

**Minutes of First 2008 Regular Quarterly Meeting of the  
Republican River Water Conservation District**

**January 10, 2008**

**Burlington, Colorado**

Present were:

Board Members:

Dennis Coryell, President  
Kim Killin, Vice President  
Tim Pautler, Secretary  
Rick Seedorf, Treasurer  
Grant Bledsoe  
Eugene Bauerle  
Jack Dowell  
Raymond Enderson  
Garry Kramer  
Steve Kramer  
Bruce Latoski  
Stan Laybourn  
Wayne Skold  
Greg Terrell

Stan Murphy, RRWCD General Manager  
Dana Barnett, RRWCD Administrative Assistant  
David Robbins, General Counsel, Hill & Robbins, P.C.  
Dennis Montgomery, General Counsel, Hill & Robbins, P.C.

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

**STATEMENT OF QUORUM**

President Dennis Coryell called the meeting to order at 10:24 a.m. President Coryell welcomed the public and recognized Kirk Russell, Colorado Water Conservation Board (CWCB); Katie Radke, Colorado Division of Water Resources; Mark Billinger, Kansas Division of Water Resources; and several County Commissioners. Secretary Tim Pautler conducted a roll call of Board members, noting that Director Jay Harris was absent. With fourteen Directors attending the meeting, Secretary Pautler declared that a quorum of the Board was present.

**AGENDA AND APPROVAL OF MINUTES**

President Coryell asked for any amendments to the agenda. There were none, and a motion to approve the agenda was made, seconded, and approved unanimously.

Prior to this meeting, the directors had received drafts of the minutes of the October 11, 2007, November 8 & 9, 2007, and December 17, 2007 Board meetings and the executive sessions as well as being included in the Board packet. President Coryell requested any changes or corrections to the minutes. There were no corrections noted, and a motion to approve the minutes of the October 11, 2007, November 8 & 9, 2007, and December 17, 2007 Board meetings and the executive sessions was made, seconded, and approved unanimously.

### GENERAL MANAGER'S REPORT

At 10:35 a.m., General Manager Stan Murphy presented the financial report and the disbursements for the quarter ending December 31, 2007, which were previously sent to the entire Board electronically as well as being included in the Board packet. A motion to approve the financial report and the disbursements for the fourth quarter of 2007 was made, seconded, and approved unanimously.

Next, Mr. Murphy distributed to the Board a draft copy of the "Board Manual" that had been discussed at the November 9, 2007 Board Retreat. Initial comments from the Board were favorable to the format and content, and Mr. Murphy said he would keep working on it. Mr. Murphy then reported on the status of the Conservation Reserve Enhancement Program (CREP) and the Environmental Quality Improvement Program (EQIP) contracts that included lands irrigated by wells that are alternate points of diversion to surface water rights. This issue had also been brought up at the November 9, 2007 Board meeting, and Mr. Murphy said that he was working with the District's Engineers and Legal Counsel regarding these contracts. The Board was then given a new copy of the 2008 expense sheets showing the adjusted mileage rate. Next, Mr. Murphy informed the Board that under the Open Meetings Law it was necessary to designate the public place or places for posting notice of the Board's meetings at the first regular meeting of each calendar year. A motion to keep the places for posting notice at the Yuma County Courthouse in Wray and the District's web-site was made, seconded, and passed unanimously.

Mr. Murphy then reported to the Board about meetings that had been held with the new lobbyists for the District, Kogovsek & Associates. Vice President Killin also commented on meetings she had attended with Ray Kogovsek and Christine Arbogast with Congresswoman Musgrave, and said she felt that the District had very good representation. Mr. Murphy said that both Mr. Kogovsek and Ms. Arbogast would be attending the meeting today; however, they were running late.

### PROGRAM UPDATES AND REPORTS

At 10:50 a.m., Mr. Murphy gave a report on EQIP. He said that he had spoken with Alan Green of the NRCS and learned that the NRCS had received approximately 70 applications for the 2007 EQIP program. Mr. Green stated that he was working on sending out letters of commitment for contracts by the end of January, 2008. President Coryell also reported on a conversation he had had with Mr. Green and said that he felt that the NRCS was very committed to the EQIP program.

At 10:55 a.m., Ray Kogovsek and Christine Arbogost of Kogovsek and Associates arrived. President Coryell asked Mr. Kogovsek to introduce himself and Ms. Arbogost to the Board. Mr. Kogovsek then gave a brief history of his background and the location of their offices. Ms. Arbogost then updated the Board on the current status of the 2008 Farm Bill. Ms. Arbogost said that they will be monitoring the Farm Bill as it moves through the conference committee and will be working with Senator Salazar, Congresswoman Musgrave, and Congressman Salazar on issues of interest to the RRWCD. Legal Counsel David Robbins asked Ms. Arbogost if the Board should plan to send a delegation to Washington, D.C. She responded that the timing was good for such a trip, particularly in early February. Vice-President Killin said that one of the things the RRWCD had run into is that the FSA and the NRCS say that issues concerning CREP are statutory and that changes need to get into the Farm Bill, which is why it so important to get those changes now.

President Coryell then recognized CAPA representatives in the audience.

Next, Tim Davis, the District's CREP Consultant, reported on the CREP Annual Report that he had prepared. He said the report had been completed and sent in. The report stated that 22,000 acres had been either retired or applied for, with 8,000 acres still available for enrollment. Mr. Davis said that once Congress had extended the 2002 Farm Bill, it had extended the 2006 Republican River CREP at least through March, 2008. Mr. Davis explained that should there be any acres from the 2006 CREP program left, they could be rolled into the new addendum.

At 11:10 a.m., Director Killin, chair of the Budget Committee, reported on the Budget Committee meeting on January 3, 2008. Ms. Killin stated that even though negotiations to acquire the water source for the Compact Compliance Pipeline were still ongoing, the Committee had looked at potential water use fee increases and various bank loans to finance the project. She said that the Committee had also met with Kirk Russell of the CWCB. Mr. Russell was in the audience, and Ms. Killin asked him to address the Board about the terms of the loan application to the CWCB and the process for approval of the loan application. Mr. Russell told the Board that based on his meeting with the Budget Committee, he was very impressed with progress and was looking to present a staff recommendation to the CWCB for a loan in the amount of \$60 million plus a 1% origination fee. The terms of the loan would be 20 years at a 2% interest rate. Mr. Russell said that the presentation to the CWCB regarding the loan application request would take place at the CWCB meeting on January 22, 2008, at 3:00 p.m. He said that he had asked Secretary Pautler and Jim Slattery to assist with the presentation and that any members of the RRWCD Board were welcome to attend. There being no further questions for Mr. Russell, Ms. Killin asked John Willard, the District's Accountant, to set up for his presentation on projected cashflows. A five minute break was taken while Mr. Willard set up his presentation.

At 11:25 a.m., John Willard made a presentation to the Board on projected cashflows that would be available to repay a \$60 million loan from the CWCB at a 2 percent interest rate over 20 years and meet other RRWCD WAE program expenses. Mr. Willard explained the cashflow assumptions and the projected cashflows for the next twenty years and said the water use fee to meet expenses and pay off the CWCB loan was projected at \$14.50 per irrigated acre.

At 11:40 a.m., Jim Slattery, the District's Engineer, gave a presentation on the Compact Compliance Pipeline project.

At 12:10 p.m., the Board recessed for lunch.

At 1:20 p.m., the Board re-convened. (At this time, Director Pautler and Legal Counsel Montgomery had left the meeting). President Coryell opened the meeting for public comment.

#### PUBLIC COMMENT

Trent Bushner, a Yuma County Commissioner, spoke in favor of the Compact Compliance Pipeline project but said he wanted to stress minimizing the number of wells, mitigating taking acres out of production, and flexible acres. He requested that the Board ask the Colorado Ground Water Commission to allow the RRWCD to use maximum acres. He also encouraged the Board to take a hard look at the proposal from South Platte Resources, LLC.

Next, Tim Buchanan from South Platte Resources, LLC, presented a plan to the Board that involved buying water from surface water right owners on the South Platte River and piping the water to a tributary of the North Fork of the Republican River. He said that he estimated the cost to be \$6,000 per acre foot and \$30,000,000 to build a pipeline from the South Platte River to Chief Creek. Legal Counsel David Robbins informed Mr. Buchanan that some of the Board members had not had a chance to look over the proposal, which had been delivered to him within the last two days, but Mr. Robbins said that a copy of the proposal would be provided to all Board members at the meeting.

Next, Kevin Penny of Penny Ranch said his concern was the disproportionate amount of water used by different users. He encouraged the Board to come up with a different rate structure for the use fee than the flat fee of \$14.50 per irrigated acre.

Next, Jim Smith, a land owner in Yuma County, expressed his concerns about the availability of water in the basin.

Next, Alan Welp, a farmer in Yuma County, stated that he was a member of CAPA and asked the Board what the Board's position was on Senate Bill 28 introduced by Senator Brophy. Director Killin stated that the Board did not have a position at this time, but would take a look at it.

At 1:45 p.m., Treasurer Rick Seedorf left the meeting.

Next, Byron Weathers of the Colorado Corn growers asked questions about the timeline for the Compact Compliance Pipeline and how it might affect action by the State of Kansas.

Finally, Joe Newton, a farmer on the board of CAPA, discussed the cashflows shown by John Willard. He asked the Board if it would consider lowering the water use fee once the loan from CWCB was paid off.

At 2:00 p.m., public comment ended.

## BOARD ACTION ITEMS

The first item was to consider Resolution 08-02 to authorize the Executive Committee to use funds in certificates of deposits held at various banks to pay off the loan with Farm Credit of Southern Colorado as they mature. A motion to approve the resolution was made, seconded, and passed unanimously.

The next item for consideration was the hiring of GEI Consultants, Inc., for the final engineering design of the Compact Compliance Pipeline. It was decided that this matter should be discussed in Executive Session.

The next item for consideration was the crime coverage insurance for the District. Mr. Murphy had obtained a quote for an increase in the crime coverage insurance from \$5,000 to \$100,000. After a short discussion, a motion to approve the increase in crime coverage insurance was made, seconded, and passed unanimously.

The next item for consideration was the District's vehicle and whether this was an appropriate time to replace it. A motion to authorize Directors Bauerle and Dowell to pursue the purchase of a new vehicle was made, seconded, and passed unanimously.

Director Pautler and Legal Counsel Montgomery returned to the meeting.

The next item for consideration was the proposal by Yuma County Pest Control for funds to assist in removing vegetation from the river, including Russian olive and salt cedar. A motion was made to give \$10,000 to the project and to bring the issue up during the legislative trip to Washington, D.C., for potential available monies. The motion was seconded and passed unanimously. Director Killin was instructed to inform Bud Mekelburg of the \$10,000 donation.

The last item for consideration was a water use fee increase. Based on the presentation by Mr. Willard, President Coryell said the proposed fee of \$14.50 per assessed irrigated acre, a \$9.00 increase, seemed to be the appropriate amount to repay the CWCB loan for the Compact Compliance Pipeline and to meet the RRWCD WAE's other obligations. A discussion of when the increase would have to be finalized took place. Director Killin then asked Kirk Russell of the CWCB if he needed some sort of assurance of the fee increase prior to his presentation of the staff recommendation on January 22, 2008. Mr. Russell said that he would like as many issues as possible to be finalized for his presentation. The Board concluded that it wanted additional time to deliberate about the final form of the increase. Therefore, a motion that the Board adopt a resolution that if the CWCB and the Colorado General Assembly approved a loan for the Compact Compliance Pipeline and the RRWCD WAE has secured a water supply for the project, the Board would commit to increase the water use fees to an amount necessary to repay the loan from the CWCB for the Compact Compliance Pipeline was made, seconded, and passed unanimously. Legal Counsel was instructed to prepare the resolution for presentation to the CWCB prior to it January 22, 2008 meeting and the President was directed to sign the resolution. The resolution was designated Resolution 08-03.

## EXECUTIVE SESSION

At 2:37 p.m., a motion was made pursuant to section 24-6-402(4), C.R.S., to enter into executive session to discuss strategies for acquiring land and water rights for a Compact Compliance Pipeline and to develop a strategy for negotiations for the purchase, acquisition, or lease of water rights and to receive legal advice from District's legal counsel related to such issues. The motion was seconded and approved unanimously. President Coryell stated that no adoption of any proposed policy, position, resolution, rule, regulation, or formal action shall occur in executive session. Before entering into executive session, President Coryell thanked the public for attending the meeting.

At 3:17 p.m., Director Latoski left the meeting.

At 3:25 p.m., the executive session ended.

## OLD BUSINESS

Mr. Montgomery explained the minor changes to the Purchase and Sale Agreement between Cure Land, LLC, and the RRWCD WAE based on the discussion between the attorneys. A motion to adopt a resolution to approve the Purchase and Sale Agreement between Cure Land, LLC, and RRWCD WAE with those changes was made, seconded, and approved. The resolution was designated Resolution 08-04.

At this time, President Coryell had to leave the meeting due to the illness of his father, and Director Pautler and Legal Counsel Dennis Montgomery left to meet with Cure Land, LLC. Vice President Killin therefore chaired the remainder of the meeting.

At 3:30 p.m., Director Garry Kramer left the meeting.

## NEW BUSINESS

A motion to authorize the President to execute a contract with GEI Consultants, Inc., for the final engineering design and construction supervision for the Compact Compliance Pipeline was made, seconded, and passed unanimously.

## EXECUTIVE SESSION

At 3:44 p.m., a motion was made pursuant to section 24-6-402(4), C.R.S., to enter into executive session to discuss personnel matters and the acquisition of an easement for the outfall structure of the Compact Compliance Pipeline and surface water leases and to develop a strategy for negotiations for the acquisition of an easement and instructing negotiators, and to receive legal advice from District's legal counsel related to such issues. The motion was seconded and approved unanimously. Vice President Killin stated that no adoption of any proposed policy, position, resolution, rule, regulation, or formal action shall occur in executive session.

At 4:40 p.m., the executive session ended.

## NEW BUSINESS

A motion was made to increase the salary of Dana Barnett, administrative assistant for the District to \$31,500 per year, and the salary of Stan Murphy, District Manager to \$64,000 per year. The motion was seconded and passed unanimously.

General Manager Murphy presented two surface water lease contracts that had been prepared. A motion to accept and authorize President Coryell to sign the contracts was made, seconded, and passed unanimously.

Next, the Board discussed the best location of the outfall structure for the Compact Compliance Pipeline. Two main locations had been identified by GEI, one on the Buck property and one on the Guercio property. The location of the outfall structure on the Buck property had been identified on a map previously prepared by GEI. A motion was made that if public access was not available, the Buck property was the best location for the outfall structure. The motion was seconded and passed unanimously.

Next, General Manager Murphy was instructed to put together a proposal to hire a contract employee during the Compact Compliance Pipeline construction. The Board also instructed the Executive Committee to join CAPA, if possible, in hiring a State lobbyist. The Board instructed General Manager Murphy to purchase new tires for the RRWCD vehicle.

The last issue for discussion was the need to allow Stan Murphy and Dana Barnett to obtain bank balances from time to time to verify interest payments on certificate of deposit accounts. Each time a bank balance was needed, President Coryell and/or Secretary Pautler had to be contacted and asked to contact the bank. A motion to authorize General Manager Stan Murphy and Administrative Assistant Dana Barnett to obtain bank account balances as needed for accurate bookkeeping was made, seconded, and passed unanimously.

There being no further business, at 5:00 p.m., Vice President Killin adjourned the meeting.

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Secretary

\_\_\_\_\_  
Date