

MINUTES OF REGULAR BUSINESS MEETING OF THE
BOARD OF DIRECTORS
THE CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT
HOLDREGE, NEBRASKA
SEPTEMBER 3, 2013 – 9:00 AM

This meeting was publicly advertised in accordance with Section 84-1411 of the Nebraska Statutes by a notice on Radio Station KUVR on August 19, 2013, 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 August 15, 2013.

The following Directors were present:

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

The following Directors were absent: None.

Also present were the following:

Don D. Kraus, General Manager	Jeff J. Buettner, Public Relations Coord.
Tim W. Anderson, Public Relations Advisor	Rochelle A. Jurgens, Controller
Eric R. Hixson, Engineering Services Mgr.	Holly G. Hiebert, Public Relations Asst.
Michael A. Drain, Natural Resources Mgr.	Frank C. Vetter, Real Estate Administrator
Cory A. Steinke, Civil Engineer	Michael C. Klein, Legal Counsel
Kevin M. Boyd, Gothenburg Division Mgr.	Emily J. Anderson, Assistant Secretary

Others present:

Lori Potter, Kearney Hub	Ron Fowler, JLDI
John Thorburn, Tri-Basin NRD	Steve Eddy, National Weather Service
Ryan Knutsvig, National Weather Service	Steve Carmel, National Weather Service

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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: Ron Fowler spoke of the unfortunate drowning at Johnson Lake on August 30, 2013. The water level has been low but the south ramp near the outlet provided good access.

John Thorburn from Tri-Basin NRD recently participated in the Four States Irrigation Tour.

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. Director Bogle requested the Offer of Net Controlled Conserved Water to the Platte River Recovery Implementation Program be removed from the Consent Agenda.

- **Approval of Minutes of Regular Business Meeting of the Board of Directors held August 5, 2013**
- **Approval of Minutes of Special Meeting of the Board of Directors held August 23, 2013**
- **Approval of Minutes of Committee Meeting of the Board of Directors held August 23, 2013**

➤ **Approval of the August Disbursements:**

Hydro Division Vouchers:

Check #44362 (\$30,620.30) and 44482 (\$283.75) \$VOID

Check #44585 through 44776 (Accounts Payable) \$939,724.84
#99335 through 99340

Check #9908790 through 9908894 (Payroll) \$308,449.80

Kingsley Division Operations Disbursements:

Check #2611 through 2618 (Accounts Payable) \$65,598.59

Glendo Division Disbursements:

Check # \$NONE

Flex Spending Account Disbursements:

Check #6786 through 6787 \$2,123.37

➤ **Approval of Water Service Agreement**

Phelps...7173308.....E1/2SW1/4 33-7-17....Sandra J & Kevin Ericson...68.....(1)..+68

➤ **Approval of Alternate Meeting Location for October 7, 2013 Board Meeting**

The October 7, 2013 Board Meeting will be held at Central Nebraska Public Power and Irrigation District, 4th & D Streets, Gothenburg, Nebraska at 9:00 a.m.

➤ **Approval of Closure of Contract No. 0-625 – Alstom Grid, Inc. for 12 Circuit Breakers**

➤ **Approval of Closure of Contract No. 0-646 – Nebraska Truck & Equipment Company for Truck Cab and Chassis with a Rear Dump Body**

➤ **Approval of Variance Request by Brian K. & Dana Lynn Tonniges**

➤ **Approval of Amendment to District Bylaws - Approve the following changes (in red) to Article I, Section 3:**

SECTION 3. Operating Divisions:

For management, operational and accounting purposes the District shall be divided into **four** divisions and the revenue and costs of constructing, operating, maintaining, making renewals, replacements and additions to the property belonging to each division, to the extent that it is feasible to do so, shall be kept entirely separate. None of the revenue of one division shall be used to pay obligations of another division, except for the transfer of funds allowed by the Kingsley Project Power Purchase Agreement **and the Water Service Agreement for the J-2 Regulating Reservoirs**. If it is necessary, in the opinion of the Board of Directors, to pay any obligation of one division from funds derived from the revenue of another division, the same shall immediately be repaid by the division owing the same. The names and descriptions of said divisions are as follows:

Hydro Division:

Kingsley Dam, Lake McConaughy, the diversion dam and head gate across the Platte River near North Platte, the Supply Canal and three hydro plants, wasteways, storage reservoirs, irrigation systems, transmission lines and all property owned by the District incidental to the foregoing works paid for by money advanced to the District either by loan or grant from the Federal Emergency Administration of Public Works, and its successors in interest, any by money obtained from or as a result of the ownership and operation of such properties shall constitute the Hydro Division.

Kingsley Hydroelectric Generating Division:

A Kingsley hydroelectric generating unit and related facilities located in Keith County, Nebraska, to harness water flowing through the existing outlet structure at Kingsley Dam, including a concrete powerhouse with a single 50 MW turbine generating unit and an overhead 115 KV transmission line from the powerplant to the Keystone Substation owned by Nebraska Public Power District shall constitute the Kingsley Hydroelectric Generating Division. This division is authorized to construct, finance, and operate the Kingsley Hydroelectric Project and provide a power sales agreement for sufficient revenues to operate, maintain and improve said project.

Glendo Water Transmission Division:

The Glendo Water Transmission Division was established by the District during July of 1984 to separately account for the sale of a certain water supply from the Glendo Reservoir in Wyoming pursuant to an agreement with the United States

Department of Interior Bureau of Reclamation. The revenues arising from the sale of said water to certain irrigation companies on the North Platte River may be assigned and pledged solely for operation and maintenance expenses and any indebtedness incurred in the financing and operation of the Glendo Division.

J-2 Regulating Reservoir Division:

The J-2 Regulating Reservoir Division is created to design, permit, construct and operate water regulating reservoirs and related facilities in Gosper and Phelps County. The facilities will be used to regulate releases of water from the Johnson 2 Hydroelectric power plant before that water returns to the Platte River or continues down the Phelps Canal for irrigation.

- **Approval of BKD’s Bid for the 2013 Annual Audit in the amount of \$20,000.00 or \$61,857.00 for a 3-year Agreement**

- **Approval of 2014 Board Meeting Schedule**
 Committee and Board meeting dates for 2014 are as follows. All meetings will be held in the Board Room, Holdrege Office (unless changes are made and notices sent at a later date), with Regular Committee meetings and Regular Board Business meetings scheduled to begin at 9:00 AM.

<u>Regular Committee Meeting Date</u>	<u>Regular Business Meeting Date</u>
Friday, September 27, 2013	Monday, October 7, 2013 (Gothenburg)
Friday, October 25, 2013	Monday, November 4, 2013
Friday, November 22, 2013	Monday, December 2, 2013
Friday, December 27, 2013	Monday, January 6, 2014
Friday, January 24, 2014	Monday, February 3, 2014
Friday, February 21, 2014	Monday, March 3, 2014
Friday, March 28, 2014	Monday, April 7, 2014
Friday, April 25, 2014	Monday, May 5, 2014
Friday, May 23, 2014	Monday, June 2, 2014
Friday, June 27, 2014	Monday, July 7, 2014
Friday, July 25, 2014	Monday, August 4, 2014
Friday, August 22, 2014	Tuesday, September 2, 2014
Friday, September 26, 2014	Monday, October 6, 2014
Friday, October 24, 2014	Monday, November 3, 2014
Friday, November 21, 2014	Monday, December 1, 2014
Monday, December 29, 2014	Thursday, January 8, 2015

Observance of holidays by the District will be as follows:

- 2013 Labor Day, Monday, September 2, 2013
- Thanksgiving Day, Thursday, November 28, 2013
- Christmas Day, Wednesday, December 25, 2013
- 2014 New Year’s Day, Wednesday, January 1, 2014
- Good Friday, April 18, 2014
- Memorial Day, Monday, May 26, 2014
- Independence Day, Friday, July 4, 2014
- Labor Day, Monday, September 1, 2014
- Thanksgiving Day, Thursday, November 27, 2014
- Christmas Day, Thursday, December 25, 2014

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

OFFER OF NET CONTROLLED CONSERVED WATER TO THE PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM: Don Kraus explained the purpose of this is to extend the expiration date from September 4, 2013 to December 31, 2013. Mike Drain stated that making the offer is a FERC requirement and suggested the Governance Committee further consider the offer. Directors Bogle and Mueller expressed concern about offering 10,586 acre-feet per year considering the level of Lake McConaughy and the projected low inflows. Staff recommends approving the extension.

At 9:11 AM it was moved by Director Knoerzer, seconded by Director Garrett, that the Board go into Closed Session to discuss legal matters. Upon voting on the motion, the following Directors voted therefore: Dahlgren, Garrett, Hove, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, Petersen, Rowe, Soneson, and Bogle. None voted no and the motion was declared carried. President Nelson stated that the item to be discussed in closed session is the Offer of Net Controlled Conserved Water to the Platte River Recovery Implementation Program.

At 9:21 AM it was moved by Director R. Olson, 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: Garrett, Hove, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, Petersen, Rowe, Soneson, Bogle, and Dahlgren. None voted no and the motion was declared carried. President Nelson stated that the item discussed in closed session was the Offer of Net Controlled Conserved Water to the Platte River Recovery Implementation Program.

STEVE CARMEL FROM NATIONAL WEATHER SERVICE TO PRESENT AWARD FOR 75 YEARS OF PARTICIPATION IN WEATHER REPORTING AT KINGSLEY DAM: Steve Carmel, Ryan Knutsvig and Steve Eddy were present from the North Platte and Hastings National Weather Service Centers to present the Honorable Institution Award for 75 years of observing and reporting the weather at Kingsley Dam. He specifically thanked Nate Nielsen and Tim Anderson. Nielsen accepted the award on behalf of Central.

RESOLUTION NO. 13-05 – 2014 IRRIGATION SEASON: Director Mueller expressed concern about the low levels in Lake McConaughy. Staff discussed the allocation as provided in the resolution.

RESOLUTION 13-05

WHEREAS inflows to Lake McConaughy have been significantly diminished, primarily as a result of stream depletions caused by the pumping of upstream wells, to the point that future irrigation supplies are threatened; and

WHEREAS Central District staff has provided information to the Board which indicates that the following reduced irrigation schedule is feasible for 2014:

All delivery volumes, including service from the supply canal, would be limited to .750 acre-feet per acre or 9 inches per acre. Irrigation deliveries would begin on June 9th and end on September 1st. Deliveries will occur in a 12 week or 8 week season. The 12 week season will occur in 6 two-week runs at a rate of .05 acre-feet per acre first run and .14 acre-feet for per acre for the following 5 runs, or occur in 12 one-week runs at a rate of .025 acre-feet per acre for the first 2 runs and .07 acre-feet for per acre for the following 10 runs. The 8 week season will begin July 7th and end on September 1st. The 8 week season will occur in 4 two-week runs at a rate of .188 acre-feet per acre or occur in 8 one-week runs at a rate of .094 acre-feet per acre for all customers except those receiving service from the supply canal. Irrigation service may be available prior to June 9th, subject to the availability of natural flow and storage water and the schedule for filling the canals and laterals, and any such deliveries shall count toward the annual delivery allocation.

WHEREAS due to the limited water supply, the Central Nebraska Public Power and Irrigation District Board of Directors anticipates that no extra storage water will be available for any entity that depends on Lake McConaughy for its water supply.

THEREFORE BE IT RESOLVED; the Board of Directors finds that there is not an adequate supply of water available in Lake McConaughy for full irrigation delivery, and approves delivery of a partial supply of irrigation in 2014 in accordance with the above description.

It was moved by Director Soneson, seconded by Director S. Olson, that the Board approve Resolution 13-05 as presented. Upon voting on the motion, the following Directors voted therefore: Bogle, Dahlgren, Garrett, Hove, Knoerzer, Nelson, R. Olson, S. Olson, Petersen, Rowe, and Soneson. Mueller voted no. Motion was declared carried.

PERSONNEL ACTION: Don Kraus advised the Directors of an Addition to Payroll for the replacement of Eldon Rodine.

WORK ORDER – REPAIR KINGSLEY HYDRO: Eric Hixson explained the oil will need to be removed from the transformer at Kingsley Hydro so leaks can be repaired. The work will be performed by SPX Waukesha for a total cost of \$50,490.00. The budget will allow for the expenditure and NPPD supports the work.

It was moved by Director Bogle, seconded by Director Petersen, that the Board authorize the repair of the Kingsley Hydro transformer by SPX Waukesha. Upon voting on the motion, the following Directors voted therefore: Hove, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, Petersen, Rowe, Soneson, Bogle, Dahlgren, and Garrett. None voted no and the motion was declared carried.

LEGISLATION: Jeff Buettner advised the Directors of a recent LB517 Taskforce meeting held in Omaha. A presentation was given by some of the eastern Natural Resource Districts about their issues and operations.

J-2 REGULATING RESERVOIR: Don Kraus advised the Directors of the recent receipt of the Notice to Proceed. Plans can now proceed with regard to permitting, land acquisition and design. Central will manage the project. Additional discussions were held in Closed Session.

NEGOTIATIONS WITH IBEW LOCAL #2185: This was discussed in Closed Session.

DIRECTORS’ ATTENDANCE: All Directors were present.

Director Dahlgren exited the meeting at 9:56 a.m.

RIGHT OF WAY ACQUISITION: This is a landowner easement to Central which resulted when a ditch was converted to pipeline. The work occurred some time ago and the easement was overlooked. The transaction is as follows:

<u>System</u>	<u>Tract Number</u>	<u>Legal Desc.</u>	<u>Landowner</u>	<u>Landowner Easement to Central Acres</u>
Phelps	A21.5#20	NW1/4 33-7-18	E & L Nelson Farms, Ltd.	0.905

It was moved by Director Rowe, seconded by Director Petersen, that the Board approve the Right of Way Acquisition between E & L Nelson Farms, Ltd. and Central Nebraska Public Power and Irrigation District. Upon voting on the motion, the following Directors voted therefore: Knoerzer, Mueller, Nelson, R. Olson, S. Olson, Petersen, Rowe, Soneson, Bogle, Garrett, and Hove. Dahlgren-absent. None voted no and the motion was declared carried.

A break was taken at 9:57 a.m. The meeting reconvened at 10:17 a.m.

BOARD COMMENTS: Director Rowe heard both positive and negative comments about the level at Johnson Lake over the Labor Day weekend. Many people are taking advantage of the low level to clean-up the shoreline and install additional rip rap.

OPERATIONS REPORT: The following operations reports were presented:

- a. Cory Steinke stated Lake McConaughy is at 3225.5 feet, 788,000 acre feet, and 45% capacity. He expects the lake to drop another 1-2 feet. NPPD will shut down mid to late September. There was extra water in the supply canal so he brought that down to Johnson Lake over the Labor Day weekend.

- b. Kevin Boyd presented photos of the new gates installed at the diversion dam. While the water is low, the shorelines at Johnson Lake are being cleared of tires and concrete. The office remodel is nearing completion.
- c. Mike Drain explained that NPPD is not asking for a concession to support the Waiver of Diversion Requirements.
- d. Jeff Buettner stated the next Taskforce meeting is October 10-11 in Alliance. He has several tours coming up.

OFFER OF NET CONTROLLED CONSERVED WATER TO THE PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM: It was moved by Director Garrett, seconded by Director Soneson, that the Board authorize the extension of the Offer of Net Controlled Conserved Water to the Platte River Recovery Implementation Program. Upon voting on the motion, the following Directors voted therefore: Hove, Knoerzer, Mueller, Nelson, R. Olson, S. Olson, Petersen, Soneson, and Garrett. Bogle voted no. Rowe and Dahlgren-absent. The motion was declared carried.

At 10:34 AM it was moved by Director Petersen, seconded by Director R. Olson, that the Board go into Closed Session to discuss legal matters. Upon voting on the motion, the following Directors voted therefore: Mueller, Nelson, R. Olson, S. Olson, Petersen, Rowe, Soneson, Bogle, Garrett, Hove, and Knoerzer. Dahlgren-absent. None voted no and the motion was declared carried. President Nelson stated that the items to be discussed in closed session are: J-2 Regulating Reservoir and Negotiations with IBEW Local #2185.

At 11:15 AM it was moved by Director Soneson, 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: Nelson, R. Olson, S. Olson, Petersen, Rowe, Soneson, Bogle, Garrett, Hove, Knoerzer, and Mueller. Dahlgren-absent. None voted no and the motion was declared carried. President Nelson stated that the items discussed in closed session were: J-2 Regulating Reservoir and Negotiations with IBEW Local #2185.

The meeting adjourned at 11:15 AM.

ATTEST:

THE CENTRAL NEBRASKA PUBLIC POWER
AND IRRIGATION DISTRICT

K. Scott Olson, Secretary

By _____
Dudley L. Nelson, President