

MINUTES OF REGULAR BUSINESS MEETING OF THE
BOARD OF DIRECTORS
THE CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT
HOLDREGE, NEBRASKA
JANUARY 5, 2017 – 9:00 A.M.

This meeting was publicly advertised on December 29, 2016, 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 December 15, 2016.

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
	David G. Nelson	Gordon N. Soneson

The following Director was absent: Martin E. Mueller

Also present were the following:

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

Others present:

John Thorburn, Tri-Basin NRD	Dan Jensen
	Deb Jensen

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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 mentioned the Holdrege Water Conference scheduled for January 31, 2017 where Allen Dutcher, the state climatologist, will be the keynote speaker. He stated the feasibility study of the Platte to Republican Diversion Project should be available later this month.

QUALIFICATIONS OF RE-ELECTED DIRECTORS: The bonds and oaths of office for re-elected Directors, Geoffrey K. Bogle, David L. Rowe and Gordon N. Soneson, and the newly elected Director, David G. Nelson, have been signed and will be mailed to the Secretary of State's office upon obtaining the bond certificate from the insurance agency. Once received by the Office of the

Secretary of State, they will remain on official file as a matter of public record.

APPOINTMENT OF TELLER: It was moved by Director S. Olson and seconded by Director R. Olson to appoint Michael C. Klein as teller for the election of officers. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Absent: Mueller. None voted no and the motion was declared carried.

APPOINTMENT OF TEMPORARY CHAIRMAN: It was moved by Director Petersen and seconded by Director Knoerzer to appoint Don D. Kraus as temporary chairman during the election of officers. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Absent: Mueller. None voted no and the motion was declared carried.

NOMINATION AND ELECTION OF OFFICERS:

a. President: Secret ballots for nomination of President were cast and tallied. Those nominated for President included Directors Dudley Nelson, Rowe and Dahlgren. A primary vote by secret ballot was then cast with Directors Nelson and Rowe moving to the general election ballot. The general election resulted in a majority of the votes being cast for Director Dudley Nelson as President.

b. Vice President: Secret ballots for nomination of Vice President were cast and tallied. Those nominated for Vice President included Directors Rowe, Fowler and Dahlgren. A primary vote by secret ballot was then cast with Directors Fowler and Rowe moving to the general election ballot. The general election resulted in a majority of votes being cast for Director Rowe as Vice President.

c. Treasurer: Secret ballots for nomination of Treasurer were cast and tallied. Those nominated for Treasurer included Directors Dahlgren, Fowler, Mueller, and S. Olson. A primary vote by secret ballot was then cast with Directors Dahlgren and S. Olson moving to the general election ballot. The general election resulted in a majority of votes being cast for Director Dahlgren as Treasurer.

d. Secretary: Secret ballots for nomination of Secretary were cast and tallied. Those nominated for Secretary included Directors Fowler, Mueller and S. Olson. A primary vote by secret ballot was then cast with Directors Fowler, Mueller, and S. Olson receiving an equal number of votes. A second primary vote by secret ballot was then cast with Directors Mueller and S. Olson moving to the general election ballot. The general election resulted in a majority of votes being cast for Director Mueller as Secretary.

ASSISTANT TREASURER: It was moved by Director Rowe and seconded by Director Petersen to reappoint Rochelle A. Jurgens as Assistant Treasurer. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Absent: Mueller. None voted no and the motion was declared carried.

ASSISTANT SECRETARY: It was moved by Director Knoerzer and seconded by Director R. Olson to reappoint Emily J. Anderson as Assistant Secretary. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Absent: Mueller. None voted no and the motion was declared carried.

AUTHORIZATION TO SIGN CHECKS: It was moved by Director Soneson and seconded by Director Petersen that the following persons be authorized to sign District checks:

**Robert B. Dahlgren, Treasurer
Rochelle A. Jurgens, Controller
Don D. Kraus, General Manager**

Upon voting on the motion, the following Directors voted therefore Bogle, Fowler, Knoerzer, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Dahlgren abstained. Absent: Mueller. None voted no and the motion was declared carried.

COMMITTEE APPOINTMENTS: President Nelson asked anyone desiring a change to the current committee appointments to contact him. The committee members will be announced later.

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 December 5, 2016**
- **Approval of Minutes of Committee Meeting of the Board of Directors held December 22, 2016**
- **Approval of the January Disbursements:**

Hydro Division:

Check #s 53157 & 53223-VOID; Check #s 53322 through 53533 and 8899313 through 8899330 (Accounts Payable) \$827,587.04

Check #s 9912978 through 9913082 and 9909 through 9943 (Payroll) \$339,650.15

Kingsley Division:

Check # 2891-VOID; Check #s 2913 through 2917 (Accounts Payable) \$113,906.68

J-2 Regulating Reservoir Construction Fund:

Check #s 1240 through 1242 (Accounts Payable) \$1,739.06

Glendo Division:

Check #NONE \$NONE

Flex Spending Account:

Check #s 8051 through 8060 \$4,438.89

- **Approval the requesting bids for the Johnson Lake and Gallagher Canyon agricultural leases for 3-year terms**
- **Approval of the E65-6.9, 10.4 and 15.0 Siphon Coating Bid – W.S. Bunch, Omaha, NE (\$612,251.00)**
- **Approval of Progress Estimate No. 2 (Final), Contract No. 0-667, Simon Contractors (\$49,288.50)**
- **Approval of Closure of Contract No. 0-667, Simon Contractors for Kingsley Spillway Deck Repairs (\$481,235.00)**
- **Approval of Legal Services Agreement – Robert McCormick**
- **Approval of Hydro Division Budget Revision #1 as follows:**

	<u>Current Budget</u>	<u>Proposed Budget</u>	<u>Difference</u>
Hydro-Electric Capital Budget			
Digital Portable Microwave Analyzer	0	\$31,300	\$31,300
Power Plants NERC Compliance			
1-32-56100-751-23	0	\$8,000	\$8,000
3-00-56100-751-23	0	\$4,000	\$4,000
Net Change			\$43,400

- **Approval of Work Order No. 107361 – Digital Portable Microwave Analyzer (\$31,261)**

It was moved by Director S. Olson and seconded by Director Petersen to approve the Consent Agenda as presented. Upon voting on the motion, the following Directors voted

therefore: Bogle, Dahlgren, Fowler, Knoerzer, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Absent: Mueller. None voted no and the motion was declared carried.

WORK ORDER NO. 107357 – COTTONWOOD CANYON BRIDGE AT MP 12.8 (\$486,000.00): Kevin Boyd stated that although the Board previously approved the bid tab for the project on October 4, 2016, he had overlooked submitting the work order for approval.

It was moved by Director S. Olson and seconded by Director Petersen to approve Work Order No. 107357 for the Cottonwood Canyon Bridge at MP 12.8 in the amount of \$486,000.00 as presented. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Absent: Mueller. None voted no and the motion was declared carried.

WORK ORDER NO. 186628 – REPLACE WELL G-013649 ON E65 CANAL (\$41,351.77): Van Fastenau explained the original plan was for Holdrege Well Service to pull the pump and replace it, but during the process they discovered the casing was unstable and they have recommended re-drilling a new well. He stated there are funds in the budget to cover the new well. Director Bogle questioned whether bids should be taken for the well drilling. Dave Ford explained bids for new wells have been received in the past few years and Holdrege Well Service has historically provided the best bids.

It was moved by Director S. Olson and seconded by Director Dahlgren to approve Work Order No. 186628 to replace well G-013649 on the E65 Canal in the amount of \$41,351.77 as presented and to use the services of Holdrege Well Service. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Absent: Mueller. None voted no and the motion was declared carried.

2017 WATER LEASING PROGRAM ACRES: Van Fastenau presented a summary of the 1,275 acres enrolled in the 2017 program, which is a slight increase in acres previously reported at the December 22, 2016 Committee Meeting of the Board.

It was moved by Director R. Olson and seconded by Director Knoerzer to approve the 1,275 acres enrolled in the 2017 Water Leasing Program. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Absent: Mueller. None voted no and the motion was declared carried.

WATER SERVICE AGREEMENTS: Van Fastenau gave an overview of the Water Service Agreements below:

<u>System</u>	<u>Acct. No.</u>	<u>Legal Desc.</u>	<u>Landowner</u>	<u>Contr. Acres</u>	<u>Total Acres Chg'd</u>
<u>10-Year Terminations:</u>					
Phelps	6172403	NW1/4 24-6-17	Grace E. Grove, Successor Trustee	60	After 2026
<u>Immediate Termination:</u>					
E65	7203503	NE1/4 35-7-20	Carl Norden, Trustee of the Bradley S Norden & Brett A. Norden Irrevocable Trust	30	After 2016
<u>Water Service Agreements:</u>					
Phelps	7163103	Pt. of NE1/4 31-7-16	Ronald Brandt, Trustee	78 (1)(3)	+78
E65	6191601*	SE1/4 16-6-19	Joseph & Amber Larson	147 (1)	+30
*includes 30 acres from Terminated acct #7203503					

It was moved by Director Dahlgren and seconded by Director Bogle to approve the Water Service Agreements as presented. Upon voting on the motion, the following Directors

voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Absent: Mueller. None voted no and the motion was declared carried.

BID TAB – DREDGE: Don Kraus displayed the bid tab reflecting the sole bid received from Ellicott Dredge Technologies of New Richmond, Wisconsin. Their bid includes a rent-to-own option with a monthly rental rate of \$43,895 which would be applied to the total price if Central chooses to purchase the dredge. The bid for the 5012 Versi Dredge with a 325 HP John Deere water-cooled diesel engine totals \$563,601.00.

It was moved by Director Petersen and seconded by Director S. Olson to approve Ellicott Dredge Technologies' bid in the amount of \$563,601.00 for the 5012 Versi Dredge with the option to rent-to-own at a monthly rental rate of \$43,895.00. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, David Nelson, Dudley Nelson, S. Olson, Petersen, Rowe, and Soneson. Voting no was: R. Olson. Absent: Mueller. The motion was declared carried.

LAKE IMPROVEMENT FUND EXPENDITURES: Mike Drain discussed the December 22, 2016 Power and Recreation Committee meeting where the committee members supported the following expenditures from the Lake Improvement Fund:

- a. Lakeview Acres, Johnson Lake – Regulatory Buoys (\$1,000 + S&H)
- b. Hike Bike Trail, Johnson Lake – Assist in constructing a portion of trail around Lakeview Acres (\$40,000)
- c. Mallard Beach, South Bay and Lakeview Acres, Johnson Lake – Jetty Lighting (\$400 + S&H)

Jim Brown added that the Dawson County Development Corporation is campaigning for more funds to assist with the construction of the trail around Lakeview Acres.

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

LAKESHORE MARINA CONCESSION AGREEMENT – JOHNSON LAKE: Don Kraus presented a Consent to Sublease which assigns the concession agreement from Kristyl Hanchera Properties, LLC to AT Lake, LLC, Adam T. Siegfried and Tyler R. Loop.

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

FERC FILING – JEFFREY LAKE DEVELOPMENT, INC.: Mike Drain commented that Jeffrey Lake Development, Inc. filed a complaint with FERC claiming a license violation. More discussions were held in Closed Session.

PERSONNEL: None.

LEGISLATION: Jeff Buettner attended the start of the Legislative session where Jim Scheer was elected the Speaker of the Legislature for a two-year term. There were 12 Republicans, 1 Democrat and 1 Libertarian elected as chairmen to the fourteen standing committees. Senator Dan Hughes was elected the Natural Resources Committee chairman. He anticipates the \$900M projected budget shortfall to be a chief concern along with property tax reduction, income tax and general tax reform, and changes to the correctional system. He stated no Senators so far have been

willing to propose a bill for public power choice.

WORKSHOPS, SEMINARS AND CONFERENCES: Jeff Buettner reported the NSIA/NWRA Reception for State Senators will be held at the Nebraska Club on January 25, 2017 from 5:00-6:30 p.m. Directors interested in attending should contact Buettner or Emily Anderson.

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: Bogle, Dahlgren, Fowler, Knoerzer, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Absent: Mueller. None voted no and the motion was declared carried.

BOARD COMMENTS: President Nelson welcomed David G. Nelson to the board as a representative of Kearney County.

OPERATIONS REPORT: The following operations reports were presented:

- a. Jeff Buettner reported the Eagle Viewing facilities opened last weekend at J-2 Hydro. There were many visitors, eagles, turkeys, and water fowl observed. The regular schedule of Saturday-Sunday from 8:00 a.m.-2:00 p.m. at both the Kingsley and J-2 Hydro viewing facilities will resume this weekend.
- b. Rochelle Jurgens conducted employee/spouse training webinars on the new Health Savings Account financial institution, SelectAccount.
- c. Kevin Boyd reported crews have been chopping ice in the canal, dredging in the Supply Canal and removing material below Jeffrey Lake Dam.
- d. Mike Drain reminded the Directors of the Open House in Lexington on January 23, 2017 regarding the Johnson Lake lease rates. He is planning to attend meetings with the Nebraska Game & Parks Commission to discuss methods to implement their strategic plan. Cory Steinke and Drain met earlier this week with Central Platte NRD and NPPD regarding their transfer application.
- e. Cory Steinke reported Lake McConaughy is at elevation 3,254.8, 1,448,900 acre feet and 83.1% capacity. Inflows to Lake McConaughy are between 1,100-1,300 cfs. Snowpack is at 102% of average in the upper basin, 101% in the lower basin, and 107% in the South Platte basin.
- f. Devin Brundage stated icing on the Supply Canal is causing problems with the gates and fluctuations in generation. He reported the 2016 gross generation totals reached an all-time high of 424,308 kwh, with a net of around 413,000 kwh. Brundage has been surprised that Jeffrey Hydro has not yet experienced any icing and he suggested that it may be due to the dredging efforts last spring.
- g. Jim Brown is preparing for the Open House on January 23, 2017 in Lexington. He is hoping by the end of next week Central will have a website created for Johnson Lake tenants to access which will calculate their alternate lease fees based on their lot location and size.
- h. Dave Ford is attending the Four States Irrigation Council in Fort Collins, CO next week with Marcia Trompke, Don Kraus, and Directors David Nelson and William Knoerzer. He has asked Jim Brown and the Land Administration staff to conduct a customer service training near the end of March, 2017 with the Irrigation staff. The Irrigation staff attended a training in Aurora this week to learn how to repair the McCrometer meters. He is having the chemical representatives and suppliers meet with staff in January to conduct training. Recharge efforts on the E65 Canal have been sporadic due to the cold temperatures and the icy slush causing problems with the steel grates. He expects

warmer temperatures next week so the pumps will be turned on again. He stated recharge on the Phelps Canal has continued with no icing issues.

- i. Van Fastenau reported the rock crusher will be in the area next week. This is a budgeted item and the price is \$8.25/ton.

A break was taken at 10:12 a.m. The meeting resumed at 10:30 a.m.

At 10:30 AM it was moved by Director Knoerzer and seconded by Director Rowe, that the Board enter into Closed Session to receive legal advice regarding pending litigation. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Fowler, Knoerzer, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Absent: Mueller. None voted no and the motion was declared carried. Board President Nelson stated that the item to be discussed in closed session was the following agenda item: FERC Filing – Jeffrey Lake Development, Inc.

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

At 11:00 AM it was moved by Director Petersen and seconded by Director Fowler, 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, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. 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 relating to the following agenda item: FERC Filing – Jeffrey Lake Development, Inc.

The meeting adjourned at 11:00 AM.

ATTEST:

THE CENTRAL NEBRASKA PUBLIC POWER
AND IRRIGATION DISTRICT

Martin E. Mueller, Secretary

By _____
Dudley L. Nelson, President