

MINUTES OF REGULAR BUSINESS MEETING OF THE  
BOARD OF DIRECTORS  
THE CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT  
HOLDREGE, NEBRASKA  
JANUARY 6, 2014 – 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 December 30, 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 December 20, 2013.

The following Directors were present:

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

Absent was: Director K. Scott Olson, Secretary.

Also present were the following:

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

Others present:

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 provided information about the Holdrege Water Conference scheduled on February 4, 2014 which will focus on the 2013 Platte River flooding.

CONSENT AGENDA: President Nelson asked the Directors if there were items they wished to be removed from the following consent agenda and discussed and voted on individually.

- **Approval of Minutes of Regular Business Meeting of the Board of Directors held December 2, 2013**
- **Approval of Minutes of Special Meeting of the Board of Directors held December 27, 2013**
- **Approval of Minutes of Committee Meeting of the Board of Directors held December 27, 2013**
- **Approval of the December Disbursements:**
  - Hydro Division Vouchers:*
  - Check #s 45223, 45334, 45335 and 45367 - VOID
  - Check #s 45462 through 45686 and #s 99360 through 99365 (Accounts Payable)
  - Check #9909195 through 9909293 and #s 9798 through 9821

(Payroll)	\$1,308,649.58
<i>Kingsley Division Operations Disbursements:</i>	
Check #2650 - VOID	
Check #2651 through 2654 (Accounts Payable)	\$53,035.62
<i>J-2 Regulating Reservoir Construction Fund Disbursements:</i>	
Check #1007 through 1012 (Accounts Payable)	\$50,374.21
<i>Glendo Division Disbursements:</i>	
Check #	\$NONE
<i>Flex Spending Account Disbursements:</i>	
Check # 6801 through 6807	\$2,775.00

➤ **Approval of Right of Way Transaction**

- Phelps Canal – Tract No. A21.5#30 – W1/2SE1/4 32-7-18 – Tallgrass Interstate Transmission LLC
  - Agreement to replace an overhead pipeline canal span with a pipeline to be bored a minimum depth of 8 feet below top of existing ground. Replaces existing crossing which was a part of a 1956 agreement with Kinder Morgan

➤ **Approval of Work Order/Purchase Requisition Summary**

- a. Work Order #186529 - Phelps A24.4-2.1E-0.2 to 0.7 canal lining – line canal (bank to bank) with 80 mil geosynthetic lining for 2,475 feet (\$94,452.98)
- b. Work Order #186528 - A24.4-2.1E-1.2 Pipeline – add to existing pipeline (\$14,200.22)
- c. Work Order #107323 - J-1 & J-2 Forebay Grates – fabricate and replace bays of grates (\$42,877.00)
- d. Work Order #186802 - Document Management System (\$50,000.00)
- e. Work Order #186614 – Redrill 3 wells on the lower end of E65-23.7 canal (#G013643, #G013644 and #G013646) (\$78,247.13)

➤ **Approval of 2014 Budget Amendment**

Addition to A24.4-2.1E-1.2 Pipeline - \$14,200; Redrill three wells on E65 - increase capital budget by \$11,000.

➤ **Approval of Bids for E65 Well Replacement (replace 3 wells: #G013643, #G013644 and #G013646)**

Accept Holdrege Well Service’s bid in the amount of \$75,968.09.

➤ **Approval of a Deviation to the Policy for Combining Accounts to Allow Combining all of the US Fish and Wildlife’s Funk Lagoon Accounts into one Account**

➤ **Approval of Allocation Year Transfer Policy**

ALLOCATION YEAR TRANSFER POLICY

This policy will allow surface water deliveries to be supplemented for one year when Central has established an allocation for delivery of surface water (Allocation Year). The deliveries may be supplemented by transferring deliveries from a tract of land to a different tract of land or by delivering water from Central’s E65 wells.

- 1) A Water Transfer must be approved by the landowners of both tracts of land. Water Transfers into the E-65 Canal system may be limited by siphon and pipeline capacity constraints.
- 2) The landowners’ request for a Water Transfer must be on the form provided by the District and submitted to the District by January 15 of the year in which the transfer is to occur. Requests received after January 15 will be approved only if water delivery scheduling conflicts can be avoided.
- 3) Tracts of land to which the water will be applied must have valid surface water use rights and existing contracts with the District.
- 4) Water Transfers shall be limited such that the total deliveries to a tract after the transfer do not exceed the rate of twenty-eight one-hundredths (0.28) acre foot/irrigated acre/fourteen-day period.

- 5) Water Transfers for contracts on the Supply Canal shall be limited to the volume specified in the contract.
- 6) The responsibility for paying the water service charges specified in the water service agreement will be transferred to the owner of the tract of land receiving the water service.
- 7) Water Transfers shall be binding on the parties upon approval by the Board of Directors of the District.
- 8) The District will compile a list of landowners willing to forgo delivery of water to their lands. If a customer wishes to have additional water available to a tract of land, Central will provide that water if available on a “first come – first served” basis in accordance with this policy.
- 9) The District will operate the E65 wells to capacity to meet Water Transfer requests that exceed supply of water available from the list of landowners willing to forgo delivery of water to their lands.
- 10) All previous water service charges will be paid prior to a transfer request being granted.

➤ **Approval of Variance Request – Eric and Diana Beisner – 42 North Shore Dr. 8, Johnson Lake**

Approve a variance of 2.33’ of the side lot line setback of 10% of the width of the lot at the point of construction. The total dimension of that part of new addition encroaching into the setback is 2.33’ wide x 6’ long.

➤ **Approval of 2014 Hardship Cases – Six repeat applicants.**

➤ **Approval of Change Order No. 3 – Allen Blasting and Coating, Inc. – Contract No. 0-649** for additional labor, equipment and material to repair pipe leaks prior to coating (\$15,020.00).

➤ **Approval of Closure of Contract No. 0-649 – Allen Blasting and Coating, Inc.**

On April 1, 2013, Contract No. 0-649 was awarded to Allen Blasting and Coating, Inc. for E65-4.6 and E65-5.4 Siphon Coating at a cost of \$637,614.29, less 5.5% sales tax of \$32,818.28 for a cost of \$604,796.01. Three change orders were issued totaling \$141,580.00 for a total contract amount of \$746,376.01. Previous payments were made in the amount of \$439,618.67, leaving a balance of \$306,757.34.

All work has been completed, inspected and found to be satisfactory. Payment shall be made to Allen Blasting and Coating, Inc. in the amount of \$306,757.34 and the contract closed.

➤ **Approval of E65 Siphon Cathodic Protection Inspection by CP Masters, Inc.** to conduct an inspection of the existing cathodic protection system and recommend protection options for a fee of \$5,000.00.

➤ **Approval of Johnson Lake 3-Year Dryland Farm Ground Lease Bids**

Accept Brian Isaacson’s bid in the amount of \$23,730.98 per year.

➤ **Approval of Johnson Lake Airport Lease Agreement with Dave Malcolm**

Approve annual lease with a 3% increase to an annual rental amount of \$3,182.00 and an increase in liability insurance limits.

➤ **Approval of Jeffrey Lake Annual Agricultural Lease with Deborah Egender and Gregory Ingram**

Approve annual lease for a period of one year beginning March 1, 2014 and ending February 28, 2015, for the fee of \$840.00.

➤ **Approval of Change In Control Point – Computer Operator Specialist**

Approve change in control point from 8(5) to 10(5).

➤ **Approval of Special Committee Meeting of the Board on January 28, 2014 at 9:00 a.m. in Holdrege**

- Approval of Special Committee Meeting of the Board on March 4, 2014 at 8:30 a.m. at the Cornhusker Hotel in Lincoln, Nebraska
- Approval of Special Committee Meeting of the Board on March 5, 2014 at 8:30 a.m. at the Cornhusker Hotel in Lincoln, Nebraska
- Approval of Employment Agreement with Tim Anderson
- Approval of Employment Agreement with Leonard France
- Approval of Employment Agreement with William David Campbell

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

WATER SERVICE AGREEMENTS AND TERMINATIONS: Dave Ford stated there have been no changes since the committee meeting of the board. The following were presented:

System	Acct. No.	Legal Desc.	Landowner	Contr. Acres	Total Acres Chg'd
<b><u>WATER SERVICE AGREEMENTS</u></b>					
Phelps	6151805.....	NE1/4 18-6-15 .....	Lois A & Vernon L Christensen ....	15.....(1).....	-128
		<i>(NOTE: 10-yr Termin. Completed – resigned 15 ac)</i>			
Phelps	7173205.....	S1/2NW1/4 32-7-17.....	Larry D & Marlene A Pearson .....	69.....(1).....	+12
E65	7201401.....	SW1/4 14-7-20.....	Dennis D Sand .....	141.....(1).....	+20
E65	7202204.....	NE1/4 22-7-20 .....	Dennis D Sand .....	111.....(1).....	-20
E65	7211701.....	W1/2 17-7-21 .....	Jerrold A Hibbs, Trustee et al.....	180.....(1).....	+30
		<i>(NOTE: 30 ac from 7191801)</i>			

**COMBINE ACCOUNTS**

E65	7203402.....	W1/2SW1/4 & SE1/4 34-7-20 .....	Rodney E Schroeder.....	220.....(1)	
		<i>(NOTE: Previously Acct. 7203402, 70 ac &amp; Acct. 7203403, 150 ac)</i>			
Phelps	6162001.....	S1/2NE1/4, E1/2SW1/4 & N1/2SE1/4 20-6-16 .....	Fishell & Fishell Ltd .....	74.....(1)	
		<i>(NOTE: Previously Accts. 6162001, 10 ac; 6162003, 10 ac; Acct. 6162004, 54 ac)</i>			

**AWEP AGREEMENT**

E65	6192103.....	SW1/4 21-6-19.....	Carroll A & Donna S Bernt		
E65	7200201.....	S1/2 2-7-20 .....	Charles Schwartz, Trustee		

**“14” Yr WATER SERVICE AGREEMENT (Standard 10-Yr TERM + Add'l 4-Yr TERM due to AWEP)**

E65	6192103.....	SW1/4 21-6-19.....	Carroll A & Donna S Bernt.....	112.....(1)	
E65	7200201.....	S1/2 2-7-20 .....	Charles Schwartz, Trustee.....	286.....(1)	

**10-Yr TERMINATION**

Phelps	7192601.....	N1/2NW1/4 26-7-19 .....	Mayes General Partnership .....	64.....(after 2022)	
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- (1) IPP Amendment to Water Service Agreement for the 2014 irrigation season accompanies new WSA.
- (2) IPP Amendment to Water Service Agreement for the 2014 irrigation season to accompany existing WSA.
- (3) Water Service Agreement terminated after 2013, landowner came-back with new WSA.
- (4) Water Service Agreement in 10-year termination (after 2013), landowner came-back with new WSA.
- (5) Documents are currently being reviewed with landowners and/or are being signed by the landowners.

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

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

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

TRANSMISSION SUBSTATION SERVICE AGREEMENT – NEBRASKA PUBLIC POWER DISTRICT: This was discussed in Closed Session.

J-2 REGULATING RESERVOIR: This was discussed in Closed Session.

PERSONNEL: This was discussed in Closed Session.

LEGISLATION: Jeff Buettner reminded the Directors that the Legislature convenes on January 8, 2014 and Central is hosting a water roundtable that morning.

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

BOARD COMMENTS: Director Knoerzer briefly discussed a letter some of the Directors received from Jeffrey Daake regarding Johnson Lake lease agreements. The letter will be placed on the board website and addressed by the Power and Recreation Committee at a later time.

OPERATIONS REPORT: The following operations reports were presented:

- a. Cory Steinke expected more problems over the weekend due to the cold temperatures but there was just one gate that had problems. Lake McConaughy inflows have decreased from around 1,000 cfs to 500 cfs with NPPD taking 250 cfs. Lake McConaughy's elevation is at 3233.8, 953,000 acre feet, 55% of capacity and it has risen about 7/10 of a foot in the past week. Snowpack is average.
- b. Kevin Boyd stated employees are working inside the warehouse today due to the cold temperature and once the weather is warmer they will get back to removing trees at Kingsley. They have also been hauling sand to Jeffrey Island to widen a road. The FERC filings for the Emergency Action Plans were filed last week. He is also working on a surveillance monitoring plan to comply with FERC.
- c. Dave Ford continues to contact irrigators concerning allocation transfers. There is a meeting on January 7, 2014 with the Water Users Board to begin the planning of their annual meeting.
- d. Holly Hiebert explained problems she encountered with the new website. She hopes to have it repaired and available for use very soon. A Raptor Recovery Network Program was held over the weekend at Kingsley with around 80 people in attendance. Eagle numbers are down a bit at J-2 but overall the viewing season has been good so far.
- e. Rochelle Jurgens gave the Directors their 1099s for the year.
- f. Eric Hixson stated the transition from selling power from NPPD to Kansas City Power and Light from Jeffrey, J-1 and J-2 went smoothly.
- g. Jeff Buettner informed Directors of a Legislative Reception at the Nebraska Club on January 29, 2014 from 5:00-6:30 p.m.

**At 9:13 AM it was moved by Director Garrett, seconded by Director Petersen, that the Board go into Closed Session to discuss legal matters. Upon voting on the motion, the following Directors voted therefore: Garrett, Knoerzer, Mueller, Nelson, R. Olson, Petersen, Rowe, Soneson, Bogle, Dahlgren, and Fowler. Absent: S. Olson. None voted no and the motion was declared carried. President Nelson stated the items to be discussed in closed session were the following: Legal Services Agreement-Anderson, Klein,**

Swan & Brewster, Legal Services Agreement-Robert McCormick, Transmission Substation Service Agreement-Nebraska Public Power District, J-2 Regulating Reservoir, and Personnel.

At 9:46 AM it was moved by Director R. Olson, seconded by Director Garrett, that the Board exit Closed Session and reconvene in Regular Session. Upon voting on the motion, the following Directors voted therefore: Knoerzer, Mueller, Nelson, R. Olson, Petersen, Rowe, Soneson, Bogle, Dahlgren, Fowler, and Garrett. Absent: S. Olson. None voted no and the motion was declared carried. President Nelson stated the only items discussed in Closed Session were the following: Legal Services Agreement-Anderson, Klein, Swan & Brewster, Legal Services Agreement-Robert McCormick, Transmission Substation Service Agreement-Nebraska Public Power District, J-2 Regulating Reservoir, and Personnel.

LEGAL SERVICES AGREEMENT – ANDERSON, KLEIN, SWAN & BREWSTER: It was moved by Director Petersen, seconded by Director Bogle, that the Board approve the Legal Services Agreement with Anderson, Klein, Swan & Brewster for the period of January 1, 2014 to December 31, 2014 as discussed in Closed Session. Upon voting on the motion, the following Directors voted therefore: Mueller, Nelson, R. Olson, Petersen, Rowe, Soneson, Bogle, Dahlgren, Fowler, Garrett, and Knoerzer. Absent: S. Olson. None voted no and the motion was declared carried.

LEGAL SERVICES AGREEMENT – ROBERT MCCORMICK: It was moved by Director Mueller, seconded by Director Dahlgren, that the Board approve the Legal Services Agreement with Robert McCormick for the period of January 1, 2014 to January 31, 2014 as discussed in Closed Session. Upon voting on the motion, the following Directors voted therefore: Nelson, R. Olson, Petersen, Rowe, Soneson, Bogle, Dahlgren, Fowler, Garrett, Knoerzer, and Mueller. Absent: S. Olson. None voted no and the motion was declared carried.

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

The meeting adjourned at 10:00 AM.

ATTEST:

THE CENTRAL NEBRASKA PUBLIC POWER  
AND IRRIGATION DISTRICT

\_\_\_\_\_  
K. Scott Olson, Secretary

By \_\_\_\_\_  
Dudley L. Nelson, President