

MINUTES OF REGULAR BUSINESS MEETING OF THE
BOARD OF DIRECTORS
THE CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT
HOLDREGE, NEBRASKA
DECEMBER 1, 2014 – 9:00 AM

This meeting was publicly advertised in accordance with Section 84-1411 of the Nebraska Statutes by a notice on Radio Station KUVR on November 24, 2014, 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 November 14, 2014.

The following Directors were present:

Dudley L. Nelson, President	Geoffrey K. Bogle	Martin E. Mueller
Robert B. Dahlgren, Treasurer*	Robert A. Garrett	Roger D. Olson
K. Scott Olson, Secretary	William E. Knoerzer	Robert L. Petersen
		Gordon N. Soneson

**arrived at 9:01 a.m.*

The following Directors were absent:

David L. Rowe, Vice President
Ronald E. Fowler

Also present were the following:

Don D. Kraus, General Manager	Eric R. Hixson, Engineering Services Mgr.
Dave R. Ford, Irrigation Division Manager	Rochelle A. Jurgens, Controller
Cory A. Steinke, Civil Engineer	Holly G. Rahmann, Public Relations Asst.
Mike A. Drain, Natural Resources Mgr.	Greg Ham, Purchasing Agent
Kevin M. Boyd, Gothenburg Division Mgr.	Marcia Trompke, Conservation Director
Jeff J. Buettner, Public Relations Coord.	Michael C. Klein, Legal Counsel
Van D. Fastenau, Customer Service Super.	Emily Anderson, Assistant Secretary

Others present:

Lori Potter, Kearney Hub	Gary Robison
Nolan Little, Tri-Basin NRD	Dean Nelson
Bob Huzjak, RJH Consultants, Inc.	Dan Neben
Tom McDougal, RJH Consultants, Inc.	Jim Stubbendieck
Curtis Scheele, NRCS	

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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: Gary Robison spoke at length regarding the J-2 Regulating Reservoir and asked numerous questions about the public hearing process, land negotiations, soil sampling, and how funds are tracked and reported. Staff responded to a number of the questions. Jim Stubbendieck provided copies of a speech by Mark Udall dated March 9, 2007 and Public Law 110-229 dated May 8, 2008 regarding the implementation of the Platte River Recovery Implementation Program to the board of directors.

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

- **Approval of Minutes of Regular Business Meeting of the Board of Directors held November 3, 2014**
- **Approval of Minutes of Committee Meeting of the Board of Directors held November 21, 2014**
- **Approval of the December Disbursements:**

<i>Hydro Division:</i>	\$982,000.61
Check #s 47639, 47640 & 47641-VOID; Check #s 47840 through 48051 and 8800426 through 8800431	
(Accounts Payable)	\$326,948.62
Check #s 9910340 through 9910442 (Payroll)	
<i>Kingsley Division:</i>	\$63,100.12
Check #s 2711 through 2720 (Accounts Payable)	
<i>J-2 Regulating Reservoir Construction Fund:</i>	\$127,023.90
Check # 1068-VOID; Check #s 1078 through 1090 (Accounts Payable)	
<i>Glendo Division:</i>	NONE
Check #NONE	
<i>Flex Spending Account:</i>	\$2,594.22
Check #s 6900 through 6906	

- **Approval of Work Order No. 107331 – Telecommunications Battery Replacement at Hydro (\$45,198.00)**
- **Approval of Work Order No. 2107169 – Telecommunications Battery Replacement at Kingsley (\$7,624.00)**
- **Approval of Revision to the November 3, 2014 Board Meeting Minutes (Page 19,133)**

Approval of Revisions to the Brian and Dee Isaacson Agricultural Lease as follows:
a) For 2014, reduce the rent from \$118/acre to \$70/ acre on 3.8 acres due to the Hike/Bike Trail expansion, resulting in a rent reduction of \$609.56; and b) For 2015, reduce the rent by \$2,148.28 due to a reduction in rented land by 16.7 acres due to a calculation error in farmable acres.

- **Approval of 2015 Property & Casualty Insurance Renewal**
Factory Mutual Insurance Company (FM Global) for Property-Boiler & Machinery, Inland Marine and Terrorism insurance in the amount of \$167,239; and

Dunbar Peterson Insurance Agency for Worker’s Compensation, Commercial Auto, Commercial Crime, General & Management Liability, and Excess Liability in the amount of \$242,401.
- **Approval of 2015 Irrigation Rates**

Incremental Pricing Program, 9” base fee	\$32.62 per acre
IPP Acre-inch fee from 9” to 18” of use	\$1.14 per inch
Non IPP rate 12” contracts	\$36.04 per acre
Non IPP rate 18” contracts	\$42.88 per acre
Use over 18” rate	\$42.88 per acre-foot

- **Approval of Agricultural and Pasture Lease Renewals**

Name	Type of Lease	Acres	Rent	Term	Location	Tract No
Lonnie L. & Tonda L. Gosnell	Grassland/Pasture & Dryland Agricultural Lease	12.52 & 10.48	\$748.50	03/1/15-12/31/15	NW¼ of Section 21-T12N-R28W	E_162
Jim Pulver	Grassland/Pasture & Irrigated Agricultural Lease	4	\$83.33	03/1/15-12/31/15	N½SW¼ of Section 3-T7N-R13W	AC_36
Douglas K. German & Constance S. Koch	Grassland/Pasture Agricultural Lease	2.4	\$83.33	03/1/15-12/31/15	SW¼NE¼ of Section 24-T8N-R23W	E65_1020
Leonard Matejka	Dryland Agricultural Lease	2.1	\$96.25	03/1/15-12/31/15	S½NE¼ of Section 4-T8N-R22W	E_198

Brian & Dee Isaacson	Grassland/Pasture & Dryland Agricultural Lease	133.1 & 51.4	\$21,582.70	03/1/14-2/28/17	N½NW¼ & W½NE¼ of section 32-T9N-R22W, in Dawson County NE	E_106, E_107 & F_2
Dennis McGee	Grassland/Pasture & Irrigated Agricultural Lease	15.90 & 9.10	\$1,175.00	03/1/15-12/31/15	SE¼ of Section 6-T8N-R21W	E_201
Jim & TeAnne Reed	Grassland/Pasture & Irrigated Agricultural Lease	17.1	\$285.00	03/1/15-12/31/15	SW¼ of Section 5 and the NW¼ of section 8 in T11N-R27W	E_59 & E_171
Clifford D. & Robyn Johnson	Grassland/Pasture Agricultural Lease	7.1	\$118.33	03/1/15-12/31/15	SE¼ of Section 17-T11N-R27W	E_65-1
Deborah C. Egender & Gregory L. Ingram	Grassland/Pasture Agricultural Lease	56	\$933.33	03/1/15-12/31/15	Section 4-T11N-R27W	E_4-64-146
John P & Alice Ann Klitz	Grassland/Pasture Agricultural Lease	26	\$433.33	03/1/15-12/31/15	S½ and NE¼ of Section 19-T9N-R23W	E_147 & E_189
Larry Brell	Grassland/Pasture Agricultural Lease	22.6	\$376.67	03/1/15-12/31/15	SW¼ of Section 4 and the NW¼ of Section 9, all in T7N-R22	E65_161
Margaret R. Curtis	Grassland/Pasture Agricultural Lease	4.24	\$83.33	03/1/15-12/31/15	SW¼ of Section 17-T13N-R29W	E_40
Travis Kuenning	Grassland/Pasture Agricultural Lease	8	\$366.67	03/1/15-12/31/15	SE¼ of Section 1-T12N-R29W and NE¼ of Section 12-T12N-R29W	E_68
Ward S. David	Grassland/Pasture Agricultural Lease	5.7	\$95.00	03/1/15-12/31/15	NE¼ of Section 4-T11N-R27W and in the SE¼ of Section 33-T12N-R27W	E_1 & E_4
William Knoerzer	Grassland/Pasture Agricultural Lease	28.3	\$471.67	03/1/15-12/31/15	NW¼NE¼ of Section 32-T8N-R22W and E½NE¼ of Section 32-T8N-R22W	E65_100, 8, E65_132 & E65_157

➤ **Approval of Guidelines for Determining Hardship Relief**

**Guidelines for Determining Hardship Relief
Effective December 1, 2014
Only Applicable for Tenants with Hardship Clauses in the Lease**

1. The State of Nebraska has a Homestead Exemption program to provide tax assistance that is similar to the type of assistance that Central is targeting.

a. Homestead Exemptions are valid for the following:

(1) Individuals who are 65 years of age or older before January 1 of the year for which application is made are eligible.

(2) Veterans who served on active duty during a recognized war of the U.S. and who are totally disabled by a non-service connected accident or illness are eligible.

(3) Disabled Individuals who have a permanent physical disability and who have lost all mobility that precludes the ability to walk without the regular use of a mechanical aid or prosthesis, or individuals who have undergone amputation of both arms above the elbow, or who have a permanent partial disability of both arms in excess of 75% are eligible.

(4) Disabled Veterans

2. If a tenant approaches Central requesting hardship relief, the determination will be made by requiring the tenant to provide a copy of an accepted Homestead Exemption as filed with their respective County office.

3. If a Homestead Exemption is allowed by the County to a Central tenant, Central will reduce the annual lease fee by the same percentage rate with a maximum reduction of 85%.

4. All individuals receiving a Hardship rate reduction will have the option to pay the lease fee by either a lump sum payment or through monthly payments with no finance charges applied.

5. For 2015 lease rates, the hardship relief amount will be equivalent to an 85% reduction of the lease amount to allow for time for the customer to apply with the County for a Homestead Exemption. For 2016 lease rates, the Homestead Exemption rule described in paragraph 3 above will be followed.

➤ **Approval of Selection of Financial Institutions**

<u>District Accounts</u>	<u>Financial Institution</u>
Hydro, Flex Spending & Glendo Hospital Medical Account Kingsley Hydro Accounts	NebraskaLand National - North Platte, NE Gothenburg State Bank, Gothenburg, NE Pinnacle Bank, Ogallala, NE

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

J-2 REGULATING RESERVOIR: Mike Drain reminded the Directors that all information from the public hearings, including the written and verbal comments from the public, is available on the board and public websites for viewing. Bob Huzjak of RJH Consultants, Inc., in Englewood, Colorado presented the preliminary screening level study results of constructing the J-2 Regulating Reservoir on Jeffrey Island. Mr. Huzjak said that, while technically feasible, a host of design complications would more than double the cost (to \$195 million dollars) of building the reservoirs on the island, rather than at the currently proposed site. Huzjak said the same criteria were used to evaluate the island site as was used in earlier studies that led to selection of the current site, including the ability to provide the same regulating capacity to meet the needs of the project, the need for two cells to provide flexibility during both irrigation and non-irrigation seasons, and ability to convey at least 2,000 cubic feet per second of water from the cells to the river to successfully retime flows. Among the obstacles to moving the reservoirs to the middle of the Platte River was the need for suitable soils from which to build the berm cores and liner. The embankment core and liner alone would require 3.9 million cubic yards of fine-grained material. The engineering firm also considered a geosynthetic liner or bentonite for the liner, but found those to be more expensive. The island site would also require construction of a large siphon to transfer sufficient quantities of water back and forth between to the reservoirs and the canal. Other limiting factors included a need to provide streambank protection at several locations, the cost of a longer overall embankment length than the current design, the loss of flexibility to use the reservoirs one at a time when needed for maintenance purposes, risks of building the reservoirs on an island itself in terms of dam and reservoir safety issues; the ability to secure the necessary state and federal permits to build such a reservoir; and the cost of replacing the land currently used for wildlife habitat purposes as required by Central’s federal hydropower license. As a result of the analysis, Huzjak said that he recommends against further consideration of the on-island alternative, and instead continue forward with the project at the current proposed location. A written report is expected to be finalized sometime in January. Central staff also recommended continuing with the project in its current location.

STATEMENT OF SERVICES – SKY COPTERS, INC: Don Kraus stated the invoice from Sky Copters, Inc. in the amount of \$50,000.00 is for spraying phragmites along the supply canal, and spraying salt cedars and beaches at Lake McConaughy. The portion for spraying the beaches is \$10,000 which the Nebraska Games & Parks Commission will reimburse to Central.

It was moved by Director R. Olson and seconded by Director Petersen that the Board approve Statement of Services – Sky Copters, Inc. in the amount of \$50,000.00. Upon voting on the motion, the following Directors voted therefore: Dahlgren, Garrett, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, Petersen, Soneson, and Bogle. Absent: Fowler and Rowe. None voted no and the motion was declared carried.

WATER SERVICE AGREEMENTS: Van Fastenau presented the following Water Service Agreements for approval:

System	Acct. No.	Legal Desc.	Landowner	Contr. Acres	Total Acres Chg'd
<u>WATER SERVICE AGREEMENTS</u>					
E65	7211005.....	W1/2SW1/4 10-7-21.....	Melanie Lauer & Kristin Fleharty ..	17.....(1).....	+17
E67	8223602.....	Pt S1/2NW1/4, Pt (N1/2 & SE1/4) SW1/4 & Pt W1/2 SE1/4 36-8-22.....	Delp & Son Inc.....	101.....(1).....	+42

<u>COMBINE ACCOUNTS</u>					
Phelps	8191902.....	S1/2 19-8-19	Lester Nelson & Sons Inc.....	184.....(1)	

(NOTE: Previously Account 7191903 & 7191902)

(1) IPP Amendment to Water Service Agreement for the 2015 irrigation season accompanies new WSA.

It was moved by Director S. Olson and seconded by Director Mueller that the Board approve the Water Service Agreements as presented. Upon voting on the motion, the following Directors voted therefore: Garrett, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, Petersen, Soneson, Bogle, and Dahlgren. Absent: Fowler and Rowe. None voted no and the motion was declared carried.

CLOSURE OF CONTRACT NO. 0-650 – JIM OSTREGN CONSTRUCTION COMPANY (\$99,955.60): Dave Ford stated the work on the E65 Earthwork Program which was delayed in 2013 has been completed.

It was moved by Director Knoerzer and seconded by Director Garrett that the Board approve Closure of Contract No. 0-650 with Jim Ostgren Construction Company for the 2013 E65 Earthwork Program in the amount of \$99,955.60 as presented. Upon voting on the motion, the following Directors voted therefore: Knoerzer, Mueller, Nelson, R. Olson, S. Olson, Petersen, Soneson, Bogle, Dahlgren, and Garrett. Absent: Fowler and Rowe. None voted no and the motion was declared carried.

2015 BUDGET: Rochelle Jurgens stated no changes have been made since the November 21, 2014 Committee Meeting and recommends adoption of the budget as previously presented.

It was moved by Director Soneson and seconded by Director Petersen that the Board approve and adopt the 2015 Budget as presented. Upon voting on the motion, the following Directors voted therefore: Mueller, Nelson, R. Olson, S. Olson, Petersen, Soneson, Bogle, Dahlgren, Garrett, and Knoerzer. Absent: Fowler and Rowe. None voted no and the motion was declared carried.

AGREEMENT WITH PROFESSIONAL COMPUTER SYSTEMS, CO.: Rochelle Jurgens stated this agreement is for the modification of the accounting software to integrate the irrigation deliveries. The one-time license fee is \$6,000.00, the cost for professional services to develop, implement and train is \$55,573.00, and the annual maintenance/support cost is \$15,000.00.

It was moved by Director Dahlgren and seconded by Director R. Olson that the Board approve the Agreement with Professional Computer Systems, Co. as presented. Upon voting on the motion, the following Directors voted therefore: Nelson, R. Olson, S. Olson, Petersen, Soneson, Bogle, Dahlgren, Garrett, Knoerzer, and Mueller. Absent: Fowler and Rowe. None voted no and the motion was declared carried.

WAGE SCALE ADJUSTMENT – SALARIED PERSONNEL: Don Kraus stated the Administration Committee recommends a 1.6% wage increase in 2015.

It was moved by Director Bogle and seconded by Director Dahlgren that the Board approve a 1.6% increase in the salaried personnel wage scale. Upon voting on the motion, the following Directors voted therefore: R. Olson, S. Olson, Petersen, Soneson, Bogle, Dahlgren, Garrett, Knoerzer, Mueller, and Nelson. Absent: Fowler and Rowe. None voted no and the motion was declared carried.

WAGE SCALE ADJUSTMENT – HOURLY PERSONNEL NOT INCLUDED IN THE UNION AGREEMENT: Don Kraus stated the Administration Committee recommends a 1.6% wage increase in 2015.

It was moved by Director R. Olson and seconded by Director Garrett that the Board approve a 1.6% increase in the wage scale for hourly personnel not included in the union agreement. Upon voting on the motion, the following Directors voted therefore: S. Olson, Petersen, Soneson, Bogle, Dahlgren, Garrett, Knoerzer, Mueller, Nelson, and R. Olson. Absent: Fowler and Rowe. None voted no and the motion was declared carried.

PHELPS CANAL WATER SERVICE AGREEMENT – PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM (ONE YEAR): Don Kraus stated that diversions started last week due to excess flows. He is seeking ratification on this agreement.

It was moved by Director Garrett and seconded by Director Soneson that the Board approve the Phelps Canal Water Service Agreement with the Platte River Recovery Implementation Program as presented. Upon voting on the motion, the following Directors voted therefore: Petersen, Soneson, Bogle, Dahlgren, Garrett, Knoerzer, Mueller, Nelson, R. Olson, and S. Olson. Absent: Fowler and Rowe. None voted no and the motion was declared carried.

PHELPS CANAL WATER SERVICE AGREEMENT – NEBRASKA DEPARTMENT OF NATURAL RESOURCES (ONE YEAR): Don Kraus also is seeking ratification of the agreement with the Nebraska Department of Natural Resources who will share in recharge credits.

It was moved by Director Mueller and seconded by Director Knoerzer that the Board approve the Phelps Canal Water Service Agreement with the Nebraska Department of Natural Resources as presented. Upon voting on the motion, the following Directors voted therefore: Soneson, Bogle, Dahlgren, Garrett, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, and Petersen. Absent: Fowler and Rowe. None voted no and the motion was declared carried.

PHELPS CANAL WATER SERVICE AGREEMENT – PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM (FIVE YEAR): A proposed agreement with the Platte River Recovery Implementation (Platte Program) for a five year period was discussed.

It was moved by Director Soneson and seconded by Director Garrett that the Board approve the Phelps Canal Water Service Agreement with the Platte River Recovery Implementation Program, subject to legal review. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Garrett, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, Petersen, and Soneson. Absent: Fowler and Rowe. None voted no and the motion was declared carried.

PHELPS CANAL WATER SERVICE AGREEMENT – TRI-BASIN NATURAL RESOURCES DISTRICT/NEBRASKA DEPARTMENT OF NATURAL RESOURCES (FIVE YEAR): An agreement with the Nebraska Department of Natural Resources (NDNR) and the Tri-Basin Natural Resources District (TBNRD) for a five year period was discussed. NDNR and TBNRD will share in the recharge services with the Platte Program.

It was moved by Director Petersen and seconded by Director Garrett that the Board approve the Phelps Canal Water Service Agreement with the Tri-Basin Natural Resources District and Nebraska Department of Natural Resources, subject to legal review. Upon voting on the motion, the following Directors voted therefore: Dahlgren, Garrett, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, Petersen, Soneson, and Bogle. Absent: Fowler and Rowe. None voted no and the motion was declared carried.

A break was taken at 10:09 a.m. The meeting resumed at 10:29 a.m.

JEFFREY/MIDWAY V. CENTRAL: Mike Drain discussed the Judge's Order dated November 25, 2014 which generally was in Central's favor. More discussions were held in Closed Session.

SOUTHWEST POWER POOL: Discussions regarding potential litigation on Central's tariff filing were held in Closed Session.

ANNUAL CONSERVATION REPORT: Curtis Scheele from the Holdrege NRCS office and Marcia Trompke presented rainfall data and updates on various conservation programs utilized by producers.

PERSONNEL: None.

LEGISLATION: Jeff Buettner commented he does not foresee much water related legislation in this next session.

DIRECTORS' ATTENDANCE: **It was moved by Director Petersen and seconded by Director Knoerzer that the Board excuse the absences of Directors Rowe and Fowler. Upon voting on the motion, the following Directors voted therefore: Garrett, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, Petersen, Soneson, Bogle, and Dahlgren. Absent: Fowler and Rowe. None voted no and the motion was declared carried.**

BOARD COMMENTS: Director Garrett inquired about the cost for RJH to perform the Jeffrey Island Study. Mike Drain stated it will cost in the range of \$40,000-\$50,000. Director Knoerzer commented that diversions into Elwood Reservoir have stopped. Dave Ford stated the limit was reached over the weekend.

OPERATIONS REPORT: The following operations reports were presented:

- a. Cory Steinke reported that Lake McConaughy is at elevation 3,246.3, 71% capacity and inflows are at 1,240 cfs. NPPD has been diverting around 460 cfs at Sutherland. Flows between 1,500-1,700 are coming across the state line at Roscoe. Although snowpack is low, he expects the excess flows to continue for the foreseeable future. The higher South Platte flows allowed diversions for recharge to begin last week.
- b. Dave Ford stated 13,000 ac ft was diverted into Elwood Reservoir earlier this summer and over the weekend another 2,000 ac ft was captured, fulfilling the agreement with NDNR and Tri-Basin NRD. Work continues on the 9.8 pipeline. Crews will start working again on the flume project later this week. The one-year transfers are underway with around 3,500 acres being transferred as of November 28, 2014.
- c. Kevin Boyd stated repairs to the Jeffrey Lodge restrooms continue, the SCADA system is operating well, and the new packing at Kingsley Hydro appears to be working adequately.
- d. Mike Drain is working on a report to FERC which will include potential boundary changes at Lakes McConaughy and Ogallala.
- e. Jeff Buettner is closely watching the process for filling the upcoming vacancy in the position of Director at the Nebraska Department of Natural Resources.

At 11:38 AM it was moved by Director R. Olson and seconded by Director S. Olson that the Board go into Closed Session to to protect the public interest and discuss legal matters. Upon voting on the motion, the following Directors voted therefore: Garrett, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, Petersen, Soneson, Bogle, and Dahlgren. Absent: Fowler and Rowe. None voted no and the motion was declared carried. President Nelson stated the items to be discussed in Closed Session were: Jeffrey/Midway v. Central, Southwest Power Pool, and J-2 Regulating Reservoir.

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

At 11:48 AM it was moved by Director Knoerzer and seconded by Director Garrett that the Board exit Closed Session and reconvene in Regular Session. Upon voting on the motion, the following Directors voted therefore: Garrett, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, Petersen, Soneson, Bogle, and Dahlgren. Absent: Fowler and Rowe. None voted no and the motion was declared carried. President Nelson stated the items discussed in Closed Session were: Jeffrey/Midway v. Central, Southwest Power Pool, and J-2 Regulating Reservoir.

The meeting adjourned at 11:48 AM.

ATTEST:

THE CENTRAL NEBRASKA PUBLIC POWER
AND IRRIGATION DISTRICT

K. Scott Olson, Secretary

By _____
Dudley L. Nelson, President