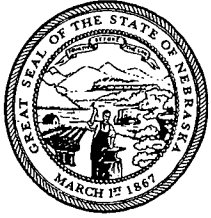


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Adelle Vello
Jsy ~~Hutch~~ K Vautier
TF Mtz Before Lunch
308-390-3086

STATE OF NEBRASKA



DEPARTMENT OF NATURAL RESOURCES
Roger K. Patterson
Director

April 15, 2004

IN REPLY REFER TO:

Mike Johanns
Governor

Mary A. Harding
Executive Director
Nebraska Environmental Trust
2200 North 33rd Street
PO Box 30370
Lincoln, NE 68540-4676

Dear Ms. Harding:

Attached is a fully signed copy of our grant agreement for Project No. 04-168 Republican Basin Water Meter Proposal. Thank you for the support of the Nebraska Environmental Trust on this important project.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Gaul".

Steve Gaul
Designated Project Representative

sg
Attachment

NEBRASKA ENVIRONMENTAL TRUST

2004 GRANT CONTRACT

A. PARTIES TO THE CONTRACT

This contract is entered into by and between the Nebraska Environmental Trust (the Trust) and the **Nebraska Department of Natural Resources** (Sponsor). **Steve Gaul** is designated as the project representative of the Sponsor(s) for the purposes of this contract.

B. PRIMARY CONSIDERATIONS OF THE CONTRACT

The Sponsor submitted an application, **#04-168 Republican Basin Water Meter Proposal** to the Trust for a grant on or before September 8, 2003. On April 5, 2004, following evaluation of the application and any attachments, the Trust Board approved a grant in the amount of up to **\$400,000.00, for cost-share on meters that are not yet required (mandated) per the NRD deadlines outlined in the application**, to be awarded as provided by this contract consistent with the Environmental Trust Fund Act of 1992 and subsequent provisions, rules and regulations and pending available funds. The project application and all associated documents are by reference made part of this contract. By entering into this contract, the Sponsor(s) commit to the implementation of the project as described in the application, and subsequent correspondence, documentation and amendments.

At the request of the Trust, a new budget outline was prepared by the Sponsor after January 29, 2004. This outline replaces any previous project budget information submitted and is by reference made part of this grant contract.

C. TERM OF THE FUNDING PERIOD AND CONTRACTUAL OBLIGATIONS

The project funding period shall begin with the last date this contract is signed and shall terminate on **June 30, 2006**. Funds not expended within this period shall be immediately forfeited by the Sponsor without action by the Trust. The terms and conditions of this contract shall remain in effect for the useful life of the project and its components, except as otherwise provided.

D. REPORTING OBLIGATIONS OF THE SPONSOR

1. Financial Reports and request for disbursement.

The Sponsor hereby agrees to submit properly documented statements of costs for which grant funds are sought, pursuant to the terms of this contract, for approved grant activities on a form that will be supplied by the Trust. Proper documentation shall be considered to be original invoices containing the name, address and social security number or federal tax identification number of the vendor and an itemized list of services or goods with costs and the date of service or delivery. These statements and reports shall be signed by the project representative of the Sponsor(s).

The Trust will reimburse the Sponsor for these costs following receipt of the statements and reports specified in this section, subject to conditions contained in this section, Section E and elsewhere in this contract.

The Sponsor agrees to file such statements and reports according to the following schedule:

<u>Project Period</u>	<u>Report Due Date</u>
From inception through June 30, 2004	July 31, 2004
From July 1 through September 30, 2004	October 31, 2004
From October 1 through December 31, 2004	January 31, 2005
From January 1, 2005 through March 31, 2005	April 30, 2005
From April 1 through June 30, 2005	July 31, 2005
From July 1 through September 30, 2005	October 31, 2005
From October 1 through December 31, 2005	January 31, 2006
From January 1, 2006 through March 31, 2006	April 30, 2006
From April 1 through June 30, 2006	July 31, 2006

2. Project progress and activity reports.

The Sponsor agrees to provide periodic reports including a narrative description of all project activities, participants, outcomes, variances and deviations from the project application according to the above schedule.

A final report is also due 30 days after the termination of the contract. This report must include a summary of the activities, partners, and results of the project from inception to completion and include all in-kind and matching contributions. This final report must also include quantifying results and statistics about the project's success. The report should include results such as volumes recycled, acres planted, acres restored, linear feet of bank restored, etc.

E. CONDITIONS GOVERNING TRANSFER OF FUNDS

The Trust will transfer the funds specified in this contract to the Sponsor following receipt and audit of required documentation as specified in Section D. The Trust may, at its discretion, reduce the amount of any transfer or withhold payment pending resolution of any dispute regarding any expenditure, activity or statement submitted by the Sponsor.

All funds disbursed to the Sponsor pursuant to this contract shall be disbursed solely for costs necessarily incurred in the execution of the project as described in the application and associated documents, including any amendments thereto which are approved by the Trust.

Any and all interest earned by the grant funds after transfer to the Sponsor are considered a part of the grant and are subject to all requirements and conditions of the grant. Such interest is to be reported on the first report filed by the Sponsor as required in Section D of this contract after such interest is accounted to the Sponsor.

Costs paid, accrued or authorized by the Sponsor prior to the effective date of this contract shall be incurred at the risk of the Sponsor and the Sponsor shall not be entitled to reimbursement without specific Trust approval.

The Trust may suspend financial assistance provided under this contract pending corrective action required of the Sponsor by the Trust or pending a decision to terminate the grant by the Trust as described in Section H of this agreement or under any provisions of Nebraska law.

F. PROJECT MODIFICATION

The Sponsor will promptly report all proposed additions, deletions or modifications of any component of the project, or any changes in the purpose or purposes of the project by submitting to the Trust in writing a request to amend the agreement. The Trust will not be liable for funding any portion of such additions, deletions or modifications until and unless it has affirmed in writing to the Sponsor approval of the amendments proposed.

G. PUBLIC NOTICE OF GRANT AWARD

The Sponsor agrees to provide prominent display of the Trust logo and text acknowledging the use of the grant at any project site impacted by the grant, on major pieces of equipment purchased with grant funds, and in publications referencing the funded project. Language provided by the Trust shall be included in all media releases and other publicity pieces developed by the Sponsor about the funded project.

To the extent requested by the Trust, and its agents, to include the Nebraska Lottery, the Sponsor agrees to: 1) the use of the Sponsor's name, project name and description; 2) documentation of project development activities and successes for use in broadcasts, publications and advertisements; 3) placement of signs provided by the Trust and the Nebraska Lottery on the project location or otherwise displaying acknowledgment that said project is funded, or partially funded, by the Nebraska Lottery; and 4) coordination with the Trust and the Nebraska Lottery in various events, including announcement of the grant, presentation of signs and displays, and similar events.

H. OTHER OBLIGATIONS OF THE SPONSOR

The Sponsor shall acquire, obtain or receive all state and federal licenses and/or permits required by law prior to initiation of the project. It is the responsibility of the Sponsor to discover and comply with all state, local and federal rules, regulations or laws that pertain to the implementation and completion of the project. The Sponsor shall include copies of all such licenses/permits to the Trust with the activity reports submitted to the Trust office.

The Sponsor agrees to promptly submit to all requests for site inspections by any state or federal official acting in the course of his/her duties. The Sponsor agrees to make available all financial records and documents as necessary on request of the Trust or its agents. Financial records, supporting documents and all other records pertinent to this grant shall be retained for a period of three years following notification from the Trust Board that the grant has been officially closed, except the records shall be retained beyond the three-year period if audit findings have not been resolved.

The Sponsor will not sell, lease, transfer, exchange, mortgage or encumber in any manner whatsoever all or any portion of any real or other property acquired in whole, or in part, by Trust funds without the prior permission of the Trust. The Sponsor shall notify the Trust of any proposed sale, lease, transfer, exchange, mortgage or encumbrance at least thirty days in advance and obtain approval. In the event that the Trust does not agree to the sale, lease, transfer, exchange, mortgage or encumbrance of said property, the Sponsor may repay the value of the grant to the Trust and is released from all further obligations. The Sponsor will notify the Trust when any equipment purchased in whole or in part with grant funds is no longer usable during the service life of the equipment.

I. TERMINATION OF THE CONTRACT PRIOR TO EXPIRATION DATE

The Sponsor understands and agrees that failure to comply with any of the terms of this contract may result in the revocation or cancellation of Trust approval and funding and/or a demand for repayment of any funds previously paid to the Sponsor by the Trust.

The Trust may terminate the project, in whole or in part, at any time before the expiration date of this contract whenever the Trust determines that the Sponsor has failed to comply with the conditions of the grant. The Executive Director of the Trust will promptly notify the Sponsor in writing of the determination and the reasons for the termination, together with the effective date.

By mutual agreement, the project may be terminated, modified or amended. When both parties agree to terminate the grant, in whole or in part, the parties will agree upon the termination conditions, including the effective date, and in the case of a partial termination, the portion to be terminated. The Sponsor shall not incur new obligations for the terminated portion after the effective date and shall cancel as many outstanding obligations as possible.

J. LIABILITY

The Sponsor agrees to hold and save the State of Nebraska, the Environmental Trust Board, and their officers, agents and employees free and harmless from any and all claims, demands, damages, losses, costs, expenses or liability due to, or incidental to, either in whole or in part, and whether directly or indirectly, the design, construction, operations, repairs, maintenance, implementation, assistance or failure of the project, or any of its works or facilities.

K. ADDITIONAL TERMS AND CONDITIONS

Trust payments to the Sponsor, or recoveries by the State of Nebraska, under projects terminated for cause shall be in accord with the legal rights and liabilities of the parties.

HISTORIC PRESERVATION:

The Sponsor agrees to undertake at its own expense any action that may be required to determine the presence of cultural resources and to undertake any subsequent measures which may be required to ensure the preservation of such resources which may be discovered. The Sponsor agrees to comply with the provisions of Section 106 of the National Historic Preservation Act of 1966, as amended, where historic structures are determined to exist on any site where Trust Funds are expended.

THREATENED & ENDANGERED SPECIES:

The Sponsor agrees to undertake at its own expense any action that may be required to ensure compliance with the Non-game and Endangered Species Act, Neb. Rev. Stat. Sections 37-430 et seq.

OPERATIONS:

All operation, replacement and maintenance of the project shall be carried out and applied in such a manner so as to accomplish the purposes of the project as set forth in the Sponsor's application and associated materials, including any amendments thereto which have been approved by the Trust, for the useful life of the project.

ENGINEERING:

The Sponsor will provide for and maintain competent and adequate architectural and engineering supervision and inspection at the construction site as appropriate to ensure that the completed work conforms substantially in accordance with the proposed plans and specifications, according to accepted standards and practices.

EQUIPMENT:

The Sponsor will report to the Trust all equipment purchased with full or partial funding on a form to be provided by the Trust. The Sponsor will identify such equipment as purchased with Trust funding in the Sponsor's inventory for the useful life of the equipment.

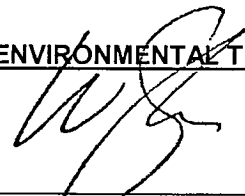
The Sponsor will obtain at least two (2) bids for any equipment purchased costing \$1,000.00 or more, for which more than one vendor is available. The Sponsor will provide the names of bidders to the Trust at the time a request for reimbursement is submitted. Such bids shall be held in the Sponsor's files for three (3) years.


The Sponsor agrees to purchase and maintain property insurance at its own expense to insure all equipment valued at \$1,000 or more which is purchased in whole or in part with funds received from the Trust. This insurance shall include "all risk" insurance for physical loss or damage including, without duplication of coverage, theft, vandalism, and malicious mischief. Such insurance shall be maintained on all such equipment in an amount equal to the replacement value of the equipment for the useful life of the equipment (as defined in the Nebraska Depreciation for personal property used in business tables). The Sponsor shall name the Trust beneficiary of the policy and shall assure that proof of coverage shall be kept current. Evidence of current coverage will be requested annually by the Trust office. Upon request for reimbursement the Sponsor will provide the Trust with the policy of insurance for equipment purchased, in whole or in part, with funds received from the Trust.

Nebraska law shall govern the interpretation and enforcement of this contract.

NEBRASKA ENVIRONMENTAL TRUST

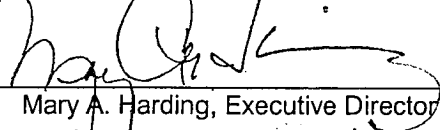
AUTHORIZED REPRESENTATIVE OF SPONSOR

By: 
Warren R. Alganbright, Chair

By: 

Date: 4-6-04

Printed Name: Roger K. Patterson

By: 
Mary A. Harding, Executive Director

Title: Director - Department of Natural Resources

Date: 4/6/04

Date: 4/15/04

Federal Tax Identification Number

-OR-

Social Security Number of Individual