

**Minutes of Third 2007 Regular Quarterly Meeting of the
Republican River Water Conservation District**

October 11, 2007

Wray, Colorado

Present were:

Board Members:

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

Stan Murphy, RRWCD General Manager
Dana Barnett, RRWCD Administrative Assistant
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 10:10 a.m. President Coryell welcomed the public and Deb Carlstrom from Senator Musgrave's office and Danyell Brenner from Senator Allard's office. Secretary Tim Pautler conducted a roll call of Board members, noting that Directors Kelly Burr, Wayne Skold, and Raymond Enderson were absent but that their absences were excused. Director Jay Harris was absent but had not notified anyone of his absence. President Coryell 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 July 12, 2007 Board meeting and the executive session. President Coryell requested any changes or

corrections to the minutes. There were no corrections noted, and a motion to approve the minutes was made, seconded, and approved unanimously.

GENERAL MANAGER'S REPORT

At 10:15 a.m., General Manager Stan Murphy presented the financial report and the disbursements for the quarter ending September 30, 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 3rd quarter of 2007 was made, seconded, and approved unanimously.

The next item of the General Manager's Report was an article printed in the YW Electric publication called "Country Life". Mr. Andrew Molt from YW had written the article and found errors in it after the issue was distributed. The misinformation had to do with statements that the District had made the decision to shut down all wells within four miles of the North and South Forks of the river, which has financial implications for Y-W Electric. Mr. Molt acknowledged that it was the State Engineer's office, not the District, that made the curtailment decision. He also apologized for the incorrect wording during the proofreading process and would write an article to publish in the December issue explaining the error. Mr. Murphy next brought the Board's attention to another letter from the City of Yuma regarding the potential for a Compact compliance pipeline and the District's involvement in such a project or with any other private group. The District's Counsel prepared a response letter that President Coryell signed explaining the District's current progress on a pipeline project. Mr. Murphy also noted that the Board members had information in their packet regarding the upcoming Board retreat in Denver on November 8th and 9th. The last item in the General Manager's report was the reading of three resolutions received at the District office from the Frenchman Groundwater Management District (GWMD), the Central Yuma GWMD and the Sandhills GWMD expressing support for a Compact compliance pipeline.

PROGRAM UPDATES AND REPORTS

At 10:25 a.m., a report was given by Tim Davis, the District's Conservation Reserve Enhancement Program (CREP) Consultant, regarding the current status of the CREP addendum. Mr. Davis reported that the addendum is being reviewed in Washington, D.C., and he was hoping for a letter next week. However, he had already learned that the request for removal of the cap for Washington and Lincoln counties had been denied. He implored the FSA in Washington, D.C., to continue to review the matter because Kit Carson County was now nearing its cap and could potentially not be eligible for the CREP addendum. Mr. Davis also reported that the request for exempting alfalfa from the 4 out of 6 year requirement be removed and learned that that requirement was part of the Farm Bill and FSA does not have the authority to change that requirement. He thought that possibly the 2007 Farm Bill may have some language addressing alfalfa, but it didn't help for the current CREP. Mr. Davis also thought that the 2007 Farm Bill would have language allowing expired temporary EQIP contracts to be enrolled into CREP.

At 10:35 a.m., Secretary Pautler gave a report on the Environmental Quality Improvement Program (EQIP). Mr. Pautler reported that the sign-up deadline was November 1,

2007, that it was basically the same program as last year, however, temporary contracts could roll over into permanent contracts, and that the NRCS office stated that a producer must have a signed contract prior to any curtailment order. The NRCS will not accept applications for EQIP after curtailment orders are issued.

At 10:45 a.m., Jim Slattery, the District's Engineer, gave a presentation on the Dakota Formation as a potential source of water for a Compact compliance pipeline and Compact compliance options, including a basin-wide reduction of pumping by 20%, curtailing wells within the 3-mile Curtailment Zone in the proposed Compact Rules, and shutting off all wells. He also gave a report on the estimated saturated thickness in the Ogallala Aquifer in 25 years. The audience requested that the presentation be put on the District's website.

At 11:10 a.m., Steve Townsley and Dick Westmore of GEI Consultants gave an update on the feasibility study for the Compact compliance pipeline. Mr. Westmore presented two alternatives for the Compact compliance pipeline. Both alternatives were designed to provide a delivery capacity of 15,000 acre feet of water per year at the rate of 24 cfs, which equals 10,800 gpm. The cost figures they reported were "very preliminary numbers". The first alternative is to purchase rights to designated ground water and retire the acres historically irrigated by those rights. The approximate cost of this alternative is \$102 million. The second alternative is to drill new wells at locations where there is unappropriated ground water under the Colorado Ground Water Commission's rules and regulations, combined with the purchase of rights to designated ground water and retirement of the acres historically irrigated by those rights to make up the rest of the 15,000 acre-feet per year required for the pipeline. The approximate cost of this alternative is \$79 million. Both Mr. Westmore and Mr. Townsley fielded many questions from the Board as well as the public about the alternatives.

At 11:45 p.m., a presentation was given by Kirk Russell of the Colorado Water Conservation Board (CWCB) on the Water Project Loan Program that the CWCB offers.

PUBLIC COMMENT

At 12:00 noon, President Coryell opened the meeting to public comment.

The first public comment was from Bud Mekelburg, Yuma County Pest Control District, regarding vegetation removal on the North Fork of the Republican River.

Joe Newton, President of CAPA, said he was very pleased with the reports on the pipeline studies and funding and stressed that the timing on the pipeline was critical and urged the District to continue working with the Yuma County Water Authority.

Ron Busby of Stratton, Colorado, voiced his concern about the cap on Kit Carson County for the 2007 CREP program.

Tony Rayl, from the Yuma Pioneer newspaper, asked why the Board was looking ten miles out for the possible location of wells or water sources for the Compact compliance pipeline. Mr. Slattery answered that there was less impact on Colorado's computed beneficial consumptive use under the Compact from wells further from the river.

Nancy Earl of Wray, Colorado, told the Board that she had a problem regarding a well used in conjunction with her surface water rights, but qualifying only as a <1 mile rate, not surface water rates in the District's programs.

Harry Allen of the Arikaree GWMD presented the Board with the documentation of the appointment of Greg Terrell as the director appointed by the Arikaree GWMD to replace Kelly Burr since Director Burr had submitted his resignation. President Coryell said that Mr. Terrell could take the Oath of Office over the lunch break and participate in the Board meeting for the afternoon portion of the meeting.

Alan Welp of Wray, Colorado, requested that the Board take action to pursue the funding and construction of the Compact compliance pipeline, as well as add more funding to the CREP program.

Kent Rose, from the Wray Gazette newspaper, asked the Board members if they knew that Kansas and Nebraska would approve the Compact compliance pipeline project.

At 12:30 p.m., there being no further public comment, President Coryell announced that the Board would break for lunch.

At 1:30 p.m., the meeting re-convened and President Coryell recognized Greg Terrell as the new director appointed by the Arikaree GWMD.

EXECUTIVE SESSION

At 1:45 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 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 3:10 p.m., the executive session ended.

BUDGET HEARING

At 3:12 p.m., Vice President and Chairperson of the Budget Committee, Kim Killin, opened the Budget Hearing on the proposed 2008 budget. John Willard, accountant for the District gave an overview of the proposed 2008 budget. There was a lengthy discussion of the various issues regarding the proposed 2008 budget as well as increasing the payment rates for the EQIP and CREP programs. The public also had questions and comments regarding how funds were allocated.

At 3:35 p.m., the Budget Hearing on the 2008 budget ended.

Ms. Killin made a motion to table the proposed 2008 budget due to time constraints. Legal Counsel Dennis Montgomery explained that approving the motion would require the Board to hold a special meeting prior to December 15, 2007, to adopt a budget for 2008. The motion was seconded and approved unanimously.

BOARD ACTION ITEMS

At 3:45 p.m., President Coryell read a proposed resolution recognizing Kelly Burr for his service on the Board of Directors of the District. A motion to adopt Resolution 07-07 was made, seconded, and approved unanimously.

General Manager Murphy announced the re-appointments of the following Directors for three-year terms: Grant Bledsoe from the Sandhills GWMD; Dennis Coryell from the Colorado GW Commission; Jay Harris from Logan County; Garry Kramer from Frenchman GWMD; and Rick Seedorf from Yuma County.

Resolution 07-08. The Board then considered a proposed resolution to change the officers' salaries from \$300 per month to \$600 per month. A motion to approve Resolution 07-08 was made, seconded, and approved unanimously.

Resolution 07-09. The Board next considered a proposed resolution to authorize, in addition to the President, the Vice-President, the Secretary, and the Treasurer to sign any documents required by a bank in which the revenues to the District and the Enterprise have been deposited or have been authorized for deposit by the Board of Directors, on certain conditions, and to authorize the Treasurer to transfer funds between checking and savings accounts held in the name of the District or the Enterprise within the Bank of Colorado, Yuma, Colorado. A motion to approve Resolution 07-09 was made, seconded, and approved unanimously.

The Board then considered hiring an auditor to conduct the 2007 audit. A motion to retain Winfrey & County as the auditors for 2007, was made, seconded, and approved unanimously.

The Board then took up the election of officers. A motion to keep the current officer assignments of Dennis Coryell - President, Kim Killin - Vice President, Tim Pautler - Secretary, and Rick Seedorf – Treasurer was made, seconded and approved unanimously.

Resolution 07-10. The Board next considered a proposed resolution to authorize the Board to waive the provisions of section 37-50-108 to meet outside of the District in Denver, Colorado, on November 8 and 9, 2007. A motion to approve Resolution 07-10 was made, seconded and approved unanimously.

OLD BUSINESS

The only old business concerned the District's lobbyist. A resume for Kogovsek & Associates was provided to the Board members for their consideration. A motion to acquire the services of Kogovsek & Associates as the District's lobbyist was made, seconded, and approved unanimously. Legal counsel was directed to contact Ray Kogovsek to inform him of the Board's decision and to draft an agreement with Kogovsek & Associates to provide lobbying services.

NEW BUSINESS

At 3:55 p.m., John Willard presented a proposal to allocate additional funds to the 2008 EQIP program. After a lengthy discussion by the Board as well as input from the public, a motion was made to increase the District's portion of funding for permanent EQIP contracts as follows:

	Surface Water	<1 Mile	1-3 Miles	3+ Miles
Total Rate	\$1520	\$1080	\$840	\$550

The motion was seconded and approved unanimously.

Legal Counsel Dennis Montgomery recommended that an increase in insurance coverage for crime coverage should be put on the agenda for the next Board meeting.

At 4:55 p.m., there being no further business, a motion to adjourn the meeting was made, seconded, and approved unanimously.

Secretary

Date