

July 14, 2005
Nemaha Natural Resources District
Regular Meeting
Tecumseh, Nebraska

1. **CALL TO ORDER/ROLL CALL/MOMENT OF SILENCE**

Chair Jim Wirth called the three hundred sixty-fourth meeting of the Nemaha Natural Resources District Board of Directors to order at 7:05 p.m. Thursday, July 14, 2005, at the NRD Headquarters in Tecumseh, Nebraska.

DIRECTORS PRESENT:	John Albrecht	Roland Meyer	Duane Sugden
	Jeff Crunk	Gerald Royal	Bruce Walker
	Orval Gigstad	Jim Rush	Paul Weber
	Ted Godemann	Steve Sherrow	Tom White
	Ron Heskett	Don Siske	Jim Wirth
	David Hunzeker	Mike Speece	
	Scott Kudrna	Chuck Starr	

**DIRECTORS
ABSENT:** Dave Neddenriep
Dan Watermeier

**STAFF
PRESENT:** Bob Hilske, Manager
Scott Nelson, Assistant Manager
Jane Kuhl, Administrative Assistant
Artis Fisher, Business Assistant
Mark McDonald, Field Representative
Chuck Wingert, Water Resources Manager

GUESTS PRESENT:	Gordon Clement, Table Rock	Todd A. Albers, Liberty
	Mike Korber, Pawnee City	Lisa Beehe, Elk Creek
	Rod Vandeberg, Falls City	Jim Grant, Auburn
	David & Rita Kent, Pawnee City	Shirley Wissler, Pawnee City
	Carol J. Thiemann, Pawnee City	LaWayne Mach, Pawnee City
	Debbie Bean, KNCY, Auburn	John J. Huber, Falls City
	Verna Mae Richardson, Pawnee City	Luella Rogers, Pawnee City
	Ed & Mary Ruegge, Pawnee City	Bruce Rogers, Pawnee City
	Nick Rogers, Pawnee City	Leuela Rogers, Pawnee City
	Lewis Rogers, Pawnee City	Joe Stehlik, Pawnee City
	Richard Christen, Steinauer	Willie Amos, Pawnee City
	Mr. & Mrs. Russell Farwell, DuBois	Gary Ruegge, Pawnee City
	Nathan Farwell, DuBois	Bev Puhalla, Pawnee City
	Ronald Puhalla, Pawnee City	Carol Friedly, Pawnee City
	Caralyn Friedly, Pawnee City	Mike Farwell, DuBois
	Scott Farwell, DuBois	Doug Farwell, DuBois
	Dick & Diane Droge, Pawnee City	Bob Engles, Auburn
	Lyle & June Hess, Pawnee City	Bill Sunneberg, Pawnee City

Jon & Cheryth Klepper, DuBois	Steve Johnson, Omaha
Rob Likes, Omaha	Lee Hullman, Falls City
Paul Rohrbaugh, Steinauer	Chris Godemann, Falls City
Carol Sisco, Pawnee Republican, Pawnee City	Mike Sotak, Olsson Associates, Omaha
Brian Melage, Auburn	David Rogers, Pawnee City
Chad Meyer, York	Marianne Farwell, DuBois
Gary Farwell, DuBois	Craig Binder, Pawnee City
Roxann M. Buman, Pawnee City	Dale R. Buman, Pawnee City
John P. Howe, Humboldt	Alan Richard, Pawnee City
Shirley Oenbring, Pawnee City	Edwin Oenbring, Pawnee City
Edward Bohm, DuBois	Phanetta Bohm, DuBois
Paul Phillippe, DuBois	Leon J. Bohm, DuBois
Wes Pope, NRCS, Tecumseh	Brett Druba, Falls City
Eric Crouch	Roy Bechtol, Austin, TX
Robert Bowhay, DuBois	Robert A. Blecha, Table Rock
Kay Laun, Pawnee City	Allison Zwygart, Pawnee City
Katie Zwygart, Pawnee City	Karen Mezger, Pawnee City
Jaymie Reed, Pawnee City	Don Luedders, Pawnee City
Arden Bredemeier, Green Valley, AZ	Janet _____, Omaha
William Reed, Falls City	Dottie Holliday, Auburn
Ann Wickett, Tecumseh	Darrell Wellman, Auburn

Following the Pledge of Allegiance, Chair Wirth opened the meeting with a moment of silence.

2. **PROOF OF PUBLICATION**

Proof of Publication was presented and is on file.

3. **EXCUSED ABSENCES**

Requests for excused absences had been received from Dan Watermeier and Dave Neddenriep.

White moved, seconded by Siske, to approve the excused absences of Dan Watermeier and Dave Neddenriep. Motion carried on consent agenda.

4. **OPEN FORUMS**

All directors and staff introduced themselves.

5. **LAKE NEIAMOKA PRESENTATION/ACTION**

Chair Wirth began by reviewing the format for the presentation and stressed that this would be the first opportunity the full board had to hear from Mr. Reed. He added that because this

was not a public hearing, comments and questions from the public would not be accepted during the presentation. Wirth then introduced Coach Reed.

Coach Reed briefly reviewed his project and then introduced Brian Mellage, who read a letter of interest in the project from Walbridge/Wilkinson, a Joint Venture, who are some potential partners from Detroit. Reed then introduced Chad Frost, Eric Crouch, Jim Grant, Roy Bechtol, Mike Sotak, Steve Johnson, and Rob Likes. Mellage explained his interest in the project and reviewed the recommendations from the pre-feasibility study done by Olsson Associates, which included investigating a public-private partnership. Reed added that the project size was expanded to facilitate both a public and a private side and to increase interest from investors. Roy Bechtol explained that he had worked with Coach Reed to build a 3,000-acre lake in Louisiana and was interest in this similar project. Mike Sotak clarified his position and Olsson's position as simply looking at possibly being involved in the project, which could be the biggest lakes in Nebraska that is not an irrigation reservoir. He added that he has been in contact with NRD staff throughout. Starr asked about Olsson's being listed as a partner and waiving fees. Sotak responded that one way they might become a partner is through equity position projects, in lieu of charging fees up front. However, Olsson's currently do not have a contract with anyone but have answered technical questions for the Lake Neiamoka project at no charge, similar to their helping development the water supply grant application at no charge. At Starr's request, Sotak agreed to provide his comments regarding Olsson's position to the board in writing. Steve Johnson introduced his firm and stated they have not been retained by Reed's group but have attended some meetings to become familiar with the group and the project. Their potential role would be to help with regulatory requirements on the contract side including agreements with private parties to raise capital, lending, subdivision approval, etc. He added that Coach's desire is to work with everybody involved in the project and make every effort to do this on a voluntary basis. Regarding a question about recent court decisions on eminent domain for economic development, he pointed out that this type of thing has gone on a long time citing land taken for railroads; however, he was not in a position to comment specifically on the decision as it could affect this project. Reed stated that this project will take 20 years to build and that much of it will be done by local companies and workers. He then distributed booklets that had been given to the 28 landowners contacted so far regarding acquisition of land. Reed explained that the part that referred to the NRD's role in providing funds for land rights was only a proposal being considered and that it now appeared the landowners were not agreeable to the concept. He apologized to the board if it seemed like he was saying something that the board had no intention of doing. Starr complimented Reed on his efforts because he had always felt this project needed a private developer to take the lead. However, Starr expressed concern about the statement and asked if anything was being done to correct the literature which referred to the NRD as a partner. Reed replied that the payment method suggested for land was an effort to avoid large capital gains for the landowners but that this idea has now been abandoned. Starr also asked how Reed viewed his future relationship with SENLA. Reed explained how he became familiar with SENLA and the project and that after deciding this was an attractive project, he had asked SENLA if they would support him in his ways

and means to get this project done. Reed now felt SENLA was put into place to keep the project moving and that should the project proceed, there would be no further need for that particular entity in their present capacity. However, he instead saw them as becoming a liaison with some of the non-profit things they would do such as the charity hotel, based upon their 501.C.3 status. Crunk asked for clarification of who the 28 landowners are, and Reed responded that they are the ones that would have been involved in the original project proposed by the NRD. The new, larger project would affect 49 landowners; and four homes would be close to being under water, but two could probably be bermed. Crunk expressed his concern for the farmers who rent land since they would be displaced without compensation. Reed felt there is other farm ground available at a cost and suggested the possibility of a land bank. Speece asked if the panel present at this meeting was the skeletal frame of LPG. Reed explained how they will include additional partners in the LPG as the project progresses. He added that within the next three weeks a meeting would be set up with Congressman Osborne, the NRD staff, some landowners, and invited board members to attend to discuss the public part of the project and address capital gains issues. Royal asked what Pawnee County and Pawnee City's involvement is at this point. Reed replied that both are basically just watching to see how this comes together and affects them. At the conclusion of the presentation, Reed and his associates left the meeting.

6. LANDOWNER PRESENTATION (RE: PAWNEE COUNTY LAKE)

Starr introduced Scott Farwell, a landowner within the proposed project area. Farwell explained that most of the landowners had met and they fell into three groups: some that were interested if things went right, some that weren't interested no matter what, and the biggest group that weren't really interested but were scared to death based upon all the misinformation going on. He added that most of the landowners did not like what they saw in the booklet that was distributed to landowners and now to the NRD board. Farwell asked how to best allow landowners to convey their thoughts about the project to the board. He added that what is being offered and what he would personally consider accepting are so far apart that he could not say that he is in favor of the project. He felt that the major investors won't be from around here and that the money will be made by the investors, developers, and the big companies who come in and build it; and what will be left would be mid to low paying jobs. Meyer commented on what amount the landowners would require and what the buyers would be willing to offer and how to get the two sides together. Farwell felt there are enough landowners who are secure enough in their position and just made enough that they won't sell based on principle. Kudrna clarified that the survey to landowners would contain a place to check yes, no, or indifferent and then add comments and that the property would be somehow identified. Kudrna added that he felt not only landowners but also the people renting the land should be able to comment. Starr commented that he hoped the board could address some of those concerns but added that interests change over the years and wondered how comments collected now would compare to petitions and letters sent to the board several years ago. Kudrna felt the booklet provided to board members tonight, though it was probably not going to be used, was distributed so that everyone had the same information. Additional discussion was held on water flow studies for this area and the types of jobs this

project might generate. Wirth concluded by saying that the board would discuss the best method for obtaining landowner comments and that staff would contact Mr. Farwell with more details.

7. **MINUTES**

Heskett pointed out a correction to the voting record on page 2, which showed Speece voting instead of absent. **Sugden moved, seconded by White, to approve the minutes as corrected. Motion carried.**

AYE: Albrecht, Crunk, Gigstad, Godemann, Heskett, Hunzeker, Kudrna, Meyer, Royal, Rush, Sherrow, Siske, Starr, Sugden, Walker, Weber, White

ABSTAINING: Speece, Wirth

ABSENT: Neddenriep, Watermeier

8. **TREASURER'S REPORT**

White moved, seconded by Sugden, to approve the Treasurer's Report as submitted. Motion carried.

AYE: Albrecht, Crunk, Gigstad, Godemann, Heskett, Hunzeker, Kudrna, Meyer, Royal, Rush, Sherrow, Siske, Speece, Starr, Sugden, Walker, Weber, White

ABSTAINING: Wirth

ABSENT: Neddenriep, Watermeier

11. **STANDING COMMITTEES**

C. Executive Committee

2. Pawnee County Lake Project:

Starr moved, seconded by Royal, that the liaison previously appointed in May of 2005 to work specially with an individual developer, have his responsibilities redefined to allow him to work with any entity including any landowners interested in the Pawnee County Lake Project and that his reports be made directly to the board as part of the staff report. Starr explained some of his concern is the misinformation or lack of information the board had had in reviewing this project. This would provide a direct, unbiased source of information to the board outside of individual board members or members of the public and would allow some discussion by the board prior to individual motions being made. Sherrow questioned how this motion would change the ability of any member of the public to contact the NRD. After further discussion, **motion carried.**

AYE: Albrecht, Crunk, Gigstad, Godemann, Heskett, Hunzeker, Kudrna, Meyer, Royal, Rush, Sherrow, Siske, Speece, Starr, Sugden, Walker, Weber, White, Wirth

ABSENT: Neddenriep, Watermeier

Starr moved, seconded by Gigstad, to cancel the water study contract currently held with Olsson Associates regarding Pawnee County Lake. Hilske explained that this study has actually changed since it was included in the RC&D's regional water study; and, therefore, we no longer need to have that contract in place. **Motion carried.**

AYE: Albrecht, Crunk, Gigstad, Godemann, Heskett, Hunzeker, Kudrna, Meyer, Royal, Rush, Sherrow, Siske, Speece, Starr, Sugden, Walker, Weber, White, Wirth

ABSENT: Neddenriep, Watermeier

Starr moved, seconded by Crunk, that all individual board members provide to the NRD manager an outline of any interests they may have regarding the Pawnee County Lake project and that this list be made available for review. Interest would include any individual, business, or membership with any organization involved in discussions involving the Pawnee County Lake project whether it be public or private entity. Starr explained that one issue is that there are other organizations or entities involved and that there are discussions going on in some of these groups with board members then coming back and making motions without discussion in the committee. He felt that all board members need to be aware that the goals of those particular boards, of which some board members are representatives, may or may not be those of the NRD. Starr felt that if a director is representing the NRD, the Manager should be informed. Sherrow expressed concern about the breadth of the motion. Starr clarified that any director expressing a personal opinion and not the view of the NRD would not have to tell the Manager. Sherrow felt requiring each individual conversation be reported would not be reasonable and that meeting with both public and private groups is a function of each director. Meyer proposed amending the motion to clarify that a report would be necessary only if there was a financial gain for the director; however, it was pointed out that accountability and disclosure laws already apply. Starr felt his motion applied only to this specific project. Speece felt this was the purpose of naming a staff member as a liaison to simplify the process and provide information back to the board. Rush expressed concern about quotes from staff in the news, which haven't been brought to the board first. Upon roll call vote, **motion failed.**

AYE: Crunk, Rush, Starr

NAY: Albrecht, Gigstad, Godemann, Heskett, Kudrna, Meyer, Royal, Sherrow, Siske, Speece, Sugden, Walker, Weber, White, Wirth

ABSTAINING: Hunzeker

ABSENT: Neddenriep, Watermeier

Starr moved, seconded by Crunk, that all individual board members provide to the NRD manager an outline of any interests they may have regarding the Pawnee County Lake project and that this list be made available for review prior to the August meeting. This list is to be updated with any status changes. Interest would include any business or membership with any organization involved in discussions involving the Pawnee County Lake project whether it be public or private entity. More discussion was held on exactly what situations this would apply to. Godemann was concerned that this motion bordered on censorship. After further discussion, **motion failed.**

AYE: Crunk, Rush, Starr

NAY: Albrecht, Gigstad, Godemann, Heskett, Hunzeker, Kudrna, Meyer, Royal, Sherrow, Speece, Sugden, Walker, Weber, White, Wirth

ABSTAINING: Siske

ABSENT: Neddenriep, Watermeier

Crunk added that his comment in the May minutes referred to the fact that every board member does not have the same information. Godemann stated he trusts other committees with their responsibilities.

9. STAFF REPORT

Hilske and Nelson reviewed their written reports. Speece commended the staff on the work done on the Big Muddy during the past month.

10. AGENCY/ASSOCIATION REPORTS

A. Natural Resources Conservation Service

Pope reviewed his written report and commented on the deadlines for completing paperwork for the Conservation Security Program. He also reported on Steve Chick's efforts to correct some TSP issues.

B. Five Rivers RC&D

Kudrna stated no meeting was held this month.

C. Nebraska Association of Resources Districts

Gigstad stated they met June 20 and that health insurance rates increased eight percent and dental nine percent and that a new prescription drug company will be used. The NARD Foundation had \$6,000 in its account, so \$3,000 will be put toward the Washington, DC, internship program. A lot of their meeting centered on the Water Policy Task Force issues. They passed a resolution to support the 28-40 rule.

D. Nebraska Natural Resources Commission

No report.

E. Pawnee County Lake Steering Committee

No meeting had been held in the past month.

F. Water Policy Task Force Report

Sugden commented on Roger Patterson's retirement and water levels at Lake McConaughy.

11. STANDING COMMITTEES**A. Programs & Projects Committee**

- 1. Request by Blaine Horalek to Lift Easement Restrictions:** Sherrow reviewed the latest proposal from Horalek to allow landscaping as desired around his proposed house. The committee had no recommendation to make as they did not feel this requirement would be appropriate to the purpose of the wildlife area. No action.
- 2. Request by Craig Hemje to Assist with Leakage Problems on His Dam:** Sherrow reported the committee had reviewed a cost estimate for remediation work on this project. The committee directed staff to contact NRCS and request assistance to inspect the lake bottom and make a recommendation of how to address the problem with an estimated cost. No action.
- 3. Select an Engineering Firm for Phillips & Thomas Small Dam Projects:** Proposals had been received from four firms, and a summary of their services was provided for board review.

Sherrow moved, seconded by Sugden, to award the engineering services contract for the Phillips & Thomas Small Dams to JEO Engineering contingent upon landowners agreeing to proceed with their structures. After some discussion, motion carried.

AYE: Albrecht, Crunk, Gigstad, Godemann, Heskett, Hunzeker, Kudrna, Meyer, Royal, Rush, Sherrow, Siske, Speece, Starr, Sugden, Walker, Weber, White, Wirth

ABSENT: Neddenriep, Watermeier

4. ***FY 05/06 Budget Review:*** Sherrow stated the committee reviewed the budget and specifically discussed the trail maintenance section questioning if instead of replacing rock each year investigation should be made into more permanent corrections to some of the problem areas. Hilske responded that he is looking into grant funds that might help with some of these non-routine maintenance issues. Speece suggested it might be a good idea to send someone to the national trails conference to gather ideas for the trail.

B. Operations & Education Committee

1. ***FY 05/05 Budget:*** White stated the committee reviewed the budget and suggested contacting the communities along the trail about contributing to the trail and helping collect donations.

C. Executive Committee

1. ***FY 05/06 Budget Review:*** Godemann reported the committee reviewed the budget and discussed the increasing cost of health insurance.
2. ***Pawnee County Lake Project:*** Godemann felt there were a lot of landowners at the meeting tonight who are looking for answers and that Scott Farwell did not shut out the lake; however, the issue for landowners is the money and the need to know what's going on. Godemann also thought a master plan, which was referred to at one time, would be a critical step toward answering some of these questions. Royal stated several people expressed concern to him about where the water would come from to fill the lake. Meyer felt the survey to landowners should include what dollar amount the landowners would think is fair. Wirth directed staff to come up with a mechanism for landowners to anonymously provide their views on the project.

12. ANNOUNCEMENTS, AUGUST MEETING DATE/TIME & AGENDA ITEM REQUESTS

Wirth stated the next meeting would be Thursday, August 11, with committees at 7:00 p.m. and the regular meeting at 8:00 p.m. Starr stated he hoped the motion passed tonight regarding the liaison for the Pawnee County Lake would help resolve some of the issues of communication and that now Scott (Nelson) would have the tools to visit with the landowners and address the board on those issues. He added, however, that he thought it was premature to talk about what farmers would take for their land when the board hasn't talked about the viability of the project or the role of the District in the project. In light of some of the actions tonight, Starr asked to have the future of the Pawnee County Lake Committee on the agenda next month.

13. CONSENT AGENDA

White moved, seconded by Godemann, to approve the consent agenda. Consent agenda items: Excused Absences. **Motion carried.**

AYE: Albrecht, Crunk, Gigstad, Godemann, Heskett, Hunzeker, Kudrna, Meyer, Royal, Rush, Sherrow, Siske, Speece, Starr, Sugden, Walker, Weber, White, Wirth

ABSENT: Neddenriep, Watermeier

14. ADJOURNMENT

Albrecht moved, seconded by Kudrna, to adjourn. Motion carried.

AYE: Albrecht, Crunk, Gigstad, Godemann, Heskett, Hunzeker, Kudrna, Meyer, Royal, Rush, Sherrow, Siske, Speece, Starr, Sugden, Walker, Weber, White, Wirth

ABSENT: Neddenriep, Watermeier

The meeting adjourned at 10:40 p.m. The next regular meeting of the board of directors will be Thursday, August 11, 2005, at 8:00 p.m. at the NRD headquarters at 62161 Hwy 136 in Tecumseh.

(Approved 8/11/05)

Secretary, Nemaha Natural Resources District