

CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT

HOLDREGE, NEBRASKA

APRIL 3, 2017 – 9:00 AM

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MINUTES OF SPECIAL COMMITTEE MEETING OF THE
BOARD OF DIRECTORS
THE CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT
CORNHUSKER HOTEL, LINCOLN, NEBRASKA
MARCH 21, 2017 – 8:30 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 March 14, 2017, 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.

Notices giving the time, date, and place of this meeting were e-mailed to the Directors on March 17, 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
Martin E. Mueller, Secretary	William E. Knoerzer	Robert L. Petersen
Robert B. Dahlgren, Treasurer	David G. Nelson	Gordon N. Soneson

Also present were the following:

Don D. Kraus, General Manager	Devin M. Brundage, Gothenburg Division Mgr
Eric Hixson, Engineering Services Manager	Dave R. Ford, Irrigation Division Manager
Mike A. Drain, Natural Resources Mgr.	Cory A. Steinke, Civil Engineer
Jeff J. Buettner, Public Relations Coord.	Tyler Thulin, Civil Engineer
Rochelle A. Jurgens, Controller	Emily Anderson, Assistant Secretary

Others present were the following:

Nancy Shank, UNL Public Policy Center	Doug Friedli
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The Board President announced that information for the public concerning the Open Meetings Act was available for interested parties to view.

At 8:30 A.M., the Board President, Dudley L. Nelson, announced that the meeting was open for business and proceeded with roll call.

FINANCIAL PROJECTION: Rochelle Jurgens reviewed the current reserve fund levels and made projections about future expenses and revenues based on past trends. She encouraged staff and the Directors to continue searching for new revenue sources such as recharge or solar energy.

A break was taken at 9:29 a.m. The meeting resumed at 9:48 a.m.

LEADERSHIP BASED ON RELATIONSHIPS: Doug Friedli, a former banker who has served on many boards including the Nebraska Community Foundation board, discussed the importance of being proactive with a public relations message, rather than reactive. He explained the importance of having leaders who are able to develop a relationship of trust and understanding with various associations and the public.

WATER SUSTAINABILITY – LAKE MCCONAUGHY: Cory Steinke discussed a potential FERC rule change which would revise the Keystone diversion requirement and make a significant step to make

Lake McConaughy sustainable. The North Platte NRD has retired close to 5,000 acres from groundwater pumping but that will not create a significant savings. Discussions are continuing with appropriate parties.

Steinke encouraged the Directors to consider moving forward on future recharge projects, such as: Cottonwood Ranch Diversion Project, Funk Lagoon, Platte to Republican High Flow Diversion Project, and any U.S. Fish & Wildlife/Nebraska Game & Parks Commission projects. Current groundwater recharge projects on the E65 canal, Phelps canal and Elwood Reservoir continue to generate an average of over \$300,000.00 per year since 2006.

A break for lunch was taken at 12:13 p.m.

Jay Rempe from the Nebraska Farm Bureau gave a presentation on current agricultural economic trends.

The meeting resumed at 1:30 p.m.

STRATEGIC PLAN: Nancy Shank from the UNL Public Policy Center reviewed the differences between staff and Director priorities from the results of the pre-retreat survey they completed on the ranking of retreat topics. Don Kraus then reviewed the objectives and progress to meet the goals last year's strategic plan. Nancy Shank asked the staff and Directors to list accomplishments over the past year and what they would like to accomplish in the next year. Everyone in attendance then participated in an exercise to identify the most important priority for the coming year.

A break was taken at 2:50 p.m. The meeting resumed at 3:20 p.m.

SUCCESSION MANAGEMENT: At 3:20 PM it was moved by Director Knoerzer and seconded by Director R. Olson, that the Board enter into Closed Session to 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 the item to be discussed in closed session was the following agenda item: Succession Management.

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

At 4:15 PM it was moved by Director Petersen and seconded by Director S. Olson, that the Board exit Closed Session and reconvene in Regular Session. Upon voting on the motion, the following Directors voted therefore: 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 item discussed in Closed Session was for purposes of discussing personnel in regard to the following agent item: Succession Management.

The meeting adjourned at 4:15 p.m.

MINUTES OF SPECIAL COMMITTEE MEETING OF THE
BOARD OF DIRECTORS
THE CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT
CORNHUSKER HOTEL, LINCOLN, NEBRASKA
MARCH 22, 2017 – 8:30 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 March 14, 2017, 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.

Notices giving the time, date, and place of this meeting were e-mailed to the Directors on March 17, 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
Martin E. Mueller, Secretary	William E. Knoerzer	Robert L. Petersen
Robert B. Dahlgren, Treasurer	David G. Nelson	Gordon N. Soneson

Also present were the following:

Don D. Kraus, General Manager	Devin M. Brundage, Gothenburg Division Mgr
Eric Hixson, Engineering Services Manager	Dave R. Ford, Irrigation Division Manager
Mike A. Drain, Natural Resources Mgr.	Cory A. Steinke, Civil Engineer
Jeff J. Buettner, Public Relations Coord.	Tyler Thulin, Civil Engineer
Rochelle A. Jurgens, Controller	Emily Anderson, Assistant Secretary

Others present were the following:

Nancy Shank, UNL Public Policy Center	David Jarecke, Blankenau Wilmoth Jarecke LLP
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The Board President announced that information for the public concerning the Open Meetings Act was available for interested parties to view.

At 8:30 A.M., the Board President, Dudley L. Nelson, announced that the meeting was open for business and proceeded with roll call.

STRATEGIC PLAN: Nancy Shank explained after yesterday's session she prioritized the list of accomplishments staff and the Directors would like to achieve in the next year based on how many votes each topic received. The majority of the votes were for the FERC rule change regarding releases from Lake McConaughy. She divided everyone into groups for a process to further identify priorities for the strategic plan.

A break was taken at 9:40 a.m. The meeting resumed at 10:02 a.m.

SEDIMENT MITIGATION: Devin Brundage presented ideas to remove sediment at the Diversion Dam and throughout the canal system which included acquiring land on which to pile the sediment or through the creation of ponds to trap the sediment. He also proposed a bank stabilization project along the canal system since the soil and rainwater runoff contribute significantly to the silt problem. A bank stabilization project would be timely and costly because roads would need to be constructed to enable crews to maintain riprap along the banks. The new dredge should be delivered around the first of May, 2017.

Cory Steinke finished his report from March 21 on Water Sustainability by indicating potential revenues from future recharge projects.

BOARD RESPONSIBILITIES: David Jarecke of Blankenau Wilmoth Jarecke LLP is legal counsel to the Nebraska Rural Electric Association, numerous public power districts, NRDs, and other public and private entities. He discussed an array of topics affecting the board, including: election filing requirements, residency requirements, bidding processes, meeting notice publication requirements, board salaries, teleconferences, and closed session purposes.

A break for lunch was taken at 12:14 p.m. The meeting resumed at 1:02 p.m.

SMALL HYDRO – SOLAR: Eric Hixson presented the possibility of three drop-in hydros at the Johnson Lake Inlet. The costs and revenues were discussed along with the potential to partner on a project with Dawson Public Power District. He and Devin Brundage recently toured the Lexington solar farm and suggested some sites near the J-2 Hydro or Johnson Lake where solar units could be installed.

The meeting adjourned at 1:36 p.m.

MINUTES OF SPECIAL MEETING OF THE
BOARD OF DIRECTORS
THE CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT
HOLDREGE, NEBRASKA
MARCH 24, 2017 – 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 March 21, 2017, 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.

Notices giving the time, date, and place of this meeting were e-mailed to the Directors on March 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
Martin E. Mueller, Secretary	William E. Knoerzer	Robert L. Petersen
Robert B. Dahlgren, Treasurer	David G. Nelson	Gordon N. Soneson

Also present were the following:

Don D. Kraus, General Manager	Devin M. Brundage, Gothenburg Div. Mgr.
Eric Hixson, Engineering Services Manager	Duane Cernousek, Purchasing Agent
Rochelle A. Jurgens, Controller	Van Fastenau, Customer Service Super.
Mike A. Drain, Natural Resources Mgr.	Holly Rahmann, Public Relations Assistant
Jeff J. Buettner, Public Relations Coord.	Charles Brewster, Legal Counsel
Dave R. Ford, Irrigation Division Manager	Emily Anderson, Assistant Secretary
Cory A. Steinke, Civil Engineer	

Others present were:

John Thorburn, Tri-Basin NRD	Scott Dicke, Lower Republican NRD
Marlin Murdoch, Tri-Basin NRD Board Member	Dave Kreutz, on behalf of JLDI

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The Board President announced that information for the public concerning the Open Meetings Act was available for interested parties to view.

At 9:00 A.M., Board President, Dudley L. Nelson, announced the meeting was open for business and proceeded with roll call.

PUBLIC INPUT: None.

FERC PROJECT 1417 PERMITTING PROCEDURES: Don Kraus stated the purpose of this item is to correct a date in Paragraph 8.1 of the current Permitting Procedures regarding Tree and Shrub Trimming and Removal which states the date range as April 15 through August 15. It is recommended that the Board approve a correction to Paragraph 8.1 to change April 15 to April 1, effective immediately. The recommended correction is as follows:

8.1 Tree or Shrub Trimming or Removal. Permits are required for the trimming or removal of trees and shrubs occurring on Central's property between April 1 through August 15.

It was moved by Director S. Olson and seconded by Director Knoerzer to approve the following change in the Permitting Procedures, effective immediately: ***“8.1 Tree or Shrub Trimming or Removal. Permits are required for the trimming or removal of trees and shrubs occurring on Central’s property between April 1 through August 15.”*** 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.

DIRECTORS’ ATTENDANCE: All Directors were present.

The meeting adjourned at 9:03 A.M.

MINUTES OF COMMITTEE MEETING OF THE
BOARD OF DIRECTORS
THE CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT
HOLDREGE, NEBRASKA
MARCH 24, 2017 – 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 March 20, 2017, 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 March 17, 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
Martin E. Mueller, Secretary	William E. Knoerzer	Robert L. Petersen
Robert B. Dahlgren, Treasurer	David G. Nelson	Gordon N. Soneson

Also present were the following:

Don D. Kraus, General Manager	Devin M. Brundage, Gothenburg Div. Mgr.
Eric Hixson, Engineering Services Manager	Duane Cernousek, Purchasing Agent
Rochelle A. Jurgens, Controller	Van Fastenau, Customer Service Super.
Mike A. Drain, Natural Resources Mgr.	Holly Rahmann, Public Relations Assistant
Jeff J. Buettner, Public Relations Coord.	Charles Brewster, Legal Counsel
Dave R. Ford, Irrigation Division Manager	Emily Anderson, Assistant Secretary
Cory A. Steinke, Civil Engineer	

Others present were:

John Thorburn, Tri-Basin NRD	Scott Dicke, Lower Republican NRD
Marlin Murdoch, Tri-Basin NRD Board Member	Dave Kreutz, on behalf of JLDI
Greg Anderson, Wells Fargo	Bruce Remington, Wells Fargo

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The Board President announced that information for the public concerning the Open Meetings Act was available for interested parties to view.

At 9:03 A.M., the Board President, Dudley L. Nelson, announced that the meeting was open for business and proceeded with roll call.

PUBLIC INPUT: Director Dave Nelson circulated an article in the Minden Courier regarding solar power.

Director Nelson announced he was moving the Platte to Republican High Flow Diversion Project agenda item ahead to accommodate the guests in attendance.

PLATTE TO REPUBLICAN HIGH FLOW DIVERSION PROJECT: Don Kraus stated the project feasibility study conducted by Olsson Associates was reviewed at the Ad Hoc Joint Committee Meeting with Tri-Basin NRD and the Lower Republican NRD on March 2, 2017. John Thorburn explained meetings with landowners continue regarding easements and access/maintenance agreements.

Thorburn recently met with the Gosper County Roads Department regarding repairs to bridges in the area. There was discussion about the potential affect that flash flood events could have on the system. Thorburn stated the head gate would be controlled by the SCADA system so it could be shut off immediately if flooding were expected. Don Kraus stated it would be a benefit to meet with other stakeholders such as the NRDs and other agencies before the project proceeds much further to educate them about the benefits of the project. There were discussions about meeting the Republican River Compact obligations and credits to the NRDs. More discussions regarding the proposed agreement among the parties were held in Closed Session.

CONSENT TO ASSIGNMENT SUMMARY: There were two Consents to Assignment at Johnson Lake in March, 2017.

PERMIT TO CONSTRUCT SUMMARY: The following Permits to Construct were approved in the month March, 2017:

Permits to Construct Approved by General Manager March 24, 2017			
<u>Name</u>	<u>Description</u>	<u>Amount</u>	<u>Purpose</u>
None			

Permits to Construct Approved by Real Estate Department March 24, 2017 – Johnson Lake & Lake McConaughy			
<u>Name</u>	<u>Description</u>	<u>Permit & Purpose</u>	<u>Date Approved & Fee</u>
Koopman, Brandon & Katie	20 Merriweather Dr 11	PTC (SWAF)-Construct anchor pad, dock, shore station, jet ski lift and swim platform	March 2, 2017-\$50.00 application fee
Hutchens, Don & Donna	41 Mallard Cove Dr 19B	PTC (SWAF)-Relocate dock	March 2, 2017-\$50.00 application fee
Schoepf, Douglas & Pamela	16 North Shore Dr 8	PTC (SWAF)-Construct concrete anchor pad, main dock, shore station, and jet ski lifts	March 2, 2017-\$50.00 application fee
Schnell, David & Debra	16 Kirby Point Dr 2	PTC (SWAF)-Install main dock with swim platform, boat lift, jet ski lift and steps to lake bed	March 3, 2017-\$50.00 application fee
Sjomeling, Daniel & Shaunna	5 Merriweather Dr 11	PTC (SWAF)-Install main dock w/ boat shore station and swim platform	March 9, 2017-\$50.00 application fee
Will, Marlin & Candice	153 Lakeview Acres Dr 14F	PTC (SWAF)-Install floating dock w/ a gangway, boat shore station and swim platform	March 14, 2017-\$50.00 application fee
Jurjens, Verl & Monika	25 Northeast Cove Dr 9	PTC (SWAF)-Construct concrete patio and install dock with boat shore station	March 17, 2017-\$50.00 application fee
MDA Farms, Harold & Anita Smith	3 North Point Dr 13	PTC (SWAF)-Construct main dock, boat lift and jet ski lift on common lot line with 4 North Point	March 17, 2017-\$50.00 application fee
Heiden, Gregory & Linda	20 Mallard Beach Dr 20	PTC (SWAF)-Pour new concrete dock anchor pad, relocate main dock, install boat shore station w/ swim platform, 2 water craft lifts and mooring buoy	March 17, 2017-\$50.00 application fee

Permits to Construct Approved by Real Estate Department March 24, 2017 – Jeffrey & Midway Lakes			
<u>Name</u>	<u>Description</u>	<u>Permit & Purpose</u>	<u>Date Approved & Fee</u>

None			
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WORK ORDER/PURCHASE REQUISITION SUMMARY: Don Kraus stated the work orders below are for the equipment bids approved at the March 6, 2017 Regular Business Meeting of the Board.

- a. Work Order No. 107368 – New Backhoe Loader, 2017 John Deere 310 SL HL (\$115,720.50)
- b. Work Order No. 107370 – New Motor Grader, 2017 John Deere 772GP (\$283,239.70)

RIGHT OF WAY TRANSACTIONS: None.

WATER SERVICE AGREEMENTS: Van Fastenau presented an overview of the Water Service Agreements and Terminations for March, 2017 as follows:

<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 Termination</u>					
Phelps	6161609	SW1/4SE1/4 16-6-16	Village of Axtell	29	
<i>*Termination complete after 2026 irrigation season</i>					
<u>Water Service Agreements:</u>					
Phelps	7152606	NW1/4 and SW1/4 26-7-15	Ed N. Olsen Farms, Inc.	50 (1)	+15
<i>*Transferred 15 ac from Acct # 6150506 which is in termination, reducing it from 147 ac to 132 ac</i>					
E65	7202302	Pt of NE1/4 and NW1/4 23-7-20	Howard P. Nelson, Trustee	137 (1)	
<i>*Combine account 7202303 (32 ac) into account 7202302 (105 ac) for total of 137 ac</i>					
E65	7201304	SE1/4 13-7-20	Brian D. Isaacson	100 (1)	
<i>*Combine account 7201305 (60 ac) into account 7201304 (40 ac) for total of 100 ac</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.

2017 WATER RIGHTS TRANSFERS: Van Fastenau presented a list of the 7 water right transfer requests totaling 319.0 acres in the Phelps, E65, E67, and Supply Canal irrigation areas. The water rights were from unused or canceled acres. Fastenau will seek permission at the April Board meeting to advertise the remaining water rights available for transfer.

COUNTY BRIDGE AGREEMENT SUMMARY: None.

CHEMICALS FOR SAGO POND WEED AT JOHNSON LAKE: Dave Ford contacted Central's chemical supplier, Van Diest, regarding a product to control the sago pond weed that is safe for swimming. Central could obtain hydrothol which is a granular product for \$3.40/lb. Ford contacted Aurora Co-op who priced it at a slightly higher rate for sale directly to the public. The public would not need a permit or license to apply the product. There was discussion regarding the application rate, safety to humans and pets, and impacts to fish habitat. Ford was instructed to forward the information to Jean Edeal at Johnson Lakes Development, Inc. for distribution to the tenants.

PROGRESS ESTIMATE NO. 1 (FINAL), CONTRACT NO. 0-672, NEBRASKA MACHINERY COMPANY FOR USED BACKHOE LOADER (\$44,800.90): Don Kraus stated staff is recommending final payment on this used backhoe loader.

CLOSURE OF CONTRACT NO. 0-672, NEBRASKA MACHINERY COMPANY FOR 2007 BACKHOE LOADER (\$44,800.90): Don Kraus stated the equipment has been received and inspected. He stated staff is recommending final payment on the used backhoe loader and closure of the contract.

POWER AND RECREATION COMMITTEE (3/24/17):

a. Airport Lease – Johnson Lake: The Johnson Lake airport lease expired on December 31, 2016 and requires renewal. Due to a staff oversight the lease was not renewed prior to expiration and staff will take steps to prevent this from happening in the future. Staff recommends renewing the airport lease for the period of January 1, 2017 to December 31, 2017 with the existing lessee at the same lease fee as 2016 which was \$3,182.70. The Committee unanimously voted to recommend Board approval of renewing the airport lease for the period of January 2, 2017 to December 31, 2017 with the existing lessee at the annual lease rate of \$3,182.70.

b. Request for Ice Rescue Equipment – Lincoln County Sheriff’s Department: The Lincoln County Sheriff’s Department has requested a donation for the purpose of an ice rescue suit and a public safety dry suit. Central has made contributions in the past to other counties from the Lake Improvement Fund for water pumps and ice rescue equipment, along with other equipment. Staff recommends purchasing the following equipment and using funds from the Lake Improvement Fund: 1) First Watch Ice Rescue Suits (2) at \$590.00 each, for a sub-total of \$1,180.00; and 2) DUI Public Safety Drysuit (1) at \$2,381 each, for a sub-total of \$2,381.00. The Committee unanimously voted to recommend Board approval an expenditure from the Lake Improvement Fund to purchase ice rescue equipment for the Lincoln County Sheriff’s Department as presented.

c. Mowing Contract – Johnson Lake and Plum Creek Lake: The mowing contract was recently advertised for bids. Three companies submitted bids for a three-year contract as follows: Moore’s Irrigation (\$48,567.69); Gnirk Lawn Care, Inc. (\$68,499.00); and Firefly Landscaping (\$48,253.82). References were contacted for the two lowest bids which were all positive recommendations. Staff recommends awarding the mowing contract to the lowest bidder, Firefly Landscaping of Loomis, NE. The Committee unanimously voted to recommend Board approval of awarding the mowing contract for Johnson Lake and Plum Creek Lake to Firefly Landscaping of Loomis, NE, whose bid was \$48,253.82

FUNK LAGOON PIPELINE PROJECT: Cory Steinke stated there is nothing new to report.

LAND USE AGREEMENT – PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM: This was discussed in Closed Session.

1954 AGREEMENT – OPERATIONS PLAN: Mike Drain stated a memo was sent to the Board prior to this meeting that states managers for Central and NPPD have agreed to file with their respective Boards of Directors the following plan of operations for the near term:

Water releases from Lake McConaughy, which will include natural flow and potentially storage water, will be made to ensure that both Districts Supply Canals are diverting at full capacity. These operations will most likely result in some bypass of water past one of the Districts’ diversion structures. These operations will continue until June 1st or until either District disagrees with the Plan, whichever is sooner. The Districts will continue to monitor upstream snowpack, precipitation and reservoir conditions to determine if this plan of operations needs to be modified.

Drain explained that pursuant to Paragraph 1 of the 1954 Agreement between the Districts, the Board of Directors of either District may object to the plan within thirty days of it having been filed. No action by the Board of Directors is required for the plan to become effective.

LAKE MCCONAUGHY LESSEES, INC.: Don Kraus stated a memo from Mike Klein was sent to the Directors in advance of this meeting that describes a recent meeting with the LMLI lessees where they threatened litigation.

At 9:45 AM it was moved by Director Rowe and seconded by Director Knoerzer, that the Board enter into Closed Session to protect the public interest, to receive legal advice, and to discuss strategy relating to threatened litigation regarding contract negotiations. 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 the item to be discussed in closed session was the following agenda item: Lake McConaughy Lessees, Inc.

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

At 10:18 AM it was moved by Director Petersen and seconded by Director S. Olson, 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. Board President Nelson stated the item discussed in Closed Session was of a legal nature relating to the following agenda item: Lake McConaughy Lessees, Inc.

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

2016 YEAR END FINANCIAL REPORT: Rochelle Jurgens presented a review of year-end financials comparing results for 2016 to budget for revenues, expenses, benefits, and fund balances. She stated 2016 was a record generation year with 573 MWH. Revenues from recharge totaled \$536,000 and Southwest Power Pool transmission revenues totaled \$462,000.

WELLS FARGO – SEMI-ANNUAL PENSION PLAN REPORT: Greg Anderson and Bruce Remington were present to update the Board of Directors on their investment strategies relating to Central’s pension plan.

A break for lunch was taken at 11:32 a.m. The meeting resumed at 12:05 p.m.

Directors Rowe and R. Olson exited the meeting before it resumed at 12:05 p.m.

LITIGATION – ROBBY UEHRAN VS. CENTRAL: Don Kraus briefly described the law suit which was filed by an adjacent landowner regarding an unpermitted dock at Jeffrey Lake.

LITIGATION – MALOLEY: There was nothing new to report.

SAND CREEK DIVERSION PROJECT: This potential project was discussed at the Ad Hoc Joint Meeting with Tri-Basin on March 2, 2017. Dave Ford displayed aerial photos of potential underground pipe locations of the project which is still in the preliminary phase. Staff will continue to investigate options for the project.

COTTONWOOD RANCH DIVERSION PROJECT: This was discussed in Closed Session.

PERSONNEL: None.

OUT OF STATE TRAVEL:

<u>Name</u>	<u>Meeting</u>	<u>Location</u>	<u>Date</u>
Don Kraus	Southwest Power Pool	Tulsa, OK	April 24-25, 2017

LEGISLATION: Jeff Buettner gave a brief update of the bills on Central’s watch list. He stated after David Jarecke’s presentation at the board retreat on March 22, 2017, he started to research the public meeting publication requirements and stated Senator Groene has submitted a bill which would change the notice requirements.

BOARD COMMENTS: Director Petersen commented that the board retreat was very well organized with good topics.

Director Dahlgren exited the meeting at 12:30 p.m.

OPERATIONS REPORT:

- a. Jeff Buettner already has several tours scheduled in addition to the summer tour. Tim Anderson has begun scheduling the JLDI tours and Buettner is going to look into offering tours for Lake McConaughy lessees.
- b. Devin Brundage stated the Kingsley crews have been clearing toe drains along the dam. Gothenburg crews are working on a bank protection project, redirecting the dredge to pump back to the river, and Johnson Lake inlet gate repairs.
- c. Cory Steinke reported Lake McConaughy is at elevation 3,253.7, 1,416,800 acre feet and 81.4% capacity. Inflows are at 1,250-1,300 cfs and outflows are at 1,700 cfs. Snowpack in the upper basin is at 104% of average, 89% in the lower basin, and 103% in the South Platte basin.
- d. Mike Drain continues to work on the FERC boundary review project which is due by April 30, 2017.
- e. Dave Ford stated crews are working to prepare to run water by spraying, burning, repairing screens, and working on a pipeline project. The head gate on E65 needs replaced so he will obtain estimates and plan to replace it in the fall.
- f. Holly has been preparing for summer tour by working on a brochure and making hotel and bus reservations. She attended the Holdrege career fair last week which is directed towards high school sophomores.
- g. Eric Hixson continues to work with Black & Veatch on the cost of service analysis to be used in the next Southwest Power Pool filing. He plans to submit the filing to the SPP by April 30, 2017. He has also been finalizing an electronic security plan and physical security plan required by NERC. The safety plans will apply to the hydro plants and the Gothenburg Control Center.
- h. Van Fastenau presented a potential landowner cost-share pipeline project north of Bertrand. The project will require a budget revision and require landowners to sign letters of understanding. The project would commence in the fall.
- i. Don Kraus discussed a conversation with Jean Edeal regarding Johnson Lake lease issues. Staff is preparing a document that will clarify the differences between the existing hardship policy and the proposed hardship policy. Notices have been received from Dawson County regarding their intent to tax real estate on Jeffrey Island and farming leases. Charles Brewster stated that a legal filing is being prepared.

WORKSHOPS, SEMINARS AND CONFERENCES: None.

At 12:44 PM it was moved by Director Soneson and seconded by Director Petersen, that the Board enter into Closed Session to protect the public interest, to receive legal advice regarding potential litigation, and to discuss contract negotiations. Upon voting on the motion, the following Directors voted therefore: Bogle, Fowler, Knoerzer, Mueller, David Nelson, Dudley Nelson, S. Olson, Petersen, and Soneson. Absent was: Dahlgren, R. Olson and Rowe. None voted no and the motion was declared carried. Board President Nelson stated the items to be discussed in closed session were the following agenda items: Platte to Republican High Flow Diversion Project; Land Use Agreement – Platte River Recovery Implementation Program; and Cottonwood Ranch Diversion Project.

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

At 1:03 PM it was moved by Director Fowler 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, Fowler, Knoerzer, Mueller, David Nelson, Dudley Nelson, S. Olson, Petersen, and Soneson. Absent was: Dahlgren, R. Olson and Rowe. None voted

no and the motion was declared carried. Board President Nelson stated that the items discussed in Closed Session were of a legal nature relating to the following agenda items: Platte to Republican High Flow Diversion Project; Land Use Agreement – Platte River Recovery Implementation Program; and Cottonwood Ranch Diversion Project.

The meeting adjourned at 1:03 p.m.

MINUTES OF REGULAR BUSINESS MEETING OF THE
BOARD OF DIRECTORS
THE CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT
DISTRICT HEADQUARTERS, HOLDREGE, NE
APRIL 3, 2017 – 9:00 A.M.

This meeting was publicly advertised on March 27, 2017, 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 March 17, 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
Martin E. Mueller, Secretary	William E. Knoerzer	Robert L. Petersen
		Gordon N. Soneson

The following Directors were absent: Robert B. Dahlgren and David G. Nelson

Also present were:

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

Others present were:

John Thorburn, Tri-Basin NRD	Lori Potter, Kearney Hub
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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 the annual Water Jamboree will be held at Harlan County Reservoir on April 25-26, 2017 and he thanked Holly Rahmann for her help with the upcoming event. He reminded everyone to plant a tree this month in recognition of Arbor Day which is April 28, 2017.

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 March 6, 2017**
- **Approval of Minutes of Special Committee Meeting of the Board of Directors held March 21-22, 2017**

- **Approval of Minutes of Special Meeting of the Board of Directors held March 24, 2017**
- **Approval of Minutes of Committee Meeting of the Board of Directors held March 24, 2017**
- **Approval of the April Disbursements:**

<i>Hydro Division:</i>	\$1,323,587.36
Check # 53878-VOID; Check #s 53974 through 54177 and 8899363 through 8899379 (Accounts Payable)	\$337,340.92
Check #s 9913300 through 9913405, and 9944 (Payroll)	
<i>Kingsley Division:</i>	\$49,235.13
Check #s 2929 through 2936 (Accounts Payable)	
<i>J-2 Regulating Reservoir Construction Fund:</i>	\$106.03
Check # 1247 (Accounts Payable)	
<i>Glendo Division:</i>	NONE
NONE	
<i>Flex Spending Account:</i>	\$1,470.38
Check #s 8072 through 8076	

- **Approval of Work Order No. 107368 – New Backhoe Loader, 2017 John Deere 310 SL HL (\$115,720.50)**
- **Approval of Work Order No. 107370 – New Motor Grader, 2017 John Deere 772GP (\$283,239.70)**
- **Approval of the following Water Service Agreements:**

<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 Termination</u>					
Phelps	6161609	SW1/4SE1/4 16-6-16	Village of Axtell	29	
		<i>*Termination complete after 2026 irrigation season</i>			
<u>Water Service Agreements:</u>					
Phelps	7152606	NW1/4 and SW1/4 26-7-15	Ed N. Olsen Farms, Inc.	50 (1)	+15
		<i>*Transferred 15 ac from Acct # 6150506 which is in termination, reducing it from 147 ac to 132 ac</i>			
E65	7202302	Pt of NE1/4 and NW1/4 23-7-20	Howard P. Nelson, Trustee	137 (1)	
		<i>*Combine account 7202303 (32 ac) into account 7202302 (105 ac) for total of 137 ac</i>			
E65	7201304	SE1/4 13-7-20	Brian D. Isaacson	100 (1)	
		<i>*Combine account 7201305 (60 ac) into account 7201304 (40 ac) for total of 100 ac</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.

- **Approval to advertise the 2017 Water Rights Transfers**
- **Approval of Progress Estimate No. 1 (Final), Contract No. 0-672, Nebraska Machinery Company for Used Backhoe Loader (\$44,800.90)**
- **Approval of Closure of Contract No. 0-672, Nebraska Machinery Company for 2007 Backhoe Loader (\$44,800.90)**
- **Approval of Johnson Lake Airport Lease for a period of January 1, 2017 through December 31, 2017 at the annual lease rate of \$3,182.70**

- **Approval of an expenditure from the Lake Improvement Fund in the amount of \$3,561 (plus applicable tax and shipping) to purchase ice rescue equipment for the Lincoln County Sheriff's Department**
- **Approval of Firefly Landscaping's bid in the amount of \$48,253.82 for the 2017 mowing contract at Johnson Lake and Plum Creek Lake**

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

2017 BUDGET REVISION: Dave Ford presented Hydro Division Budget Revision #2 to the Irrigation Capital Budget which is for the E65 23.7-8.0-0.6 Pipeline Project. The original budget was \$0 and the proposed budget is \$72,000, for a difference of \$72,000.

It was moved by Director Fowler and seconded by Director Knoerzer to approve Hydro Division Budget Revision #2 to the Irrigation Capital Budget for the E65 23.7-8.0-0.6 Pipeline Project which increases the budget from \$0 to \$72,000. Upon voting on the motion, the following Directors voted therefore: Upon voting on the motion, the following Directors voted therefore: Bogle, Fowler, Knoerzer, Mueller, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Absent were: R. Dahlgren and David Nelson. None voted no and the motion was declared carried.

WORK ORDER/PURCHASE REQUISITION SUMMARY: Dave Ford explained Work Order No. 186631 and Purchase Requisition No. HA6149 are to authorize staff to purchase the pipe needed for the project which will begin in the fall. He stated Purchase Requisition No. B3062 is to pay the contractor for the work associated with the replacement of well #1 on the E65 canal.

- a. Work Order No. 186631 – E65 23.7-8.0-0.6 Pipeline Project (\$71,007.68)
- b. Purchase Requisition No. HA6149 – E65 23.7-8.0-0.6 Pipeline Project (\$68,346.80)
- c. Purchase Requisition No. B3062 – Replace well #1 on lower end of E65-23.7 Canal (\$40,311.54)

It was moved by Director Soneson and seconded by Director Mueller to approve Work Order No. 186631, Purchase Requisition No. HA6149 and Purchase Requisition No. B3062 as presented. Upon voting on the motion, the following Directors voted therefore: Upon voting on the motion, the following Directors voted therefore: Bogle, Fowler, Knoerzer, Mueller, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Absent were: R. Dahlgren and David Nelson. None voted no and the motion was declared carried.

LAKE MCCONAUGHY LESSEES, INC.: This was discussed in Closed Session.

PERSONNEL: None.

LEGISLATION: Jeff Buettner gave a brief update on the bills he continues to follow. He stated the majority of the bills being heard on the legislative floor concern taxing and budget issues.

WORKSHOPS, SEMINARS AND CONFERENCES: None.

DIRECTORS' ATTENDANCE: It was moved by Director Bogle and seconded by Director Rowe to excuse the absences of Directors Robert B. Dahlgren and David G. Nelson. Upon voting on the motion, the following Directors voted therefore: Upon voting on the motion, the following Directors voted therefore: Bogle, Fowler, Knoerzer, Mueller, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. None voted no and the motion was declared carried.

BOARD COMMENTS: None.

OPERATIONS REPORT: The following operations reports were presented:

- a. Cory Steinke reported Lake McConaughy is at elevation 3,253.5, 1,414,200 acre feet and 81.1% capacity. Inflows to Lake McConaughy are around 1,528 cfs and outflows are at 1,750 cfs. Snowpack is at 98% of average in the upper basin, 95% in the lower basin, and 104% in the South Platte basin. He believes Lake McConaughy will have ample room to store any excess spilling from Wyoming.
- b. Devin Brundage advised the Directors of Deb Weidman's upcoming retirement from the Gothenburg division after 37 years of service.
- c. Mike Drain is working with the Land Administration personnel to revise the current practice of denying subsequent permits once an adjacent landowner is already in violation of permitting procedures, by allowing the issuance of permits on the condition that the landowner resolve the outstanding violation(s).
- d. Dave Ford stated crews are preparing to open the head gates in a couple weeks. The pumps to Elwood Reservoir were shut off last week and pumping will resume May 1, 2017.
- e. Van Fastenau explained crews are working to clear cornstalks and other debris from the canals prior to filling.
- f. Rochelle Jurgens presented the Actuarial Valuation Report for the Employees' Retirement Plan and GASB Statement No. 68 Report prepared by Cavanaugh Macdonald Consulting, LLC. She explained although the plan has improved over the past year, contributions will need to continue towards the unfunded liability which is currently \$1,400,000. She stated Central funds the plan above the required amount but additional funds could be contributed if a budget amendment were approved by the Board.
- g. Eric Hixson is sending out bid specifications for the generator relay replacements. He expects the work would begin in the fall.

At 9:25 AM it was moved by Director R. Olson and seconded by Director Knoerzer, that the Board enter into Closed Session to protect the public interest and to receive legal advice regarding contract negotiations and threatened litigation. Upon voting on the motion, the following Directors voted therefore: Bogle, Fowler, Knoerzer, Mueller, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Absent were: R. Dahlgren and David Nelson. None voted no and the motion was declared carried. Board President Nelson stated that the topic to be discussed in closed session was the following agenda items: Lake McConaughy Lessees, Inc.

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

At 10:10 AM it was moved by Director Soneson and seconded by Director R. Olson, that the Board exit Closed Session and reconvene in Regular Session. Upon voting on the motion, the following Directors voted therefore: Bogle, Fowler, Knoerzer, Mueller, Dudley Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Absent were: R. Dahlgren and David Nelson. 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: Lake McConaughy Lessees, Inc.

The meeting adjourned at 10:10 AM.

ATTEST:

THE CENTRAL NEBRASKA PUBLIC POWER
AND IRRIGATION DISTRICT

Martin E. Mueller, Secretary

By _____
Dudley L. Nelson, President