

MINUTES OF REGULAR BUSINESS MEETING OF THE
BOARD OF DIRECTORS
THE CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT
HOLDREGE, NEBRASKA
NOVEMBER 2, 2015 – 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 October 26, 2015, 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 October 16, 2015.

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	Robert A. Garrett	Robert L. Petersen
	William E. Knoerzer	Gordon N. Soneson

The following Director was absent: Martin E. Mueller

Also present were the following:

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

Others present:

Lori Potter, Kearney Hub	John Thorburn, Tri-Basin NRD
Dean Nelson	

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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 Tri-Basin's board will meeting next Thursday to consider an adjustment in groundwater allocations in two townships. He thanked Central staff for their assistance with the possible North Platte/Republican Basin Diversion project.

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 October 5, 2015**
- **Approval of Minutes of Special Meeting of the Board of Directors held October 23, 2015**
- **Approval of Minutes of Committee Meeting of the Board of Directors held October 23, 2015**

➤ **Approval of the November Disbursements:**

<i>Hydro Division:</i>	\$855,120.46
Check #s 50275 and 50467 and 8899071 through 8899087 (Accounts Payable);	\$324,205.30
Check #s 9911501 through 9911604 (Payroll)	
<i>Kingsley Division:</i>	\$80,947.85
Check #s 2791 through 2795 (Accounts Payable)	
<i>J-2 Regulating Reservoir Construction Fund:</i>	\$131,346.29
Check #s 1158 through 1163 (Accounts Payable)	
<i>Glendo Division:</i>	\$NONE
Check #NONE	
<i>Flex Spending Account:</i>	\$3,891.06
Check #s 6962 through 6968	

- **Approval of the variance request at 1 South Crappie Corner, Johnson Lake to utilize a side setback along the entire south lot boundary equal to the smallest of the 10% lot width measurements, in this case 4.7'**
- **Approval of the variance request at 8 Northeast Bay, Johnson Lake for a variance to construct a basement below 2,618' at 8 Northeast Bay, Johnson Lake on the condition that sump pumps and drain tiles are utilized and that customer agrees to fill in the basement if groundwater floods the basement in the future**
- **Approval of the following pasture/agricultural lease:**

Name	Type of Lease	Acres	Rent	Term	Location	Tract No
Jim Pulver	Grassland/Pasture Agricultural Lease	4.0	\$105.00	01/01/16 - 12/31/20	N½SW¼ of Section 3-T7N-R13W	AC_36

- **Approval of Hydro Division Budget Revision #11 to increase the Holdrege Irrigation Capital – Irrigation Lot Paving Budget from \$0 to \$30,000, for a net difference of \$30,000**
- **Approval of Lee Wells Employment Agreement**

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

RIGHT OF WAY TRANSACTIONS: Dave Ford presented the following Right of Way Transactions for consideration:

RIGHT-OF-WAY –Central Easements to SPP

E65	E65#190	E½NW¼ of 31-7-20	Southern Public Power	0.16
E65	E65#81	NE¼ of 31-7-20	Southern Public Power	0.11

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

AGRICULTURAL LEASE: One agricultural lease received since the October Committee Meeting was presented for approval:

Name	Type of Lease	Acres	Rent	Term	Location	Tract No
Chris Erickson	Irrigated Agricultural Lease	1.3	\$181.00	01/01/16 - 12/31/20	SE¼ of Section 24-T6N-R18W	A_14

It was moved by Director Knoerzer and seconded by Director S. Olson to approve the Irrigated Agricultural Lease of 1.3 acres with Chris Erickson as presented. Upon voting on the motion, the following Directors voted therefore: Fowler, Garrett, Knoerzer, Nelson, R. Olson, S. Olson, Petersen, Rowe, Soneson, Bogle, and Dahlgren. Absent: Mueller. None voted no and the motion was declared carried.

APPLICATION FOR VARIANCE – 6 KIRBY POINT, JOHNSON LAKE: Customer applied for a variance to modify an existing deck within 50’ of the shoreline through the addition of a cable rail system or seating, or a combination thereof, to expand the deck’s stairs and add a handrail, and to expand the deck’s surface by 1’ in width after the removal of an adjacent tree. Permitting Procedures state the following: “Johnson Reservoir (Johnson Lake) and Plum Creek Canyon Reservoir (Plum Creek Canyon Lake). All buildings shall be located on the lot no closer than 50 feet horizontal from the Normal Shoreline. Decks and patios with no roofs or other covering shall be located on the lot no closer than 30 feet horizontal from the Normal Shoreline.” Staff supported the addition of a cable railing, the expansion of the stairs as proposed, and the addition of a handrail for the stairs contingent upon providing written approval from adjoining lessees prior to Central’s issuance of a permit to construct. Staff did not support the expansion of the deck or the construction of bench seating as the strict application of the LSMP and associated Permitting Procedures would not produce an undue hardship. The Committee unanimously voted to recommend Board approval of the variance request to construct a cable railing, modify the stairs with the addition of a handrail, and expand the deck’s surface by 1’ in width at 6 Kirby Point, Johnson Lake.

It was moved by Director Petersen and seconded by Director Rowe to approve the Application for Variance at 6 Kirby Point, Johnson Lake for the construction of a cable railing, to modify the stairs with the addition of a handrail, and to expand the deck’s surface by 1’ in width. Upon voting on the motion, the following Directors voted therefore: Garrett, Knoerzer, Nelson, R. Olson, S. Olson, Petersen, Rowe, Soneson, Bogle, Dahlgren, and Fowler. Absent: Mueller. None voted no and the motion was declared carried.

APPLICATION FOR VARIANCE – 40 MALLARD BEACH, JOHNSON LAKE: Customer applied for a variance to construct additions to their home which include: a main floor living expansion with basement area for mechanical purposes and a 32’ x 35’ attached garage. The attached garage would encroach approximately 16’ into the 20’ rear setback. Permitting Procedures state the following: i.) “For purposes of these elevation limits, the Lowest Living Elevation is the floor elevation of the lowest building space that is used as, or has the potential to be converted for use as, usable living space (i.e. living room, bedroom, kitchen, dining room, bathroom, office, etc.). Lowest Living Elevation would not include such areas as crawl spaces, utility rooms, and undersized storage areas that could not be easily converted into usable living space.” ii.) The lowest living elevation for new construction within Central’s leased residential areas at Johnson Lake is 2,622’. iii.) Rear and side setbacks. All buildings shall be located on the lot no closer than 20’ horizontal from the rear lot line...” iv.) The existing cabin has been self-reported to have an existing basement. v.) Existing non-conforming structures are present within the 20’ rear setback. Staff does not support the construction of an additional basement area as the strict application of the LSMP and associated Permitting Procedures would not produce an undue hardship and a basement area is currently present for the proposed uses. Staff did not support the construction of a garage within the rear setback as the strict application of the LSMP and associated Permitting Procedures would not produce an undue hardship. The Committee unanimously voted to recommend Board approval of the variance request to construct a main floor living expansion with a basement and a 32’ x 35’ attached garage which would encroach 16’ into the 20’ rear setback, contingent upon neighbor approval, and to allow the north side setback to be 4’, measured to the eave overhang.

It was moved by Director Bogle and seconded by Director Dahlgren approve the Application for Variance at 40 Mallard Beach, Johnson Lake for the construction of a main floor living expansion with a basement and a 32’ x 35’ attached garage which would encroach 16’ into the 20’ rear setback, contingent upon neighbor approval, and to allow the north side setback to be 4’, measured to the eave overhang. Upon voting on the motion, the following Directors voted therefore: Knoerzer, Nelson, R. Olson, S. Olson, Petersen, Rowe, Soneson, Bogle, Dahlgren, Fowler, and Garrett. Absent: Mueller. None voted no and the motion was declared carried.

APPLICATION FOR VARIANCE – 16 MALLARD COVE, JOHNSON LAKE: Customer applied for a variance in order to sell this property because the appraiser found that an improvement had been made to the property without the proper permits from the County or Central. The improvement involved the conversion of a screened-in porch to a habitable living space which constituted a major repair and would have required a permit from Central. The footprint of the structure sits within 50' from the shoreline which would not be permitted. The sale is contingent upon the current owner receiving the proper permits. Customer desires to obtain a variance to the 50' setback rule and major repair rule and obtain an after-the-fact permit for the work performed. Permitting Procedures state the following: i.) A "Major Repair" is a repair, whether occasioned by dilapidation, casualty, damage, or otherwise, requiring replacement of more than fifty percent (50%) of the facility or its value, as determined by Central. No permit is needed for interior or exterior building work or remodeling that does not increase the overall square footage or change the footprint of the structure (such as shingling, siding, gutters, windows, doors, interior remodels, etc.) and which will not change the original use of a structure (for example, does not result in a garage or boat house being converted to living space)." The lowest living elevation for new construction within Central's leased residential areas at Johnson Lake is 2,622'. ii.) "Johnson Reservoir (Johnson Lake) and Plum Creek Canyon Reservoir (Plum Creek Canyon Lake). All buildings shall be located on the lot no closer than 50 feet horizontal from the Normal Shoreline." Staff did not support the conversion of a non-conforming screened-in porch to a living space within 50' from the shoreline as the strict application of the LSMP and associated Permitting Procedures would not produce an undue hardship. The Committee unanimously voted to recommend Board approval of the variance request to obtain an after-the-fact permit to allow for the change in the use of the original structure, within 50' of the shoreline, from a screened-in porch to a livable area.

It was moved by Director Fowler and seconded by Director Soneson to approve the Application for Variance at 16 Mallard Cove, Johnson Lake to obtain an after-the-fact permit to allow for the change in use of the original structure, within 50' of the shoreline, from a screened-in porch to a livable area. Upon voting on the motion, the following Directors voted therefore: Nelson, R. Olson, S. Olson, Petersen, Rowe, Soneson, Bogle, Dahlgren, Fowler, Garrett, and Knoerzer. Absent: Mueller. None voted no and the motion was declared carried.

RE-PLATTING OF LOT 41 NORTH POINT, JOHNSON LAKE: Customer at Lot 41 North Point desired to construct an addition to the dwelling but the buildable area of the lot is restricted by the rear lot line which cuts across the lot rather than following the edge of the roadway. Customer requested that Central re-plat the lot so the lot boundary follows the edge of the road and provides additional building area. Permitting Procedures state the following: "Rear and side setbacks. All buildings shall be located on the lot no closer than 20' horizontal from the rear lot line..." Staff supported the customer's request to re-plat the lot. The Committee unanimously voted to recommend Board approval of the request to re-plat Lot 41 North Point.

It was moved by Director Dahlgren and seconded by Director Knoerzer to approve the re-platting of Lot 41 North Point, Johnson Lake. Upon voting on the motion, the following Directors voted therefore: R. Olson, S. Olson, Petersen, Rowe, Soneson, Bogle, Dahlgren, Fowler, Garrett, Knoerzer, and Nelson. Absent: Mueller. None voted no and the motion was declared carried.

TIM ANDERSON – MODIFICATION TO EMPLOYMENT AGREEMENT: Don Kraus explained the current employment agreement limits Tim Anderson's hours to 750 per year. He has reached the limit and Kraus recommends amending the contract to allow for a maximum of 1,000 hours.

It was moved by Director S. Olson and seconded by Director Rowe to approve the Modification to Employment Agreement for Tim Anderson. Upon voting on the motion, the following Directors voted therefore: S. Olson, Petersen, Rowe, Soneson, Bogle, Dahlgren, Fowler, Garrett, Knoerzer, Nelson, and R. Olson. Absent: Mueller. None voted no and the motion was declared carried.

LONG TERM DISABILITY INSURANCE BIDS: Rochelle Jurgens stated that following the October 23, 2015 Committee Meeting of the Board she asked the three bidding companies (Voya, Lincoln and Cigna) to submit a revised bid with an increased maximum monthly payment amount. Cigna was the only company to rebid their proposal by increasing the amount from \$5,000 to \$6,000 with no increase in premium. Jurgens recommended the Board accept Cigna's revised proposal

which will save approximately \$3,500 per year over the current carrier and increase the maximum coverage for monthly disability payment to \$6,000.

It was moved by Director Petersen and seconded by Director Garrett to accept Cigna's Revised Proposal with an annual premium of \$15,631. Upon voting on the motion, the following Directors voted therefore: Petersen, Rowe, Soneson, Bogle, Dahlgren, Fowler, Garrett, Knoerzer, Nelson, R. Olson, and S. Olson, Absent: Mueller. None voted no and the motion was declared carried.

J-2 REGULATING RESERVOIR: Cory Steinke stated the engineers are still working on alternative plans to reduce the cost of the original estimate. More discussions regarding land negotiations were held in Closed Session.

PERSONNEL: None.

LEGISLATION: Jeff Buettner had nothing new to report.

DIRECTORS' ATTENDANCE: **It was moved by Director Petersen and seconded by Director Rowe to excuse Director Martin E. Mueller's absence from the meeting. Upon voting on the motion, the following Directors voted therefore: Rowe, Soneson, Bogle, Dahlgren, Fowler, Garrett, Knoerzer, Nelson, R. Olson, S. Olson, and Petersen. Absent: Mueller. None voted no and the motion was declared carried.**

BOARD COMMENTS: None.

OPERATIONS REPORT: The following operations reports were presented:

- a. Cory Steinke reported that Lake McConaughy's elevation decreased to 3,256.4, 1,495,300 acre feet and 85.6% capacity, with inflows around 1,340 cfs. Generation continues to be very good.
- b. Kevin Boyd reported that work on the Johnson Lake Pedestrian Bridge has been stalled while waiting on the lumber to be delivered, which he expects to occur later today.
- c. Dave Ford discussed a bridge replacement near S Road and 737 Road in Phelps County which will begin later this week. The new poly grid on the siphons is about half way finished. He would like to do some recharge on the E65 and Elwood Reservoir after November 17, 2015 which is when the contractor applying the poly grid should be done and the USFWS target flows will be reduced. The riprap installation should be completed within the next week. Employees are working on the parking lot paving project, cleaning canals and sand blasting.
- d. Holly Rahmann has been working on a Johnson Lake kiosk project and redesigning brochures. She will start soon on designing the Christmas cards.
- e. Rochelle Jurgens reminded the Directors of the Investment Committee meeting following this meeting.
- f. Eric Hixson reported that Johnson Lake finally turned over last week, which is about 2 weeks later than normal. An outage at Kingsley Hydro will occur next week for the annual inspection.

At 9:24 AM it was moved by Director S. Olson and seconded by Director Fowler, that the Board enter into Closed Session to protect the public interest, to discuss land negotiations and to receive legal advice. Upon voting on the motion, the following Directors voted therefore: Rowe, Soneson, Bogle, Dahlgren, Fowler, Garrett, Knoerzer, Nelson, R. Olson, S. Olson, and Petersen. Absent: Mueller. None voted no and the motion was declared carried. President Nelson stated that the item to be discussed in closed session was the following agenda item: J-2 Regulating Reservoir.

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

At 9:57 AM it was moved by Director Garrett and seconded by Director Soneson, that the Board exit Closed Session and reconvene in Regular Session. Upon voting on the motion, the following Directors voted therefore: Rowe, Soneson, Bogle, Dahlgren, Fowler, Garrett, Knoerzer, Nelson, R. Olson, S. Olson, and Petersen. Absent: Mueller. None voted no and the motion was declared carried. President Nelson stated that the item discussed in Closed Session was of a legal nature involving land negotiations relating to the following agenda item: J-2 Regulating Reservoir.

The meeting adjourned at 9:57 AM.

ATTEST:

THE CENTRAL NEBRASKA PUBLIC POWER
AND IRRIGATION DISTRICT

Martin E. Mueller, Secretary

By _____
Dudley L. Nelson, President