

**MINUTES OF THE TRI-BASIN NRD BOARD MEETING**  
**Tuesday, July 10, 2012, 1:30 p.m.**  
**Tri-Basin Natural Resources District**

**CALL TO ORDER**

The regular monthly board meeting of the Tri-Basin Natural Resources District (NRD) was called to order by Chairman David Nickel, at 1:34 p.m. Nickel noted Public Meeting Law is posted in the boardroom.

**ROLL CALL**

Roll call was taken with twelve directors present: Bergstrom, Bilka, Garrelts, Harris, Johnson, Larson, Lundeen, Nelson, Nickel, Raffety, Reynolds and Winz. Olsen was absent. Notice of the meeting was published in the Holdrege Citizen, Bertrand Herald, Elwood Bulletin and the Minden Courier and announced over radio stations KRVN, Lexington and KUVR, Holdrege.

**EXCUSE ABSENCES**

There were no absences to excuse.

**MINUTES**

Nickel presented the minutes of the June 19, 2012 Public Board of Director's Meeting, June 22, 2012 Joint CNPPID/TBNRD Meeting and June 27, 2012 Executive Committee Meeting. Reynolds noted a correction to the June 19, 2012 minutes: The due date of the 2<sup>nd</sup> J-2 Re-Regulation Reservoir payment was incorrect.

Moved by Johnson, seconded by Larson, to approve the minutes for the June 19, 2012 Board of Directors Meeting as amended. Motion carried.

AYE: Bergstrom, Bilka, Garrelts, Harris, Johnson, Larson, Lundeen, Nelson, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Olsen

Moved by Garrelts, seconded by Lundeen, to approve the minutes for the June 22, 2012 Special Board of Directors Meeting with CNPPID. Motion carried.

AYE: Bilka, Garrelts, Harris, Johnson, Larson, Lundeen, Nelson, Raffety and Nickel

NAY: None

ABSTAIN: Bergstrom, Reynolds and Winz

ABSENT: Olsen

Moved by Lundeen, seconded by Garrelts, to approve the minutes for the June 27, 2012 Executive Committee meeting. Motion carried unanimously

**FINANCIAL REPORT**

Garrelts presented the financial report for the month of June 2012 as follows:

Accrual Expenditures for Month -----	\$180,041.41
Cash Expenditures for Month-----	\$184,144.79
Accrual Revenues for Month-----	\$204,13.98
Cash Revenues for Month-----	\$215,447.55
Bank Balance--June 30, 2012-----	\$167,566.87
Accounts Receivable -- June 30, 2012-----	\$32,817.30
Investments -- June 30, 2012-----	\$203.55
Investments -- Pinnacle Bank -- June 30, 2012-----	\$1,001,454.74
Whiskey Slough IPA Balance -- June 30, 2012-----	\$17,925.87

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Fort Kearny-West IPA Balance – June 30, 2012-----	\$6,501.58
South Dry Creek IPA Balance – June 30, 2012-----	\$8,720.52
Fort Kearny IPA Balance – June 30, 2012-----	\$12,147.05
North Dry Creek IPA Balance – June 30, 2012-----	\$16,638.17
Sacramento Creek IPA Balance – June 30, 2012-----	\$23,098.19

Moved by Raffety, seconded by Larson, to accept the June 2012 financial reports and file for audit. Motion carried.

AYE: Bergstrom, Bilka, Garrelts. Harris, Johnson, Larson, Lundeen, Nelson, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Olsen

#### SPECIAL BILLS

Thorburn presented the VISA and Brooks tractor rental bills for approval.

Moved by Garrelts, seconded by Johnson to approve the visa bills. Motion carried.

AYE: Bergstrom, Bilka, Garrelts. Harris, Johnson, Larson, Lundeen, Nelson, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Olsen

Moved by Reynolds, seconded by Bergstrom to approve Brooks tractor rental bill. Motion carried.

AYE: Bergstrom, Bilka, Garrelts. Harris, Johnson, Larson, Lundeen, Nelson, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Olsen

#### NRCS REPORT

**FSA Farm Plans:** There were no farm plans for approval.

**Activity and Progress Report:** Curtis Scheele talked about CSP and EQIP.

#### COST SHARE REPORT

**Well Abandonment** – Thorburn presented eleven well decommissioning cost-share applications to approve. Moved by Winz, seconded by Raffety to approve well decommissioning cost-share applications #1-#11. Motion carried.

AYE: Bergstrom, Bilka, Garrelts. Harris, Johnson, Larson, Lundeen, Nelson, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Olsen

**NSWCP & NRD Applications** – Thorburn presented four TBNRD cost-share applications. Moved by Johnson, seconded by Harris to approve four TBNRD Conservation Tree Planting Cost-share applications. Motion carried.

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AYE: Bergstrom, Bilka, Garrelts. Harris, Johnson, Larson, Lundeen, Nelson, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Olsen

### GROUNDWATER MANAGEMENT

**Groundwater & Certified Acre Transfers** – Thorburn presented one groundwater transfer request for Joan Werner, one irrigated acre transfer request for Joan Werner and a special request from Rodney Lind for a correction to certified irrigated acres. Steve Werner and Rodney Lind were present to answer questions.

Moved by Nelson, seconded by Reynolds to approve a groundwater transfer requests and irrigated acres transfer request for Joan Werner. Motion carried.

AYE: Bergstrom, Bilka, Garrelts. Harris, Johnson, Larson, Lundeen, Nelson, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Olsen

Moved by Bilka, seconded by Garrelts to correct certified irrigated acres for Rodney Lind and to require payment of back taxes. Motion carried.

AYE: Bergstrom, Bilka, Garrelts. Harris, Larson, Lundeen, Nelson, Raffety, Reynolds and Winz

NAY: Johnson

ABSTAIN: Nickel

ABSENT: Olsen

**New Well Variances** – There were no well variances to approve.

**Educational Land Leases** – There were no Educational Land Leases to approve.

### OTHER BUSINESS

The public was given the opportunity to bring other specific business or non-agenda items before the board for comment and/or discussion. Thorburn introduced two new employees: Brett Beinke, Water Resources Technician and Jeff VanEperen, Seasonal Water Technician.

### UNFINISHED BUSINESS

**Platte Water Project Coalition Agreement with NE Community Foundation:** Thorburn explained that this agreement is a replacement for PBHEP. Moved by Reynolds, seconded by Bilka to approve the Platte Water Project Coalition Agreement and that Thorburn discuss the section about termination at the next coalition meeting. Motion carried.

AYE: Bergstrom, Bilka, Garrelts. Harris, Johnson, Larson, Lundeen, Nelson, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Olsen

**Agreement with NDNR to Fund J-2 Re-Regulation Reservoir Project:** Moved by Reynolds, seconded by Garrelts to table approval of the Agreement with NDNR to Fund J-2 Re-Regulation Reservoir Project until operation and maintenance costs are clarified. Motion carried.

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AYE: Bergstrom, Bilka, Garrelts. Harris, Johnson, Larson, Lundeen, Nelson, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Olsen

**Agreement with NE Community Foundation:** Moved by Reynolds, seconded by Johnson to table approval of the Agreement with NE Community Foundation. Motion carried.

AYE: Bergstrom, Bilka, Garrelts. Harris, Johnson, Larson, Lundeen, Nelson, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Olsen

**Authorize Payment of \$475,000 to NE Community Foundation:** Moved by Johnson, seconded by Bilka to table authorization of payment of \$475,000. Motion carried.

AYE: Bergstrom, Bilka, Garrelts. Harris, Johnson, Larson, Lundeen, Nelson, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Olsen

**Designate Representative for Platte Water Project Coalition:** Moved by Garrelts, seconded by Winz to designate Larry Reynolds as delegate and John Thorburn as alternate for the Platte Water Project Coalition. Motion carried.

AYE: Bergstrom, Bilka, Garrelts. Harris, Johnson, Larson, Lundeen, Nelson, Raffety, Winz and Nickel

NAY: None

ABSTAIN: Reynolds

ABSENT: Olsen

**NARD REPORT**

Nelson mentioned the NARD Husker Harvest Days building is complete.

**COMMITTEE REPORTS**

**Executive Committee:** Recommended committee action was taken under Unfinished Business.

**STAFF REPORTS & NECESSARY ACTION**

**Board Directives to Staff:** There were no staff reports to review.

**Out-of-State Travel:** Moved by Winz, seconded by Bergstrom allow Thorburn to stay at the KS v. NE legal proceedings at his discretion. Motion failed.

AYE: Winz

NAY: Bergstrom, Bilka, Garrelts. Harris, Johnson, Larson, Lundeen, Nelson, Raffety, Reynolds and Nickel

ABSTAIN: None

ABSENT: Olsen

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Moved by Reynolds, seconded by Winz to approve out-of-state travel for Thorburn to go to Maine in August for the KS v. NE court proceedings. Motion carried.

AYE: Bergstrom, Bilka, Garrelts, Harris, Johnson, Larson, Lundeen, Nelson, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Olsen

**MONTHLY REPORTS**

**Republican Basin (NRRMD):** Travel costs will be paid by Kansas if they subpoena Thorburn.

**Platte Basin:** The Platte River Land Committee will meet August 5<sup>th</sup>, 2012 in Kearney. The Governance Committee will meet September 11, 2012.

**South Dry Creek:** Ditch bottoms sprayed.

**Sacramento Creek:** Ditch bottoms sprayed.

**Middle Lost Creek:** Ditch bottoms sprayed.

**Fort Kearny West:** Ditch bottoms sprayed.

**Fort Kearny:** : Ditch bottoms sprayed.

**North Dry Creek:** : Ditch bottoms sprayed.

**Whiskey Slough:** : Ditch bottoms sprayed.

**Lake Seldom:** Nothing to report.

**CoHyst/PBHEP:** CoHyst meeting will be Wednesday, July 11, 2012. Approving a method for determining land use will be discussed.

**Weed Management Areas – Riparian Vegetation Task Force:** Nothing to report.

**Sand Creek/Little Blue Basin:** Nothing to report.

**CNPPID:** Ford reported irrigations season has started early this year. Lake McConaughay has an elevation of 3246 ft.

**NEW BUSINESS**

**Review Draft of FY 2012-2013 Budget:** Nickel explained that the budget was reviewed at the Special Board meeting that preceded this meeting. Nickel suggested a Special Board meeting to discuss the budget. The Board will meet for a special meeting on July 17, 2012 at 1:30 p.m. to discuss the FY 2012-2013 Budget and groundwater management rules and regulations.

**PERSONNEL & LEGAL MATTERS**

Moved by Garrelts, seconded by Raffety to move to executive session for the protection of individuals to discuss personnel issues at 2:35 p.m. Motion carried.

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AYE: Bergstrom, Bilka, Garrelts. Harris, Johnson, Larson, Lundeen, Nelson, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Olsen

Moved by Reynolds, seconded by Larson to move out of executive session for the protection of individuals to discuss personnel issues at 3:32 p.m. Motion carried.

AYE: Bergstrom, Bilka, Garrelts. Harris, Johnson, Larson, Lundeen, Nelson, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Olsen

Moved by Nelson, seconded by Winz to approve Thorburn's salary increase of 3% or \$72,100 for FY 2012-2013. Motion carried.

AYE: Bergstrom, Bilka, Garrelts. Harris, Johnson, Larson, Lundeen, Nelson, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Olsen

Moved by Nelson, seconded by Winz to approve a 3% cost-of-living increase for employees' wages that haven't already been approved by the board. Motion carried.

AYE: Bergstrom, Bilka, Garrelts. Harris, Johnson, Larson, Nelson, Raffety, Reynolds, Winz and Nickel

NAY: Lundeen

ABSTAIN: None

ABSENT: Olsen

**COMMENTS AND CONCERNS**

There were no comments or concerns.

**NEXT BOARD MEETING**

TBNRD Regular Board Meeting will be held on Thursday, August 9, 2012 at 1:30 p.m., at the Monsanto Learning Center with the Board of Directors Tour starting at 8 a.m.

**ADJOURNMENT**

There being no further business, the meeting adjourned at 3:34 p.m.

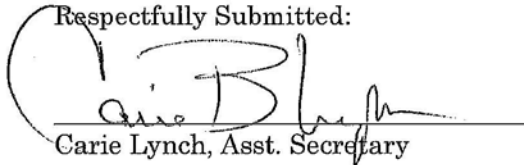
**DIRECTORS PRESENT**

Brian Bergstrom, Joe Bilka, Todd Garrelts, Ed Harris, Phyllis Johnson, Joe Larson, Brad Lundeen, David Nelson, David Nickel, Dave Raffety, Ray Winz and Larry Reynolds.

**OTHERS PRESENT**

Carie Lynch, John Thorburn, Nicole Salisbury, Dave Ford, Brett Beinke, Jeff VanEperen, Curtis Scheele, Tammy Fahrenbruch, Lori Potter, Meachelle Nichole, Rodney Lind and Steve Werner.

Respectfully Submitted:



Carrie Lynch, Asst. Secretary

INDEX OF BOARD DECISIONS  
 TRI-BASIN NATURAL RESOURCES DISTRICT  
 BOARD OF DIRECTORS MEETING  
 July 10, 2012

Motion #	Category	Subject	Aye	Nay	Abst	Motion
2012-07-10-01	Meeting Administration		12			Moved by Johnson, seconded by Larson, to approve the minutes for the June 19, 2012 Board of Directors Meeting as amended. Motion carried.
2012-07-10-02	Meeting Administration		12			Moved by Garrelts, seconded by Lundeen, to approve the minutes for the June 22, 2012 Special Board of Directors Meeting with CNPPID. Motion carried.
2012-07-10-03	Meeting Administration					Moved by Lundeen, seconded by Garrelts, to approve the minutes for the June 27, 2012 Executive Committee meeting. Motion carried unanimously.
2012-07-10-04	Meeting Administration		12			Moved by Raffety, seconded by Larson, to accept the June 2012 financial reports and file for audit. Motion carried.
2012-07-10-05	Budget		12			Moved by Garrelts, seconded by Johnson to approve the visa bills. Motion carried.
2012-07-10-06	Budget		12			Moved by Reynolds, seconded by Bergstrom to approve Brooks tractor rental bill. Motion carried.
2012-07-10-07	Meeting Administration		12			Moved by Winz, seconded by Raffety to approve well decommissioning cost-share applications #1-#11. Motion carried.
2012-07-10-08	Meeting Administration		12			Moved by Johnson, seconded by Harris to approve four TBNRD Conservation Tree Planting Cost-share applications. Motion carried.
2012-07-10-09	Certifications & Transfers	Joan Werner	12			Moved by Nelson, seconded by Reynolds to approve a groundwater transfer requests and irrigated acres transfer request for Joan Werner. Motion carried.
2012-07-10-10	Certifications & Transfers	Rodney Lind	10	1	1	Moved by Bilka, seconded by Garrelts to correct certified irrigated acres for Rodney Lind and to require payment of back taxes. Motion carried.
2012-07-10-11	Agreements	Platte	12			Moved by Reynolds, seconded by Bilka to

		Water Project Coalition Agreement				approve the Platte Water Project Coalition Agreement and that Thorburn discuss the section about termination at the next coalition meeting. Motion carried.
2012-07-10-12	Agreements	Platte Water Project Coalition Agreement	12			Moved by Reynolds, seconded by Garrelts to table approval of the Agreement with NDNR to Fund J-2 Re-Regulation Reservoir Project until operation and maintenance costs are clarified. Motion carried.
2012-07-10-13	Agreements	Platte Water Project Coalition Agreement	12			Moved by Reynolds, seconded by Johnson to table approval of the Agreement with NE Community Foundation. Motion carried.
2012-07-10-14	Budget	Platte Water Project Coalition Agreement	12			Moved by Johnson, seconded by Bilka to table authorization of payment of \$475,000. Motion carried.
2012-07-10-15	Directors	Platte Water Project Coalition Agreement	11		1	Moved by Garrelts, seconded by Winz to designate Larry Reynolds as delegate and John Thorburn as alternate for the Platte Water Project Coalition. Motion carried.
2012-07-10-16	Meeting Administration		1	11		Moved by Winz, seconded by Bergstrom allow Thorburn to stay at the KS v. NE legal proceedings at his discretion. Motion failed.
2012-07-10-17	Meeting Administration		12			Moved by Reynolds, seconded by Winz to approve out-of-state travel for Thorburn to go to Maine in August for the KS v. NE court proceedings. Motion carried.
2012-07-10-18	Meeting Administration		12			Moved by Garrelts, seconded by Raffety to move to executive session for the protection of individuals to discuss personnel issues at 2:35 p.m. Motion carried.
2012-07-10-19	Meeting Administration		12			Moved by Reynolds, seconded by Larson to move out of executive session for the protection of individuals to discuss personnel issues at 3:32 p.m. Motion carried.
2012-07-10-20	Budget		12			Moved by Nelson, seconded by Winz to approve Thorburn's salary increase of 3% or \$72,100 for FY 2012-2013. Motion carried.
2012-07-10-21	Budget		11	1		Moved by Nelson, seconded by Winz to approve a 3% cost-of-living increase for employees' wages that haven't already been approved by the board. Motion carried.



## MINUTES OF THE TRI-BASIN NRD SPECIAL BOARD MEETING

Tuesday, July 10, 2012, 10:00 a.m.  
Tri-Basin Natural Resources District

### CALL TO ORDER

The regular monthly board meeting of the Tri-Basin Natural Resources District (NRD) was called to order by Chairman David Nickel, at 10:03 a.m. Nickel noted Public Meeting Law is posted in the boardroom.

### ROLL CALL

Roll call was taken with nine directors present: Bergstrom, Bilka, Garrelts, Harris, Johnson, Larson, Lundeen, Nelson, Nickel, Olsen, Raffety, Reynolds and Winz. Harris arrived at 10:12, Bergstrom arrived at 10:13 and Nelson arrived at 11:07. Olsen was absent. Notice of the meeting was published in the Holdrege Citizen, Bertrand Herald, Elwood Bulletin and the Minden Courier and announced over radio stations KRVN, Lexington and KUVR, Holdrege.

### UNFINISHED BUSINESS

**Review agreements:** Thorburn presented comments from legal counsel on the Platte Basin Water Projects Agreement which replaces the PBHEP Agreement.

- **Platte Basin Water Projects Coalition:** Thorburn explained that the six-year agreement facilitates a cost-share process for water projects in the Platte Basin. A new agreement was needed because the state acquired a new source of funding from the Environmental Trust. This agreement is different from PBHEP because it requires no match. Thorburn reviewed the three year project budget for the J-2 Re-Regulation Reservoir and \$200,000 budgeted for other projects. Tri-Basin is not obligated to spend the additional \$200,000. The budget is based on percentage of overall depletions to the basin. The coalition will be a separate legal entity which is different from the PBHEP. A representative and alternate would need to be designated for the coalition. Reynolds questioned whether the agreement requires that all parties have to agree to release a party from the agreement. Reynolds suggested legal counsel review that section.
- **J-2 Re-Regulation Reservoir:** Thorburn mentioned the agreement has a fifty-year term with annual operation and maintenance fees based on benefits assigned. Reynolds expressed concern about open-ended operation and maintenance expenses. Reynolds commented that fees associated with operation and maintenance should be set before the agreement can be approved. Thorburn mentioned that approval of this agreement could be postponed. Thorburn reviewed offset credit percentages. The Executive Committee recommended that a "right of first refusal" be added allowing TBNRD to purchase the remainder of TPNRD offset credit. Blankenau drafted new language and NDNR and the other NRDs agreed to the change. Thorburn explained that if the agreement fails or a party defaults, TBNRD would get their funds back when project assets are sold. Reynolds questioned whether TBNRD would be liable for damages caused by the reservoir.
- **NE Community Foundation:** Thorburn explained that CNPPID sends a billing to NDNR and they send it to the Foundation for payment. Approval of this agreement could be postponed.

Conference Call with Blankenau: Thorburn asked Blankenau about litigation resulting from damages caused by the J-2 Reservoir. Blankenau explained that TBNRD could be named in litigation (but has some limited sovereign immunity) from damages caused by J-2 Reservoir, but CNPPID and NDNR would be the major parties. Thorburn asked what happens if TBNRD wants to withdraw. Blankenau explained the agreement blends termination of the agreement and termination of a party, but mutual agreement is not needed for an entity to terminate the agreement. Termination of the agreement would require a consensus.

Thorburn asked what would happen if NDNR can't secure funding for the J-2 Re-Regulation Reservoir Project. Blankenau explained that if the state defaults, they could negotiate an alternative with the other entities or be terminated from the agreement, but the other entities wouldn't be liable for the state's share. Blankenau commented that a specific withdrawal provision and billing procedure would be helpful. Blankenau suggested TBNRD should ask for access to drafts agreements between PRRIP and NDNR. Reynolds suggested establishing an oversight committee for the maintenance and operation expenses but Blankenau explained that Water Projects Coalition would be considered the oversight committee.

**Meet with Don Kraus:** Kraus was present to talk about the J-2 Re-Regulation Reservoir and the proposal from CPNRD to switch CNPPID customers from surface water to groundwater. Kraus explained that RJH Engineering was hired to review Olsson and Associates design proposal of J-2. An alternate design for two reservoirs, side-by-side with two inlets and two outlets is an option. CNPPID is working on an agreement with Platte River Program to own and operate the proposed J-2 reservoirs. Current and future water right priority is an important issue. Limitations to filling Elwood Reservoir were discussed. Long-term operation and maintenance costs for J-2 were discussed. CNPPID would own the project and be responsible for construction costs. CNPPID's prefers to use "willing buyer/willing seller" to acquire approximately 1,000 acres but eminent domain could be used, if necessary. Elm Creek Reservoir was discussed.

CPNRD and TPNRD proposal to convert CNPPID surface water users to groundwater was discussed. Kraus suggested a study to evaluate the availability and yield of the mound. Pilot projects could be an option.

**Review Draft FY 2012-2013 Budget:** Thorburn reviewed the FY 2012-2013 Budget Line by Line. Thorburn presented a version of the budget that reflects some project cuts, which reduced the tax asking.

#### PERSONNEL & LEGAL MATTERS

There was no executive session.

#### COMMENTS AND CONCERNS

There were no comments or concerns.

#### NEXT BOARD MEETING

TBNRD Regular Board Meeting will be held on Tuesday, August 9, 2012 at 1:30 p.m., at Monsanto Learning Center.

#### ADJOURNMENT

There being no further business, the meeting adjourned at 1:29 p.m.

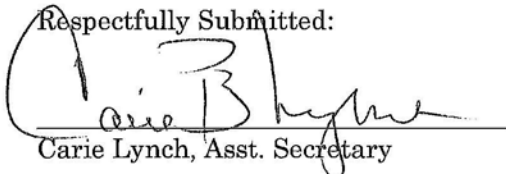
#### DIRECTORS PRESENT

Brian Bergstrom, Joe Bilka, Todd Garrelts, Ed Harris, Phyllis Johnson, Joe Larson, Brad Lundeen, David Nelson, David Nickel, Dave Raffety, Ray Winz and Larry Reynolds.

#### OTHERS PRESENT

Carie Lynch, John Thorburn and Don Kraus.

Respectfully Submitted:



Carie Lynch, Asst. Secretary

**MINUTES OF THE TRI-BASIN NRD SPECIAL BOARD MEETING**  
**Tuesday, July 17, 2012, 1:30 p.m.**  
**Tri-Basin Natural Resources District**

**CALL TO ORDER**

The regular monthly board meeting of the Tri-Basin Natural Resources District (NRD) was called to order by Chairman David Nickel, at 1:35 p.m. Nickel noted Public Meeting Law is posted in the boardroom.

**ROLL CALL**

Roll call was taken with eight directors present: Bilka, Garrelts, Johnson, Larson, Lundeen, Nickel, Raffety and Reynolds. Winz arrived at 1:38. Bergstrom, Harris, Nelson and Olsen were absent. Notice of the meeting was published in the Holdrege Citizen.

**UNFINISHED BUSINESS**

**Review Draft FY 2012-2013 Budget:** Thorburn reviewed changes to the budget including changes to Projects and Grants. There was discussion about the importance of offset projects as opposed to retiring irrigated acres. Reynolds commented the Platte Basin offset requirement is highest priority and Republican Basin Compact Compliance is second. Garrelts commented that there are lots of options for the Platte Basin but few options for the Republican Basin.

Thorburn explained that Garrelts requested an estimation of how much the district could spend on projects or add to cash reserve before the lid limit or property tax limit is met. Cash Reserve is subject to lid limits and could only be increased an additional \$475,000 before the lid limit is met, but \$7.5 million for specific capital improvements could be added to budget. Thorburn noted that each option would increase property taxes substantially.

There was discussion about the Sand Creek Project. Thorburn mentioned \$1.8 million is budgeted for land over the next five years including \$400,000 in construction costs. There was talk about adding the Turkey Creek pipeline (Republican Basin Offset) to the Proposed Five-Year Project Budget Timeline. Nickel commented that the timeline is a good budgeting tool. Lundeen and Johnson agreed that funding should be budgeted for Republican Basin Projects. Reynolds asked that \$100,000 be added to the current budget for Republican Basin projects. Thorburn identified three pieces of the Turkey Creek Pipeline: land acquisition rights, well construction, and pipeline construction, with land rights being the first step in process. Thorburn would need permission to talk to landowners. There was discussion about the KAAPA pipeline project. Lundeen suggested doing the project and selling any excess offset to other entities to finance future projects.

Thorburn mentioned that Johnson asked why employees working for the district and eligible for Medicare couldn't go on Medicare and a supplement to save the district money. Thorburn explained that offering retirement age employees different coverage could be considered age discrimination and providing them with identical Medigap coverage probably wouldn't result in a savings.

Nickel proposed other reductions to the FY 2012-2013 Budget:

- Decreasing Personnel Expenses \$1,000
- Decreasing Legal Notices \$1,000
- Eliminating Professional Service for Architectural Design of \$3,500
- Decreasing District Programs \$1,000
- Reducing the Equipment line by taking out the used 4-wheeler - \$5,000
- Reducing the Equipment line by taking out the jig saw - \$100
- Reducing the Equipment line by taking out the radial arm saw - \$800
- Reducing Office Equipment line by taking out a workstation for Little - \$2,500
- Reducing the Office Equipment line by taking out the Garmins - \$600
- The reductions total \$15,500.

Moved by Garrelts, seconded by Johnson to accept the revised budget (add \$100,000 for Republican Basin Projects and make the reductions suggested by Nickel (totaling \$15,500) and hold a FY 2012-2013 Budget Hearing on August 9, 2012 at 1:30 at the Monsanto Building in Gothenburg, NE. Motion carried.

AYE: Bilka, Garrelts, Johnson, Larson, Lundeen, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Bergstrom, Harris, Nelson and Olsen

**Review Proposed NRD Rules Changes:** Thorburn presented proposed changes to the groundwater management rules and regulations (see attached memo "Proposed NRD Rules Revisions, Version 3", dated 07/12/12). There was discussion about commingled acres and high groundwater areas. Thorburn presented the map of the high groundwater management area. Nickel suggested the map be an attachment to the rules along with other groundwater management area maps.

Moved by Reynolds, seconded by Winz to hold a hearing for changes to the Groundwater Management Rules and Regulations on September 11, 2012. Motion carried.

AYE: Bilka, Garrelts, Johnson, Larson, Lundeen, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Bergstrom, Harris, Nelson and Olsen

#### **PERSONNEL & LEGAL MATTERS**

There was no executive session.

#### **COMMENTS AND CONCERNS**

The board reviewed the agreement for the J-2 Re-Regulation Reservoirs. Thorburn stated that the two changes the Planning Committee requested were accepted by all parties. Changes made were: right of first refusal and a termination clause related to operation and maintenance costs.

Thorburn explained the August board meeting might need to be rescheduled due to the KS vs. NE lawsuit and suggested changing the board meeting to August 8 or 9<sup>th</sup>.

Moved by Winz, seconded by Bilka to change the date of the August Board of Directors Meeting and Tour to Thursday to August 9, 2012. Motion carried.

AYE: Bilka, Garrelts, Johnson, Larson, Lundeen, Raffety, Reynolds, Winz and Nickel

NAY: None

ABSTAIN: None

ABSENT: Bergstrom, Harris, Nelson and Olsen

#### **NEXT BOARD MEETING**

TBNRD Regular Board Meeting will be held on Thursday, August 9, 2012 at 1:30 p.m., with the Board of Directors Tour starting at 8 a.m.

#### **ADJOURNMENT**

There being no further business, the meeting adjourned at 3:50 p.m.

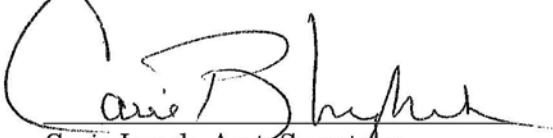
#### **DIRECTORS PRESENT**

Joe Bilka, Todd Garrelts, Phyllis Johnson, Joe Larson, Brad Lundeen, David Nickel, Dave Raffety, Ray Winz and Larry Reynolds.

**OTHERS PRESENT**

Carie Lynch and John Thorburn,

Respectfully Submitted:

  
Carie Lynch, Asst. Secretary

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TRI-BASIN NATURAL RESOURCES DISTRICT  
BOARD OF DIRECTORS MEETING  
June 17, 2012

Motion #	Category	Subject	Aye	Nay	Abst	Motion
2012-07-19- 2012-01SP	Meeting Administration		9			Moved by Reynolds, seconded by Winz to hold a hearing for changes to the Groundwater Management Rules and Regulations on September 11, 2012. Motion carried.
2012-07-19- 2012SP	Meeting Administration		9			Moved by Winz, seconded by Bilka to change the date of the August Board of Directors Meeting and Tour to Thursday to August 9, 2012. Motion carried.