

MINUTES
LOWER REPUBLICAN NATURAL RESOURCES DISTRICT
Johnson Center, 509 Main Street, Alma, NE
Immediately following the Variance Hearing
February 13th, 2014

Board of Directors Meeting

A notice of the meeting was published in the local newspapers within the District and on the District Website at www.lnrnd.org.

INFORMATIONAL MATERIAL MAILED OUT PRIOR TO THE MEETING

1. Agenda, 2/14
2. LRNRD Board Meeting, Index of Decisions, 1/14
3. Treasurer's Report, 1/14
4. Manager's Report
5. Assistant Manager's Report
6. NRCS Report – Jerry Kovarik
7. Meter Reading Adjustment for Eugene Schwartz
8. Rule 7-6 Pooling Arrangements or Agreements & Allocation of Groundwater
9. Management Actions to off-set Projected Basin Negative 42,650AF Deficit for 2013-2014
10. Variance Request – ***Premier Trust – Thomas B. Smith, 401K IRA***
11. Change in Location of Certified Acres on Contiguous Property
 - a.) ***Premier Trust – Thomas B. Smith, 401K, IRA***
 - b.) ***Schoen Farms, Inc. Jerry Schoen***
 - c.) ***Clyde Lueking***
 - d.) ***Larry Beahm***
 - e.) ***Richard Schepler***
 - f.) ***Ashley Farms, Inc.***
 - g.) ***Lee Herrick***
12. Rural Water District Treasurer Report, 1/14

MATERIALS HANDED OUT AT THE MEETING:

1. Agenda, 2/14
2. Nebraska State Fair – Nebraska Agricultural Experience Building Contribution letter

Chairperson Marlin Murdoch called the meeting of the Lower Republican NRD Board of Directors to order at 2:00PM. Murdoch noted that guests should sign the attendance roster and noted the location of a current copy of the statutes dealing with public meetings laws and the booklet with the information provided to directors.

Directors present: Clark Andrews, Dave Bartels, Bill Bose, Matt Harrison, Tim Kahrs, Marlin Murdoch, Toby tenBensel, Nelson Trambly, Brad Wulf.

Absent: Terry Hoit, Roger Nelson.

Others present: Andy Raun, Hastings Tribune, Jerry Kovarik, NRCS, Nolan Little, Tri-Basin NRD, Mike Delka, Bostwick Irrigation District, Chelsea Erickson, Stockton, KS, Troy Fletcher, Oxford, Dick Hickenbottom, Holdrege, Roger Johnson, Holdrege, Scott Huston, Holdrege, John Millen, Aurora, Jack Frear, Oxford, Kevin Peterson, Oxford, Kris Schepker, Axtell, Scott Blank, Wilcox, Kenton Peterson, Orleans, Brant Karr, Oxford, Jeremy Russell, Holdrege, John Lueking, Oxford, Ryan Wells, Holdrege, Craig Bailly, Oxford, Duane Murdoch, Oxford, Jerry Schluntz, Stamford, Kyle Santer, Holdrege, Richard Ohrt, Orleans, Mary Robison, Orleans, Brad Barwick, Orleans, Jerry Guthrie, Alma, Isaac Kuck, Bertrand, Rolland Fletcher, Oxford, Eric Wasenius, Oxford, Brad Knuth, Holdrege, Randy Bialas, Holdrege, Jessica Swanson, Alma, Dane tenBensel, Arapahoe, Brad Janda, Alma, Brett Hodge, Orleans, Dennis Rankin, Oxford, Jacob Noonan, Bloomington, Kenneth Schoen, Oxford, Kim Molzahn, Naponee, Chris Schluntz, Republican City, Eric Maaske, Oxford, Jerry Schoen, Oxford, Greg Christensen, Alma, Connie Schmidt, Gale Lush, Wilcox, Alex Lush, Wilcox, Tony Davis, Kearney, Val Phelps, Franklin, Dan Hughes, Vanango. Staff present: Mike Clements, Bryan Lubeck, Shirlee Poyser, Kristi Coe, Scot Lenneman, Tom Kuhl.

Terry Hoit entered at 2:03PM.

Motion #1 by Bill Bose seconded by Tim Kahrs to approve the January Minutes as presented. Motion carried. Ayes 10 – Clark Andrews, Dave Bartels, Bill Bose, Matt Harrison, Terry Hoit, Tim Kahrs, Marlin Murdoch, Toby tenBensel, Nelson Trambly, Brad Wulf. Nays 0. Absent 1 Roger Nelson.

Motion #2 by Clark Andrews seconded by Matt Harrison to approve the LRNRD Treasurer's Report as presented. Motion carried. Ayes 10 – Dave Bartels, Bill Bose, Matt Harrison, Terry Hoit, Tim Kahrs, Marlin Murdoch, Toby tenBensel, Nelson Trambly, Brad Wulf, Clark Andrews. Nays 0. Absent 1 Roger Nelson.

Mike Clements asked if there were any questions on his written report. Mike added that March 1st is the deadline for replacing electronic flow meters with a mechanical flow meter. Approximately 50 meters that have not been converted. Letter will be sent out to those that have not gotten their meter replaced.

Bryan Lubeck gave his Assistant Manager's report. He encouraged those to attend the Corn Residue Grazing and Baling Conference, on Thursday, February 27th in Elwood. Bryan included Static Water Level measurements and a 2012 Land converted from Non Cropland to Cropland Top 10 States.

Jerry Kovarik gave the NRCS report and spoke about the new Farm Bill, EQIP, AWEP and CStP. A copy of his report is in the minute book

Eugene Schwartz and Greg Christensen requested an ultrasonic reading of meter 3-8-1193. It was found that the meter was reading high.

Motion #3 by Brad Wulf seconded by Matt Harrison to adjust Eugene Schwartz meter number 3-8-1193 by lowering the reading by 11% Motion carried. Ayes 10 – Bill Bose, Matt Harrison, Terry Hoit, Tim Kahrs, Marlin Murdoch, Toby tenBensel, Nelson Trambly, Brad Wulf, Clark Andrews, Dave Bartels. Nays 0. Absent 1 Roger Nelson.

Marlin Murdoch announced that they would be changing order of the agenda and moving item number 11 ahead of item number 9.

Mike Clements discussed the Management Actions to off-set project Basin Negative 42,650AF Deficit for 2013-2014. Each year in November DNR comes out with a forecast. DNR studies the projected pumping numbers for that particular year (2013), and then predict the usage one year ahead (2014).

When DNR prepared the 2013-2014 projections for the three districts, they came up with a consumptive use and compared it to the allocation for those two years. By January 31st of each year DNR determines if it is a Compact Call Year. 2013 was considered Compact Call Year; therefore, 2014 will be a Compact Call Year. If it is a Compact Call Year, NRDs are required to submit a plan to DNR by January 31st that explains how, from a groundwater stand point, we will make up the deficits for the overuse they are projecting. DNR is projecting our 2014 usage to be higher than available supplies.

In the joint letter that was submitted to the Department of Natural Resources the end of January. It states that the Upper Republican NRD has a deficit of 14,150AF of which the entire amount will be made up by the Rock Creek Augmentation Project, by pumping approximately 20,420 acre feet.

The Middle Republican has a deficit of 11,130AF which will be made up in one of two ways. First they will purchase 4,386 acre feet from Frenchman Valley and H&RW stored in Enders Reservoir, approximately 3,421 acre feet will be credited to the MRNRD balance. The remaining 7,709 acre feet will be offset by delivering 14,410 acre feet utilizing the N-CORPE project.

The LRNRD has a deficit of 17,370AF, 2,325AF will come from the 2014 Dry Year Lease program and 15,045AF will come from the LRNRD share of the N-CORPE project, by pumping 28,211AF. Total management actions of 17,370 acre feet.

Mike assumes that DNR is pleased with the Management Actions that we plan to implement this year, but he has not heard back from them.

Nelson Trambly questioned if the NRD did not have N-CORPE project how would we make up the deficit? Mike responded if we did not have the N-CORPE project this year, the LRNRD would be in serious trouble. The LRNRD has a deficit of 17,370AF. If we shut off all the rapid response wells in our district (47,000 acres) we would only get

Terry Hoit entered at 2:03PM.

Motion #1 by Bill Bose seconded by Tim Kahrs to approve the January Minutes as presented. Motion carried. Ayes 10 – Clark Andrews, Dave Bartels, Bill Bose, Matt Harrison, Terry Hoit, Tim Kahrs, Marlin Murdoch, Toby tenBensel, Nelson Trambly, Brad Wulf. Nays 0. Absent 1 Roger Nelson.

Motion #2 by Clark Andrews seconded by Matt Harrison to approve the LRNRD Treasurer's Report as presented. Motion carried. Ayes 10 – Dave Bartels, Bill Bose, Matt Harrison, Terry Hoit, Tim Kahrs, Marlin Murdoch, Toby tenBensel, Nelson Trambly, Brad Wulf, Clark Andrews. Nays 0. Absent 1 Roger Nelson.

Mike Clements asked if there were any questions on his written report. Mike added that March 1st is the deadline for replacing electronic flow meters with a mechanical flow meter. Approximately 50 meters that have not been converted. Letter will be sent out to those that have not gotten their meter replaced.

Bryan Lubeck gave his Assistant Manager's report. He encouraged those to attend the Corn Residue Grazing and Baling Conference, on Thursday, February 27th in Elwood. Bryan included Static Water Level measurements and a 2012 Land converted from Non Cropland to Cropland Top 10 States.

Jerry Kovarik gave the NRCS report and spoke about the new Farm Bill, EQIP, AWEP and CStP. A copy of his report is in the minute book

Eugene Schwartz and Greg Christensen requested an ultrasonic reading of meter 3-8-1193. It was found that the meter was reading high.

Motion #3 by Brad Wulf seconded by Matt Harrison to adjust Eugene Schwartz meter number 3-8-1193 by lowering the reading by 11% Motion carried. Ayes 10 – Bill Bose, Matt Harrison, Terry Hoit, Tim Kahrs, Marlin Murdoch, Toby tenBensel, Nelson Trambly, Brad Wulf, Clark Andrews, Dave Bartels. Nays 0. Absent 1 Roger Nelson.

Marlin Murdoch announced that they would be changing order of the agenda and moving item number 11 ahead of item number 9.

Mike Clements discussed the Management Actions to off-set project Basin Negative 42,650AF Deficit for 2013-2014. Each year in November DNR comes out with a forecast. DNR studies the projected pumping numbers for that particular year (2013), and then predict the usage one year ahead (2014). ~~Usage is based on 35% moisture and 35% XXXXX.~~

When DNR prepared the 2013-2014 projections for the three districts, they came up with a consumptive use and compared it to the allocation for those two years. By January 31st of each year DNR determines if it is a Compact Call Year. 2013 was considered Compact Call Year; therefore, 2014 will be a Compact Call Year. If it is a Compact Call Year, NRDs are required to submit a plan to DNR by January 31st that explains how, from a groundwater stand point, we will make up the deficits for the overuse they are projecting. DNR is projecting our 2014 usage to be higher than available supplies.

In the joint letter that was submitted to the Department of Natural Resources the end of January. It states that the Upper Republican NRD has a deficit of 14,150AF of which the entire amount will be made up by the Rock Creek Augmentation Project, by pumping approximately 20,420 acre feet.

The Middle Republican has a deficit of 11,130AF which will be made up in one of two ways. First they will purchase 4,386 acre feet from Frenchman Valley and H&RW stored in Enders Reservoir, approximately 3,421 acre feet will be credited to the MRNRD balance. The remaining 7,709 acre feet will be offset by delivering 14,410 acre feet utilizing the N-CORPE project.

The LRNRD has a deficit of 17,370AF, 2,325AF will come from the 2014 Dry Year Lease program and 15,045AF will come from the LRNRD share of the N-CORPE project, by pumping 28,211AF. Total management actions of 17,370 acre feet.

Mike assumes that DNR is pleased with the Management Actions that we plan to implement this year, but he has not heard back from them.

Nelson Trambly questioned if the NRD did not have N-CORPE project how would we make up the deficit? Mike responded if we did not have the N-CORPE project this year, the LRNRD would be in serious trouble. The LRNRD has a deficit of 17,370AF. If we shut off all the rapid response wells in our district (47,000 acres) we would only get

8,700AF credit the first year. If we shut off all the wells in the entire district (327,000 acres) we only gain 985AF the first year from the 8,700AF that we would get from the rapid response wells. If those wells are off two years in a row it doubles. In year one, we still would not be able to make up our deficit by simply shutting off the wells. Our average pumping was 8½" in 2013.

The board held discussion on the draft Rule 7-6 Pooling Arrangements or Agreements & Allocation of Ground water and Testimonies.

Pooling Arrangements in which one landowner can place various tracts of their land into a pool. Pooling Agreements will allow various landowners to pool their tracts, provided they are associated by common management.

Pools may extend across contiguous county lines.

These agreements are only in the boundaries of the LRNRD.

Pooling Agreements stay in effect until either the landowner or one of the parties in the Pooling Agreement terminates that agreement. The Pooling Arrangements and Agreements carry over from one year to the next or until the NRD is notified of any changes. Any changes to the Agreements must be submitted to the District by May 1st of each year.

Matt Harrison spoke to a number of people in his sub district; the general consensus is that pooling itself is a viable option and that this could potentially use less water down the road. The 10½" and 11½" cap per acre is concerning and feels this would not get the district where it needs to be in compliance.

Nelson Trambly said the key to this whole thing is to use less water and not get into a situation if something would happen to the N-CORPE project where we could not pump that. We would be in real trouble if we would have to shut down the basin for a year or two to relieve our deficit. Nelson said he was concerned at 8½" and if it was not for N-CORPE project we would be in trouble right now.

Brad Wulf stated that he is not against pooling but is concerned about the numbers that were mentioned earlier. We did not make it last year with the 10½" cap, and it seems we are offering more this year. His concern is that we are banking too much on N-CORPE and it isn't pumping yet.

Mike Clements feels he has to look at this situation differently than the board. He agrees with the director's concerns, although his number one responsibility is to make sure that the LRNRD stays in compliance. NDNR will be monitoring our usage in 2014.

Bill Bose said the last two years 2012-2013 were the driest on record. Bose supports Pooling because he thinks a producer should be able to move his water to his best acres to produce the best crops possible. Bose feels you have to go with your gut feeling and move forward.

Dave Bartels wanted to see the May 1st date changed to June 1st. Bartels feels this will give producers the chance to figure out what acres they want to pool.

Motion #4 by Clark Andrews seconded by Toby tenBensel to approve Rule 7-6 Pooling Arrangements or Agreements and Allocation of Groundwater. To implement pooling of irrigated acres for the remainder of the current allocation period 2014-2017 and to have a 10½" per acre limit on pooled acres and a 11½" per acre limit on non-pooled acres for the 2014 irrigation season. Then to change rule 7-6.3 to state: Any Pooling Arrangement or Pooling Agreements shall be submitted to the District on or before June 1st. Ayes

Matt Harrison was asked for his vote. He asked if everything is as stated except changing the date from May 1st to June 1st. If we come back with something else can we change whatever and have another vote?

Steve Seglin said if someone wants to change the allocation, there should be a motion to amend.

Matt Harrison said he wanted to move to amend the regular motion to read:

Mike Clements explains that we are voting on the amended motion, changing it from a 10½" to 10" cap on pooled and from 11½" to an 11" cap on non-pooled and changing the date from May 1st to June 1st.

Amended motion:

Matt Harrison seconded by Nelson Trambly to approve amended Rule 7-6 Pooling Arrangements or Agreements and Allocation of Groundwater. To implement pooling of irrigated acres for the remainder of the current allocation period 2014-2017 and to have a 10" per acre limit on pooled acres and a 11" per acre limit on non-pooled acres for the 2014 irrigation season. Then to change rule 7-6.3 to state: Any Pooling Arrangement or Pooling Agreements shall be submitted to the District on or before June 1st. Motion carried. Ayes 6 – Matt Harrison, Terry Hoit, Tim Kahrs, Nelson Trambly, Brad Wulf, Dave Bartels. Nays 4 – Marlin Murdoch, Toby tenBensel, Clark Andrews, Bill Bose. Absent – 1 Roger Nelson.

Mike Clements now states that we are back to voting on the original motion of essentially adopting everything else in the draft with changing the date from May 1st to June 1st.

Motion #5 by Matt Harrison seconded by Nelson Trambly to approve amended Rule 7-6 Pooling Arrangements or Agreements and Allocation of Groundwater. To implement pooling of irrigated acres for the remainder of the current allocation period 2014-2017 and to have a 10" per acre limit on pooled acres and a 11" per acre limit on non-pooled acres for the 2014 irrigation season. Then to change rule 7-6.3 to state: Any Pooling Arrangement or Pooling Agreements shall be submitted to the District on or before to June 1st. Motion carried. Ayes 9 – Terry Hoit, Tim Kahrs, Marlin Murdoch, Toby tenBensel, Nelson Trambly, Brad Wulf, Clark Andrews, Dave Bartels, Matt Harrison. Nays 1 – Bill Bose. Absent 1 – Roger Nelson.

Motion #6 by Brad Wulf seconded by Matt Harrison to approve the Order Adopting Amendment to Ground Water Management Rules and Regulations with applicable changes. Motion carried. Ayes 10 – Tim Kahrs, Marlin Murdoch, Toby tenBensel, Nelson Trambly, Brad Wulf, Clark Andrews, Dave Bartels, Bill Bose, Matt Harrison, Terry Hoit. Nays 0. Absent 1 – Roger Nelson.

The Executive Committee has been working with staff and Computer Solutions on updating the flow meter database. Currently there are updates being made to the allocation sheets. Once the information from today's meeting is entered into the new system, and the program is updated, the 2013 Allocation Sheets will be printed and mailed out.

Mike Clements announced that there is going to be a series of town hall meetings in addition to three soil moisture sensor seminars. Topics to be discussed are the Special Masters final recommendation to the Supreme Court, Compact Compliance, N-CORPE, Pooling, and an Open Forum.

Mike Clements presented the variance request.

Motion #7 by Bill Bose seconded Dave Bartels to approve the variance request #209 : Premier Trust – Thomas B. Smith, 401K IRA. Motion carried. Motion carried. Ayes 8 – Toby tenBensel, Brad Wulf, Clark Andrews, Dave Bartels, Bill Bose, Matt Harrison, Terry Hoit, Tim Kahrs. Nays 0. Absent 1 – Roger Nelson. Abstain 2 Marlin Murdoch, Nelson Trambly.

Mike Clements presented the Change in Location of Certified Acres on Contiguous Property.

Motion #8 by Matt Harrison seconded by Bill Bose to approve all Change in Location of Certified Acres on Contiguous Property: Premier Trust, Thomas B. Smith, Schoen Farms, Inc., Clyde Lucking, Larry Beahm, Richard Schepler, Ashley Farms, Lee Herrick. Motion carried. Motion carried. Ayes 10 – Toby tenBensel, Nelson Trambly, Brad Wulf, Clark Andrews, Dave Bartels, Bill Bose, Matt Harrison, Terry Hoit, Tim Kahrs, Marlin Murdoch. Nays 0. Absent 1 – Roger Nelson.

There were no comments from the public.

NARD sent out a letter in regards to the Nebraska State Fair – Nebraska Agricultural Experience Building. They are requesting \$1,000 donations to the NARD Foundation for this project.

Motion #9 by Matt Harrison seconded by Toby tenBensel to approve contributing \$1,000 to the Nebraska State Fair - Nebraska Agricultural Experience Building. Motion carried. Motion carried. Ayes 10 – Toby tenBensel, Nelson Trambly, Brad Wulf, Clark Andrews, Dave Bartels, Bill Bose, Matt Harrison, Terry Hoit, Tim Kahrs, Marlin Murdoch. Nays 0. Absent 1 – Roger Nelson.

There was no NARD report.

Marlin Murdoch and Mike toured the N-CORPE project. Engineers said they see no reason why they cannot manually operate the system next week, and deliver water.

Motion #10 by Bill Bose seconded by Tim Kahrs to approve the Rural Water Treasurer's report as presented. Motion carried. Motion carried. Ayes 10 – Nelson Trambly, Brad Wulf, Clark Andrews, Dave Bartels, Bill Bose, Matt Harrison, Terry Hoit, Tim Kahrs, Marlin Murdoch, Toby tenBensel. Nays 0. Absent 1 – Roger Nelson.

Motion #11 by Toby tenBensel seconded by Bill Bose to move that the Board go into Executive session at 2:54PM to seek legal advice from Attorney on Occupation Tax Exemption. Motion carried. Chairman admonished board that this is the only subject that can be discussed in closed session. Ayes 10 – Brad Wulf, Clark Andrews, Dave Bartels, Bill Bose, Matt Harrison, Terry Hoit, Tim Kahrs, Marlin Murdoch, Toby tenBensel, Nelson Trambly. Nays 0. Absent 1 – Roger Nelson.

Motion #12 by Brad Wulf seconded by Dave Bartels move that the Board come out of Executive Session at 3:25 p.m. and declare that no actions of the board, official or unofficial, were taken during said Closed Session. Motion carried. Ayes 10 – Clark Andrews, Dave Bartels, Bill Bose, Matt Harrison, Terry Hoit, Tim Kahrs, Marlin Murdoch, Toby tenBensel, Nelson Trambly, Brad Wulf. Nays 0. Absent 1 – Roger Nelson.

The meeting was adjourned at 3:25PM.

The next regularly scheduled board meeting will be March 13th, at 2:00PM at the Lower Republican NRD office.

Secretary

Date