

Minutes of the 1<sup>st</sup> Regular Quarterly Meeting of the  
Republican River Water Conservation District

October 12, 2004

Yuma, Colorado

Present were:

Board Members:

Eugene Bauerle  
Grant Bledsoe  
Kelly Burr  
Dennis Coryell  
Jack Dowell  
Raymond Enderson  
Kim Killin  
Garry Kramer  
Steve Kramer  
Bruce Latoski  
Stan Laybourn  
Rick Seedorf  
Wayne Skold

Dennis Montgomery, General Counsel, Hill & Robbins, P.C.  
Ken Knox, Deputy State Engineer  
Megan Sullivan, State Engineer's Office  
Peter Ampe, Assistant Attorney General

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

MINUTES

President Coryell convened the meeting at approximately 10:05 a.m. Thirteen of District's fifteen directors were in attendance. Tim Pautler and Jerry Sonnenberg had previously advised the President that they would be attending a USDA State Technical Committee meeting and the President excused the absences.

Due to the absence of Secretary Tim Pautler, Grant Bledsoe was appointed as acting secretary for the meeting.

The Board approved the Agenda with additions suggested by Counsel. The Board approved the Minutes of the September 24, 2004 meeting.

At 10:15 a.m., Ken Knox updated the board on the progress of the State's CREP and EQIP efforts and answered several questions from the board.

Following discussion, a motion was made to direct Mr. Knox to work on behalf of the District and draft a CREP proposal for the Republican River Basin and to take such other actions necessary or appropriate to proceed with the program, including meeting with the interagency team on behalf of the District. The motion was seconded and passed unanimously.

President Coryell brought up the issue of the District's ability to establish a land trust and accept conservation easements and directed Counsel to look into those issues and report back to the board.

At 10:47 a.m., the Board discussed the creation of a Water Activity Enterprise. Counsel provided the Board a draft resolution creating a Water Activity Enterprise and explained the requirements, intent and effect of creating a Water Activity Enterprise. The Board then discussed the creation of a Water Activity Enterprise and the draft resolution. Counsel answered several questions posed by the Directors.

A motion was made to adopt the Water Activity Enterprise resolution as written. The motion was seconded and passed unanimously. A copy of the resolution is attached as Exhibit 2.

At 11:00 a.m., Vice-President Killin updated the board on the actions of the Budget Committee since the previous meeting. Vice-President Killin informed the board that three utility companies were willing to issue loans to the District in the total amount of \$200,000, at interest rates from 1% to 2.5%. A motion was made to authorize the Republican River Water Conservation District Water Activity Enterprise to enter into a loan agreement with the three utilities and to direct Counsel to work to complete any further negotiations with the Utility companies and draft and/or review any necessary documents. The motion was seconded and passed unanimously.

Vice-President Killin then updated the Board on the results of the search for office space for the District. Director Latoski summarized the availability of office space in Wray, Colorado, providing a brief description of each available space and the costs associated with each space. Director Dowell summarized the availability of office space in Yuma, Colorado, providing a brief description of each available space and the costs associated with each space.

A motion was made to accept the offer of George Seward for two offices within a building in Yuma, rent-free and with all utilities paid, for one year and for Counsel to proceed as necessary for the Board to finalize such an agreement with Mr. Seward. The motion was seconded and passed unanimously.

At 11:18 a.m., Vice-President Killin updated the Board on the Budget Committee's search for an executive director and stated that the Committee felt that

advertising for applicants for the position should be done as soon as possible. There was a general discussion of the necessary timing, procedures and requirements in advertising for and hiring an executive director as well as the qualifications of a potential executive director. The Board directed Counsel to draft a personnel policy for the District and/or the Republican River Water Conservation District Water Activity Enterprise and to review any drafts of advertisements for the executive director position. The Board also requested that Scott Richrath of the State Engineer's Office be involved in the drafting of any advertisements.

At 11:31 a.m., the Board discussed the draft preliminary budget and revenues. Dennis Kahn, of the Colorado State University extension office, summarized, in general terms, the draft preliminary budget that the Budget Committee had prepared. Mr. Kahn provided some general amounts of projected capital expenditures and a total draft projected budget.

At 11:40 a.m., a motion was made for the Board to enter into executive session in order to receive legal advice from Counsel regarding his opinions as to the legal authority of the District and/or the Republican River Water Conservation District Water Activity Enterprise to impose fees within the district. The motion was seconded and, following discussion, was passed unanimously. The board announced that it would resume the public meeting after executive session and a break for lunch at 1:30 p.m. At 11:44 the Board entered executive session.

The Board broke for lunch at approximately 12:15 p.m.

The Board returned from lunch at approximately 1:30 p.m. and resumed the executive session. The Board exited executive session at approximately 2:00 p.m. and took a break until 2:07 p.m.

At 2:07 p.m., with the public again present, the Budget Committee resumed its report. Mr. Kahn projected a spreadsheet showing the draft preliminary budget for the District and the Republican River Water Conservation District Water Activity Enterprise on a screen so the public could view the information. The Board discussed the issue of compensation for officers and appointees. Counsel explained the compensation policy of the Colorado River Water Conservation District and the provisions in the District's statute for compensation of directors and for compensation of appointees. After discussion, the Board assigned the issue to the Budget Committee. Counsel explained the basis for the proposed fee structure that would provide the income shown in the draft preliminary budget. The Board discussed the draft preliminary budget generally and some specific line items.

At 2:55 p.m., the Board opened the meeting to public comment or questions regarding any matter the board had discussed up to that point. Questions and comments included questions regarding the specific amounts allocated for the voluntary buy-out program, EQIP and other options, some comments on specific line items in the draft

preliminary budget, some discussion of the per acre value of irrigated land and future options toward compliance with the Republican River Compact.

At 3:14 p.m., there were no additional comments or questions from the public and the public comment period ended. The Board then resumed the discussion of the Budget Committee presentation and the recommended fee structure.

The Board took a break at 3:20 p.m.

The Board resumed at 3:50 p.m. and Counsel explained the draft resolution to impose water use fees and suggested changes to the draft. A motion was made to have the Board, acting as the governing body of the Republican River Water Conservation District Water Activity Enterprise, approve the resolution with suggested changes. The motion was seconded and approved unanimously. A copy of the resolution is attached as Exhibit 3.

At 4:00 p.m., a motion was made to adopt the draft preliminary budgets as finalized and presented at this meeting as the preliminary budgets for the District and the Republican River Water Conservation District Water Activity Enterprise, respectively. The motion passed unanimously.

At 4:02 p.m. the Board began discussion of the need for an outside accountant, auditor and/or treasurer. After discussion, President Coryell directed Jack Dowell, Rick Seedorf and Grant Bledsoe to begin looking for local qualified persons or firms to act as an outside accountant, auditor and/or treasurer for the District and the Enterprise.

At 4:10 p.m. the Board discussed the need for a bank for the District and the Enterprise. President Coryell directed the Executive Committee to investigate local banks and report back to the Board. The Board directed Counsel to review the necessity of a calendar year 2004 budget for the District or the Enterprise and to determine whether the District and Enterprise should hire a separate auditor and treasurer or if the position can be combined.

The Board set the 5<sup>th</sup> Special (6<sup>th</sup>) meeting for December 1, 2004 in Yuma Colorado.

The Board voted unanimously to adjourn at 4:32 p.m.

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Secretary

Date