

N-CORPE

Nebraska Cooperative Republican Platte Enhancement Project

Board of Directors Meeting Minutes October 18, 2017 Curtis Community Center, 201 Garlick, Curtis, NE

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); Jerry Weaver (Twin Platte NRD); Benjie Loomis (Middle Republican NRD)

Others Present: Kyle Shepherd (NCORPE); Jim Meismer (Twin Platte NRD); Jasper Fanning (Upper Republican NRD); Dean Large (Upper Republican NRD); Jack Russell (Middle Republican NRD); Scott Dicke (Lower Republican NRD); Silvia Johnson (Middle Republican NRD); Todd Siel (Lower Republican NRD); Kevin Fornoff (Middle Republican NRD); Pierre Dean (NCORPE); Nate Jenkins (Upper Republican NRD); Kent O. Miller (Twin Platte NRD); Randy Robinson (Farmer/Rancher); Jim Schnieder (Lincoln, NE); Jordan Maassen (Lincoln county, Ne); Gretchen Dolson (HDR); Lynn Frederick (Dickens); Landon Frederick (Dickens); Julie Stenger (Lincoln County Assessor); Marvin Knoll (North Platte); Ryan Sellers (North Platte); Dan Estermann (Wellfleet); Joe Estermann (Wellfleet); Kirk Olson (North Platte); Andy Olson (Hershey); Henry K. Vogt (Lincoln County Appraiser); Shad Lantis

Information Sent to Board Members: Agenda; Bills paid September 21, 2017 through October 11, 2017; Republican Basin Augmentation Project article; Keep NCORPE land in public hands article.

Terry Martin called the meeting to order at 10:06 a.m. 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 Upper Republican NRD (Terry Martin); Middle Republican NRD (Benjie Loomis); Twin Platte NRD (Jerry Weaver) were present; Lower Republican NRD was not represented at this meeting.

Open Forum

Kirk Olson speaking on behalf of Land Owners for A Common Purpose asked for the sale of NCORPE. He said that the Wallace School district is mostly affected by the loss of taxes. Mr. Olson said that he has spoken with Senator Dan Hughes and was disappointed with his response to the situation. Mr. Olson said that he was told by the

senator that taxes could simply be raised to meet the tax dollar demands. Mr. Olson requested to be on the agenda for the next meeting and asked NCORPE to present an attorney opinion letter as to why the property cannot be sold. He said that he'd also present an opinion letter as to why the property can be sold. Julie Stenger said that she agrees with Mr. Olson. She says that she's also disappointed on the Senator's response to Mr. Olson. She wants the land back into the hands of the farmers and does not want to disturb the water project. She also requested copies of the leases that NCORPE currently has.

Minutes of August 16, 2017 Meeting:

Jerry Weaver moved to approve the minutes of September 27, 2017 meeting requested that NCORPE's policies approved at the September board meeting be added to the meeting minutes and was seconded by Benjie Loomis.

Roll Call, Upper Republican- Yes; Middle Republican- Yes; Lower Republican- Absent; Twin Platte- Yes. Vote: 3-Yes, 0-No. 1- Absent. Motion Approved

Financial Report

Payables – Shepherd presented the payables to the board and opened the floor to questions. Jerry Weaver wanted to confirm that the billing changes for Twin Platte NRD were confirmed and requested a running total on the payables going forward.

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

Roll Call, Lower Republican – Absent; Middle Republican – Yes; Upper Republican – Yes; Twin Platte – Yes. Vote 3- Yes, 0 – No, 1 Absent – Motion Approved.

Shepherd requested that Mike Clements be removed as a signatory on NCORPE's account and have Todd Siel added as a signatory.

Jerry Weaver moved the motion to remove Mike Clements from the NCORPE's account and add Todd Siel as a signatory on the NCORPE's account and was seconded by Benjie Loomis.

Roll Call, Middle Republican – Yes; Lower Republican – Absent; Twin Platte – Yes; Upper Republican – Yes; Vote 3- Yes, 0 – No, 1 Absent – Motion Approved.

Bond Update – Designation of responsible person.

Kyle Shepherd told that board that there are reviews for bond compliance that are done once a year and a representative of NCORPE is required. It was suggested that he be made the designated person to do reviews for the bonds and changes.

Terry Martin moved to designate Kyle Shepherd as the designated person to review the bonds and was seconded by Jerry Weaver.

Roll Call, Upper Republican- Yes; Middle Republican- Yes; Lower Republican- Absent; Twin Platte- Yes. Vote: 3-Yes, 0-No, 1 Absent. Motion Approved

Project Update

Gretchen Dolson of HDR updated the board on the reasons why there were no responses to the renewable energy RFP requests. She said that after speaking with developers that most developers are trying to bring their existing projects to market at the time. She said after the lack of response HDR went a step further. RFPs were sent to most of the big and smaller clients and their law firms to get feedback. The feedback from the legal part of it was that after checking the RFP, location and the site then doing a superficial site research on the area and the economic and political environment, they were not interested based on the political drivers and members of the county not being supportive of the project.

Jim Meismer asked if the interest would decline as the tax credits go away. Dolson replied that the interest would increase but they could bring existing projects to market much cheaper than starting a new project. She continued that after the tax credits are no longer a factor, the playing field would level out again and there will be interest in a few years.

Nate Jenkins asked if the political issues she mentioned were specific to Nebraska or just Lincoln County. Dolson replied that they were specific to Lincoln County. Jenkins also asked who were they talking to specifically in Lincoln County. Dolson replied that they generally google the project site and when the first thing that comes up is names of State Senators that are not supportive of the project and this presents a challenge as an outsider. She said that they would want to go where they're not welcomed.

Scott Dickie asked what would be the range of potential investment that was missed. Dolson explained that LB1048 and LB424 for wind is the capacity tax credit and the land assessment remains the same. However, the facilities which include the turbines, the switch gears, the solar panels, the racks, and major equipment that would be used has a capacity tax of about \$3,518 per megawatt annually that goes to the state department of revenue that then is turned directly back over to the county.

Shepherd said that the proposal was for two to three hundred megawatts and Dolson said that would be about \$700,000 in taxes for a 200 megawatt facility and about \$350,000 for a 100 megawatt facility.

Weaver asked if that meant that there was a potential revenue for Lincoln County that we have not had an opportunity to capture and Dolson responded yes it does. Weaver also asked if the bids would decrease in future due to the lost in tax credits. Dolson said that there is no real loss to NCORPE as the tax credits do not benefit NCORPE as the landowner. The comparison would be made as to if they can get land and interconnection cheaper here or Oklahoma. She said that the tax credit basically lowered the prices that the developers would sell their power.

Shepherd said that he has been hearing about the need for tax dollars in Lincoln County and now is hearing that the economic development in Lincoln County has been stifled by the political climate of the County. Dolson said that the feedback that she has been getting is that developers are not interested in working in locations where they feel that they are not welcomed. She also stated that this is not the only place in Nebraska that she has seen this happen.

Kent O. Miller asked if there were any interest in the solar side. Dolson replied yes, there were some guys out of Denver that were interested on the eastern side of the property. She said that the tax credits for solar expires a little later than the wind tax credits.

Benjie Loomis asked if the tax benefits for the county as lucrative solar energy as it is for wind. Dolson says that she thinks that they are the same.

Todd Siel asked if there is a consideration to have wind and solar. Dolson replied that some of the larger firms do both but some land is better suited for solar and some better suited for wind. She said generally you'd do one or the other and solar doesn't need the cranes and wind does not need the unskilled labor. She concluded that there is flexibility with the land to do either wind or solar.

Property Management / Operations

3rd Party Audit

Shepherd advised the board that there were no significant updates to the third-party audit and that the projected completion time should still be about two months.

Advisement to Sell Land – Senator Mike Groene

Shepherd advised that board that the Senator had requested to be on the agenda. However, he had not heard from the Senator up to the time of the meeting and he was not present for the meeting.

Request to have meeting location and format changed

Kyle Shepherd said that NCORPE's chairman Terry Martin received a request to have the location of the meeting changed as well as the information packets that are sent to the board be sent to a group of individuals. Shepherd said that they thought that since NCORPE represents a large group of individuals there could be quarterly meeting in each different NRD. Therefore there would be a meeting in Alma, Curtis, Imperial and North Platte. He also said that the board feels that sending the information before the meeting could potentially cause issues.

Terry Martin said that we are following the open meetings acts and present materials and no one is excluded. Martin continued that agendas sometimes change and could result with someone ending up with an older version.

Jack Russell asked if quarterly meetings would be enough even though he liked the idea of the meeting going to different NRDs.

Jerry Weaver wanted to ensure that there is a spot on the website where everything is available. Shepherd said that the material is available at the board meetings and upon request. Kent O. Miller said that all of Twin Platte NRD's information is available on their website 24 hours before the meetings and removed by midnight after the meetings. Don Blankenau said most political subdivisions around the state would typically do it in a similar fashion, agendas are usually up a week before a meeting and packets would be added as it gets closer to the meeting. Jerry Weaver asked that the agenda and minutes are currently on the NCORPE's website and if packets could be

added later. Shepherd confirmed that the agenda and minutes are currently available and that packets could be added in the future.

Terry Martin moved a motion to have quarterly meetings at each NRD and that the agenda and all supporting document on the website before the meeting begins. The motion was seconded by Benjie Loomis.

Rolle Call: Twin Platte – Yes, Upper Republican – Yes, Middle Republican – Yes, Lower Republican – Absent. Vote 3 – Yes, 0 – No and 1 Absent. Motion approved.

Jerry Weaver moved a motion to continue having meeting every other month and rotate to each of the NRDS every other meeting. The motion was seconded by Benjie Loomis.

Rolle Call: Twin Platte – Yes, Upper Republican – Yes, Middle Republican – Yes, Lower Republican – Absent. Vote 3 – Yes, 0 – No and 1 Absent. Motion approved

Groundwater model update – Jim Schneider

Jim Schneider from Olsson Associates presented to the board the model that was created to assist with simulating and understanding the aquafer. The model included all of the rivers and creeks including the North Platte and South Platte rivers. Schneider said that the model gives a complete picture of the NCORPE project and beyond as well as a historic and futuristic simulation of the operation. He said that this gives an idea of what is going on in the aquafer as well as neighboring streams due to the operations of the NCORPE project. Schneider explained that actual observed data from 1985 through 2010 were used, data from 2011 through 2016 were also used during the operation of NCORPE. The model primarily shows the water going into the aquafer from precipitation and recharge and the water going out of it due to pumping. The model shows how the aquafer reacts to the pumping, irrigation and recharges. The model also allows one to view the affects in separate areas for more details.

Schneider feels that the model should be a valuable tool to isolate the effects of NCORPE relative to all of the other usage that are occurring, as well as making predictions of what may happen during certain operations. Schneider said that the model could simulate effects of pumping as an irrigated farm and pumping as NCORPE normally pumps. Schneider explained how the pumping of NCORPE affected the water levels in the neighboring properties. Schneider said that water levels were down about 15 to 20 feet due to pumping pretty much the same as it would be during normal irrigation but giving a few years of resting the levels would rebound. Schneider explained that it is a different type of pumping unlike irrigation it doesn't happen every year but it happens over a ten year period. He also explained that pumping has been changed to non-irrigation periods so drawdowns does not affect NCORPE's neighbors as severely. He said that after retiring about 19 wells on the Kason Property that water levels in that area have increased about five feet and will continue to increase as that area is not affected by NCORPE's pumping. Jasper Fanning asked if pumping was done on the Kason property if it would alleviate the effects of pumping in the current wellfields and Schneider responded that yes it would. Schneider demonstrated how the water levels west of the main wellfields have increased due to all of the irrigated wells in that area had been retired creating a buffer. He also showed that the water levels immediately north of the project are affected by the pumping but the water levels recovers when the wells are

rested. Schneider said that there is about one hundred and seventy million acre feet of water in Lincoln County that is continually being recharged by precipitation. He continued that if you would account for pumping by NCORPE there is three times more water coming in than what is being pumped out. He also mentioned that there are 170,000,000 acre-feet of water under Lincoln County, enough to fill lake McConaughy 100 times.

Compact Agreement Update

Kyle Shepherd told the board the NCORPE would not have to be used to help satisfy the compact agreement this year.

North Pipeline Update

Kent O. Miller advised that the board that the North Pipeline is successfully completed and all pressure test have been completed as well.

Land Trade Option Update

Shepherd requested that discussions be completed in executive session regarding the sale/trade.

Legislative Updates

Shepherd advised the board that there were no legislative updates.

Draft Budget

Shepherd said that work will continue on the draft budget after the third-party audit is completed.

Terry Martin moved to go into executive session to discuss pending legal litigation and land trade options. To be included were Don Blankenau, NCORPE staff and board members. The motion was seconded by Benjie Loomis.

Roll call; Twin Platte – Yes; Upper Republican – Yes; Middle Republican – Yes; Lower Republican – Absent. Vote 3 – Yes, 0 – No, 1 absent motion Approved. The board entered executive session at 11:57 a.m.

Terry Martin moved to go into open session. The motion was seconded by Benjie Loomis.

Roll call; Twin Platte – Yes; Upper Republican – Yes; Middle Republican – Yes; Lower Republican – Absent. Vote 3 – Yes, 0 – No. 1 - Absent. Motion Approved. The board exited executive session at 1:55 p.m.

The meeting was adjourned at 1:55 pm as there were no further matters to discuss.

Benjie Loomis, Board Secretary _____ Date _____