

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

This meeting was publicly advertised on January 30, 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 January 20, 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	Jim Brown, Sr. Land Administrator
Rochelle A. Jurgens, Controller	DeAnna Bartruff, 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.	Duane Cernousek, Purchasing Agent
Kevin M. Boyd, Gothenburg Division Mgr.	Tim Anderson, Public Relations Advisor
Dave R. Ford, Irrigation Division Mgr.	Holly Rahmann, Public Relations Assistant
Jeff J. Buettner, Public Relations Coord.	Michael C. Klein, Legal Counsel
	Emily J. Anderson, Assistant Secretary

Others present:

John Thorburn, Tri-Basin NRD	Lori Potter, Kearney Hub
Deb Jensen	Roger Riepp
Judy Wixson	Jean Edeal
Brad Dillard	Rod Reynolds
John Kirby	Steve Kemper
Dave Melliger	Jim Zeehe
Rose Ridenour	Linda Ridenour
David Kreutz, on behalf of JLDI	Monty Vonasek
Bonnie Hahn	Matt Peterson
Donna Hutchens	Don Hutchens
Carol Rowedder	Greg HEiden
Ron Schmidt	Don Scott Johnson
Jeanne Berggren	Terri Rask
Sam Rask	Dean Nelson
Rob Lane	Louise Lane
Rocky Petersen	DeDe Petersen
Cindy Wambolt	Karla Graese
Bill McCracken	

* * * * *

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. He then moved the Johnson Lake Leases agenda item up in the agenda with the support of the full Board.

JOHNSON LAKE LEASES: Directors Rowe and Fowler both announced they had filed a Potential Conflict of Interest Statement (NADC Form C-2) with the Nebraska Accountability and Disclosure Commission citing a possible conflict as they are both leaseholders at Johnson Lake. They both stated they would not participate in discussion regarding the Johnson Lake leases, nor would they vote on any issue related to the leases. A copy of Rowe's and Fowler's NADC Form C-2 is attached to these minutes thereby incorporating them into the public record of the District. Don Kraus reviewed the minutes of the February 2, 2017 Power and Recreation Committee meeting that reflect the committee's recommendation of board approval of modifying the Lease Proposal which was approved on December 5, 2016 by holding the lease rates for Johnson Lake and Plum Creek in the Lease Proposal at current levels beginning March 1, 2018 and continuing six lease years through February, 2024.

It was moved by Director Petersen and seconded by Director Bogle to hold the lease rates for Johnson Lake and Plum Creek in the Lease Proposal at current levels beginning March 2, 2018 and continuing six lease years through February, 2024. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Knoerzer, Mueller, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, and Soneson. Abstain: Fowler and Rowe. None voted no and the motion was declared carried.

Don Kraus then stated the Power and Recreation Committee made an additional motion at their meeting which recommends board approval of increasing the annual leasehold payments for Johnson Lake and Plum Creek in the Lease Proposal by three per cent (3.0%) per year, beginning on March 1, 2024.

It was moved by Director Mueller and seconded by Director Bogle to increase the annual leasehold payments for Johnson Lake and Plum Creek in the Lease Proposal by three per cent per year, beginning on March 1, 2024. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Knoerzer, Mueller, David Nelson, Dudley Nelson, R. Olson, S. Olson, Petersen, and Soneson. Abstain: Fowler and Rowe. None voted no and the motion was declared carried.

PUBLIC INPUT: John Thorburn reported the Holdrege Water Conference was successful last Tuesday and thanked Holly Rahmann and Jeff Buettner for their help with organizing the event. Jean Edeal thanked the Directors for the motion they made today to hold the lease rates at current levels until March 1, 2024 and believes it should relieve some anxiety amongst the cabin owners. She still hopes the Lease Proposal will contain a 30-year term to make financing more feasible. Dave Kreutz asked for clarification on the motion made and asked that information regarding future rate increases be posted to Central's website. Linda Ridenour also thanked the Directors for their decision and expressed interest in a breakdown of annual increases beginning in 2024. Steve Kemper thanked the Directors for their decision and stated he believes the cabin owners will continue to be good tenants. Don Hutchens stated he could sense the relief and appreciation by the cabin owners over the Board's decision to hold the lease rates at current levels for the next six years.

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 January 5, 2017**
- **Approval of Minutes of Special Meeting of the Board of Directors held January 27, 2017**

- **Approval of Minutes of Committee Meeting of the Board of Directors held January 27, 2017**

- **Approval of the February Disbursements:**

<i>Hydro Division:</i>	
Check #s 53049 & 53351-VOID; Check #s 53534 through 53756 and 8899331 through 8899346 (Accounts Payable)	\$1,558,598.90
Check #s 9913083 through 9913191 (Payroll)	\$348,881.39
<i>Kingsley Division:</i>	
Check #s 2918 through 2922 (Accounts Payable)	\$402,681.88
<i>J-2 Regulating Reservoir Construction Fund:</i>	
Check #s 1243 through 1245 (Accounts Payable)	\$3,136.80
<i>Glendo Division:</i>	
Check #NONE	\$NONE
<i>Flex Spending Account:</i>	
Check #s 8061 through 8064	\$1,464.94

- **Approval of the Letter of Consent and Letter of Understanding with Phelps County to replace a timber bridge with an arched culvert near the E65-23.7 lateral**
- **Approval to Change the Location of the March 6, 2017 Regular Business Meeting to the Rodeway Inn, Holdrege, NE at 9:00 a.m.**
- **Approval of the following Right of Way Transaction:**

APPLICATION FOR REMOVAL OF BRIDGE OR CROSSING

<u>System</u>	<u>Tract No.</u>	<u>Legal Description</u>	<u>Landowners</u>
Phelps	A38.6 #94	SE¼ of Section 22-6-16	Dale Blum & Jacqueline Jane Blum, husband and wife; and Richard L. Fish and Claire A. Fish, husband and wife

(Remove timber bridge at approx. mp p-0.6 on A38.6 #94)

- **Approval of Resolution No. 17-01 – Corporate Authorization**
- **Approval of 2017 Chemical Bid Tab – Van Diest Supply Co. (\$189,030.61)**
- **Approval of Backhoe Loader Bid – Nebraska Machinery Co., Doniphan, NE – Used 2007 Caterpillar (\$52,120.00)**
- **Approval of Long Reach Excavator Bid – Nebraska Machinery Co., Doniphan, NE – 2017 Caterpillar (\$222,200.00)**
- **Approval of an Amendment to the Plum Creek Agreement with the Customer at 53 Plum Creek Canyon Trail, Plum Creek Lake for the installation of a discharge line for a groundwater source heat pump within the 50’ shoreline no-build setback**
- **Approval of an expenditure of up to \$10,000.00 to assist the LMLI/K-3 Area with a road improvement project**
- **Approval of an Agreement with Dickinson Land Surveyors, Inc. for Survey Oversight**
- **Approval of Canal Company Water Service Agreements**
 - **Platte Valley**
 - **Paxton-Hershey**
 - **Keith-Lincoln**
 - **Suburban**
 - **Lisco**

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.

WATER SERVICE AGREEMENTS: Van Fastenau presented a revised summary with a couple additions since the January 27, 2017 Committee Meeting of the Board. He noted the Central property listed is the recently acquired Gallagher Canyon Land. The acres on that account have been altered slightly due to erosion around the property.

<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>Water Service Agreements:</u>					
SC	0923300200*	Pt of SE1/4 19-9-23 and NE1/4 30-9-23	CNPPID	81 (1)	-9
	<i>*Reduce acres and close old Account #: 9012; create new Account #0923300200</i>				
Phelps	7183301*	NW1/4, NE1/4, SW1/4 33-7-18	Lloyd Waller Feedlot, Inc.	315 (1)	0
	<i>*Combine Account #s: 7183301, 7183303 and 7183304</i>				
Phelps	6162903	N1/2SE1/4 29-6-16	Ericson Farms, Inc.	10 (1)(3)	-8
Phelps	6161707	Pt of NE1/4 and W1/2 of SE1/4 17-6-16	S & J Anderson, L.L.C.	20 (1)	0
Phelps	6162301*	SW1/4 & Pt of SE1/4 23-6-16	Anderbery Brothers	90 (1)(3)	-75
	<i>*Combine Account #s: 6162302 (30 acres) and 6162301 (135 acres), then reduce acres</i>				
E65	7202202*	NW1/4 and SW1/4 of 22-7-20	Dahlgren Cattle Co., Inc.	159 (1)	0
	<i>*Combine Account #s: 720223 (91 acres) and 7202202 (68 acres)</i>				

- (1) IPP Amendment to Water Service Agreement for the 2017 irrigation season accompanies new WSA.
- (2) IPP Amendment to Water Service Agreement for the 2017 irrigation season to accompany existing WSA.
- (3) Water Service Agreement terminated after 2016, landowner came-back with new WSA.
- (4) Documents are currently being reviewed with landowners and/or are being signed by the landowners.

It was moved by Director S. Olson and seconded by Director R. Olson to approve the Water Service Agreements 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 TABS – 2017 TRUCKS: Duane Cernousek received clarification on some of the bids since they were presented at the January 27, 2017 Committee Meeting of the Board and updated the bid tabs accordingly. The lowest bids in all four bid groups, groups 17-1 through 17-4, were from Gene Steffy Auto Group of Fremont, Nebraska.

It was moved by Director Soneson and seconded by Director Mueller to award four bids to Gene Steffy Auto Group of Fremont for two half-ton pickups (\$42,236.00); one half-ton extended cab pickup (\$26,831.00); one three-quarter ton crew cab pickup (\$29,256.00); and four three-quarter ton regular cab pickups (\$105,404.00). 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.

BID TAB - CRAWLER DOZER: Duane Cernousek presented three bids from Nebraska Machinery Col, RoadBuilders and Murphy Tractor. The low bid was from RoadBuilders for a 2017 Komatsu for \$277,975.00. Kevin Boyd stated the Gothenburg location will repair and retain the current dozer.

It was moved by Director Petersen and seconded by Director Fowler to approve RoadBuilder's bid in the amount of \$277,975.00 for a 2017 Komatsu crawler dozer. 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.

WORK ORDERS/PURCHASE REQUISITIONS:

- a. Work Order No. 107367 – Gothenburg, Three 2017 Pickups and One Utility Body (\$101,078.00)
- b. Work Order No. 107369 – Supply Canal, Crawler Dozer (\$306,300.00)
- c. Work Order No. 186543 – Holdrege, 2007 Caterpillar Backhoe Loader (\$46,883.95)
- d. Work Order No. 186544 – Holdrege, Three 2017 Pickups (\$81,357.02)
- e. Work Order No. 186629 – Bertrand, 2017 Caterpillar Long Reach Excavator (\$243,742.29)
- f. Work Order No. 186630 – Bertrand, Two 2017 Pickups (\$52,071.12)
- g. Purchase Requisition No. G-3785 – B’s Enterprises, Inc., Bridge Planks and Stringers (\$58,859.91)
- h. Purchase Requisition No. HA6139 –Van Diest Supply Co., 2017 Chemicals (\$189,030.61)

It was moved by Director Fowler and seconded by Director Rowe to approve the Work Orders and Purchase Requisitions 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.

EXHIBIT A-2 TO BLACK & VEATCH CONSULTING SERVICES AGREEMENT DATED JANUARY 22, 2014: This was discussed in Closed Session.

PERSONNEL: This was discussed in Closed Session

LEGISLATION: Jeff Buettner gave the Directors an updated list of those bills Central will continue to follow.

WORKSHOPS, SEMINARS AND CONFERENCES: None.

DIRECTORS’ ATTENDANCE: All Directors were in attendance.

BOARD COMMENTS: Director Petersen thanked the Power and Recreation Committee for their work on the Johnson Lake lease issue. Director Dave Nelson stated he learned a lot in his first month on the Board from the Johnson Lake lease process. He commented the cabin owners contribute greatly to the economy.

OPERATIONS REPORT: The following operations reports were presented:

- a. Jeff Buettner submitted a nomination for George E. Johnson to be considered for induction into the Nebraska Hall of Fame. Tim Anderson attended a meeting to describe Johnson’s contributions to public power and irrigation. Another meeting of the Hall of Fame commissioners will be held on July 19, 2017 at the Phelps County Museum to further consider the twelve applications for the award. Buettner noted a decision will not be made until sometime in 2019.
- b. Rochelle Jurgens stated the auditing firm, BKD, will be in the office this week performing the annual audit.
- c. Kevin Boyd reported crews have been preparing for more dredging efforts this coming summer by building up the dike and filling in some low spots on the land where the silt is being pumped. They have also been busy with bridge repairs and repair projects at Jeffrey Lodge.

- d. Mike Drain stated the FERC staff has been authorized by the current two-person commission to grant extensions while they wait for the appointment by the President and Senate of a third commissioner.
- e. Van Fastenau reported the Elwood pumps have been shut off, but recharge continues on the Phelps and E65 canals.
- f. Dave Ford stated the irrigation staff will be starting irrigation scheduling this week.
- g. Jim Brown will be meeting with the Nebraska Game & Parks Commission about a kayak/canoe trail down the Supply Canal. He has otherwise been busy with taking bids for mowing around Johnson Lake and working with Central crews on road improvements.
- h. Cory Steinke reported Lake McConaughy is at elevation 3,255.4, 1,465,200 acre feet and 84.0% capacity. Inflows to Lake McConaughy are between 1,000-1,200 cfs and outflows are at 700 cfs. Snowpack is at 128% of average in the upper basin, 108% in the lower basin, and 141% in the South Platte basin. He has had preliminary discussions with the Fish and Wildlife Services regarding releases from the EA account from February 15-March 15, 2017 for habitat for the migrating cranes.
- i. Devin Brundage reported the hydros have been running well.
- j. Tim Anderson noted this is Kevin Boyd's last board meeting as he will be retiring on February 16, 2017.

A break was taken at 9:51 a.m. The meeting resumed at 10:12 a.m.

At 10:13 AM it was moved by Director Petersen and seconded by Director Soneson, that the Board enter into Closed Session to protect the public interest, to receive legal advice and discuss personnel matters. 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: Exhibit A-2 to Black & Veatch Consulting Services Agreement dated January 22, 2014; and Personnel.

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

At 11:03 AM it was moved by Director Petersen and seconded by Director Mueller, 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: Exhibit A-2 to Black & Veatch Consulting Services Agreement dated January 22, 2014; and Personnel.

EXHIBIT A-2 TO BLACK & VEATCH CONSULTING SERVICES AGREEMENT DATED JANUARY 22, 2014: An Assignment, Delegation and Release Agreement and Exhibit A-2 to the Consulting Services Agreement were reviewed.

It was moved by Director Fowler and seconded by Director Rowe to approve the Assignment, Delegation and Release Agreement and Exhibit A-2 to the Consulting Services Agreement with Black & Veatch as presented after an effort to negotiate a resolution to the SPP filing with NPPD. 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.

PERSONNEL: An Employment Agreement for Kevin Boyd effective February 17, 2017 was

reviewed.

It was moved by Director S. Olson and seconded by Director R. Olson to approve the Employment Agreement with Kevin Boyd 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.

PERSONNEL:

It was moved by Director R. Olson and seconded by Director Knoerzer to approve a Personnel Action-Change in Rate of Pay and Bonus for Don Kraus as presented in Closed Session, retroactive to the beginning of the January, 2017 pay period. 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.

The meeting adjourned at 11:07 AM.

ATTEST:

THE CENTRAL NEBRASKA PUBLIC POWER
AND IRRIGATION DISTRICT


Martin E. Mueller, Secretary

By _____
Dudley L. Nelson, President

NEBRASKA ACCOUNTABILITY AND DISCLOSURE COMMISSION 11 th Floor, State Capitol P.O. Box 95086 Lincoln, NE 68509 (402) 471-2522		POTENTIAL CONFLICT OF INTEREST STATEMENT NADC FORM C-2		POSTMARK DATE	
				MICROFILM NUMBER	
BEFORE COMPLETING THIS FORM READ THE FILING REQUIREMENTS ON PAGE 3				OFFICE USE ONLY	
<ul style="list-style-type: none"> • An official or employee of the executive branch of state government or any other official or employee required to file Statements of Financial Interests must file this form if he or she has a potential conflict of interest. • Elected officials of school districts and elected officials of villages and cities (except Omaha and Lincoln) should not use this form. Use Potential Conflict of Interest Statement Form C-2A. • File this Potential Conflict of Interest Statement with the Nebraska Accountability and Disclosure Commission and with your immediate superior (if any) whenever a potential conflict of interest situation arises. • Persons who fail to disclose a potential conflict of interest or who otherwise do not comply with the law are subject to penalties. 					
ITEM 1		NAME, ADDRESS AND TELEPHONE NUMBER			
Name Fowler Ronald Eugene Telephone No. 308-746-2412 Last First Middle					
Address 29 Mallard Cove Johnson Lake NE 68937 STREET ADDRESS OR RURAL ROUTE City STATE ZIP CODE					
ITEM 2		TITLE, AGENCY, ADDRESS, PHONE AND SUPERIOR			
Your Title Board of Director Agency CNPPID					
Agency Address 415 Lincoln Street, Holdrege, NE 68949 Agency Phone 308-995-8601					
Name of Immediate Superior Dudley Nelson Title Board President					
ITEM 3		DESCRIBE POTENTIAL CONFLICT OF INTEREST IN DETAIL (Use Item 7 Continuation, if necessary)			
Date action is to be taken or decision is to be made: Monday, February 6, 2017					
Description of Potential Conflict: The CNPPID Board will be discussing and voting on a potential rate structure change for the lease with lot lease holders at Johnson Lake, Nebraska on Monday, February 6th. I am an elected member of the Board of Directors representing Gosper County including the portion of Johnson Lake that lies in Gosper County.					
In addition, I am a lease holder at Johnson Lake and reside there on a full time basis. Is there a conflict of interest in my participation in the discussion and voting on questions related to the lot lease at Johnson Lake?					

February 2008

ITEM 4 PERSONS WHO MAY RECEIVE FINANCIAL BENEFIT OR DETRIMENT	
<input checked="" type="checkbox"/> You	
<input checked="" type="checkbox"/> Member of your Immediate Family:	Kathleen Ruth Fowler, Spouse
	NAME
Business With Which You	
<input type="checkbox"/> Are Associated (See Definitions)	
	NAME OF BUSINESS
ITEM 5 NATURE OF FINANCIAL BENEFIT OR DETRIMENT	
The revised lease structure will apply to my leasehold at Johnson Lake for the term of the new lease and the time my wife and I remain the leasees.	
ITEM 6 FOR MEMBERS OF THE LEGISLATURE ONLY	
If you will not abstain from acting on a matter state why, despite the potential conflict, you intend to vote or otherwise participate.	
ITEM 7 CONTINUATION	
<div>Ronald E Fowler</div> <div>(SIGNATURE)</div> <div>2/3/17</div> <div>(DATE)</div>	

ITEM 4	PERSONS WHO MAY RECEIVE FINANCIAL BENEFIT OR DETRIMENT
<input type="checkbox"/> You	
<input checked="" type="checkbox"/> Member of your Immediate Family: <u>Sheila D. Rowe</u> NAME	
Business With Which You	
<input type="checkbox"/> Are Associated (See Definitions) _____ NAME OF BUSINESS	
ITEM 5	NATURE OF FINANCIAL BENEFIT OR DETRIMENT
The result of the revised lease and it's structure will also apply to my leasehold interest at Johnson Lake.	
ITEM 6	FOR MEMBERS OF THE LEGISLATURE ONLY
If you will not abstain from acting on a matter state why, despite the potential conflict, you intend to vote or otherwise participate.	
ITEM 7	CONTINUATION
<div style="text-align: center;"> (SIGNATURE)</div> <div style="text-align: right;"><u>2-3-17</u> (DATE)</div>	