

**Finance, Expenditure & Legal
Subcommittee Meeting Minutes
June 10, 2008**

A meeting of the Papio-Missouri River Natural Resources District's Finance, Expenditure & Legal Subcommittee was held at the Natural Resources Center, 8901 South 154th Street, Omaha, Nebraska, on June 10, 2008. The meeting was called to order by Chairperson Dick Connealy at 7:35 p.m.

QUORUM CALL: Quorum call was taken. The following subcommittee members were in attendance.

Subcommittee Members Present	Subcommittee Members Absent	Other Directors Present	Others in Attendance
Dick Connealy	Rick Patterson *	Fred Conley	John Winkler
Tim Fowler		Dave Klug	Marlin Petermann
John Conley		Jim Thompson	Gerry Bowen
Dorothy Lanphier		Rick Kolowski	Paul Woodward
Rich, Tesar **		John Schwope	Paul Peters
			Jerry Herbster
			Jim Becic
			Pat Teer
			Jean Tait
			Amanda Grint
			Dick Sklenar
			Emmett Egr
			Ralph Puls
			Shawn Melotz

* Excused Absence

** Alternate voting member

ADOPTION OF AGENDA

- **It was moved by Director Tesar and seconded by Director Fowler that agenda be adopted.**

Roll call was taken on the motion. The motion carried on a vote of 5 to 0.

Voting Yea: Connealy, J. Conley, Fowler, Lanphier, Tesar

Voting Nay: None

Abstaining: None

Excused Absence - Patterson

Absent: Patterson

PROOF OF PUBLICATION: Public notice of the meeting was posted at all District offices and published in the Omaha World-Herald on June 5, 2008. The Chairperson ordered the Proof of Publication recorded in the minutes of this meeting.

REVIEW OF FY 2009 BUDGET – DRAFT 1:

GM Winkler pointed out that this was the 1st draft of the 2009 budget and that this was basically a work in progress. He then reviewed his June 4, 2008 memo. He pointed out that the draft reflects a 5% increase in valuations – final valuations will not be available until mid-August. He also noted that \$500,000 was budgeted for Necessary Cash Reserve and \$8,750,000 had been used for the estimated cash on hand. He also noted that the draft budget shows an expenditure of \$8 million to be transferred out of the general fund in FY 2008 to establish the Flood Control and Water Quality Programs and Projects Special Reserve Fund. The draft budget also shows a \$4 million expenditure to be transferred out of the general fund into the special reserve fund in FY 2009. He then reviewed the Budget Fact Sheet summarizing the District's major programs and projects for FY 2009.

The following individual addressed the Subcommittee:

- Shawn Melotz, 10404 N. 132nd St., Omaha, NE

There was discussion. It was suggested that Directors review the draft budget and if there were any questions regarding specific line items, they would be addressed at the July 8th FEL Subcommittee. No Subcommittee action required at this time.

NOTE: Dates to Remember for P-MRNRD FY 2009 Budget:

- Public Input Meeting at July 10, 2008 Board Meeting
- Budget Hearing and Adoption of FY 2009 Budget at August 14, 2008 Board Meeting
- Set Tax Levy for FY 2009 at September 11, 2008 Board Meeting

SPECIAL RESERVE FUND OPERATIONAL PROCEDURES: General Manager John Winkler explained that the purpose of the proposed procedures was to establish guidelines for the organization, maintenance and operation of the Flood Control and Water Quality Special Reserve Fund. The Fund would enable the District to set aside and accumulate District general funds to finance the future establishment, construction, operation and maintenance of flood control and water quality projects and practices, including but not limited to low-impact development best management measures, flood plain buyouts, dams, reservoir basins and levees. These funds will not be available for expenditure for any other purposes. He then reviewed the proposed operating procedures.

- **It was moved by Director Fowler and seconded by Director John Conley that the Subcommittee recommend to the Board of Directors that the Special Reserve Fund Operating Procedures presented to the Subcommittee meeting be adopted and that the General Manager be authorized to execute the necessary steps outlined in the Special Reserve Fund Operating Procedures to establish the fund account and authorized to transfer eight million dollars (\$8,000,000) from the general fund to the Special Reserve Fund by June 30, 2008, as the fund account's initial deposit.**

- **It was moved by Director Lanphier and seconded by Director Fowler that the Special Reserve Fund Operating Procedures be amended as noted in the attached revised document, entitled Special Reserve Fund Regulations.**

There was extended discussion.

Roll call was taken on the proposed amended operating procedures. The motion failed on a vote of 1-yea and 4-nay.

Voting Yea: Lanphier
Voting Nay: Connealy, J. Conley, Fowler, Tesar
Abstaining: None
Excused Absence - Patterson
Absent: Patterson

Roll call was taken on the original motion. The motion carried on a vote of 4-yea and 1-nay.

Voting Yea: Connealy, J. Conley, Fowler, Tesar
Voting Nay: Lanphier
Abstaining: None
Excused Absence - Patterson
Absent: Patterson

TEKAMAH-MUD CREEK WATERSHED STRUCTURE 5A (SUMMIT LAKE) INGRESS-EGRESS EASEMENT REQUEST: Martin Cleveland explained to the Subcommittee that a landowners (C. Lloyd and Keith Kjeldgaard) recently discovered they did not have legal access on the acreage driveway from County Road 29 near the Tekamah-Mud Creek Watershed Structure 5A (at Summit Lake). It was proposed that the District grant an easement on its Tekamah Mud 5A property to allow the landowners access to County Road 29.

- **It was moved by Director Tesar and seconded by Director John Conley that the Subcommittee recommend to the Board that the General Manager be authorized to execute the proposed Ingress-Egress Easement in favor of C. Lloyd Kjeldgaard and Keith Kjeldgaard, presented to the Subcommittee meeting, for the payment of \$400.**

Roll call was taken on the motion. The motion carried on a vote of 5 to 0.

Voting Yea: Connealy, J. Conley, Fowler, Lanphier, Tesar
Voting Nay: None
Abstaining: None
Excused Absence - Patterson
Absent: Patterson

ADJOURNMENT: Being no further business, the meeting adjourned by acclamation at 8:17 p.m.

Special Reserve Fund Regulations

Except as otherwise ordered by the Board from time to time, the following regulations shall govern the Flood Control and Water Quality Projects and Practices Special Reserve Fund (“the Special Reserve Fund”), created by the May 8, 2008, resolution of the Board that provided as follows, to-wit:

“WHEREAS, it is necessary that the Papio-Missouri River Natural Resources District (“the District”) provide for the timely availability of sufficient funds for future expenditures required for the establishment, construction, operation and maintenance of flood control and water quality projects and practices, including but not limited to low-impact development best management measures, flood plain buyouts, dams, reservoir basins, and levees; and,

WHEREAS, it is foreseeable that the District’s requirements for such funds in future years will exceed the amounts available from the current tax levying authority, and that, in order to have sufficient funds for such purposes available when needed, it is necessary that the District establish a special reserve fund, as authorized by Section 13-503 (9), R.R.S., 1997, enabling the District to set aside and accumulate District general funds for such purposes, that will not be available for expenditure for any other purposes except as determined by the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Papio-Missouri River Natural Resources District that, the Papio-Missouri River Natural Resources Flood Control and Water Quality Projects and Practices Special Reserve Fund is hereby created for the purpose of enabling the District to set aside and accumulate District general funds to finance the future establishment, construction, operation and maintenance of flood control and water quality projects and practices, including but not limited to low-impact development best management measures, flood plain buyouts, dams, reservoir basins and levees, and that such funds will not be available for expenditure for any other purposes.”

1. **Accounts.** Five separate bank accounts (“the Low-Impact Development Best Management Measures Special Reserve Fund Account”, “the Flood Plain Buyouts Special Reserve Fund Account”, “the Dams Special Reserve Fund Account”, “the Reservoir Basins Special Reserve Fund Account”, and “the Levees Special Reserve Fund Account”) shall be maintained and employed by the District as the depository of a revolving fund account for the receipt and expenditure of those District general tax funds (“Special Reserve Funds”) that have been set aside by the Board in and for the Special Reserve Fund. If funds are needed for flood control and water quality projects and practices additional to the five categories of projects and practices established by the five separate above-named accounts, the Board may create additional accounts as needed.

2. **Annual budget.** Each fiscal year’s budget, proposed to and adopted by the Board for the District, shall designate for setting aside and accumulation in the Special Reserve Fund Accounts the general tax funds of the District that the Board anticipates and determines will be necessary to enable the District to finance in a timely manner the future establishment, construction, operation and maintenance of flood control and water quality projects and practices.

3. **Permissible projects and practices.** Allocations to and appropriations from the Special Reserve Fund Accounts will be made only for the establishment, construction, operation and maintenance of flood control and water quality projects and practices designated by each account name. Each Special Reserve Fund account shall not be accumulated or available for expenditure for any other purposes.

4. **Annual Allocations.** Each fiscal year’s budget for the District, proposed to and adopted by the Board, shall reflect the amount of District general funds that the Board determines necessary to allocate and add to the Special Reserve Fund Accounts for the immediately ensuing fiscal year; and, may also reflect any priorities for expenditures from the Special Reserve Fund Accounts, for previously adopted and approved projects and practices, that the Board determines necessary to adopt for such immediately ensuing fiscal year.

5. **Deposit of Special Reserve Funds.** Prior to the end of each fiscal year, District general funds that are allocated as Special Reserve Funds shall be deposited in each Special Reserve Fund Account, as applicable.

6. **Investment of unexpended funds.** Unexpended funds in the Special Reserve Fund Accounts shall be invested in accordance with law and in such manner as the Board determines appropriate for general funds of the District. Interest earned on unexpended Special Reserve Funds shall be paid into and accounted for as part of each separate Special Reserve Fund Account.

7. **Monthly fund status.** Management shall provide a written report to the Board on the status of each separate Special Reserve Fund Account with the monthly financial statements.

8. **Other district funds.** Except as otherwise provided by the Board, the Special Reserve Funds may be expended for projects or practices in supplementation of, in substitution for, or in conjunction with the expenditure of other funds of or administered by the District.

9. **Leftover funds.** Any District general tax funds, and any interest earned thereon, remaining in each of the Special Reserve Fund Accounts upon termination of such funds, shall be expended as the Board determines necessary and only for the establishment, construction, operation and maintenance of flood control and water quality projects and practices specific to each of the separate Special Reserve Fund Accounts.