

N-CORPE

Nebraska Cooperative Republican Platte Enhancement Project

Board of Directors Meeting Minutes

March 19, 2014, 9 a.m.

McMillen Hall Room 213, McCook Community College, McCook, Neb.

Agendas were sent to all Board Members and all others requesting agendas. Agendas were posted in the following offices: Twin Platte NRD; Lower Republican NRD; Middle Republican NRD; and Upper Republican NRD.

Board Members Present: Dave Bartels (Lower Republican NRD Alternate); Brad Randel (Middle Republican NRD); Jerry Weaver (Twin Platte NRD); and Terry Martin (Upper Republican NRD).

Others Present: Jasper Fanning, Nate Jenkins, James Meismer, Benjie Loomis, Jack Russell, Kent Miller, Mike Clements, Dick Hasenour, Joe Knox

Information Sent to Board Members: Agenda

Information Available at Board Meeting: Agenda; minutes of the Feb. 24, 2014 meeting; financial report; profit and loss statement; resolution authorizing NCORPE to execute purchase agreement, deed and other necessary documents for sale of Kason Potato Facility; resolution authorizing NCORPE to execute purchase agreement, deed and other necessary documents for sale of Wallace Potato Facility; grain storage facility lease for two grain bins; access agreement for Wellfleet Dam; description of NCORPE activities at Wellfleet Dam; letter and attachments from Lincoln County Assessor related to tax assessments.

Chairman Terry Martin called the meeting to order at 9:07 a.m. He turned the meeting over to Jasper Fanning, manager of the Upper Republican NRD. Fanning announced that a copy of the Open Meetings Act was posted in the meeting room. Roll call was taken. Voting representatives from URNRD (Terry Martin); TPNRD (Jerry Weaver); LRNRD (Dave Bartels) and Middle Republican NRD (Brad Randel) were present.

Minutes:

- Randel moved to approve the minutes of the February 24, 2014 meeting as presented. Seconded by Bartels. Roll call vote: 4-yes. 0-no. Motion approved.

Financial Report: Fanning reviewed the financial report and March payables and February profit and loss.

Representatives from the Middle Republican asked if all payments to Merryman Construction and for the wellfield were close to completion; Fanning said yes but payments remain. Fanning mentioned a small excavator had been purchased and a trailer and truck would be sought.

- Martin moved to approve financial report and payables as presented. Seconded by Randel. Roll call vote: 4-yes. 0-no. Motion approved.

Check Card Substitution – Jack Russell for Dan Smith: Fanning said that since Dan Smith had retired as manager of the Middle Republican and Jack had replaced him, the board needed to take action to replace Dan with Jack on the signature form for the NCORPE account so Jack could sign checks if needed.

- Bartels moved to approve replacing Dan Smith with Jack Russell on the signature form with Pinnacle Bank so that he was authorized to sign checks on behalf of NCORPE. Seconded by Martin. Roll call vote: 4-yes. 0-no. Motion approved.

Construction Status/Progress: Fanning said automated controls for the wellfield were being worked on and the software setup and operating correctly. All wells have been phased and are able to pump water. Crossing work is ongoing. Fanning described channel capacity and width; with a 12'-15' channel, running just a few cfs of water moves at about ½' to ¾' per second. As you increase flow, water runs faster; at 20 cfs it is 1-1 1/2 feet per second. In very narrow sections of the channel then you may only add 2' or so of depth with approximately 80 cfs. Directors asked various questions about the crossings that still needed replaced. Condemnation papers have been served to Dan Estermann. There was a discussion about the condemnation process. Flow could be lessened while culverts are installed. Flowage easements are being acquired.

Property Management/Operations

- a.) Facilities/Land Sale – Kason and Wallace Facilities:** Jenkins said entities had been contacted in an effort to market the properties and negotiations had occurred regarding the sale of both properties in an effort to maximize sale proceeds to NCORPE. CSS Farms indicated they would soon be signing a purchase contract for the Kason potato facility and adjacent land for \$325,000. A resolution was presented describing how, pursuant to the Interlocal Cooperation Act, NCORPE had engaged in negotiations related to the facility, an offer was proposed, and NCORPE had considered a proposed purchase agreement conveying 17.1 acres of real property and associated potato storage facilities located at 36129 South Game Trail Road from CSS Farms. The resolution was to authorize a designee of NCORPE to execute the purchase agreement and negotiate, execute and deliver the Deed, as well as any other necessary documents.
Regarding the Wallace Facility, Jenkins said negotiations with interested parties necessitated executive session discussion pertaining to real estate negotiations.
 - Martin moved to approve the resolution regarding the potato facilities and associated land at 36129 South Game Trail Road with Nate Jenkins as the authorized representative. Seconded by Bartels. Roll call vote: 4-yes. 0-no. Motion approved.
- b.) Grain Storage Leases:** The Board considered whether to renew the lease with Steve Facka for two grain bins on the west side of the property for a total of \$1,000. The Board also said remaining bins on NCORPE property, with the exception of bins at headquarters, could be leased at the same rate of \$500 per bin.
 - Martin moved to approve the renewal of the lease for two bins with Steve Facka for a total of \$1,000. Seconded by Randel. Roll call vote: 4-yes. 0-no. Motion approved.
- c.) Headquarters Grain Storage Sale:** Jenkins said Big Iron recommended that the 20 bins at headquarters be sold separately. To gauge interest, the Board discussed selling five initially on the south side.
 - Randel moved to list five bins on the south side and their associated u-troughs with Big Iron. Seconded by Martin. Roll call vote: 4-yes. 0-no. Motion approved.
- d.) Wellfleet Dam Agreement:** Fanning said they had met with the Board of Educational Lands and Funds and discussed with DNR what they would like done with the dam over the short and long term. The School Land representatives signed the agreement. It gives NCORPE permission access to do minor modifications like a secondary spillway so the dam face didn't erode; work with the lease holder and School Lands to modify boards to keep the lake level constant; and monitor debris around the outlet structure. Over the long term NCORPE will work with School Lands to see if improvements to the dam needed. An analysis by HDR engineers could help school lands and local people. If the dam breached, county roads could be overtopped by 1' but there are no structures in floodplain and no loss of life would occur. It could be reclassified as a low hazard dam.

- Martin moved to approve the Wellfleet Dam Access Agreement. Seconded by Randel. Roll call vote: 4-yes. 0-no. Motion approved.
- e.) **Operations Allocations:** Randel said his Board had wondered if there would be an operations allocation. Miller said no information had yet been gathered by the modeler. Registration of the augmentation wells was discussed and there was general consensus the registration should be changed to “other.” Members expressed interest in using the project responsibly. Fanning said that over time the total amount of water pumped under the project should average about the same amount that would be pumped had the land remain irrigated because in some years the project won’t be operated at all. More acres could be retired in the future if more water than is expected would be pumped. Miller said the model would indicate what level of drawdown could be expected at various pumping rates over various periods of time.
- f.) **Wind Energy RFP:** The Board discussed interest in requesting requests for proposals for wind developers to gather data on the project property.
 - Weaver moved to have staff investigate request for proposals on wind energy and bring recommendations to the Board. Seconded by Martin. Roll call vote: 4-yes. 0-no. Motion approved.

Tax Issues

- a.) **Lincoln County Tax Assessment:** The Lincoln County Assessor has concluded the NCORPE property is not being used for a public purpose; NCORPE disagrees. The Board discussed whether to protest the assessor’s determination. Legal counsel will assist in drafting the letter of protest. If the County Board of Equalization sustains the assessor’s assessment, that ruling could be appealed to the Nebraska Tax Equalization and Review Committee.
 - Martin moved to protest the Lincoln County Assessor’s determination that the NCORPE project lands were not being used for a public purpose. Seconded by Bartels. Roll call vote: 4-yes. 0—no. Motion approved.
- b.) **Property Tax Reimbursement to Political Subdivisions:** Bartels said state aid may cover lost revenue to school districts. Randel said it is unfortunate NCORPE would like to make up for decreased tax revenue but appeared unable to do so legally. Martin said it also appears impossible to distribute the loss in revenue among all counties that benefit from augmentation projects. Fanning said one needs surface control of land to justify withdrawal of groundwater. Fanning said if the land was sold and NCORPE held an easement for access to the water it could possibly be taxed.
- c.) **Occupation Tax Reimbursement:** Randel said the MRNRD has lost the occupation tax on the ground and asked how it could be recouped. About \$100,000 in occupation tax will be lost. Fanning proposed that whatever the occupation tax loss is to each district, districts that are using the project should split up occupation tax costs based on utilization of project and in years the project isn’t used split the cost 25% among the districts. Payment could come from operating expenses. Weaver asked if the acres were decertified and if that impacts occupation tax and water rights. Randel said the Board should consider subtracting operating expenses for those Districts losing occupation tax revenue. Randel and Clements said they would go to their respective boards and ask whether they would like to receive/make payments equaling 25% of lost occupation tax revenue each year or if the lost revenue should be offset through the disbursement of operating expenses. It was agreed Blankenau should be asked for his thoughts on the issue.

Open Forum: Dick Hasenour of Dickens suggested that a limit on augmentation pumping be imposed.

Executive Session:

- Bartels moved to go into executive session to discuss real estate sales and negotiations and property easement negotiations to include the NCORPE board and staff of NCORPE member NRDs. Seconded by Martin. Roll call vote: 4-yes. 0-no. Motion approved. The board entered executive session at 11:34 a.m.

- Randel moved to exit executive session and enter open session. Seconded by Weaver. Roll call vote: 4-yes. 0-no. Motion approved. The Board entered open session at 12:08 p.m.
- Martin moved to approve a resolution stating that pursuant to the Interlocal Cooperation Act, NCORPE had engaged in ongoing negotiations to manage the potato storage facility near Wallace and in connection with the negotiations offers were proposed for the sale of the Wallace potato facility and adjacent land located in the SW ¼ of Section 13, Township 10 North, Range 34 West and that after careful consideration by the Board a purchase agreement had been proposed to sell the property to Frenchman Valley Produce for \$1,350,000. The resolution authorized Nate Jenkins to execute the purchase agreement and deed and any other necessary documents. Seconded by Randel. Roll call vote: 4-yes. 0-no. Motion approved.

Next Meeting: The next meeting was scheduled for 10 a.m. CT April 16 at the Twin Platte NRD office in North Platte.

The Board adjourned at 12:10 p.m.

Brad Randel, Board Secretary

Date