

MINUTES OF REGULAR BUSINESS MEETING OF THE
BOARD OF DIRECTORS
THE CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT
HOLDREGE, NEBRASKA
DECEMBER 7, 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 November 30, 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 November 20, 2015.

The following Directors were present:

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

The following Director was absent: Ronald E. Fowler

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	Marcia Trompke, Conservation Director
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	Nolan Little, Tri-Basin NRD
Sam Sampson	Jim Stubbendieck

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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: Sam Sampson encouraged the Board to consider other alternatives to the J-2 Regulating Reservoir such as placing a dam on Plum Creek to create a reservoir. Nolan Little stated Tri-Basin's Board meeting was moved to Thursday, December 10, 2015 at 1:00 p.m. He informed the Directors of a meeting which will be held on December 14, 2015 at 2:00 p.m. at the Smithfield Community Center to gather public input about possible Republican River Basin Diversions.

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 2, 2015**

- **Approval of Minutes of Committee Meeting of the Board of Directors held November 30, 2015**
- **Approval of the December Disbursements:**

<i>Hydro Division:</i>	\$1,486,074.15
Check # 49101-VOID; Check #s 50468 and 50664 and 8899088 through 8899103 (Accounts Payable);	\$338,349.40
Check #s 9911605 through 9911707 (Payroll)	
<i>Kingsley Division:</i>	\$77,237.52
Check #s 2796 through 2804 (Accounts Payable)	
<i>J-2 Regulating Reservoir Construction Fund:</i>	\$133,257.36
Check #s 1164 through 1171 (Accounts Payable)	
<i>Glendo Division:</i>	\$NONE
Check #NONE	
<i>Flex Spending Account:</i>	\$1,644.67
Check #s 6969 through 6972	

- **Approval of Supplemental Work Order No. 2107169S – Telecommunications Battery Replacement (Kingsley) (\$1,198.00)**
- **Approval of the following Right of Way Transaction:**

APPLICATION TO CLOSE LATERAL

<u>System</u>	<u>Tract No.</u>	<u>Legal Description</u>	<u>Landowner</u>
Phelps....	A46.5#2.....	NE¼ of 32-7-15 (Close entire Lateral 46.5)	Leland R & Jerrilyn J Anderson

- **Approval of the following Water Service Agreement:**

System	Acct. No.	Legal Desc.	Landowner	Contr. Acres	Total Acre Chg'd
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COMBINE ACCOUNTS

SC.....	9231902	SE1/4 18-9-23, NE1/4 & (N1/2 & SE1/4)NW1/4 19-9-23....	John P & Alice Ann Klitz	168(1)(5)	
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(NOTE: Previously Acct 9003, 58 ac, Acct 9063, 90 ac & Acct 9074, 20 ac)

- (1) IPP Amendment to Water Service Agreement for the 2016 irrigation season accompanies new WSA.
- (2) IPP Amendment to Water Service Agreement for the 2016 irrigation season to accompany existing WSA.
- (3) Water Service Agreement terminated after 2015, landowner came-back with new WSA.
- (4) Water Service Agreement in 10-year termination (after 2015), landowner came-back with new WSA.
- (5) Documents are currently being reviewed with landowners and/or are being signed by the landowners.

- **Approval of Progress Payment Estimate No. 1 (Final) Contract No. 0-659 – Jim Ostgren Construction Co. for 2015 E65 Earthwork Program (\$54,910.20)**
- **Approval of Closure of Contract No. 0-659 – Jim Ostgren Co. for 2015 E65 Earthwork Program (\$54,910.20)** – On April 6, 2015 Contract No. 0-659 was awarded to Jim Ostrgen Construction Company for the 2015 E65 Earthwork Program for a total contract amount of \$54,910.20. All work has been completed, inspected and found to be satisfactory. Payment in the amount of \$54,910.20 shall be made to Jim Ostgren Construction Company and Contract No. 0-659 shall be closed.
- **Approval of the variance request at 24 K-1, Lake McConaughy to construct an addition to the property which includes an attached garage with a laundry room and handicap accessible bathroom, which would be situated approximately 8.5’ within the lot’s 20’ rear setback**
- **Approval of the variance request at 8 Mallard Cove, Johnson Lake to place a storage shed a distance of 4’ from the side lot line and 4’ from the rear lot line, and to waive any fees associated with the variance request**

- **Approval of an easement to the North Shore Area Association (Johnson Lake) for the installation of a new Community Water Delivery System**
- **Approval of the variance request at 37 North Shore, Johnson Lake to construct a basement by removing the existing house and to reconstruct the house with the screened in porch to the same distance from the shoreline as previously existed. The previously granted variance shall be valid and the variance fee shall be waived**
- **Approval of an amendment to the Guidelines for Determining Hardship Relief to grant a transitioning customer who is resuming the standard customer status to make monthly payments, without accruing interest, for one year following conversion from receiving hardship relief**
- **Approval of the 2016 Irrigation Rates as follows:**

Incremental Pricing Program, 9” base fee	\$33.60 per acre
IPP Acre-inch fee from 9” to 18” of use	\$1.17 per inch
Non IPP rate 12” contracts	\$37.11 per acre
Non IPP rate 18” contracts	\$44.13 per acre
Use over 18” rate	\$44.13 per acre-foot

- **Approval of an amendment to the Investment Policy to include Federal Farm Credit Bank (FFCB) bonds as permissible investments**
- **Approval of the following pasture/agricultural leases:**

Name	Type of Lease	Acres	Rent	Term	Location	Tract No
D. McGee, Inc.	Grassland/Pasture & Irrigated Agricultural Lease	15.5, 8.9 & 3.8	\$2,049.00	01/01/16 - 12/31/20	SE¼ of Section 6-T8N-R21W	E_201
Douglas K. German & Constance S. Koch	Grassland/Pasture Agricultural Lease	2.4	\$73.00	01/01/16 - 12/31/20	SW¼NE¼ of Section 24-T8N-R23W	E65_1020
John P. Klitz & Alice Ann Klitz	Grassland/Pasture Agricultural Lease	26	\$545.00	01/01/16 - 12/31/20	S½ and NE¼ of Section 19-T9N-R23W	E_147 & E_189
Lonnie L. Gosnell & Tonda L. Gosnell	Grassland/Pasture & Dryland Agricultural Lease	12.52 & 10.48	\$923.20	01/01/16 - 12/31/20	NW¼ of Section 21-T12N-R28W	E_162
Margaret R. Curtis	Grassland/Pasture Agricultural Lease	4.24	\$109.80	01/01/16 - 12/31/20	SW¼ of Section 17-T13N-R29W	E_40

- **Approval of the 2016 Property & Casualty Insurance Renewal**
Factory Mutual Insurance Company (FM Global) for Property-Boiler & Machinery, Inland Marine and Terrorism insurance in the amount of \$166,340.00; and
Dunbar-Peterson Insurance Agency for Worker’s Compensation, Commercial Auto, Commercial Crime, General & Management Liability, and Excess Liability in the amount of \$230,365.00
- **Approval of the Agreement for Hike & Bike Trail between the Johnson Lake Sanitary and Improvement District #1 of Gosper County (and Dawson County), Johnson Lakes Development, Inc. and The Central Nebraska Public Power and Irrigation District**
- **Approval of the Water Service Agreement for Groundwater Recharge on E65/Elwood Reservoir between the Nebraska Department of Natural Resources, Tri-Basin Natural Resources District and The Central Nebraska Public Power and Irrigation District**

- **Approval of the Water Service Agreement for Goundwater Recharge on Elwood Reservoir between The Nebraska Community Foundation, Platte River Recovery Implementation Program, and The Central Nebraska Public Power and Irrigation District**
- **Approval of the Water Service Agreement for Goundwater Recharge on Phelps Canal between the Nebraska Department of Natural Resources and The Central Nebraska Public Power and Irrigation District**
- **Approval of the Water Service Agreement for Goundwater Recharge on Phelps Canal between The Nebraska Community Foundation, Platte River Recovery Implementation Program, and The Central Nebraska Public Power and Irrigation District**
- **Personnel Action – Approval of Assistant Gothenburg Division Manager Job Description**

It was moved by Director Petersen and seconded by Director S. Olson to 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, Rowe, and Soneson. Absent: Fowler. None voted no and the motion was declared carried.

AGRICULTURAL AND PASTURE LEASES: Two agricultural leases received since the November Committee Meeting were presented for approval:

Name	Type of Lease	Acres	Rent	Term	Location	Tract No
Bryant Knoerzer & Lori Knoerzer	Grassland/Pasture Agricultural Lease	1.88	\$62.60	01/01/16 - 12/31/20	NE¼ and a portion of the SE¼ of Section 6-T7N-R22W	E65_1010
Deborah C. Egender & Gregory L. Ingram	Grassland/Pasture Agricultural Lease	56	\$1,145.00	01/01/16 - 12/31/20	Section 4-T11N-R27W	E_4-64-146

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

WATER SUSTAINABILITY FUND APPLICATION: Don Kraus stated after further staff review and discussion it appears the project to replace the E65 siphon would provide less recharge benefits than originally expected. Dave Ford suggested installing a membrane lining over a large section of E65 near Smithfield and another area north of Bertrand.

APPLICATION FOR WORK - NPPD: Kevin Boyd stated NPPD has requested Central to remove four wooden bridges from their system near Sutherland. Boyd stated Central would retain any salvage materials and NPPD would reimburse 100% of costs.

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

CENTRAL – ROBB RANCH CLOSING:

a. Resolution No. 15-03 – Corporate Authorization and Resolution: Don Kraus stated Great Western Bank requested a modification to the current Corporate Authorization due to the wire transfer of funds for the Jeffrey Island/Robb Ranch closing this afternoon. The Resolution was amended to include Great Western Bank as one of Central’s financial institutions.

It was moved by Director R. Olson and seconded by Director Knoerzer approve Resolution No. 15-03 – Corporate Authorization and Resolution. Upon voting on the motion, the following Directors voted therefore: Mueller, Nelson, R. Olson, S. Olson, Petersen, Rowe, Soneson, Bogle, Dahlgren, Garrett, and Knoerzer. Absent: Fowler. None voted no and the motion was declared carried.

b. Release and Indemnification Agreement: Don Kraus stated this Release and Indemnification Agreement protects the escrow agent, Great Western Bank.

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

LEGAL SERVICES AGREEMENT – ANDERSON, KLEIN, BREWSTER & BRANDT: This was discussed in Closed Session.

LEGAL SERVICES AGREEMENT – ROBERT J. MCCORMICK: This was discussed in Closed Session.

MEAD & HUNT – PROPOSAL TO CONDUCT KINGSLEY MORNING GLORY DESIGN: Mike Drain explained this agreement will include services relating to the preliminary design, including bidding and site inspections, but not for any actual repair work. Staff recommends the Board authorize the General Manager to spend up to \$120,000 for the design work only.

It was moved by Director S. Olson and seconded by Director Dahlgren to approve Mead & Hunt’s Proposal to Conduct the Kingsley Morning Glory Design and to authorize the General Manager to spend not-to-exceed \$120,000 for the work relating to the design. Upon voting on the motion, the following Directors voted therefore: R. Olson, S. Olson, Petersen, Rowe, Soneson, Bogle, Dahlgren, Garrett, Knoerzer, Mueller, and Nelson. Absent: Fowler. None voted no and the motion was declared carried.

2016 BUDGET: Rochelle Jurgens stated the budget changed slightly since the November Committee Meeting to reflect an increase to the Other Post-Employment Benefits contribution and to increase the budget to make improvements to the conference room.

It was moved by Director Soneson and seconded by Director Mueller to approve and adopt the 2016 Budget as presented. Upon voting on the motion, the following Directors voted therefore: S. Olson, Petersen, Rowe, Soneson, Bogle, Dahlgren, Garrett, Knoerzer, Mueller, Nelson, and R. Olson. Absent: Fowler. None voted no and the motion was declared carried.

WAGE SCALE ADJUSTMENT – SALARIED PERSONNEL: Staff recommends a 1.5% wage increase for 2016.

It was moved by Director Dahlgren and seconded by Director Garrett that the Board approve a 1.5% increase in the salaried personnel wage scale. Upon voting on the motion, the following Directors voted therefore: Upon voting on the motion, the following Directors voted therefore: Petersen, Rowe, Soneson, Bogle, Dahlgren, Garrett, Knoerzer, Mueller, Nelson, R. Olson, and S. Olson. Absent: Fowler. None voted no and the motion was declared carried.

WAGE SCALE ADJUSTMENT – HOURLY PERSONNEL NOT INCLUDED IN UNION AGREEMENT: Staff recommends a 1.5% wage increase for 2016 which is based upon terms in the Management Union Agreement.

It was moved by Director Knoerzer and seconded by Director Petersen that the Board approve a 1.5% increase in the hourly personnel not included in union agreement wage scale. Upon voting on the motion, the following Directors voted therefore: Upon voting on the motion, the following Directors voted therefore: Rowe, Soneson, Bogle, Dahlgren, Garrett, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, and Petersen. Absent: Fowler. None voted no and the motion was declared carried.

NPPD 2007 OPERATIONS DISPUTE: This was discussed in Closed Session.

JOHNSON LAKE LEASES: This was discussed in Closed Session.

J-2 REGULATING RESERVOIR: Cory Steinke informed the Directors of the Platte River Recovery Implementation Program's recent motion to authorize their Executive Director to begin negotiations with Central to modify the existing water service agreement for a new proposed J-2 Regulating Reservoir which would be a single reservoir, not the original two reservoir concept. Mike Drain stated the proposed single reservoir has less financial benefit to Central due to reduced hydrocycling ability and suggested Central reduce its contribution to the project.

It was moved by Director S. Olson and seconded by Director Garrett that the Board authorize 1) the General Manager to negotiate with the Platte River Recovery Implementation Program and the Nebraska Department of Natural Resources to amend the Water Service Agreement for the J-2 Regulating Reservoir Project to eliminate Reservoir #2 from the Project, 2) the construction of a single reservoir project within the current budget, and 3) the reduction of Central's financial contribution consistent with the resulting decrease in hydropower benefits. Upon voting on the motion, the following Directors voted therefore: Upon voting on the motion, the following Directors voted therefore: Soneson, Garrett, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, and Petersen. Those voting no were: Rowe, Bogle and Dahlgren. Absent: Fowler. The motion carried.

PERSONNEL: Don Kraus presented a Personnel Action-Change in Title/Pay for Devin Brundage to fill the Assistant Gothenburg Division Manager position.

It was moved by Director Petersen and seconded by Director R. Olson that the Board approve the Personnel Action-Change in Title/Pay for Devin Brundage, Assistant Gothenburg Division Manager. Upon voting on the motion, the following Directors voted therefore: Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Garrett, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Absent: Fowler. None voted no and the motion was declared carried.

LEGISLATION: Jeff Buettner stated he is still waiting to see a draft application for instream flows on the Niobrara River following the decommissioning of the Spencer Hydro.

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

BOARD COMMENTS: None.

OPERATIONS REPORT: The following operations reports were presented:

- a. Jeff Buettner is working on finalizing the Board Retreat schedule.
- b. Cory Steinke reported that Lake McConaughy's elevation decreased to 3,255.7, 1,470,300 acre feet and 84.5% capacity. Generation continues to be very good.
- c. Kevin Boyd reported that the Tuff Boom barrier was installed in the Jeffrey Forebay last week. He met with W.S. Bunch to inspect the Kingsley Hydro crane painting and discovered six areas that need touch-up work done.
- d. Dave Ford stated recharge into Elwood Reservoir continues and he expects to hit the maximum amount around December 20, 2015. He projects recharge on the Phelps Canal to continue through February 2, 2016. The parking lot work is going well and should be finished this week.

A break was taken at 9:55 a.m. The meeting resumed at 10:15 a.m.

At 10:17 AM it was moved by Director Mueller and seconded by Director R. Olson, that the Board enter into Closed Session to protect the public interest and to receive legal advice. Upon voting on the motion, the following Directors voted therefore: Garrett, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, Petersen, Rowe, Soneson, Bogle, and Dahlgren. Absent: Fowler. None voted no and the motion was declared carried. None voted no and the motion was declared carried. President Nelson stated that the items to be discussed in closed session were the following agenda item: Legal Services Agreement-Anderson, Klein, Brewster and Brandt; Legal Services Agreement-Robert J. McCormick; NPPD 2007 Operations Dispute; Johnson Lake Leases; and Personnel.

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

At 11:20 AM it was moved by Director Garrett 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: Garrett, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, Petersen, Rowe, Soneson, Bogle, and Dahlgren. Absent: Fowler. None voted no and the motion was declared carried. President Nelson stated that the items discussed in Closed Session were of a legal nature relating to the following agenda items: Legal Services Agreement-Anderson, Klein, Brewster and Brandt; Legal Services Agreement-Robert J. McCormick; NPPD 2007 Operations Dispute; Johnson Lake Leases; and Personnel.

PERSONNEL: It was moved by Director Rowe and seconded by Director Bogle to approve the Personnel Action-Change in Rate of Pay and Bonus for Don Kraus as presented. Upon voting on the motion, the following Directors voted therefore: Garrett, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, Petersen, Rowe, Soneson, Bogle, and Dahlgren. Absent: Fowler. None voted no and the motion was declared carried.

The meeting adjourned at 11:25 AM.

ATTEST:

THE CENTRAL NEBRASKA PUBLIC POWER
AND IRRIGATION DISTRICT

Martin E. Mueller, Secretary

By _____
Dudley L. Nelson, President