

**Minutes of the Third 2012 Quarterly Board Meeting of the
Board of Directors of the
Republican River Water Conservation District**

July 12, 2012

Holyoke, 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 the Phillips County Events Center, Holyoke, Colorado.

Present were:

Board Members:

Dennis Coryell, President
Greg Larson, Vice President
Tim Pautler, Secretary
Eugene Bauerle
Jack Dowell
Raymond Enderson
Garry Kramer
Steve Kramer
Bruce Latoski
Rod Lenz
Stan Laybourn
Rod Mason
Wayne Skold
Aaron Sprague

Deb Daniel, RRWCD General Manager
Dawn Webster, RRWCD Administrative Assistant
David Robbins, RRWCD General Counsel, Hill & Robbins, P.C.
Peter Ampe, RRWCD General Counsel, Hill & Robbins, P.C.
Jim Slattery, RRWCD Engineer, Slattery & Hendrix Engineering, LLC
John Willard, RRWCD Accountant, Premier Accounting, LLC

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 10:06 a.m. and welcomed the public. Secretary Tim Pautler conducted a roll call of Board members, noting that Director Byron Weathers was absent, but excused. He arrived later in the meeting as noted in the minutes. With 14 Directors in attendance, 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 for the meeting. There being none, a motion to approve the agenda was made, seconded, and approved unanimously.

Prior to this meeting, the Directors had received, electronically, drafts of the minutes of the regular Board meeting held on April 12, 2012, and the special teleconference meetings held on April 20, 2012, and June 5, 2012. These documents were also included in the Board packet today. President Coryell asked if there were any changes or corrections to the minutes. There were none. A motion to approve the minutes of the regular Board meeting held on April 12, 2012, and the special teleconference meetings held on April 20, 2012 and June 5, 2012, was made, seconded, and approved unanimously.

PROGRAM UPDATES & REPORTS

At 10:09 a.m., State Engineer Dick Wolfe updated the Board of Directors on the efforts to reduce the beneficial consumptive use charged to the State of Colorado from the South Fork of the Republican River and the State of Colorado's efforts to obtain approval from the State of Kansas for the Compact Compliance Pipeline. Mr. Wolfe reported that he believes the Republican River Compact Administration (RRCA) annual meeting will be held in October in Junction City, Kansas. He said that the State of Colorado's goal still remains to submit a resolution to approve an augmentation plan for Pipeline deliveries and changes to the representation of Bonny Reservoir in the RRCA groundwater model to the RRCA at the annual meeting, and that the State will continue to push for that. He said he feels that Kansas is working diligently to respond to Colorado's proposals and answered questions from the directors regarding Kansas' positions on the Pipeline deliveries, the representation of Bonny Reservoir in the RRCA groundwater model, Beaver Creek accounting, and a timetable for presenting a resolution to the RRCA to approve an augmentation plan for the Pipeline project.

GENERAL MANAGER'S REPORT

At 10:44 a.m., General Manager Deb Daniel gave a brief progress report on the Pipeline project, noting that the District has been getting ready for the Pipeline Dedication Ceremony on August 16, 2012. Next, General Manager Daniel reported on two new CREP and AWEPP contracts that had been signed. She also presented the financial report and disbursements for the quarter ending June 30, 2012, 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 second quarter of 2012 was made, seconded, and approved unanimously. Finally, General Manager Daniel stated that the audit of the District's financial statements was done on May 22, 2012, and it went exceptionally well. A copy of the Auditor's Report by Winfrey, Country & Hayes, PC, for the fiscal year ending December 31, 2011, was included in the Board packet.

RRWCD Accountant John Willard recommended that the Board continue to engage Winfrey, County & Hayes for next year's audit. A motion to accept the 2011 audit report and to engage Winfrey, County & Hayes to prepare the audit for the 2012 fiscal year was made, seconded, and passed unanimously.

PROGRAM UPDATES AND REPORTS CONTINUED

At 11:08 a.m., Tim Davis, RRWCD Program Consultant, gave the Board an update on the proposed amendment to the Republican River Conservation Reserve Enhancement Program (CREP), stating that the supplemental environmental assessment was complete and the Finding of No Significant Impact (FONSI) was signed on April 16, 2012. Mr. Davis noted that the proposed amendment as approved by FSA was not changed except for the removal of the Target Zone. He said the original CREP agreement is in place and there will be a transition between the agreement and the amendment when it becomes effective. Finally, he reported there is one new AWEP contract.

Pam Shaddock, Representative for Senator Udall, presented a short clip by Senator Udall on the “Year of Water” and gave President Coryell a certificate expressing his appreciation.

At 11:20 a.m., Byron Weathers joined the meeting.

Director Gene Bauerle reported that the South Platte Roundtable had held a meeting on July 10, 2012. He said that the groundwater sub-committee met regarding House Bill 12-1278, to authorize a study of the interaction of the South Platte alluvial aquifer and surface flows and evaluate the effectiveness of the 1969 Water Rights Determination and Administration Act in meeting the goals of protecting senior water rights and maximizing the beneficial use of surface waters and groundwaters of the State, which the South Platte will support. He said applications to the Roundtable for money need to be submitted by October 26th. He also said John Stulp gave an update on the well shut down in Greeley, CO. Mr. Bauerle asked General Manager Deb Daniel to do a presentation in October at the next South Platte Roundtable meeting, which Ms. Daniel agreed to do.

Director Jack Dowell gave a slide show presentation on cattail and tree removal that the Yuma County Pest Control District has done. Director Dowell also stated that the Yuma County Pest Control District is in need of donations for additional phreatophyte removal. A motion to contribute \$5,000.00 to the Yuma County Pest Control District was made, seconded, and approved unanimously.

Director Bruce Latoski reported that the Yuma County Water Authority is still working on the water rights change of use applications for the North Fork water rights leased to the District and that the Bonny Recreation Project is at a standstill right now.

Christine Arbogast, RRWCD Lobbyist, along with Tim Davis, gave an update on the Clean Water Act, noting that conservation programs have been cut by \$500,000,000.00. Mr. Davis briefed the Board on the 2012 Farm Bill, noting that Representatives Gardner and Tipton continue to take every opportunity to get changes that need to be included in the Bill.

Jim Slattery, RRWCD Engineer, reported on the ongoing effort to retire surface water rights in the Republican River Basin, noting that he had been working with water rights owners on the South Fork and North Fork. He also noted that a staff member from the Colorado Division of Water Resources had reviewed the historical consumptive use reports for the Compact Compliance Pipeline wells following the decision by the Sandhills Ground Water Management District to approve the export subject to terms and conditions.

David Robbins, RRWCD legal counsel, reported on the Hutton Educational Foundation lawsuit, noting that Judge Hartmann had denied the Foundation's motion for a preliminary injunction, stating that the Foundation had failed to meet its burden that a preliminary injunction is warranted and had not established that its Section 11 lands were irrigated at the date of appropriation. Mr. Robbins stated that a proposed stipulation had been sent to Dennis and Laura Lengel in April to resolve the District's statement of opposition to their application for a change of water rights, but no response had been received. Mr. Robbins reported that the easement agreement for the repeater station antenna tower with the Roberts Farm Company approved by the Board had been signed and recorded, and that the agreement for Compact Compliance Pipeline operations and management services with Tracy Travis had been drafted. Finally, he reported that the State of Kansas had requested that the State of Nebraska produce the confidential stipulation between the State of Colorado and the State of Nebraska relating to the settlement of the 2010 arbitration in which Nebraska had supported Colorado's Compact Compliance Pipeline subject to terms and conditions relating to the timing and volume of deliveries. He said the Special Master had ruled that the stipulation could not be withheld from Kansas, and Nebraska and Colorado agreed to disclosure of the stipulation.

PRESENTATION

At 12:08 p.m., Steve Townsley and Paul Eggers of GEI Consulting, Inc. (GEI), gave an update on the Pipeline project, reviewing the project from the beginning, starting with how the project got started. They concluded their presentation with a preview of the Operations and Maintenance Manual.

At 12:35 p.m., President Coryell recessed the meeting for lunch.

At 1:24 p.m., the meeting was re-convened.

Representative Cory Gardner's aide, Alan Foutz, reported that there has been a lot of consolidation in the Farm Bill, but Representative Gardner feels confident that nothing will happen before the election. He said Representative Gardner has been asked to become involved in water issues in the State of Colorado, including such things as the shut down of wells in the Platte Basin, but Representative Gardner has declined to become involved as he believes that such matters are state issues, not federal issues.

PUBLIC COMMENT

At 1:32 p.m., President Coryell invited comment from the public. There were no comments from the public.

PRESENTATIONS CONTINUED

At 1:33 p.m., David Carter and Troy Hunsucker from Peaks Public Investment Advisors gave a presentation on investment options for District funds. Mr. Carter and Mr. Hunsucker also answered questions from the Directors.

At 2:11 p.m., Ken Wahl gave a presentation on the Republican River Water Conservation District boundary in the Akron area.

BOARD DISCUSSION AND ACTION ITEMS

At 2:46 p.m., the Board discussed the option to lease 15/96th of the Laird Ditch water right, which is now owned by the Yuma County Water Authority (YCWA), for the years 2013-2015. After an explanation by David Robbins of the current lease agreement and the term of the lease of other water rights with YCWA, a motion to authorize the Executive Committee to discuss a long term lease of the 15/96th of the Laird Ditch water right with YCWA until 2028 was made, seconded, and passed unanimously.

Next, the Board discussed a joint defense agreement with YCWA for the change of the North Fork water rights leased by the RRWCD. After some discussion, a motion to authorize legal counsel to negotiate a joint defense agreement with YCWA for the change of the North Fork water rights and to authorize the President to execute it was made, seconded, and approved unanimously.

Next, a motion to approve filing an application to change the Rush Creek water rights acquired by the RRWCD, including the engineering necessary to file the application, and to approve asking the Colorado Water Trust to be a co-applicant in the application to change the water rights for Compact compliance, was made, seconded, and approved unanimously.

Next, the Board discussed proposed Resolution 12-5 to oppose Ballot Initiatives #3 and #45. After discussion, a motion to approve Resolution 12-5 was made, seconded, and approved unanimously.

Next, a motion to approve the Agreement for Compact Compliance Pipeline Operations and Management Services with Travis Enterprises, LLC, was made and seconded. The motion was tabled for consideration after the executive session.

Next, a motion to raise the District's liability insurance coverage for the Pipeline operations to \$2,000,000.00 was made, seconded, and passed unanimously.

Finally, the Board discussed filing an entry of appearance in the protest to the revised abandonment list filed by the Hutton Educational Foundation concerning the Tip Jack Ditch and the Hutton No. 1 and Hutton No. 2 water rights. After discussion, a motion to authorize an entry of appearance in the protest to the revised abandonment list filed by the Hutton Educational Foundation was made, seconded, and passed unanimously.

At 3:31 p.m., President Coryell called for a ten-minute break.

At 3:35 p.m., Director Jack Dowell left the meeting.

At 3:44 p.m., the meeting was re-convened.

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 receive legal advice on legal questions concerning filing applications to change water rights, the litigation filed by the Hutton Educational Foundation concerning South Fork water rights, deliveries of water from the Pipeline, agreements for the purchase of water rights for the Compact compliance, the proposed agreement with Travis Enterprises, LLC, determine positions

and instruct negotiators, and to discuss and receive legal advice on personnel matters. The motion was seconded and passed 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 4:55 p.m., the executive session ended.

OLD BUSINESS

There was no old business.

NEW BUSINESS

At 4:55 p.m., a motion to approve the Agreement for Compact Compliance Pipeline Operations and Management Services with Travis Enterprise, LLC, with a change to amount of the required Commercial General Liability Insurance coverage from \$1,000,000.00 to \$2,000,000.00 total aggregate was made, seconded, and approved unanimously.

At 4:56 p.m., having no further business to be brought before the Board, a motion to adjourn the meeting was made, seconded, and passed unanimously.

Secretary

Date