

**Minutes of the Third 2017 Quarterly Board Meeting of the
Board of Directors of the
Republican River Water Conservation District**

October 12, 2017

Wray, Colorado

The Board of Directors of the Republican River Water Conservation District convened a regular meeting, pursuant to notice required by statute and the District's By-Laws, at Cobblestone Inn and Suites in Wray, Colorado.

Present Were:

Board Members:

Rod Lenz, President
Greg Larson, Vice President
Tim Pautler, Secretary
Aaron Sprague, Treasurer
Gilbert Anderson
Wil Bledsoe
Dennis Coryell
Brent Deterding
Kenny Helling
Steve Kramer
Stan Laybourn
Rod Mason
Steven Meakins
Roger Seedorf
Wayne Skold

Deb Daniel, RRWCD General Manager
Suzanna Cure, RRWCD Administrative Assistant
Pete Ampe, RRWCD General Counsel, Hill & Robbins, P.C.
David Robbins, RRWCD General Counsel, Hill & Robbins, P.C.
Jim Slattery, RRWCD Engineer, Slattery Water Engineering, LLC
Tim Davis, RRWCD Program Consultant, TJD LL

A sign in sheet listing the members of the public attending the meeting is attached as Exhibit 1.

STATEMENT OF QUORUM

President Rod Lenz called the meeting to order at 10:06 a.m., welcomed the public and started the meeting with the Pledge of Allegiance and a prayer. Secretary Tim Pautler conducted a roll call of Board members. With 14 Directors attending the meeting, Secretary Pautler declared that a quorum of the Board was present. Kenny Helling was absent and excused by the President Lenz. President Lenz acknowledged Senator Gardner's representatives Darlene Carpio, Dusty Johnson from Congressman Buck's office, Craig Scott

from the Bureau of Reclamation, Dana Barth, General Manager, Yuma County Soil Conservation District, Kyle Sprouse W-Y GWMD, and Mark Sponsler, General Manager of Colorado Corn Growers.

New board members were acknowledged. Treasurer Aaron Sprague was reappointed to another 3-year term for Phillips County. Secretary Timothy Pautler was reappointed another 3-year term for Kit Carson County. Arikaree Ground Water Management District reappointed Rod Mason for another 3-year term. President Lenz announced Gilbert Anderson as a new board member to the RRWCD and is beginning a 3-year term representing Marks Butte Ground Water Management District.

President Lenz then recognized Gene Bauerle for his service on the RRWCD board. Bauerle served four 3-year terms for the RRWCD and is one of the founding members of the Board. President Lenz read Resolution 17-04 expressing gratitude and appreciation to Gene Bauerle. A motion was made to approve the resolution. The motion was seconded and approved unanimously.

AGENDA AND APPROVAL OF MINUTES

President Lenz asked for any amendments to the agenda for the meeting. A motion to approve the agenda with no changes was made, seconded, and approved unanimously.

Prior to this meeting, the Directors had received, electronically, a draft of the minutes of the Board meeting held on July 13, 2017. These documents were also included in the Board packet today. President Lenz asked if there were any changes or corrections to the minutes. A motion to approve the minutes of the Board meeting held July 13, 2017, was made, seconded, and approved unanimously.

PRESIDENT'S REPORT

At 10:14 AM, President Rod Lenz gave a presentation on his view of the RRWCD's role in water conservation and how the RRWCD can help the ground water management districts achieve water conservation. Lenz said water conservation is now crucial especially in light of recent stories in the Denver Post and on National Public Radio.

Suzanna Cure played a short video that contains pictures and interviews about water conservation with individuals from throughout the Basin. The full video will be played at the Board Retreat later this fall.

GENERAL MANAGER'S REPORT

At 10:30 AM General Manager, Deb Daniel gave her report on what the board has accomplished this year. Tracy Travis successfully ran the pipeline from January to March and started operating it again October 1st. Propane heaters were added to all the well houses and the control building last spring, in case electricity is lost during a major snow storm.

Representatives from the board went to Washington DC last spring. They met with individuals from national organizations and legislators with their staff members. Building relationships with these individuals will help us in the future. The RRWCD purchased the Earl property in May. The Board will discuss whether to sell this property or continue leasing it out as pasture and dryland.

Recently President Rod Lenz and General Manager Deb Daniel were interviewed by Bruce Finley, with the Denver Post. Lenz was also interviewed by National Public Radio. Daniel continued her report stating the RRWCD has new CREP contracts, was able to have a few 2017 OAI contracts and will hopefully start signing up acres for the 2018 OAI soon. Daniel also stated that work on the CREP Amendment continues. Ag Commissioner Don Brown, has promoted the CREP Amendment through the USDA and has been an asset for the RRWCD in keeping the Amendment moving forward. Daniels will be attending the Ogallala Water Coordinated Agriculture Project annual meeting in Manhattan, KS, November 6th and 7th.

Daniels reported on the South Fork Republican Restoration Coalition (SFRRC). Organizations participating in the SFRRC include, the RRWCD, Three Rivers Alliance, Yuma County Commissioners, The Nature Conservancy, and Colorado Parks and Wildlife. Representatives from the RRWCD include Rod Lenz, Greg Larson, Kenny Helling, David Robbins and Deb Daniel. The coalition was able to meet with Senator Cory Gardner to discuss various South Fork issues including the SFRRC application for funding from CWCB for stream management restoration on the South Fork. Senator Gardner was very interested in these efforts and offered to do whatever support he could to be helpful.

Several individuals from RRWCD attended a meeting in April organized by Kansas Governor Brownbeck, in Saint Francis, Kansas. Governor Brownbeck is working with Kansas water leaders in trying to address issues with farmers in northwest Kansas. Daniels reported that the RRWCD sponsored listening sessions with staff members from Senator Bennett's office at the Weathers Family Farm in Yuma and at the Burlington Cultural Center. Tim Pautler and Deb Daniel attended the annual RRCA meeting in Burlington.

FINANCIAL REPORT

Assistant Administrator Suzanna Cure gave the financial report for the quarter ending September 30th, stating that a payment on the CWCB pipeline loan had been made as well as CREP and OAI payments were forwarded during the past quarter. The financial report was previously sent to the entire Board electronically as well as being included in the Board packet.

John Willard, from Premier Accounting, then spoke on the audit. The audit went very well and, as in the past, it took only one day to complete. There was a delay with submitting the audit which is attributed to the GASB report from PERA. The audit report was included in the Board's packet.

The financial report and audit was accepted with a motion which was seconded and approved unanimously.

CCP OPERATIONS REPORT

Tracy Travis, CCP operations manager, gave his report on the operations of the Compact Compliance Pipeline. He stated that pumping from the pipeline started October 1, 2017. The pipeline is pumping 62-acre feet per day (~31 cfs). Tracy noted that it takes about 2 days for the water to get to the gage at Benkelman, NE. Based on October 1st readings, static water levels in the CCP wells are dropping about 3 feet per year. In the Sandhills GWMD, near the pipeline, the water level usually drops about 1 to 1.5 feet per year. The Board discussed if a depression in the area of the well field has been created. The board would like to more measurements to confirm the numbers.

BUDGET HEARING

At 11:00 AM, the Board held a hearing on the proposed 2018 budget for the RRWCD and the RRWCD WAE. Notice of the hearing was published in accordance with law. Aaron Sprague, Budget Committee chairman opened the Budget Hearing. John Willard RRWCD Accountant, began by informing the Board that the Budget Committee had met previously to prepare the 2018 Proposed Budget. Mr. Willard reviewed each item and discussed how the various elements went into each total. Willard answered questions regarding the budget from Board. President Lenz asked the Board members if they had any more questions. There were none. President Lenz then asked for any public testimony, questions, or comments; again, there were none. The Budget Hearing then closed.

COMMITTEE REPORTS

- Director Steve Kramer, chairman of the Conservation Committee started his report by stating he looks forward to discussing more specifics concerning water conservation at the Board retreat. Kramer reminded the Board that a goal of the RRWCD is to help the Water Preservation Partnership in any way possible. The Board and legal counsel discussed the South Fork Focus zone which contemplates the retirement of 25,000 irrigated acres by 2027 in order to satisfy the State's agreement with Kansas to assure sub-basin non-impairment on the South Fork. If 25,000 acres are not retired by 2027, the State could look at the Basin as a whole and might have to prove a comparable amount of water has been conserved through reduced consumptive use.
- Director Steven Meakins, chairman of the Innovative & Technology Committee reported that Kansas has a program compensating "technology" farms. The Kansas Water Office is subsidizing any producer who wants to participate and prove they are using less water. Steven Meakins suggested the RRWCD should consider partnering with Kansas and introduce technology farms in Colorado. Kansas will have a meeting after harvest with final data being submitted. After some discussion it was determined that funding for the compensation to the technology farms must come from OAI, OCAP Grant, and the State of Kansas. There was more discussion on the size of the program. The board is very interested and looks forward to receiving more details.
- Director Wil Bledsoe chairman of the Legislative Committee reported that CAPA has asked the State Engineer's office to pause the Basin Rule Making at this time. They have met with Senator Sonnenberg to discuss the RRWCD boundary compared to the boundary of the Republican River domain. Senator Sonnenberg encouraged them to educate the residents that currently are outside of the RRWCD boundary. CAPA is concerned about unintended consequences from the Basin Rule Making.

Bledsoe pointed out that last year, members of the Legislative Committee met several times with Senator Sonnenberg to discuss this issue. As part of the proposed legislation, Senator wanted a requirement of an election by the well owners in the new area to consent to the boundary change and have the RRWCD to pay for that election. Bledsoe reminded everyone that the RRWCD stated that the District would not incur that expense since no one has been allowed the ability to vote on inclusion in the past.

The Board had a lengthy discussion regarding the boundary change. Pete Ampe, RRWCD legal counsel, stated that currently there is a question on how the State will address anyone who would be in violation of the Rules. Discussion from the Board included concerns about well owners in the Republican River Compact Administration groundwater model domain currently being allowed to continue to pump, adding to the depletions to the surface water of the Basin, but not paying the \$14.50/acre and how long the SEO is going to pause the Basin Rules. Several Board members stated anyone outside of the RRWCD boundary should either ask to be included in the RRWCD boundary, create their own augmentation plan or have their large capacity wells shut down.

- Greg Larson, chairman of the Negotiating Committee, reported that District Manager Daniel has had multiple conversations and meetings with the Albert Renzelman family regarding the RRWCD purchasing their land which is located on the Arikaree River just east of Beecher Island. At this time, the Renzelman family has chosen another direction. Larson also reported the Executive Committee decided to keep the sprinklers on the Earl property for the time being.
- Steven Meakins, chairman of the Nominating Committee reported that the Board will be electing Executive Officers during Actions Items later in the meeting. He stated that they had a full ballot and that nominations would be accepted from the floor at the time of the election.
- Roger Seedorf, chairman of the Personnel Committee, reported that personnel evaluations were conducted on the RRWCD's General Manager, Deb Daniel and Administrative Assistant, Suzanna Cure on October 4th. Formal forms have not been completed, at this time. Seedorf will give a more formal report and the Board will discuss salaries during the upcoming Board retreat.

At 12:11 PM the meeting was adjourned for lunch.

At 1:05 PM the meeting was reconvened with Director Kenny Helling in attendance.

PUBLIC COMMENT

At 1:05 PM President Lenz invited comment from the public.

Bruce Gerk, producer from Sedgwick County, cautioned the Board, "Be careful getting rid of land. It may be helpful to own it in future years." Gerk also encouraged the Board, "We still need more representation for the Republican Basin at the South Platte Basin Roundtable. "

Public comment period closed at 1:10 PM

ORGANIZATION REPORTS

- Colorado Water Congress – Director Greg Larson reported on Colorado Water Congress Summer Meeting. Greg Larson, Deb Daniel and David Robbins were all in attendance. During the Colorado Water Congress, we were able to meet with John Whitney and Pat Donovan from Senator Mike Bennet's office and with Betsy Behr from Senator Cory Gardner's office. During these meetings we discussed the need for the prompt adoption of the currently proposed CREP Amendment. Deb

Daniel added that it was a great opportunity to keep the ongoing conversations continuing with delegation staff.

- South Platte Basin Round Table – Deb Daniel attended the South Platte Basin Roundtable meeting on Tuesday October 10th. Daniel reported that the organization is changing how they evaluate applications to the SPBRT for funding from the Round Table and to the Colorado State Water Plan fund. Most typical applications go through the South Platte Basin Roundtable for funding then on to CWCB. The SPBRT finally got an educational outreach coordinator. Deb gave a short update on the status of plans to do a SWASI update. She also reported that CWCB member Jim Yahn, wants to have a meeting in our area with CWCB.
- Water Preservation Partnership – Director Steve Kramer reported for the Water Preservation Partnership. He reported the WPP ratified Resolution 17-01. Kramer continued that each groundwater management district needs to bring back some ideas on how to initiate water conservation and to have a reduction in water use plan for the future. At the next WPP meeting Kramer stated there will be agronomists who will be sharing their findings concerning water use and hopefully yield data for the past year. Rod Lenz asked Kramer what the WPP plans to do in the future. Steve feels the WPP needs to create conservation plans and take those plans to the public. Kramer finished his report with “The RRWCD, GWMDs, and the WPP needs to work together.”
- Yuma County Pest District – Roger Seedorf reported Mike Foor was unable to attend today’s meeting and is still waiting on funding from the State. Foor plans to complete the Lengel project and additional future projects planned along the Arikaree River.
- Yuma County Water Authority – Kenny Helling stated the Yuma County Water Authority has been in a bit of transition due to having a change in the County Administrator position. Robin Wiley is the chairman of the YCWA, and has been actively engaged in the river restoration project.

PROFESSIONAL REPORTS

- Tim Davis, RRWCD Program Consultant, spoke on the OAI (Ogallala Aquifer Initiative) program to clear up some questions. It is a multi-state initiative funded by EQIP. District (RRWCD) was instrumental in getting OAI funded and in getting the OAI recognized at a level similar to the Great Lakes EQIP program. We need to keep moving forward with this program. The OAI program brings in leveraged dollars through USDA to provide tools for producers to retire irrigated acres while still being able to cultivate produce dry-land crops on those acres. The district provides \$450,000 for water retirement plus \$50,000 for weather monitoring, soil probes, etc. OAI was initially a 3-year program and the NRCS paid \$123 per acre for 3 years. Now NRCS has changed the OAI program to 5 years and is paying \$86 per acre per year. Davis suggested asking NRCS to roll forward last year’s fiscal years dollars that were not used to be included in this year’s program.

CREP is still operating under 2006 agreement. The proposed CREP Amendment would change the RRWCD payment schedule but would not change the FSA payment schedule. The RRWCD payments would be annual, instead of every five years. The amendment is still pending in

Washington. The State of Colorado is the primary partner with the USDA. The RRWCD has informed the delegation of the status of the CREP amendment. Ag Commissioner Don Brown has also been informed and is promoting the Amendment through the Department of Agriculture. Davis stated a negotiating period on the Amendment would probably be necessary and that USDA may request a new Environmental Assessment.

USDA has announced a suspension of CRP contracts approved to start October 1, 2017. CREP acres are protected (excluded from the suspension). Davis continued that in the 2018 Farm Bill, we need to keep an eye on the acre cap as well as the 2018 OAI program. Davis stated it is his understanding that over 2 million acres are out of the program as of Sept. 30, 2017, but they haven't sorted out the numbers yet.

- Christine Arbogast, RRWCD federal lobbyist started her report by announcing that new appointments by the Trump administration has picked up some speed. Brenda Burman has been nominated as Commissioner of the Bureau of Reclamation. Arbogast said it would be great for the RRWCD to get in contact with Ms. Burman after her confirmation. The Trump administration has started appointing positions to regional offices, such as EPA and hopefully FSA, etc. She said that she understands that they want to increase CRP funding but money is tight and hurricanes are causing financial constraints. USDA does not want an increase in CRP acres. Christine suggests a Washington DC trip in early 2018. A trip will enable the RRWCD to continue to make priorities clear to the delegation. Arbogast concluded it is always helpful for the RRWCD to be in regular personal contact with the delegation.

Arbogast has been making phone calls and informing the congressional delegation about the CREP Amendment, and they have a pending letter. Dustin Sherer (formerly working with Congressman Tipton) has joined Senator Gardner's office, replacing Phillip Neuman. Senator Gardner has offered to make a call to USDA about the CREP Amendment. The Government is operating under a continuing resolution, that runs out in December. USDA has had 20% cutbacks on its program budgets.

The House has passed a drought plan/relief bill. Senate calls it dead on arrival. New Bill will not be focused on California.

There has been lots of discussion on markets for industrial hemp, one of the hinderances they have is that hemp cannot be touched by federal water which can't be used to irrigate or process it. The delegation is trying to make changes and take hemp out of Controlled Substances Act. There is interest in widening rules for hemp. The future of the hemp producers is at the mercy of the federal attorney general if he decides to enforce federal law the growing of help will be problematic. There is lots of support for expanded use of hemp.

- Scott Meiklejohn, RRWCD state lobbyist – The Water Resources Review Committee reviewed several draft bills on October 31st. Some of those include - allowing cities to move water around in their systems without impacting amount of use, using reclaimed water for some types of crop production and marijuana, using reclaimed water for industrial hemp production, allowing states to

impose regulations more stringent than federal, for protection of property from rising water, and to address the groundwater situation near Gilcrest.

- Pete Ampe, RRWCD Legal Counsel, Attorney's Report – Ampe reported there are two things high on the RRWCD radar. The Hutton Trust lawsuit in which the Trust is requesting to be allowed to seek de-designated out of the basin. He said the oral argument will begin on November 14th, at 10:45 am in front of the Colorado Supreme Court. Second is the Hutton Trust Tip Jack Ditch change of water right to change the location of the point of diversion. The court date for this matter is currently set on April 18th, 2018. No deadline for judge to rule.

David Robbins noted that he has been participating in meetings of the South Fork Republican Restoration Coalition and that the goal of the District should be to cooperate in the process but to keep in mind that we don't want the process to result in producing more flow than we have to under the Compact at Bonny.

- At 2:00 PM Jim Slattery gave the Engineer's Report — Jim gave a PowerPoint presentation that can be found on the RRWCD website (republicanriver.com) In summary, he stated that meter records started in 2015 to ensure correct readings. Currently we have 99% sprinkler irrigation with a very small portion flood irrigated. All records are finalized for 2016 and for previous years.

Jim, David and Pete are working on some memos discussing the possible importation of excess flows of water from the Platte River into Republican River Basin.

Slattery also recommended to the Board that it consider the possibility of adding some additional wells to the CCP to ensure that sufficient water would be physically available.

PRESENTATIONS TO THE BOARD

- Paul Eggers, GEI Engineering LLC— Gave a presentation on wellfield expansion which would provide operational flexibility by adding to the current groundwater collection system. Currently there are 8 irrigation wells, with an average operational flow rate at 32 cfs connected to the pipeline. The CCP has a capacity of 42 cfs. Currently compact requirements are being met. No need to expand the pipeline to all 15 permitted wells in the foreseeable future. But, at this time, if a pump fails there will be no way to meet Compact requirements. Eggers recommended adding well B6, which is about a mile from well A5. B6 will require all equipment that the current wells have. Easements are already secured. Eggers continued reporting on the scope of work-design. This report is to give the Board an option if/when expansion is required. Expansion is not committed to at this time. Budgetary numbers for construction is ~\$700,000. Eggers recommended to discuss further at board retreat. Construction could possibly occur April-June 2018 if the Board so directed, however this construction is not included in next year's budget.
- Terry Hall, YWEA General Manager, and Andrew Molt, YWEA Director of Member Services, — gave a presentation on the possibility to add a YWEA radio system tower to the current RRWCD collection system tank site. The tower would be 90ft. tall. The collection tank site is very close to where Y-W requires a tower and already has electricity and a fence. With the tower it would no

longer require Y-W personnel to get meter readings in the field. Possible RRWCD benefit includes a taller tower for pipeline communication use. The tower won't be any closer than 116ft to the collection tank, with possibility of being further away.

BOARD ACTION ITEMS

A motion to approve Resolution 17-05 to adopt the proposed 2018 budget was made, seconded, and approved unanimously.

A motion to approve Resolution 17-06 to appropriate sums of money was made, seconded, and approved unanimously.

A motion to approve Resolution 17-07 to certify the Special Water Use Fee Assessment for Yuma County was made, seconded, and approved unanimously.

Next, the Board considered a proposed Resolution 17-08 to waive the provisions of section 37-50-108, C.R.S., for a special Board meeting to be held outside the RRWCD Basin. A motion to approve the resolution waiving the location requirement for a special Board meeting to be held on November 30 and December 1, 2017, in Denver, Colorado, was made, seconded, and passed unanimously.

Election of Officers

At 3:10 the election of officers began. Director Steven Meakins, stated that Rod Lenz had submitted his name for the position as President. There were no nominations from the floor. A motion to cease nominations and declare Rod Lenz as President was made, seconded, and passed unanimously.

Greg Larson had submitted his name for Vice President. There were no nominations from the floor. A motion to cease nominations and declare Greg Larson as Vice President was made, seconded, and passed unanimously.

Timothy Pautler had submitted his name for Secretary. There were no nominations from the floor. A motion to cease nominations and declare Timothy Pautler as Secretary was made, seconded, and passed unanimously.

Aaron Sprague had submitted his name for Treasurer. There were no nominations from the floor. A motion to cease nominations and declare Aaron Sprague as Treasurer was made, seconded, and passed unanimously.

The Board then considered the letter from Yuma County Conservation District to support a local Youth Water Fest. After some discussion a motion was made to donate \$1,000 to the youth water fest. The motion was seconded and approved unanimously.

At 3:25 Greg Larson began a discussion on the future of the Earl Property. After some lengthy discussion, a motion to authorize the Negotiating Committee to sell the Earl Property through a realtor was made, seconded and passed unanimously.

3:32 PM Executive Session – No Executive session held.

4:04 PM Old Business—No old business

4:04 PM New Business

Nate Midcap Manager of the Sandhills GWMD reminded the Board that the Sandhills GWMD will be reviewing the CCP export resolution in 2019. Nate Midcap also reminded the Board that 23 months ago 4 GWMDs submitted a resolution requesting that the RRWCD take the steps to secure a boundary adjustment from the Legislature and that nothing had yet be finalized.

Bill Cure represented CWB Holdings, informed the Board that it wished to sub-lease a portion of the Dryden property. They intend to raise industrial hemp and to extract oil containing CBDs to help control seizures in children. The CBD is currently servicing 35,000 children. Pete Ampe, RRWCD legal, stated that CWB Holdings must prove that it is covered by the industrial hemp pilot program through the Colorado Department of Agriculture to be legal under federal law. Bill Cure said that such documentation would be provided to the District. Bill Cure added that they will have cover crop on acres that are not being covered by the industrial hemp. The RRWCD Board indicated a concern that the ground still operates under NRCS guidelines.

Bill Cure continued to inform the Board that Colorado inspects the field once per year to ensure the plants are under >.03% THC.

The Board requested a document stating Tim Ortner's interest in participation of a sub-lease and a copy of the proposed sub-lease, as well as documentation stating it is legally operating under a pilot program acceptable to the federal government. Mr. Cure pointed out that a permit specific for the Dryden land won't be available until next year.

4:08 PM Motion was made to adjourn the meeting, seconded and passed unanimously

Secretary

Date