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**PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM
Governance Committee Meeting/Conference Call Minutes
Country Inn & Suites – Denver, CO
December 12, 2007**

Welcome & Administrative

Mike Purcell called the meeting to order and the group proceeded with introductions. No agenda modifications.

The Governance Committee (GC) approved the October 2007 minutes.

FY 2008 Program Budget

Jerry Kenny discussed latest version of FY 2008 budget and explained numbers in each column, highlighting changes from the version presented to the GC during the October 2007 meeting. Purcell said one caveat is that end of calendar year the carryover items may change somewhat but the GC needs to approve a budget to have a running start on January 1, 2008. John Lawson asked about carryover dollars and what it means for actual expenditures. Kenny said where the budget spreadsheet shows carryover, obligations will be carried over into the next year to honor contracts and obligations. Lawson asked if it is correct that we will actually spend less than we anticipated in FY 2007. Kenny said that was true. Kenny also said that there are FY 2007 dollars in the Nebraska Community Foundation (NCF) account that will be able to be used for FY 2008 expenditures. Lawson said we should focus on the proposed budget and not think about NCF funds. Don Kraus asked about the Water Management Study line item and if the FY 2008 money for that item is for Phase II. Kenny said it would be, and that there is just a small amount of carryover from FY 2007 to complete the Phase I work/contract.

Ted Kowalski asked about information being included that showed long-term budgeting and how these tasks are managed during the First Increment. Kenny discussed the work being done in the Executive Director's Office (ED Office) to develop that document and said it would be shared with the GC at the February meeting. **Purcell asked to have that information previewed to the Finance Committee (FC) before going to the GC in February. Kenny agreed that would happen.**

Chavez-Ramirez asked about the origins of the land acquisition line item. Kenny said it was developed with the help of the Land Advisory Committee (LAC) and that it represented probably what it would take to complete three substantial land deals. Don Ament asked about the Administrative and Other Support Services line item. Kenny said that would pay for surveyors, appraisers, and other specialized land activities; contract with WEST for administrative support; and other similar services. Ament asked about ED Office overhead. Kenny said salaries were multiplied by 1.5 to cover benefits, overhead, and similar costs, and that expenses are billed directly.

Purcell asked for other comments and hearing none asked if the budget was approved. This includes approval of the ED Office contract for FY 2008.

Lawson said approval of budget is largely just place-holders, since GC and other committees will have to be involved in proper approval of line-item expenditures and activities. Chavez-Ramirez asked again if costs for items like surveyors and appraisers could be moved to the land portion of the budget to make things more clear. Kenny said that is a possibility, but he had pulled together something that fit easily into one category for budget purposes. Purcell said he liked Kenny's approach because these activities would be contracted directly through the ED Office rather than through the Procurement Policy process and would give Kenny a little more flexibility to enter into appropriate contracts more quickly in response to key needs.

Lawson said during the FC meeting there was a discussion about salary changes. Kenny said one category was modified from the original contract. That category is the Communications and Outreach salary represented a modest increase over prior approved rates; all other salaries in FY 2008 are at or below what had received prior approval. Kraus said, from the Financial Committee discussions, Kenny and Purcell were going to discuss it and would be able to move ahead if there was agreement. Purcell stated that he had reviewed and agreed with the changes as described.

Purcell asked for a motion to approve the updated ED contract. Don Ament moved to approve, Alan Berryman seconded. Motion approved.

Purcell asked for a motion to approve the FY 2008 budget. Don Ament moved to approve, Dennis Strauch seconded. Motion approved.

GC Action Items

Nominate/Elect GC Chair

Purcell said he is current chair and Mike Ryan is the vice-chair. Ament proposed that Purcell remain as chair for another year and nominated Purcell as chair and Ryan as vice-chair. Purcell said we would be better served to rotate and that somebody should certainly step up for 2009. Bleed said Purcell would be the right choice to continue as we continue to implement the Program and commended him for a job well done. Dan Luecke said it is important to have continuity early in the Program and it is the right thing to do to have Purcell remain chair for another year.

Ament moved to approve, Norm DeMott seconded. Motion approved.

Select GC Liaisons for Advisory Committees

Purcell stated that the purpose of this agenda item was to select a GC liaison for each committee, one at a time. The FC does not need a liaison because most of the members are on the GC and the FC chair will always be the liaison. The Adaptive Management Working Group is only a working group, so it is not clear if we need a formal liaison. Brian Barels asked about the roles and expectations of the GC liaisons and how they relate to the roles and expectations of the ED's role. Purcell said the original context would be to have a liaison on each committee to help the committee chair bring things back to the GC. Kowalski said except for the Land Advisory Committee (LAC), the Final Program Document does not call for a GC liaison for the

other committees. Lawson said the idea was to have a chair for those committees that would bring things to the GC for review and approval when necessary, and to provide updates to the GC when appropriate. Purcell said the mutual opinion seems to be to just select a GC member to be the liaison to the LAC, and asked for volunteers. Dale Strickland discussed the history of the GC liaison issue and that the discussion was always centered on the LAC. Purcell asked if Brian Barel would want the role. Barel said he would do it but said that John Heaston had volunteered to do it at the October meeting. Heaston said he would gladly do it. Mike Ryan said it makes sense to have the liaison be someone with land acquisition experience and that Heaston has that.

Mike Ryan moved to name John Heaston as GC liaison to the LAC. Bleed seconded. Motion approved.

Amendment to Wyoming Depletion Plan

Purcell discussed Wyoming's desire to move the completion dates for the depletion plan reports from December 31st of each year to March 15th in order to allow time for completion of North Platte Decree reporting and other acreage accounting.

Ann Bleed moved to extend the date. Alan Berryman seconded. Motion approved.

Approval to Proceed with Insurance Negotiations

Kenny discussed the status of the proposals received for the Program Insurance RFP. A review panel evaluated the two proposals that were received and recommends moving forward with the proposal received from Dunbar-Peterson. There are five items that need to be discussed with Dunbar-Peterson and which may have implications to the cost of the proposal and Kenny wants GC approval to move ahead with those discussions. The discussions would occur between Kenny, the review panel, and representatives with Dunbar-Peterson. Bleed asked if the State of Nebraska could join the Insurance Review Ad Hoc Committee to help address certain questions; Purcell agreed. Bleed said the contact person would be Jennifer Schellpeper and that she would have Schellpeper contact Kenny with Nebraska's concerns to ensure they are addressed.

Purcell said the action item is to authorize the Insurance Review Ad Hoc Committee, chaired by Kenny, to proceed with the negotiation process, finalize the policy contingent on a budget limit on premiums of \$50,000 per year, and submit the final agreements to the NCF for execution and administration. Alternatively, the agreement could be brought back to the GC at the February 2008 meeting for approval. Bleed said the review panel includes all of the appropriate parties and that they and Kenny could move ahead with finalizing the agreement. Kowalski agreed that was the right course of action especially considering the time and the possible EA pulse flow.

Ann Bleed moved that the Insurance Review Ad Hoc Committee and Executive Director be authorized to finalize the insurance agreement and submit it to the NCF for execution under the conditions described above. Felipe Chavez-Ramirez seconded. Motion approved.

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As an additional item, Kenny said the Program needs to specifically identify the official GC members and alternates for each entity, in part to ensure proper insurance coverage. The environmental groups sent a document to the ED Office that specified members and alternates for each committee, including the GC.

Kenny requested that each entity send a similar document via e-mail to the ED Office. Purcell asked all entities represented on GC to provide this information by December 31, 2007.

General Program Updates

Program Legislation

Kowalski said the House full committee and the full House approved the legislation. On the Senate side, there was a hearing and we are now waiting for a sub-committee mark-up. That sub-committee is dealing with the energy bill as a priority. Kowalski anticipates a mark-up early next year.

Wyoming Property

Purcell led a discussion about the future disposition of the Wyoming property on the Platte River near Kearney, NE. Wyoming would like for the GC/Program to take over management of the Wyoming property until the land is officially transferred to the U.S. Fish and Wildlife Service (Service). The transfer will not occur until the Pathfinder Modification Project is completed. Barels asked when the GC/Program would begin managing the property, and Purcell said this would happen as soon as the GC is comfortable even if it is before the federal legislation is passed. Kraus said this makes sense and it seems like we need a letter from Wyoming to the appropriate entity saying that Wyoming is transferring management responsibility. Mark Butler asked about the nature of the title transfer, and said the Service would like this to be official Program land managed by the Program. Purcell asked if the Service could provide information showing that the Service agrees to turn the property over to the Program. Butler said yes and that the Service would provide the appropriate documentation. Mark Czapski asked about the disposition of the property if the Program fails. Butler said the Service would like to see the land remain as habitat in that case, so they will have to work through what happens in that instance.

Chavez-Ramirez asked if the ED is ready to take over management right away. Kenny said they are ready. Mark Butler said the ED could work in partnership with the Service and other partners/cooperators to get the property managed. Barels said this is laid out in the Land Plan and that these issues could be worked out through a sponsor agreement. Bleed said we are just transferring management and not the title. Butler said that is correct and that we could work up a sponsor agreement. Barels said NPPD always assumed there would be one for the Cottonwood Ranch property, so this is a good opportunity to develop a structure for the agreement.

Purcell agreed to draft a sponsor agreement for the Wyoming property. Barels said NPPD would work in conjunction with this effort to make this applicable to a Cottonwood Ranch sponsor agreement as well.

Barels reminded the GC that NPPD has provided agreements to the Program for 2007 Cottonwood Ranch activities and pre-2007 activities as well. NPPD would like to see those agreements move forward and need to know if the GC has approved the agreements or if they need reviewed and brought back to the GC in edited format. Barels said the budget amounts for pre-2007 and 2007 work have been discussed, and the question that needs answered is can the NCF execute those agreements or does the GC need to review and approve the agreements before they go to the NCF? **Lawson suggested these agreements should go to the FC from Kenny. Barels said that would be fine but action should be taken quickly. Purcell asked if NPPD could wait until the February GC to be approved. Barels agreed.**

Procurement Policy

Kenny said he met with Lawson, Becky Fulkerson, and Chandler from the Bureau of Reclamation to talk about the federal procurement process and get input on the Program's draft Procurement Policy. Kenny received good feedback that will allow him to further edit the draft policy for GC review and approval. **A revised policy will be discussed with the FC before the February GC meeting, and then will be brought to the GC during the February meeting.** Kowalski said without a formal policy, the ED Office should be overly-conservative in how RFPs are drafted, advertised, and awarded. Barels asked how RFPs are advertised. Kenny said the stage change RFP is being advertised in a number of basin newspapers for three days; the RFP is posted on the Program Web site; and contractors, universities, and others have been sent the RFP directly. The ED Office will assemble an evaluation panel of subject-matter experts to evaluate all the proposals, narrow the field down to three proposals, and then host a group interview with the panel.

Luecke asked about the status of Nebraska's depletion plan and hopes to get an understanding of where that stands at the February meeting, based on rumblings over well management that has been in the press. Bleed asked about what has been in the papers. Luecke said there seems to be some disagreements over responsibility and how things are going to be implemented and handled in accordance to what is in the Program document. **Bleed agreed to provide that update at the next GC meeting.**

FY 2007 Program Tasks/Budget Items Updates

Database Management System (DBMS) Contract

Kenny is working on the DBMS contract. In the interim, the ED Office is hosting the Program Web site. The Service DBMS team will construct the formal Web site for the Program as a part of the contract. **Kenny is working on contract issues like insurance and others and once those issues are finalized the contract will come back for additional FC review. At that point, Kenny can proceed with the contract.**

Land Interest Holding Entity (LIHE) establishment

Kenny said that David Smith and Diane Wilson report the LIHE agreement is nearly finalized. The proposed fee structure is the other piece of the contract that needs to be settled. The proposed structure has been edited with new figures and example and Kenny discussed the changes. Purcell said the FC reviewed the previous version and the current document reflects the comments and suggestions of the FC. Purcell said his concerns have been met. Bleed said

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Nebraska is fine with the fee structure. Lawson asked if the LIHE would be in charge of lands secured with a sponsorship agreement. Purcell said sponsorship agreements would be with the NCF and not the LIHE, so we should not be charged LIHE fees for those types of lands.

Dennis Strauch motioned to approve the LIHE fee schedule. Ann Bleed seconded. Motion approved.

Purcell asked if the LIHE agreement could be finalized and forwarded to the NCF. GC agreed.

Stage Change RFP

See discussion above related to the procurement policy.

Whooping Crane Monitoring

The group discussed the idea of moving the spring/fall whooping crane monitoring effort from a one year contract to a three-year program of work. The discussion generally centered on the need to submit a RFP and develop a contract that secured work for one year and required written approval from the ED Office to proceed each of the two subsequent years. Purcell said the idea would be to develop a phased contract that included a notice to proceed in one year, but that the contractor would not be authorized to proceed in Years 2 or 3 unless granted written approval by the ED Office in case funding is not available. **Kowalski said Colorado wants to have a representative on the whooping crane monitoring RFP review/selection panel.**

Lawson discussed the need to have approval for multi-year contract. If GC is comfortable with this approach, then Chad Smith should be able to move forward with the RFP. Purcell asked if the GC is indeed comfortable moving ahead with the process to revise the RFP based on comments from the Technical Advisory Committee and then post the RFP for a three-year work program for whooping crane monitoring. He noted that the final contract would contain a provision that formal written notification from the ED Office would be required for work to proceed from one year to the next, contingent on available funding. The approved budget is \$130,000 for one year, \$390,000 for three years. If the contract amount does not exceed these amounts, the contract can be approved by the FC and the work can begin.

Ann Bleed motioned for approval. Felipe Chavez-Ramirez seconded. Motion approved.

Public Comment

Purcell asked for public comment. None offered.

Future Meeting Dates and Locations

The next GC meeting is scheduled for February 12-13, 2008 in Kearney, NE.

The next meeting of the Finance Committee is a conference call on February 1, 2008 at 10:00 a.m. Central time (9:00 a.m. Mountain time).

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The GC would receive a draft report from Boyle on the Water Management Study in January and then would have time to provide comments and review the draft. The postponed Water Management Study workshop would be held on the afternoon of Wednesday, February 13 in Kearney. After that, final comments would be due to Boyle quickly so they could finalize the Phase I report.

Kraus asked Butler if the Service is targeting March 2008 as the preferred time for the pulse flow release. Butler said yes, assuming all factors in place like insurance, the EA bypass agreement signed, and other necessary authorizations. Kraus asked about the status of pulse flow monitoring. Smith said the current direction is to focus monitoring on water tracking and hydrology as opposed to monitoring like vegetation and geomorphology. Butler said there is discussion underway about where the water will come from and how to move it through the system, and whether any diversions will be made at that time. Mike Drain said he was not sure there are 4,000 acre-feet of available storage, but rather 4,000 acre-feet of available capacity. That will influence the borrow/payback issues. Brian Barels said the bypass agreement needed to be finalized and signed in order to move ahead. Butler said the federal authorization needs to be passed, and the insurance issue needs resolved.

Meeting adjourned.