

NCORPE

Nebraska Cooperative Republican Platte Enhancement Project

Board of Directors Meeting Minutes August 15, 2018 Curtis Community Center

Agendas were sent to board members and others requesting agendas. Agendas were posted at www.ncorpe.org and in the following offices: Twin Platte NRD, Lower Republican NRD, Middle Republican NRD, and Upper Republican NRD.

Board Members Present: Terry Martin (Upper Republican NRD); Benjie Loomis (Middle Republican NRD); Jerry Weaver (Twin Platte NRD); Nelson Trambly (Lower Republican NRD)

Others Present: Sylvia Johnson (Middle Republican NRD), Jack Russell (Middle Republican NRD), Scott Dicke (Lower Republican NRD), Todd Siel (Lower Republican NRD), Kyle Shepherd (NCORPE), Riley Ellwanger (NCORPE), Jasper Fanning (Upper Republican NRD), Dean Large (Upper Republican NRD), Kent O. Miller (Twin Platte NRD), Jim Meisner (Twin Platte NRD), Bill Sellers (NCORPE), Henry K Vogt (Lincoln County Appraiser), Dan Estermann (Wellfleet), Jim Schneider (Olsson Associates), Mallory Morton (Olsson Associates), David Pieper.

Information sent to Board Members: Meeting Agenda; July 11, 2018 Meeting Minutes; Accounts Payable up to 8/10/2018; Financial Statements for year ended 6/30/2018; 2019 NCORPE draft budget.

Terry Martin called the meeting to order at 10:03 AM and designated NCORPE's General Manager, Kyle Shepherd, to chair the meeting. Shepherd pointed out that there were copies of the Open Meeting Act posted in the back of the room.

Roll call was taken. Voting representatives from the Twin Platte NRD (Jerry Weaver), Upper Republican NRD (Terry Martin), Middle Republican NRD (Benjie Loomis), and Lower Republican NRD (Nelson Trambly) were present.

Open Forum

Kyle Shepherd called an open forum and there was no comment from the audience.

Minutes of July 11, 2018 Meeting

The minutes of the July 11, 2018 meeting were presented to the board. Terry Martin pointed out that the minutes stated Dean Large seconded two motions but is an alternate and unable to do so. Kyle Shepherd said that the tape will be checked, and the minutes corrected. Martin also observed that Dundy County was misspelled and Shepherd said that it will be fixed.

Terry Martin moved to approve the minutes from the July 11, 2018 board meeting with the corrections that are noted and was seconded by Benjie Loomis.

Roll Call, Upper Republican NRD – Yes; Middle Republican NRD – Yes; Lower Republican NRD – Yes; Twin Platte NRD – abstain. Vote 3 – Yes, 1 – abstain, 0 – No, Motion approved.

Payables

Kyle Shepherd presented the payables to the board and opened the floor to questions. Jerry Weaver asked if the payroll went through June and if July payroll was still unaddressed and will show up on the next payment, Shepherd said that was correct. Weaver also asked what equipment NCORPE is renting from Titan Machinery. Shepherd explained that they had a yearly lease on a skid steer. Weaver asked if it was a lease payment on something that NCORPE already had, Shepherd said that was correct. Todd Siel asked if the term on the lease was for an entire year, Shepherd said that was correct.

Jerry Weaver moved to approve the payables as presented and was seconded by Terry Martin.

Roll call, Middle Republican NRD – Yes, Lower Republican NRD – Yes, Upper Republican NRD – Yes, Twin Platte NRD – Yes. Vote 4 – Yes, 0 – No, Motion approved.

Financial Report

Kyle Shepherd presented the yearend financial state for the 2018 fiscal year and opened the floor to questions. Terry Martin asked if the statement was just a summary of the spending's and not an audit of any kind. Shepherd said that was right and the audit was to be done at a later date. Martin asked if there was anything on the financial statement that they were worried about. Shepherd said no. Todd Siel asked what the classification of "reimbursements from NRDs" included, and if it included bond payments. Shepherd said that he thinks it is the NRD bond payments. Kent Miller asked if it was correct that the bond payments are no longer in the budget. Shepherd said that is correct. Miller also asked if Jasper Fanning if the bond payments should be higher than the number on the financial report. Fanning said that he thought it was about right for all the NRDs together. Benjie Loomis asked why the bond payments show up on the NCORPE financial statement if they are paid to the bank directly. Fanning said that it still technically paying an NCORPE bond. Fanning asked why the equity distribution didn't match across the NRDs like it had in the past. Shepherd said that there should have been inkind contribution adjustments. Fanning asked Shepherd to check with McChesney about the items.

Terry Martin moved to accept the financial statement for the year ending June 30, 2018 with the clarifications Jasper Fanning asked for and was seconded by Jerry Weaver.

Roll call, Lower Republican – Yes, Twin Platte – Yes, Upper Republican – Yes, Middle Republican – Yes. Vote 4 – Yes, 0 – No, Motion approved.

Manager's Report

Bill Sellers – Sellers has been doing reseeding evaluation and preparing the presentation for the reseeding this winter; been working on controlling thistle, tumbleweed, and leafy spurge growth; monitoring and working with land owners on summer grazing; gave a tour to NRCS staff to assess some of the poorer acres; took aerial photos of the property; has been working to get haying acres available for bid; attended leafy spurge conference; documented property hail damage, and was helped by Mike, Bob, and Riley with these tasks.

Kent Miller asked how many acres were leased out for summer grazing. Sellers answered that it should be about 8500 acres.

Mike Keller – Keller has been working on creek crossings; has been meeting with contractors and engineers working on the north pipeline; assisted Bill with grazing issues; performed maintenance on

equipment; worked on grain bin clean up with the bin that was blown over, and working with an electrician to fix the issues that were caused; has been mowing, and was assisted by Bob and Riley.

Kyle Shepherd – Shepherd has been working on agenda items; dealt with insurance companies for the grain bin; working on PR and the budget; working with both sets of auditors; and has attended several meetings.

Dawson Public Power – rates

Kyle Shepherd told the board that Dawson Public Power would look at getting them a list of different rates if they qualified. They will be meeting as a board to discuss what they would be willing to do for NCORPE. That board meeting was after this one, so Shepherd is hoping that Dawson Public Power will be able to get back to them by the October board meeting.

Third Party Audit Draft Report

Robert Kreiser from RSM was present to give an update to the board and answer questions. Kreiser said that their work is nearly complete, and that Kyle Shepherd should be presented with a draft report by the end of the day. That draft report will list procedures, findings, and recommendations to policies and procedures to remediate any findings. Kreiser said that once questions about the draft are addressed it should not be much time until they will be able to present the board with a final report. Jasper Fanning asked Shepherd if he could forward the draft and Shepherd said that he would forward it to all the managers. Scott Dicke asked Kreiser if he would touch on the timing constraints that were experienced. Kreiser explained that multiple faculty working on the project left before it was completed. Kreiser said that the scope of the project was not expected originally, and that the amount of selections that was needed was more than expected. Kreiser also said that once multiple selections had been requested and presented that the firm had entered their traditional busy season and that traditional audits were prioritized. Kreiser said that the original number of transactions provided wasn't substantial to the number needed, which led to a lot of back and forth trying to receive the needed documents. Benjie Loomis asked if things just weren't provided. Kreiser responded that they were provided, but not the entire list due to a myriad of factors. Kreiser said he believes the level of detail they were asking for was misunderstood and that when things did get provided the audit was pushed off on their end. Scott Dicke asked if RSN had any difficulty receiving information from McChesney Martin Sagehorn. Kreiser answered no that he thinks the issue was understanding what was needed and the detail related to it. Kreiser said that some information was requested multiple times because it was entered into the wrong category by RSM. Todd Siel asked if the draft was ready. Kreiser answered yes and that once the draft is agreed upon the final statement should be completed quickly.

Model Update

Jim Schneider from Olsson Associates attended to present the board with a model update and talk about a potential next phase. Schneider explained that the initial model made for NCORPE has been completed and is available to show the impact of the augmentation project on surrounding groundwater in real time. Olsson Associates has estimated the average consumption that Lincoln Farms wells would've used and that is essentially NCORPE's "credit" towards augmentation pumping. Schneider explains that you can enter pumping rates and projected pumping rates into the model to see the anticipated impact on the surrounding groundwater with the model's simulation. Schneider explains that since the model has been completed that a new data set has been made available through aerial geophysics surveying. Schneider emphasized that with this data they would not redo the project but add it to the existing model. Schneider explained that this data will allow them to better assign aquifer properties within the model. Schneider also says that they aren't speculating, that they have the data

and have evaluated it. Schneider said the proposed project would be a joint project between the NCORPE board and the Twin Platte NRD, which will save the NCORPE board money. The Twin Platte NRD board had already approved their portion of the project, and NCORPE's part of the project would cost \$50,000. Jasper Fanning asked if the original proposed project included the Central Platte NRD. Schneider responded that they originally scoped the project as a \$150,000 project with a third partner, but they had decided not to go forward with the project. Schneider explains that he believes that the aerial data isn't as important in that area because that area has many more wells for more accurate data in the initial model. Schneider also said that he believed the Twin Platte NRD and NCORPE were important clients, so Olsson Associates was willing to go forward at the same cost to the two clients. Fanning also asked if Schneider's evaluation of the AEM data led him to believe that the model would be substantially improved. Schneider answered that while he was at the Department of Natural Resources they did a study on how valuable the AEM data is and concluded that is very valuable data that provides very much improved picture. Schneider also explained that the AEM data would help better define the layers and sublayers of the aquifer, especially in the well field. Scott Dicke asked if this data would help them pick out which wells caused more or less draw down. Schneider answered yes. Kent Miller said that he would greatly encourage the board to approve the project and greatly improve the model.

Terry Martin moved participate in the model building that Jim Schneider described at the rate stated and Nelson Trambly seconded.

Roll call, Twin Platte NRD – Yes, Upper Republican NRD – Yes, Middle Republican NRD – Yes, Lower Republican NRD – Yes. Vote, 4 – Yes, 0 – No. Motion passed.

Seeding Needs

Bill Sellers provided an update on musk, Canada, and Russian thistle control efforts and results throughout the property. Sellers also presented estimated costs for all methods of weed control, and potential income from haying. Nelson Trambly asked if the circles that might be mowed were just weeds or if there was grass out there as well. Sellers answered that he wanted to do spot mowing in the circles to focus on areas with large amounts of tumbleweeds and not have to mow grassy areas. Trambly also suggested having those areas hayed instead of mowed to save money. Sellers explained that in order to have any transported off of the property it would have to be certified by the county noxious weed superintendent to be noxious weed free. Jerry Weaver asked when the mowing would be done. Sellers answered that he would like to start soon and be done by mid to late September. Jim Meisner asked what Sellers was using to spray Canada thistle and Sellers answered that he uses Grazon Next. Sellers presented the results of weed control grazing, the living fence project, and efforts to control leafy spurge. Sellers presented the proposed reseeding acres and potential plans to the board. Sellers presented three different species mixes to the board with different options for seeding rates and opened the floor to questions. Jerry Weaver asked how many acres were seeded in 2014. Sellers answered he thinks 30 circles total, or about 3,500 acres. Nelson Trambly asked why the original seeding wasn't successful. Sellers answered that he thinks that there are many factors, but that from his experience it's difficult to plant at the correct depth with the drill in the sand, as well as the variability in the soil. Sellers also mentioned that he's entertained the idea of broadcasting, but some people fear that the seed may desiccate in the sand during a dry year. Sellers said that from his experience he thinks that 70% success is pretty high. Jim Meisner asked if broadcasting was used would you have to follow behind with something to mix the soil. Sellers said that some people practice that and other don't, but success takes time either way. Trambly asked about the possibility of using brome grass to get a stand on unestablished areas. Sellers said that he thinks that they were fortunate to have a wet year this year and get a lot of nonproblematic annual weeds growing to prevent erosion. Jasper Fanning says that in

his experience the biggest problem is maintaining consistent seed depth in the sandy soil. Kyle Shepherd said that he thinks with the public's criticism of the seeding mixture, even though they've used what the experts recommended, that it would be a good time for the board to explore different seeding options to have the most success. Fanning said that from his experience there's a lot of things that can't be controlled when attempting to obtain grass establishment. Fanning also said that he thinks with the application of chemicals to kill forbs in some areas, it doesn't seem efficient to include forbs in the seed mix and suggests waiting to potentially seed forbs once the grass is established. Sellers said that the NRCS did recommend an all grass mixture because the forbs will fill in over time. Dean Large asked about potentially seeding more cool season grasses. Sellers answered that he thinks the grass species selected are the most likely to do well in the environment. Fanning said that he thinks the cool seasons may be easier to establish but won't persist long term as well as the warm season grasses. Weaver suggested selecting grasses that were the least expensive and had the highest success. Sellers said he did adjust the mixture to include the most successful grasses to establish that were less expensive. Terry Martin said that he thinks the board should support Sellers' opinion and continue with the reseeding efforts until grass is established.

Terry Martin moved to direct the range management and management to continue the reseeding operation using the grass mix that best suits the situation and let them determine the seed mixture. Nelson Trambly seconds the motion on the condition that they use seed mixture option 3, the all grass seed mix.

Roll call, Upper Republican – Yes, Middle Republican – Yes, Lower Republican – Yes, Twin Platte – Yes. Vote, 4 – Yes, 0 – No. Motion approved.

Draft Budget

Kyle Shepherd presented the proposed draft budget to the board and opened the floor to questions. Shepherd said he included the NRD contributions needed for operation but only the outstanding bills to the NRDs will appear. Shepherd said that he and Sellers also worked on the weed control and chemical fertilizer numbers. Shepherd said their consultants said that they should include the augmentation pumping costs on the budget. Jerry Weaver asked if the budgeted amount was based on the acre feet that each of the Republican NRDs estimated. Jack Russell asked where the bills already paid by the NRDs would show up. Shepherd said that it wouldn't show up on the budget. Jasper Fanning said that those payments should show up on the actual income. Fanning said that he thinks the actual funds spend should show up in the budget, the updated financials, and the bond payments. Jack Russell said the Middle Republican would be more comfortable when the audit, in kind, and occupation taxes were resolved. Russell also said he would like pumping costs and bond payments separated out by NRD. Shepherd said he would try to get another manager's meeting arranged and that all that information existed on other documents and he would get them all pulled together.

Benjie Loomis motioned to enter executive session to discuss land trade negotiations and was seconded by Terry Martin.

Roll call, Upper Republican NRD – Yes; Middle Republican NRD – Yes; Lower Republican NRD – Yes; Twin Platte NRD – Yes. Vote, 4 – Yes, 0 – No. Motion approved.

The board exited executive session at 12:17 PM and the meeting immediately adjourned as there was no further matters to be discussed.