I (Kugler) to construct a covered boat port on land owned by Central, the placement of which is less than 10' from the side lot line, subject to the neighbor's approval**

➤ **Approval of Kingsley Blackstart Agreement Extension No. 3**

It was moved by Director S. Olson and seconded by Director Knoerzer to approve the Consent Agenda as presented. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, Mueller, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. None voted no and the motion was declared carried.

BID GROUP 17-1, CONTRACT NO. 0-670.1 FOR TWO HALF-TON REGULAR CAB PICKUPS: Don Kraus explained the bid for the two trucks was awarded to Gene Steffy Auto Group of Fremont, NE at the February 6, 2017 Regular Business Meeting of the Board. On February 28, 2017, Gene Steffy sent a letter explaining they were withdrawing their bid due to their use of incorrect numbers and offered a revised unit price of \$23,618.00, for a total of \$47,236.00.

It was moved by Director Bogle and seconded by Director Rowe to rescind the bid award to Gene Steffy Auto Group of Fremont, NE for two half-ton trucks. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, Mueller, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. None voted no and the motion was declared carried.

There was discussion about whether to reject all bids in Group 17-1 for two half-ton regular cab pickups, to award the bid to the next lowest bidder, or to reject all bids and go through the bidding process again. Don Kraus stated that all bidders had been mailed a copy of the bid tab after the award of the bid to Gene Steffy Auto Group, and therefore a revised bid is questionable. However, in the past, the Board decided to accept the next lowest bid, which in this case is Janssen Chrysler of North Platte in the amount of \$48,500.00.

It was moved by Director Petersen and seconded by Director Dahlgren to award the bid for two half-ton regular cab pickups to Janssen Chrysler of North Platte, NE in the amount of \$48,580.00. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, Mueller, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. None voted no and the motion was declared carried.

NOTICES OF RESTITUTION ON K-4 CABIN AREA LOT 11 AND K-1 CABIN AREA, LOT 80: This was discussed in Closed Session.

JOHNSON LAKES DEVELOPMENT, INC. SERVICES AGREEMENT: Mike Drain presented an updated services agreement for the period of May 1, 2017 through April 30, 2018. He explained the agreement is nearly identical to the prior year's agreement with only a \$.40 increase in the cost.

It was moved by Director Soneson and seconded by Director Mueller to approve the Johnson Lakes Development, Inc. Services Agreement as presented. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, Mueller, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, and Soneson. Rowe abstained. None voted no and the motion was declared carried.

LAKE MCCONAUGHY LESSEES, INC. AGREEMENT: This was discussed in Closed Session.

PERSONNEL: Don Kraus proposed hiring a Civil Engineering Intern for Gothenburg for May to August, 2017.

It was moved by Director Knoerzer and seconded by Director Fowler to authorize hiring a Civil Engineering Intern for Gothenburg for May to August, 2017. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, Mueller, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. None voted no and the motion was declared carried.

LEGISLATION: Jeff Buettner gave a brief update on the bills he continues to follow. He stated the Natural Resources Commission will hold an executive session later this week to discuss public

power and water related bills.

WORKSHOPS, SEMINARS AND CONFERENCES: None.

DIRECTORS' ATTENDANCE: All Directors were in attendance.

BOARD COMMENTS: Director Rowe recently visited with several officials in Washington, D.C. and heard many positive compliments about Don Kraus' work in the water and public power industries.

OPERATIONS REPORT: The following operations reports were presented:

- a. Rochelle Jurgens stated BKD is working to complete the 2016 audit and they will present a report at either the March or April Committee Meeting of the Board. The Lake McConaughy invoices were mailed last week and there will be fourth quarter Investment Committee meeting following this meeting.
- b. Devin Brundage stated crews are launching the dredge at the Diversion Dam this week. The new dredge should arrive no later than the first week of May, 2017 for work at Jeffrey Lake.
- c. Cory Steinke reported Lake McConaughy is at elevation 3,254.5, 1,440,800 acre feet and 82.7% capacity. Inflows to Lake McConaughy are around 1,200 cfs and outflows are at 2,700 cfs. Snowpack is at 124% of average in the upper basin, 112% in the lower basin, and 130% in the South Platte basin.
- d. Mike Drain stated the water supply looks good and discussions are underway with NPPD regarding releases from Lake McConaughy which would allow full generation by both Districts.
- e. Dave Ford stated Elwood Reservoir will be filled through the end of March, 2017. Crews are working on a pipeline north of Funk, finishing water scheduling, and they will start to spray the canals and laterals to control the moss.

At 9:23 AM it was moved by Director Mueller and seconded by Director Petersen, that the Board enter into Closed Session to protect the public interest and to receive legal advice regarding contract negotiations and lease payments. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, Mueller, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. None voted no and the motion was declared carried. Board President Nelson stated that the items to be discussed in closed session were the following agenda items: Notices of Restitution on K-4 Cabin Area, Lot 11 and K-1 Cabin Area, Lot 80; and Lake McConaughy Lessees, Inc. Agreement.

C L O S E D S E S S I O N

At 9:46 AM it was moved by Director Fowler and seconded by Director Petersen, that the Board exit Closed Session and reconvene in Regular Session. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, Mueller, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. None voted no and the motion was declared carried. President Nelson stated that the items discussed in Closed Session were of a legal and confidential personnel nature relating to the following agenda items: Notices of Restitution on K-4 Cabin Area, Lot 11 and K-1 Cabin Area, Lot 80; and Lake McConaughy Lessees, Inc. Agreement.

NOTICES OF RESTITUTION ON K-4 CABIN AREA, LOT 11 AND K-1 CABIN AREA, LOT 80: An Assignment, Delegation and Release Agreement and Exhibit A-2 to the Consulting Services Agreement were reviewed.

It was moved by Director R. Olson and seconded by Director S. Olson to authorize legal counsel to proceed with the Notices of Restitution on K-4 Cabin Area, Lot 11 and K-1 Cabin Area, Lot 80. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, Mueller, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. None voted no and the motion was declared carried.

There was discussion of permits at Jeffrey Lake which are in violation and methods to rectify the violations. Director Dave Nelson stated a resident at Jeffrey Lake inquired about the possibility of contracting with Central for lake maintenance. Director Rowe asked whether there have been any new appointments to the FERC commission and Mike Drain stated the commissioners still stand at just two members until the President makes appointments. Jeff Buettner advised the Upper Big Blue NRD have agreed to conduct a Board tour of their new facilities on March 22, 2017.

The meeting adjourned at 10:05 AM.

THE CENTRAL NEBRASKA PUBLIC POWER
AND IRRIGATION DISTRICT

ATTEST:

Martin E. Mueller, Secretary

By _____
Dudley L. Nelson, President