

Dave Heineman
Governor

STATE OF NEBRASKA

DEPARTMENT OF NATURAL RESOURCES
Brian P. Dunnigan, P.E. [REDACTED]
Acting Director

April 7, 2008

IN REPLY TO:

Mike Clements, Manager
Lower Republican NRD
30 North John Street
P.O. Box 618
Alma, NE 68920-0618

Dear Mike,

RE: LB 1094, Water Contingency Cash Fund Administration

Pursuant to LB 1094, 2008 Legislature Second Session, effective April 2, 2008, this letter is to confirm the timely request by the Board of the Lower Republican NRD for \$2,223,260.00 from the Fund. It also confirms the department's approval of the district's certification of \$2,223,260.00 to meet the its obligations for payments on contracts with irrigation districts for waiving rights to surface water use in 2007. The department is currently establishing the fiscal components of the Fund necessary for transferring the requested funds to your district with in the fifteen days required by LB 1094. The requested funds will be transferred electronically to the district's account without further announcement.

LB 1094 requires that any of moneys not used by the district for the intended purpose be returned to the department within sixty days after the effective date of the Act. Such moneys will be credited to the Fund, and returned to the Treasury. For fiscal auditing purposes, you are required to submit to the department by June 4, 2008:

- 1) an audit report confirming eligible uses which includes some evidence of payment satisfying the obligations you certified, for the amount you requested, and
- 2) transfer of any moneys not applied to an eligible use back to the department.

Please address these reports and any returned refunds to the attention of Rex Gittins, at the department.

LB 1094 requires repayment to the Fund when revenues collected under the property tax authorized under § 2-3225 (1) (d) and the occupation tax authorized under § 2-3226.05 are available to the district for expenditure, as defined in the Memorandum of Agreement. A copy of the signed Agreement is enclosed for your records. This agreement included a provision for

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301 Centennial Mall South, 4th Floor • P.O. Box 94676 • Lincoln, Nebraska 68509-4676 • Phone (402) 471-2363 • Telefax (402) 471-2900

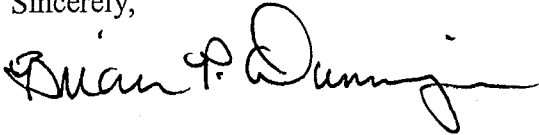
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DNR 007449

Mike Clements, Manager
April 7, 2008
Page 2

repayment deferral until resolution of the pending lawsuit regarding LB 701 tax authority. In order to facilitate the reimbursement phase of the WCCF and expedite the audit closing out the Fund, it is recommended that the district have an accounting procedure which will readily track the revenues in question beginning from the effective date of LB 701. In any event, all reimbursement must be remitted to the Department by June 30, 2013, pursuant to LB 1094.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian P. Dunnigan". The signature is fluid and cursive, with a large initial "B" and "D".

Brian P. Dunnigan, P.E.
Acting Director

lg
Attachment

cc: Senator Tom Carlson
Senator Mark Christensen
Rex Gittins

STATE OF NEBRASKA
DEPARTMENT OF NATURAL RESOURCES
WATER CONTINGENCY CASH FUND

MEMORANDUM OF AGREEMENT 110-08

WITNESSETH:

WHEREAS: The Water Contingency Cash Fund (WCCF) is created by LB 1094, 2008 Second Session, and administered by the Department of Natural Resources (Department);

WHEREAS: The Department and the natural resources districts eligible to receive funds from the WCCF wish to facilitate rapid compensation to surface water rights holders who agreed to forgo the use of water in 2007;

NOW THEREFORE, in consideration of the mutual covenants made in this Agreement and the compensation agreed to in this Agreement and performance agreed to according to the necessary administration of the WCCF, the parties agree as follows:

1. Any natural resources districts receiving funding through this memorandum shall remit to the Nebraska Department of Natural Resources the proceeds of the property tax authorized pursuant to subdivision (1)(d) of section 2-3225, and the proceeds of the occupation tax authorized pursuant the section 2-3226.05, (hereinafter collectively referred to as "the tax proceeds") when such proceeds are available for distribution until the Department has been repaid the entire amount of funding given to the district.
2. The tax proceeds shall be remitted to the Department within fifteen days after receipt of the tax proceeds by the district. However, repayment does not have to begin until resolution of pending litigation regarding the tax proceeds.
3. When the litigation has been resolved, the entire amount of tax proceeds held by each district shall be remitted to the Department within 15 days after resolution of the litigation, unless satisfactory repayment has been made to the Department through other authorized means prior to the pending litigation being resolved.
4. All reimbursement must be remitted to the Department by June 30, 2013.

Department of Natural Resources

Brian P. Dunning Date 04/07/08

Lower Republican NRD

Melvin G. Zumbly Date 4-3-08

APPROVED

AS TO FORM & CONTENT
BY NDNR LEGAL COUNSEL

Ry DATE 4-7-08

Minutes of the Lower Republican NRD Executive Committee
April 3rd, 2008

The group met using telephonic communication.

Members involved: Nelson Trambly, Chairman; Bill Bose, Vice-Chairman, Toby tenBensel, Treasurer, Brad Wulf, Secretary.

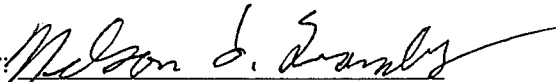
Request for Funds.

In accordance with the provisions of LB 1094, 2008 session, the Lower Republican Natural Resources District hereby requests that the Nebraska Department of Natural Resources expend from the Water Contingency Cash Fund the amount of \$2,223,260. These funds represent the Lower Republican Natural Resources District's 26% share of the \$8,551,000 obligation to compensate water rights holders who have agreed to lease their use of water to the Republican River Basin Coalition.

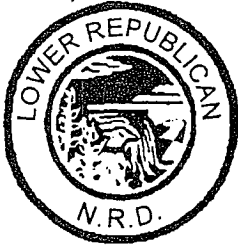
Reimbursement of these funds shall be in accordance with the Memorandum of Agreement, 110-08, between the Lower Republican Natural Resources District and the Nebraska Department of Natural Resources.

This request is adopted by the Executive Committee of the Lower Republican Natural Resources District in accordance with bylaws properly adopted by the district.

This action was taken by the Executive Committee on April 3rd, 2008 at 8:30 a.m.

Recorder: 
Nelson Trambly, Chairperson

Date 4-3-08



Lower Republican Natural Resources District

16-4



RECEIVED

APR 04 2008

DEPARTMENT OF
NATURAL RESOURCES

Brian Dunnigan, P.E., Acting Director
Nebraska Department of Natural Resources
301 Centennial Mall South
Lincoln, NE 68509-4676

Thursday, April 3, 2008

Dear Mr. Dunnigan,

The Lower Republican Natural Resources District requests funding from the Water Contingency Cash Fund, as set forth by the Nebraska Legislature in LB 1094.

As a member of the Republican River Basin Coalition, the LRNRD entered into agreements with the Frenchman Valley Irrigation District, Frenchman-Cambridge Irrigation District, and Riverside Irrigation Company in June of 2007, purchasing a total of \$8,551,000 in surface water as a compliance tool for the Republican River Compact Settlement. The NRDs intended to pay Irrigation Districts in December 2007 through LB 701 tax authority; this authority was postponed due to a lawsuit, leaving irrigators unpaid at present time.

The LRNRD requests 26% of the contract total, commensurate with the LRNRD's percentage of tax proceeds within the basin. The District's total request is \$2,223,260. Attached are executive committee minutes noting the approval of the LRNRD's funding request and the authorization of signature for a memorandum of agreement between the LRNRD and DNR. This request will also be supplemented by documentation provided to the DNR by the Republican River Basin Coalition.


Please feel free to contact me via email at mclements@lrmrd.org, or by telephone at 308.928.2182, with any questions.

Sincerely,

Michael Clements

Michael Clements,
Lower Republican NRD Manager

CC: Rex Gittins, DNR Management Services
Ron Theis, DNR Legal Counsel
Senator Tom Carlson
Senator Mark Christensen

"This institution is an Equal Opportunity Provider." 

Republican River Basin Coalition

Republican River Basin Coalition
30 North John Street
Alma, Nebraska 68920

Brian Dunnigan, P.E., Acting Director
Nebraska Department of Natural Resources
301 Centennial Mall South
Lincoln, NE 68509-4676

Monday, March 31, 2008

Dear Mr. Dunnigan,

The Republican River Basin Coalition offers this supplementary documentation for pending funding requests from the Water Contingency Cash Fund, as set forth by the Nebraska Legislature in LB 1094, by its members. The RRBC, as formed under the Interlocal Cooperation Act NRRS 13-801 through 13-872, is a joint entity of the Upper Republican Natural Resources District, Middle Republican Natural Resources District and Lower Republican Natural Resources District.

The RRBC entered into agreements with the Frenchman Valley Irrigation District, Frenchman-Cambridge Irrigation District, and Riverside Irrigation Company in June of 2007, purchasing a total of \$8,551,000 in surface water as a compliance tool for the Republican River Compact Settlement. The NRDs intended to pay irrigation districts in December 2007 through LB 701 tax authority; this authority was postponed due to a lawsuit, leaving irrigators unpaid at present time.

The table below demonstrates the amounts currently owed to each irrigation district, and the RRBC's cumulative funding request (\$8,551,000.00); each NRD should be paid a percentage of this amount based on tax proceed percentages, (Upper Republican, 44%; Middle Republican, 30%; Lower Republican, 26%). Copies of the signed water lease agreements from Frenchman Valley Irrigation District, Frenchman-Cambridge Irrigation District, and Riverside Irrigation Company are also enclosed.

Surface Water Buyouts	
Frenchman Valley Irrigation District	\$640,000.00
Frenchman-Cambridge Irrigation District	\$7,785,000.00
Riverside Irrigation Company, Inc.	\$126,000.00
Total Funding Request	\$8,551,000.00
Funding Requested Per NRD	
Upper Republican NRD	\$3,762,440
Middle Republican NRD	\$2,565,300
Lower Republican NRD	\$2,223,260

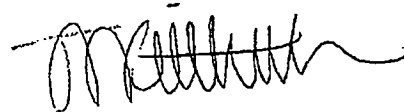
RRBC 1

DNR 007454

Funds obligated for surface water buyouts will be paid to the three irrigation districts, from which payments will be distributed to producers.

Please feel free to contact me via email at twitthuhn@lnrd.org, or by telephone at 308.928.2182, with any questions.

Sincerely,



Traci J. Witthuhn,
Republican River Basin Coordinator

Attachments: Memorandum of Agreement, Frenchman Valley Irrigation District
Memorandum of Agreement, Frenchman-Cambridge Irrigation District
Memorandum of Agreement, Riverside Irrigation Company
Interlocal Cooperation Agreement, Upper, Middle & Lower Republican NRDs
Resolution No. 07200701, Upper Republican NRD
Resolution No. 163-07-1, Middle Republican NRD
Resolution No. 105, Lower Republican NRD

CC: Rex Gittins, DNR Management Services
Ron Theis, DNR Legal Counsel
Senator Tom Carlson
Senator Mark Christensen

RRBC 2

DNR 007455

RECEIVED

JUN 12 2007

RECEIVED

JUN 14 2007

COPY

MEMORANDUM OF AGREEMENT

THIS AGREEMENT entered into on this 5 day of June in the year of 2007 by and between the REPUBLICAN RIVER BASIN COALITION, hereinafter referred to as the "COALITION", and FRENCHMAN VALLEY IRRIGATION DISTRICT hereinafter referred to as the "DISTRICT".

WHEREAS, the District has the rights to natural flow for an identified Water Supply as hereinafter defined in Paragraph II for the year 2007; and

WHEREAS, the Coalition desires to "lease" the use of the District's Water Supply for the calendar year 2007; and

WHEREAS, the District is willing to "lease" the use of its Water Supply for the calendar year 2007 to the Coalition.

NOW THEREFORE, in consideration of these facts, the parties agree as follows:

I. DURATION OF AGREEMENT

This agreement is for the period from the execution of this Memorandum of Agreement (hereinafter "Agreement") to the end of the 2007 calendar year. There will be no extension or renewal of this Agreement unless further agreed to in writing by the parties.

II. DEFINITIONS

For purposes of the Agreement, the following term(s) are defined as follows:

"Water Supply" or "2007 Water Supply" shall mean the total amount of natural flow that would be available to the District for beneficial use at the Headgate of the Culbertson Canal during the 2007 calendar year. Based on the average of natural flow diversions, as reflected in the State's records for the years 2001 to 2005, the expected water supply from natural flow is approximately 8,000 acre-feet per year. Both parties agree that the actual amount of natural flow could be more or less than the five-year average.

III. THE DISTRICT AGREES TO PERFORM AS FOLLOWS:

A. The District agrees to lease the rights to the use of its Water Supply for the period from the date of the execution of this Agreement to the end of the 2007 calendar year.

B. By execution of this Agreement, the District represents and affirms that, in accordance with all relevant state statutes and District procedures, the District has received the requisite affirmative vote of its qualified electors, at a duly authorized meeting of the District, authorizing it to enter into this Agreement.

C. The District agrees to consult and collaborate with the State of Nebraska, the Republican River Basin Natural Resources Districts and other basin water resource interests

during the modification of the Integrated Management Plans and associated Rules and Regulations now in effect with the several Natural Resources Districts for the Republican River Basin.

D. The District agrees to defend, enforce and uphold the provisions of this Agreement to ensure the purchase and/or lease of the use of the District's 2007 Water Supply to the Coalition.

IV. THE COALITION AGREES TO PERFORM AS FOLLOWS:

A. The Coalition will pay the sum of six hundred forty thousand dollars (\$640,000.00) to the District, as payment in full to lease the use of the District's 2007 Water Supply. Payment shall be made to the District within one hundred eighty (180) days of the execution of this Agreement or within 60 days of the sale of any bonds issued by the Coalition to achieve the purposes of this Agreement, whichever is ~~later~~^{earlier}. These payments compensate the District for leasing the rights to the use of its Water Supply for the calendar year 2007 to the Coalition for the term of this Agreement.

B. The Natural Resources Districts and surface water irrigation districts will continue to work together to meet Nebraska's obligations under the Republican River Compact and Settlement Agreements.

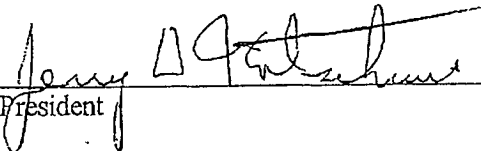
C. By execution of this Agreement, the Coalition represents and affirms that it has appropriated and secured the funds necessary to meet its obligations under this Agreement.

D. The Coalition agrees to defend and uphold the provisions of this Agreement to ensure the purchase and/or lease of the use of the District's 2007 Water Supply to the Coalition.

FRENCHMAN VALLEY IRRIGATION DISTRICT

JUN 05 2007

Date

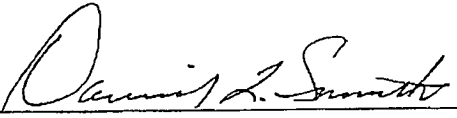


President

REPUBLICAN RIVER BASIN COALITION

1 June 2007

Date



Authorized Agent

COPY MEMORANDUM OF AGREEMENT

THIS AGREEMENT entered into on this 5th day of JUNE in the year of 2007 by and between the REPUBLICAN RIVER BASIN COALITION, hereinafter referred to as the "COALITION", and FRENCHMAN CAMBRIDGE IRRIGATION DISTRICT hereinafter referred to as the "DISTRICT".

WHEREAS, the District has the rights to natural flow for an identified Water Supply as hereinafter defined in Paragraph II for the year 2007; and

WHEREAS, the Coalition desires to "lease" the use of the District's Water Supply for the calendar year 2007; and

WHEREAS, the District is willing to "lease" the use of its Water Supply for the calendar year 2007 to the Coalition.

NOW THEREFORE, in consideration of these facts, the parties agree as follows:

I. DURATION OF AGREEMENT

This agreement is for the period from the execution of this Memorandum of Agreement (hereinafter "Agreement") to the end of the 2007 Irrigation Season as hereinafter defined in Paragraph II(B). There will be no extension or renewal of this Agreement unless further agreed to in writing by the parties.

II. DEFINITIONS

For purposes of the Agreement, the following term(s) are defined as follows:

A. "Water Supply" or "2007 Water Supply" shall mean up to 26,000 acre-feet of storage and natural flow water available to the District for beneficial use from Harry Strunk Lake for the 2007 Irrigation Season as defined below.

B. "Irrigation Season" shall mean the date beginning on June 10, 2007 and ending on the date of the last water delivery for direct irrigation, which date shall be no later than September 1, 2007.

III. THE DISTRICT AGREES TO PERFORM AS FOLLOWS:

A. The District agrees to lease the rights to the use of its Water Supply for the 2007 Irrigation Season as defined above.

B. By execution of this Agreement, the District represents and affirms that, in accordance with all relevant state statutes and District procedures, the District has complied with all requirements necessary to allow it to enter into this agreement and perform all actions herein required.

C. The District agrees to consult and collaborate with the State of Nebraska, the Republican River Basin Natural Resources Districts and other basin water resource interests during the modification of the Integrated Management Plans and associated Rules and Regulations now in effect with the several Natural Resources Districts for the Republican River Basin.

D. The District agrees to defend, enforce and uphold the provisions of this Agreement to ensure the purchase and/or lease of the use of the District's 2007 Water Supply to the Coalition.

IV. THE COALITION AGREES TO PERFORM AS FOLLOWS:

A. The Coalition represents and affirms that, in accordance with all relevant state statutes, that it has authority to enter into this Agreement. The Coalition further represents and affirms that it has complied with all requirements necessary to enter into this Agreement

B. The Coalition will pay the sum of seven million seven hundred seven-hundred eighty-five thousand dollars (\$7,785,000.00) to the District, as payment in full to lease the use of the District's 2007 Water Supply. Payment shall be made to the District within (1) 60 days of the sale of any bonds issued by the Coalition to achieve the purposes of this Agreement; or (2) 180 days from the date this Agreement is entered, whichever is earlier. These payments compensate the District for leasing the rights to the use of its Water Supply for the 2007 Irrigation Season to the Coalition for the term of this Agreement.

C. The Natural Resources Districts and surface water irrigation districts will continue to work together to meet Nebraska's obligations under the Republican River Compact and Settlement Agreements.

D. The Coalition agrees to defend and uphold the provisions of this Agreement to ensure the lease of the use of the District's 2007 Water Supply to the Coalition.

FRENCHMAN CAMBRIDGE IRRIGATION DISTRICT

5 June 2007
Date

Dale G. Cramer
President

REPUBLICAN RIVER BASIN COALITION

1 June 2007
Date

Danniel L. Smith
Authorized Agent

COPY MEMORANDUM OF AGREEMENT

THIS AGREEMENT entered into on this 6th day of June in the year of 2007 by and between the REPUBLICAN RIVER BASIN COALITION, hereinafter referred to as the "COALITION", and RIVERSIDE IRRIGATION COMPANY, INC., hereinafter referred to as the "COMPANY."

WHEREAS, the Company has the rights to natural flow of the Republican River for an identified Water Supply as hereinafter defined in Paragraph II for the year 2007; and

WHEREAS, the Coalition desires to "lease" the use of the Company's Water Supply for the calendar year 2007; and

WHEREAS, the Company is willing to "lease" the use of its Water Supply for the calendar year 2007 to the Coalition.

NOW THEREFORE, in consideration of these facts, the parties agree as follows:

I. DURATION OF AGREEMENT

This agreement is for the period from the execution of this Memorandum of Agreement (hereinafter "Agreement") to the end of the 2007 calendar year. There will be no extension or renewal of this Agreement unless further agreed to in writing by the parties.

II. DEFINITIONS

For purposes of the Agreement, the following term(s) are defined as follows:

"Water Supply" or "2007 Water Supply" shall mean the total amount of natural flow that would be available to the Company for beneficial use at the Headgate of Riverside Canal during the 2007 calendar year. Based on the average of natural flow diversions, as reflected in the State's records for the years 2001 to 2005, the expected water supply from natural flow is approximately 2,000 acre-feet per year. Both parties agree that the actual amount of natural flow could be more or less than the five-year average.

III. THE COMPANY AGREES TO PERFORM AS FOLLOWS:

A. The Company agrees to lease the rights to the use of its Water Supply to the Coalition for the period from the date of the execution of this Agreement to the end of the 2007 calendar year.

B. By execution of this Agreement, the Company represents and affirms that, in accordance with all relevant state statutes and Company procedures, the Company has received the requisite affirmative vote of its qualified electors, at a duly authorized meeting of the Company, authorizing it to enter into this Agreement.

C. The Company agrees to consult and collaborate with the State of Nebraska, the Republican River Basin Natural Resources Districts and other basin water resource interests during the modification of the Integrated Management Plans and associated Rules and Regulations now in effect with the several Natural Resources Districts for the Republican River Basin.

D. The Company agrees to defend, enforce and uphold the provisions of this Agreement to ensure the lease of the use of the Company's 2007 Water Supply to the Coalition.

IV. THE COALITION AGREES TO PERFORM AS FOLLOWS:

A. The Coalition will pay the sum of one hundred twenty-six thousand dollars (\$126,000.00) to the Company, as payment in full to lease the use of the Company's 2007 Water Supply. Payment shall be made to the Company within one hundred eighty (180) days of the execution of this Agreement or within 60 days of the sale of any bonds issued by the Coalition to achieve the purposes of this Agreement, whichever is ~~later~~ ^{earlier}. These payments compensate the Company for leasing the rights to the use of its Water Supply for the calendar year 2007 to the Coalition for the term of this Agreement.

B. The Natural Resources Districts and surface water irrigation districts will continue to work together to meet the State of Nebraska's obligations under the Republican River Compact and Settlement Agreements.

C. By execution of this Agreement, the Coalition represents and affirms that it has appropriated and secured the funds necessary to meet its obligations under this Agreement.

D. The Coalition agrees to defend and uphold the provisions of this Agreement to ensure the purchase and/or lease of the use of the Company's 2007 Water Supply to the Districts.

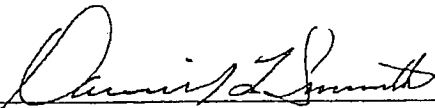
RIVERSIDE IRRIGATION COMPANY, INC.

6-6-07
Date

 *Per*
Roger Kolbet, President

REPUBLICAN RIVER BASIN COALITION

1 June 2007
Date


Authorized Agent

INTERLOCAL COOPERATION AGREEMENT

COPY

This Agreement is entered into by and between the following natural resources districts ("NRDs" or "Parties"):

Upper Republican Natural Resources District
Middle Republican Natural Resources District
Lower Republican Natural Resources District

Each of these NRDs is a political subdivision of, and is situated in, the State of Nebraska.

IT IS AGREED by and between the Parties hereto, each acknowledging the receipt of good, adequate, and valuable consideration, as follows:

1. AUTHORITY: This Agreement is made and entered into by the Parties pursuant to the authority conferred upon each under the Interlocal Cooperation Act, NEB. REV. STAT. §§ 13-801 through 13-827 (the "Interlocal Act").
2. REPUBLICAN RIVER BASIN COALITION: The Parties hereby create the Republican River Basin Coalition (the "RRBC"). The RRBC shall be governed by the terms of this Agreement and shall be the instrument through which and by which the Parties pursue the purposes described herein. The RRBC shall be an entity separate and distinct from the respective Parties hereto, and no Party hereto is the agent, employee or representative of the RRBC or any other Party. The Parties hereto agree that contracts entered into, obligations undertaken, and liabilities incurred by the RRBC shall be the separate contracts, obligations and liabilities of the RRBC, and not the contracts, obligations or liabilities of the respective Parties. The RRBC shall constitute a separate body corporate and politic of the State of Nebraska exercising public powers and acting on behalf of the Parties hereto.
3. PURPOSE: The RRBC shall provide the authority, resources, services, studies, and facilities needed for the representation of the interests of the Parties in proceedings before all agencies, tribunals, courts, and any administrative, legislative, executive, or judicial bodies concerning or affecting the NRDs' actions, decisions, and policies to regulate/manage water to ensure the State of Nebraska remains in compliance with the Republican River Compact, 2A NEB. REV. STAT. APP. § 1-106 (1995). The RRBC shall specifically act within the authorities granted by LB 701, One Hundredth Legislature, First Session ("LB 701"), and other authority so granted by the Nebraska Unicameral and laws of Nebraska. This Agreement shall provide the organizational and administrative structure, and enumeration of the powers, privileges and authority of the financial cooperative effort and the RRBC. The powers, privileges and authorities of the RRBC shall not exceed those powers, privileges or authorities exercised, or capable of being exercised, by each of the Parties, nor shall they be used in a manner that is in violation of any of the Parties' public purposes.
4. BOARD OF DIRECTORS: The affairs, actions and conduct of the business of the RRBC shall be by a Board of Directors ("Board"). Each member of the Board shall be entitled to one vote, and the majority of the votes cast on any issue shall determine the issue, except where a unanimous vote shall be specifically required by this Agreement or by-laws adopted by the Board. A unanimous vote shall be required before the issuance of any bonds for

the acquisition of water rights. The Board shall be composed of a voting member from each Party (designated herein as a "Director") and one other person if so desired by each Party. Only a Director shall be allowed to cast a vote and each Party shall have but one vote. Each Director and any designated alternate shall be duly and properly appointed by the respective governing bodies of each of the separate and individual Parties, but it shall not be required that any Director of the RRBC so appointed, be a publicly elected member of the governing body of any Party. Each Director shall serve at the pleasure of his or her respective organization. Any vacancy which occurs in the Board shall be filled within 60 days through the appointment of a replacement by the represented Party. The Board shall select from their membership a Chairman, Vice Chairman, and Secretary/Treasurer. The Board shall exercise authority over the RRBC in accordance with applicable laws and shall set the policy, delegating executive, supervisory and organizational authority to its officers and committees. Meetings of the Board shall be conducted at least annually and at such other frequent times as may be required by the business of the RRBC. A majority, *i.e.*, two (2) Directors shall constitute a quorum for the transaction of business.

5. CHAIRMAN, VICE CHAIRMAN, AND SECRETARY/TREASURER: The Chairman shall preside at all the meetings of the Board, shall decide all questions of order, with advice of the Board appoint the members to all committees except the executive committee, be an ex-officio member of all committees, and have such general powers and duties of supervision and management as shall be necessary and germane or required for the execution and prosecution of the affairs of the RRBC. The Vice Chairman shall serve in the absence of the Chairman and in the Chairman's absence, shall have all of the powers and duties of the Chairman, and shall have such other powers and duties as the Chairman or Directors shall from time to time delegate to the Vice Chairman. The Secretary/Treasurer to the Board shall keep minutes of all meetings conducted by the RRBC, and shall be the keeper of the records of the RRBC. The Secretary/Treasurer shall prepare and submit in writing a monthly report of the state of the finances of the RRBC and pay RRBC money only upon authorization signed by the Chairman or, in the absence of the Chairman, by the Vice Chairman. Payment of all accounts after authorization shall be made on check signed by the Secretary/Treasurer. The Secretary/Treasurer shall serve without bond. In addition to the foregoing, the officers shall have such other and additional duties, powers, privileges and authority as the Board may, in by-laws or otherwise, determine appropriate or necessary, and by Board action delegate or direct.

6. COMMITTEES: The Board or the Chairman shall have the power to establish such committees as may be necessary, appropriate or beneficial to the conduct of the affairs of the RRBC. Such committees shall have such powers, duties and authorities as shall be delegated to it by the Board, which powers, duties, and authorities shall not be inconsistent with or exceed those powers and duties granted to the RRBC under this Agreement. The Board and the Chairman are authorized to designate from its members an executive committee which shall consist of the RRBC'S Chairman, Vice Chairman, Secretary/Treasurer and the Chairmen of the various committees established by the Board, which executive committee shall have and may exercise only such powers and authorities as are delegated to it by the Board. The designation of any committees and the delegation thereto of authority shall not operate to relieve the Board, or any member thereof, of any responsibility imposed by this Agreement, nor shall the Board delegate to any committee the authority to set policy or to make expenditures on behalf of the

RRBC. Any committee established by the Chairman shall be approved by the Board at its next meeting.

7. POWERS: The RRBC shall have all the powers, privileges and authority exercised or capable of being exercised by each of the individual and separate Parties to achieve the purposes of the RRBC as set forth in this Agreement. Such powers, privileges and authority shall include, but not be limited to, the power, privilege and authority to:

- (a) Sue and be sued.
- (b) Have a seal and alter the same at pleasure or to dispense with the necessity thereof.
- (c) Receive and accept donations, gifts, grants, bequests, appropriations or other contributions or assistance in monies, services, materials or otherwise from the United States or any of its agencies, from the state or any of its agencies or political subdivisions, or from any persons, and to use or expend all such contributions in carrying out its operations.
- (d) Establish advisory groups by appointing individuals from among the Parties and pay necessary and proper expenses of such groups as the Board shall determine, and dissolve such groups.
- (e) Employ such persons as are necessary to carry out the purposes of the RRBC and this Agreement and to pay the necessary and proper expenses of said persons.
- (f) Adopt and promulgate rules and regulations to carry out the purposes of the RRBC and this Agreement.
- (g) Establish such committees as are necessary to carry out the purposes of the RRBC and this Agreement and to pay the necessary and proper expenses of such committees.
- (h) Make and execute contracts, leases, easements and other instruments necessary or convenient to the exercise of its powers.
- (i) Make, amend and repeal by-laws, rules and regulations to carry out and effectuate its powers and purposes, which by-laws, rules and regulations shall not be inconsistent with the Interlocal Cooperation Act or this Agreement.
- (j) Borrow money, make and issue negotiable bonds, bond anticipation notes, refunding bonds and notes (collectively, the "Indebtedness"), all in accordance with the Interlocal Act and LB 701 and any amendments to either of said acts, and to secure the payment of such Indebtedness or any part thereof by a pledge of and grant of a security interest in any or all of the RRBC's assets (including bonds and payments of principal and interest on such bonds issued to the RRBC by any of the Parties) or net revenues and any other funds or property which the RRBC has a right to, or may hereafter have the right to pledge for such purposes.

(k) Provide in the proceedings authorizing such Indebtedness for remedies upon default in the payment of principal and interest on any Indebtedness, including, but not limited to, the appointment of a trustee to represent the holders of such Indebtedness and the appointment of a receiver to the RRBC's property, such trustee and receiver to have the powers and duties provided for in the proceedings authorizing such obligations.

(l) Allocate funds raised by the RRBC from the proceeds of any Indebtedness to the Parties or to the RRBC for the purposes of effecting river-flow enhancement projects authorized by LB 701.

8. FINANCES AND BUDGET: Annually or at such other frequent intervals as the Board may determine, each of the Parties hereto shall contribute such funds as are necessary to conduct the day-to-day operations of the RRBC. Each NRD shall make an initial contribution of \$3,000.00. This initial contribution shall be deposited in an account in the name of the RRBC, at a bank insured by the FDIC, and selected by the Board.

If Indebtedness is issued by the RRBC, each of the NRDs shall levy and collect such taxes or other charges as are necessary to ensure timely repayment of such RRBC Indebtedness, including but not limited to taxes and charges needed to make payments of principal and interest on any bonds issued by such NRD to the RRBC to support such RRBC Indebtedness. Each NRD shall be responsible on a proportional basis relative to the total amount required for Indebtedness repayment according to the following percentages: The Upper Republican Natural Resources District shall be responsible for 44% of the total revenue needs; Middle Republican Natural Resources District shall be responsible for 30% of the total revenue needs; and the Lower Republican Natural Resources District shall be responsible for 26% of the total revenue needs. Funds collected by the RRBC for repayment of any Indebtedness may be deposited in a trust account or such other account, different from that identified in the first paragraph of this section, as may be required by agreement or permitted by law.

Annually, beginning no more than 30 days after the formation of the RRBC and commencement of business, and continuing each year thereafter during the existence of the RRBC, the Board shall establish and adopt a budget for the prosecution and completion of the work undertaken by the RRBC.

Concurrently with the establishment of the budget each year, the Board of the RRBC shall consult with each Party regarding their ability to contribute such funds as are necessary to conduct the operations and to pursue the purposes of the RRBC. Upon completion of the budget, the Board shall determine the assessment to be submitted by each Party and shall thereafter assess each of such Parties for said amount. Each Party shall have 60 days after receipt of notice from the RRBC that an assessment is due to contribute its share of the funds required under the terms of the assessment.

9. WITHDRAWAL: No Party may withdraw while the RRBC has any outstanding Indebtedness. Any Party may withdraw from this Agreement and from representation on the RRBC, at any time while no Indebtedness of the RRBC is outstanding, upon written notification to the Chairman of the RRBC. Such withdrawal shall be effective upon receipt of the written notification. Any Party withdrawing from the Agreement and from representation shall be

entitled to immediately secure its own representation. Following withdrawal, the withdrawn NRD shall no longer be a Party, and the withdrawn NRD shall not be bound by this Agreement, except that (a) the withdrawn NRD shall not be entitled to any refund of any contribution or assessment previously paid to the efforts of the RRBC, and (b) the withdrawn NRD shall remain liable for its share of any costs properly approved and incurred by the RRBC through the effective date and time of withdrawal. Such share shall be determined in accordance with the allocation for the assessment of Parties outlined in Section 8 above as of the date of the withdrawal notice. The Parties agree that a withdrawn NRD shall not be liable or responsible for any costs, obligations or liabilities incurred by the RRBC after such NRD's withdrawal. In the event of such withdrawal, the RRBC shall make such adjustments as are necessary to the composition of its Board, and its future budgets and finances as are necessary to accommodate and continue the operation of the RRBC in the absence of such withdrawing NRD.

10. PARTIAL AND COMPLETE TERMINATION: This Agreement may not be terminated while any Indebtedness is outstanding. If and when there is no Indebtedness of the RRBC outstanding, this Agreement and the RRBC created hereby, shall be terminated upon the earlier of the completion of its purposes and objects described herein or upon the vote of two-thirds of the then constituted Board for the complete or partial termination of the RRBC and this Agreement. At such time as two-thirds of the Board shall vote to terminate the RRBC and the Agreement in accordance with the terms of this Section 10, all outstanding obligations of the RRBC shall be paid, all property acquired by the RRBC shall be disposed of by distribution of the same to the remaining Parties as represented on the Board and all unused funds and appropriations shall be returned to the then-remaining Parties as represented on the Board in such proportion as represented by the proportionate share payable by each NRD under the second paragraph of Section 8 of this Agreement (including as such proportionate shares may have been modified in the event of the withdrawal of a Party under the terms of Section 9 of this Agreement or a change in membership under Section 12 of this Agreement).

11. AMENDMENT AND MODIFICATION: As and to the extent that any Indebtedness is outstanding, the prohibitions of Sections 9 and 10 of this Agreement on withdrawal of any Party and on partial or complete termination of this Agreement may not be amended or modified. For all other matters this Agreement may be amended or modified upon the approval of modifications by all Parties.

12. CHANGE IN MEMBERSHIP: This Agreement may be amended or modified to increase its membership upon approval by two-thirds vote of the members of the Board. Any new members shall be required to have the written approval of its governing body, and shall have admission to membership in the RRBC as a Party hereto, approved by a duly adopted resolution of its governing body. In the event of any increase in the membership, the proportionate shares set forth in the second paragraph of Section 8 of this Agreement shall be modified, provided, that no such modification shall alter the obligations of any Party on any bonds issued by such party to the RRBC to support Indebtedness incurred by the RRBC and outstanding as of the time of the increase in membership.

13. APPROVAL: This Agreement shall be effective and the RRBC established hereby shall come into existence as soon as the governing bodies of the respective Parties hereto shall have adopted resolutions approving and authorizing the execution of this Agreement and

the establishment of the RRBC described herein at a duly called public meeting. Counterparts of this Agreement shall be executed and delivered by each of the Parties to all of the other Parties. Executed originals shall be placed on file at an office designated by the Board.

14. ADDITIONAL AND FURTHER CONTRACTS FOR SUPPORT AND MUTUAL ASSISTANCE: The RRBC is authorized and empowered to seek and obtain contracts, agreements and other arrangements whereby the RRBC shall receive support and assistance for the purpose of pursuing its objects and purposes from such other entities as RRBC from time to time shall determine necessary or appropriate, including, but not limited to, for-profit and non-profit organizations, and all other persons as defined by NEB. REV. STAT. § 49-801(16), provided, however, such contract shall not exceed any authority or powers delegated to the RRBC by the Parties and such contract shall not give rise to, nor create any ability of any such third parties to participate in the management or operation of the RRBC, and provided further that upon a majority vote of the Board, any person or entity providing support and mutual assistance may be allowed to appoint, for such period of time as the Board shall determine, a representative to the Board, which representative shall be a non-voting, ex-officio member of the Board, but which representative shall be entitled to attend all meetings of the Board and to be appointed to such committees and attend such committee meetings as the Board shall determine.

15. INTEGRATION: This Agreement contains the entire agreement of the Parties. No representations were made or relied upon by any party other than those expressly set forth herein. All prior and contemporaneous negotiations, discussions, memos and other writing are merged and incorporated herein, it being the intention of the Parties that this be a final and full expression of their agreement. No agent, employee or other representative of any Party hereto is empowered to alter any of the terms herein unless such alteration is done in writing and signed by all Parties hereto.

16. ASSIGNMENT: No Party hereto may assign its rights under this Agreement.

17. NOT FOR PROFIT: It is expressly acknowledged and agreed that the RRBC is a public body and is to be operated not for profit, and no profit or dividend will inure to the benefit of any individual.

IN WITNESS WHEREOF, the Parties have signed and executed this agreement on the dates shown next to their respective signatures as follows.

Upper Republican Natural Resources District

By Jay Fanning

Date 5-23-07

Middle Republican Natural Resources District

By Christina Smith

Date 22 May 07

Lower Republican Natural Resources District

By Michael Clements

Date 6-1-07

DOCS/795622.2

COPY

BE IT RESOLVED by the Board of the Upper Republican Natural Resources District as follows:

Section 1. The Board hereby determines that it is advisable and necessary for the District to cooperate with the Middle Republican Natural Resources District and the Lower Republican Natural Resources District by entering into an Interlocal Cooperation Act Agreement relating to the formation of a joint entity under the Nebraska Interlocal Cooperation Act to be named the Republican River Basin Coalition; that the purposes of such Coalition shall be to provide a means for funding costs of river-flow enhancement projects through borrowings on behalf of member parties and to provide the authority, resources, services, studies, and facilities needed for the representation of the interests of the Parties in proceedings before all agencies, tribunals, courts, and any administrative, legislative, executive, or judicial bodies concerning or affecting the Natural Resource Districts' actions, decisions, and policies to regulate/manage water to ensure the State of Nebraska remains in compliance with the Republican River Compact, 2A NEB. REV. STAT. APP. § 1 106 (1995); that the Coalition shall specifically act within the authorities granted by LB 701, One Hundredth Legislature, First Session ("LB 701"), and other authority so conveyed by the Nebraska Unicameral and laws of Nebraska; that an Interlocal Cooperation Act Agreement for such purpose has been prepared and submitted for approval by the Board; and that it is advisable and necessary that said Agreement be approved and its execution be authorized.

Section 2. The District shall enter into an Interlocal Agreement creating the Republican River Basin Coalition with the Middle Republican Natural Resources District and the Lower Republican Natural Resources District, and the President or Vice President and Secretary of the Board be and they are hereby authorized to execute on behalf of the District said Interlocal Agreement in substantially the form presented but with any changes as such officers shall deem appropriate for and on behalf of the District.

Section 3. This resolution shall be in full force and take effect from and after adoption as provided by law.

RESOLUTION: 163-07-1

COPY

BE IT RESOLVED by the Board of the Middle Republican Natural Resources District as follows:

Section 1. The Board hereby determines that it is advisable and necessary for the District to cooperate with the Lower Republican Natural Resources District and the Upper Republican Natural Resources District by entering into an Interlocal Cooperation Act Agreement relating to the formation of a joint entity under the Nebraska Interlocal Cooperation Act to be named the Republican River Basin Coalition; that the purposes of such Coalition shall be to provide a means for funding costs of river-flow enhancement projects through borrowings on behalf of member parties and to provide the authority, resources, services, studies, and facilities needed for the representation of the interests of the Parties in proceedings before all agencies, tribunals, courts, and any administrative, legislative, executive, or judicial bodies concerning or affecting the Natural Resource Districts' actions, decisions, and policies to regulate/manage water to ensure the State of Nebraska remains in compliance with the Republican River Compact, 2A NEB. REV. STAT. APP. § 1 106 (1995); that the Coalition shall specifically act within the authorities granted by LB 701, One Hundredth Legislature, First Session ("LB 701"), and other authority so conveyed by the Nebraska Unicameral and laws of Nebraska; that an Interlocal Cooperation Act Agreement for such purpose has been prepared and submitted for approval by the Board; and that it is advisable and necessary that said Agreement be approved and its execution be authorized.

Section 2. The District shall enter into an Interlocal Agreement creating the Republican River Basin Coalition with the Lower Republican Natural Resources District and the Upper Republican Natural Resources District, and the President or Vice President and Secretary of the Board be and they are hereby authorized to execute on behalf of the District said Interlocal Agreement in substantially the form presented but with any changes as such officers shall deem appropriate for and on behalf of the District.

Section 3. This resolution shall be in full force and take effect from and after adoption as provided by law.

Lower Republican Natural Resources District
Resolution No.- 105

COPY

BE IT RESOLVED by the Board of the *Lower Republican Natural Resources District as follows:*

Section 1. The Board hereby determines that it is advisable and necessary for the District to cooperate with the Middle Republican Natural Resources District and the Upper Republican Natural Resources District by entering into an Interlocal Cooperation Act Agreement relating to the formation of a joint entity under the Nebraska Interlocal Cooperation Act to be named the Republican River Basin Coalition; that the purposes of such Coalition shall be to provide a means for funding costs of river-flow enhancement projects through borrowings on behalf of member parties and to provide the authority, resources, services, studies, and facilities needed for the representation of the interests of the Parties in proceedings before all agencies, tribunals, courts, and any administrative, legislative, executive, or judicial bodies concerning or affecting the Natural Resource Districts' actions, decisions, and policies to regulate/manage water to ensure the State of Nebraska remains in compliance with the Republican River Compact, 2A NEB. REV. STAT. APP. § 1 106 (1995); that the Coalition shall specifically act within the authorities granted by LB 701, One Hundredth Legislature, First Session ("LB 701 "), and other authority so conveyed by the Nebraska Unicameral and laws of Nebraska; that an Interlocal Cooperation Act Agreement for such purpose has been prepared and submitted for approval by the Board; and that it is advisable and necessary that said Agreement be approved and its execution be authorized.

Section 2. The District shall enter into an Interlocal Agreement creating the Republican River Basin Coalition with the Middle Republican Natural Resources District and the Upper Republican Natural Resources District, and the President or Vice President and Secretary of the Board be and they are hereby authorized to execute on behalf of the District said Interlocal Agreement in substantially the form presented but with any changes as such officers shall deem appropriate for and on behalf of the District.

Section 3. This resolution shall be in full force and take effect from and after adoption as provided by law.

Adopted this 12th day of July, 2007

LOWER REPUBLICAN NATURAL RESOURCES DISTRICT By:

President

Secretary