

**Minutes of the Fourth 2011 Regular Quarterly Meeting of the
Republican River Water Conservation District**

October 13, 2011

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 the Wray Ambulance Facility, Wray, Colorado.

Present were:

Board Members:

Dennis Coryell, President
Greg Larson, Vice President
Byron Weathers, Treasurer
Tim Pautler, Secretary
Eugene Bauerle
Jack Dowell
Raymond Enderson
Garry Kramer
Steve Kramer
Bruce Latoski
Rod Lenz
Stan Layborne
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.
Dennis Montgomery, RRWCD General Counsel, Hill & Robbins, P.C.
Tim Davis, RRWCD Program Consultant, TJD LLC
John Willard, RRWCD Accountant
Steve Townsley, GEI Consultants, Inc., Project Engineer
Ken Hardesty, GEI Consultants, Inc., Project Engineer
David Burkhart, Garney Construction, Project Manager

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 10:05 a.m. and welcomed the public. President Coryell noted the reappointment of Tim Pautler as a director by the board of county commissioners of Kit Carson County, the appointment of Aaron Sprague as a director by the board of county commissioners of Phillips County, the reappointment of Gene Bauerle as a director by the board of the Marks Butte Ground Water Management District, and the reappointment of Rod Mason as a director by the board of the Arikaree Ground Water Management District. Secretary Tim Pautler conducted a roll call of Board members. With all 15 Directors attending the meeting, Secretary Pautler declared that a quorum of the Board was present.

AGENDA AND APPROVAL OF MINUTES

Vice President Larson suggested that the Board discuss two items listed on the proposed agenda under Board Discussion & Action Items -- the status of Pipeline construction, deliveries of water necessary to test the Pipeline in 2012, and the lease with Cure Land, and the litigation filed by the Hutton Educational Foundation -- in executive session and move consideration of those items to after the executive session. President Coryell asked for any additional amendments to the agenda for the meeting. There were none, and a motion to approve the agenda with the changes suggested by Vice President Larson was made, seconded, and approved unanimously.

Prior to this meeting, the directors had received, electronically, a draft of the minutes of the regular Board meeting held on July 14, 2011, and the executive session held during the July 14 Board meeting. 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 July 14, 2011, and the executive session held during the July 14 Board meeting was made, seconded, and approved unanimously.

GENERAL MANAGER'S REPORT

At 10:11 a.m., General Manager Deb Daniel informed the Board that she had approached several banks within the basin about interest rates on CD's. She then presented the financial report and the disbursements for the quarter ending September 30, 2011, 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 third quarter of 2011 was made, seconded, and approved unanimously.

Ms. Daniel then thanked the Directors for attending the Groundbreaking Ceremony for the Compact Compliance Pipeline project and also thanked all of the Board's committee members for their hard work. Next, she gave an overview of the Compact Compliance Pipeline construction, noting that the headquarters and signage had been put in place and that she and Dawn Webster, the District's Administrative Assistant, had been attending the weekly progress

meetings. Ms. Daniel then informed the Board that Winfrey & County had agreed to do the audit for 2011. She then updated the Board on the Notice of Award and Notice to Proceed that had been given to Garney Construction for the Pipeline construction contract. She also discussed the agreements with Sandy Acres and GP Farms for the construction of two wells to provide water during construction of the Pipeline, noting that to date 31,000 gallons of water had been used from the well in the Central Yuma Ground Water Management District. Copies of the agreements were included in the Board packet. Ms. Daniel discussed the estimate of foreseeable expenses to the Sandhills Groundwater Management District (GWMD) for the hearing on the RRWCD export application that had been provided to the RRWCD by Nate Midcap, the Sandhills GWMD's Manager. She then informed the Board that a new laptop had been purchased for the District. Finally, she said that she and some of the Board members had met with Senator Udall in Wray to ask for assistance in getting the Board answers on the proposed CREP amendment.

PROGRAM UPDATES AND REPORTS.

At 10:30, Byron Weathers reported that he had attended the Colorado Water Congress annual summer conference in August. He said the main focus of the conference was on energy and water.

Director Gene Bauerle reported that a meeting of the South Platte Roundtable had been held on October 11, 2011, and noted an organization had received a grant from the Colorado Water Conservation Board (CWCB) for a study of fallowing agricultural land and leasing the water to a willing lessor.

Director Jack Dowell reported that the Republican River Weed Control project is continuing to clear cattails and trees near Bonny Dam, noting that they are applying for more grants.

Director Bruce Latoski did not have anything to report on the Yuma County Water Authority (YCWA).

Director Jack Dowell reported that he had attended the Special District Association (SDA) annual conference in Breckenridge, Colorado, in September and the main focus of the meeting was on conserving water. He felt that it would be important to have someone from the RRWCD do a presentation for the SDA sometime in the future and that he would be the contact person if the District decided to do that.

David Robbins, RRWCD legal counsel, updated the Board on his discussions with the RRWCD lobbyists. He said he had spoken to state lobbyist Scott Meiklejohn on legislative issues and that not much was happening at the state level because the State is working on the budget. He also reported that he and federal lobbyist Christine Arbogast had scheduled a tentative meeting for the first week in November to go to Washington, D.C., to meet with Assistant Secretary Harris Sherman to discuss the proposed CREP amendment.

He also reported that the Republican River Compact Administration (RRCA) work session and annual meeting had been held on August 30-31 in Burlington, Colorado, and that it was relatively uneventful. A report of preliminary findings on a study of the quantitative impacts

of non-federal reservoirs and land terracing on the water supply was presented to the RRCA. At the RRCA meeting, there were a number of people who spoke to express concern about draining Bonny Reservoir. State Engineer Dick Wolfe explained why draining Bonny Reservoir is necessary to reduce consumptive use charged to Colorado and that Colorado is obligated to comply with the Compact and the Final Settlement Stipulation. Mr. Robbins then discussed the two Open Records Act requests that had been received by the RRWCD and said legal counsel had assisted Deb Daniel in responding to the requests, reviewing documents for privilege, and preparing a log of privileged documents. He also updated the Board on the lawsuit filed by the Harshes, noting that the RRWCD's motions for the return of the earnest money deposit and for an award of post-judgment interest had been granted on August 17, the District Court had released the earnest money deposit, and Mr. Harsh had sent a check for the post-judgment interest. He also noted that at the July Board meeting, the Board had authorized President Coryell, on behalf of the RRWCD, to agree with the Sandhills GWMD on procedures for a hearing on the RRWCD's groundwater export request. An agreement was approved by the Sandhills GWMD on September 16, and President Coryell signed the agreement on behalf of the RRWCD on the same date. A copy of the agreement was included in the Board packet.

At 11:06 a.m., Rod Mason left the meeting after receiving news of an automobile accident.

Tim Pautler, Pipeline Technical Advisory Committee (PTAC) chairman, reported that the PTAC had met on October 4, 2011. He informed the Board that the PTAC had reviewed change orders and had come to an understanding as to how they would be handled. He said the next PTAC meeting will be November 3, 2011.

At 11:11 a.m., President Coryell recessed the meeting for a five minute break.

At 1:17 p.m., the meeting was re-convened.

After the break, David Robbins advised the Board that Sue Jarrett, a resident of the District, had requested an opportunity to submit her public comments in written form and said she would email them to the District office. The Board agreed to accept her written comments.

PRESENTATIONS

At 11:20 p.m., Ken Hardesty and Steve Townsley of GEI Consultants, Inc. (GEI), provided an update on the Pipeline project. They ended their presentation with photos of the construction progress. Mr. Hardesty then introduced David Burkhart, the project manager from Garney Construction. Mr. Burkhart thanked the Board on behalf of Garney Construction for the award of the contract and gave an update on the progress of the Pipeline project. The Board advised that anyone who would like to could inspect the Pipeline construction site, but should first contact RRWCD General Manager Deb Daniel at the District office so she can advise Garney Construction prior to the visit.

At 11:45 p.m., Tim Davis, RRWCD Program Consultant, reported on ideas being discussed in Congress for deficit reduction and recommended that a letter be sent to Colorado's Senators encouraging them to support the conservation programs in 2012. Mr. Davis also said he

had attended the State Technical Committee meeting on October 12, 2011, and would send a written report to the Board in the near future summarizing the meeting.

At 12:01 p.m., President Coryell recessed the meeting for lunch.

At 1:02 p.m., the meeting was re-convened.

PUBLIC COMMENT

At 1:03 p.m., President Coryell invited comment from the public.

Bud Mekelburg, a resident of the District, expressed his concerns about the price paid for the water rights purchased for the Compact Compliance Pipeline and the impacts of draining Bonny Reservoir. He also commented on a meeting in McCook, Nebraska, and the conservation work of the Yuma experiment station.

There being no further comments, public comment ended.

BUDGET HEARING

At 1:20 p.m., the Board held a hearing on the proposed 2012 budgets for the RRWCD and the RRWCD WAE. Notice of the hearing was published in accordance with law. Kim Killin, previous Budget Committee chairman, opened the Budget Hearing by informing the Board that the Budget Committee had met on August 26th to prepare the proposed 2012 Budgets. Mrs. Killin asked John Willard, RRWCD Accountant, to explain the proposed 2012 Budgets. Mr. Willard reviewed each item in the budgets and discussed the various elements that went into the totals. Several possible revisions to the Budgets were discussed and highlighted. President Coryell asked the Board members if they had any questions; there were none. President Coryell then asked the public if there were any questions or comments; there were none. At 1:49 p.m., the Budget Hearing was closed.

A motion to approve resolutions to adopt the proposed 2012 Budgets, including all changes discussed and highlighted during the Budget Hearing, and to approve appropriations in the amounts of the Budgets with those changes was made, seconded, and approved unanimously.

BOARD ACTION ITEMS

At 1:50 p.m., the Board considered a proposed resolution to thank Kim Killin for her service on the Board. President Coryell read the proposed resolution. A motion to adopt the resolution to thank Kim Killin for her service on the Board was made, seconded and passed unanimously.

The election of officers then began. Dennis Coryell was nominated as President. A motion to cease nominations and to elect Dennis Coryell as President by acclamation was made, seconded, and passed unanimously. Greg Larson was then nominated as Vice President. A motion to cease nominations and to elect Greg Larson as Vice President by acclamation was made, seconded, and passed unanimously. Next, Tim Pautler was nominated as Secretary. Wayne Skold was also nominated as Secretary. The Board then conducted a vote, and Tim

Pautler was elected by a majority of the votes. Next, Byron Weathers was nominated as Treasurer. A motion to cease nominations and to elect Byron Weathers as Treasurer by acclamation was made, seconded, and passed unanimously.

The Board then considered committee assignments in light of the appointment of Aaron Sprague as a director to replace Kim Killin. Rod Lenz was added to the Budget Committee as Chairman in place of Kim Killin. Aaron Sprague was added to the PTAC.

Next, Greg Larson was designated as the RRWCD alternate representative to the Colorado Water Congress to replace Kim Killin.

Next, the Board discussed the status of the export application submitted to the Sandhills GWMD for the Pipeline project and the letter regarding the estimate of foreseeable expenses to the Sandhills GWMD related to the export hearing for which the Sandhills GWMD would require reimbursement pursuant to agreement between the two Districts. A motion to authorize the Executive Committee to approve the expenditure of up to \$20,000.00 to reimburse the Sandhills GWMD for expenses pursuant to the agreement was made, seconded, and passed unanimously.

Next, Nate Midcap, Sandhills GWMD Manager, informed the Board that notice of the export application had been published and that all written responses needed to be in his office by 4:00 p.m. on October 31, 2011. Director Rod Lenz recommended to the Board that the RRWCD seek support for the export application from other GWMDs and also suggested that county commissioners and other organizations in the Basin could be asked to write letters to the Sandhills GWMD in support of the export application.

The Board then discussed the Road Use Agreement with Yuma County and the funds to be reserved for road repairs after the construction of the Compact Compliance Pipeline. A motion to authorize up to \$30,000.00 for the County to use for road maintenance and repairs was made, seconded, and passed unanimously.

Next, Dave Keeler, Republican River Water Commissioner, gave an update on the release of water from Bonny Reservoir, stating that on September 21, 2011, there was 6,715 acre feet of water in storage, that water had started to be released on September 22, that on October 12, there was 4, 501 acre feet in storage, and that as of the day of the Board meeting, water was being released at the rate of 44 c.f.s. per day. Mr. Keeler noted that since September 12, 2011, there had been a 105-acre foot decline per day.

Next, the Board considered a policy for retention of personnel review records. RRWCD legal counsel David Robbins advised the Board that personnel review records for current employees should be retained as long as they continued to be employed by the RRWCD and that personnel review records of former employees should be retained for a period of three years after the end of their employment or until the statute of limitations had run on any claim by a former employee against the District. A motion to retain personnel review records for current employees as long as they are employed by the RRWCD and to retain personnel review records of former employees for a period of three years after the end of their employment or until the

statute of limitations has run on any claim by a former employee against the RRWCD was made, seconded, and passed unanimously.

Finally, the Board considered a proposed resolution to waive the provisions of section 37-50-108, C.R.S., for a special Board meeting to be held on November 9 and 10, 2011, in Greeley, Colorado. A motion to approve the resolution waiving the location requirement for a special Board meeting to be held on November 9 and 10, 2011, in Greeley, Colorado, was made, seconded, and passed unanimously.

EXECUTIVE SESSION

At 3:15 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 the status of Pipeline construction, deliveries of water necessary to test the Pipeline in 2012, and the lease with Cure Land, and the litigation filed by the Hutton Educational Foundation concerning South Fork water rights; to discuss and determine positions, develop strategies, and instruct negotiators concerning the purchase or lease of water rights; and to receive advice on legal questions related to the purchase or lease of water rights; and to discuss personnel matters. 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 4:14 p.m., the executive session ended.

Following the executive session, a motion to authorize the Executive Committee and the Negotiating Committee to negotiate with Cure Land on a partial termination of the lease to allow the RRWCD to deliver up to 500 acre feet of water to test the Pipeline and to continue the lease as to the remainder of the water rights was made, seconded, and passed unanimously.

OLD BUSINESS

There was no old business.

NEW BUSINESS

At 4:20 p.m., David Robbins, RRWCD legal counsel, informed the Board that RRWCD General Manager Deb Daniel had received a written statement from Kenneth Wahl, stating that there are 25 sections that are not included in the RRWCD that should be. Mr. Robbins recommended to the Board that it instruct RRWCD Engineer Jim Slattery to do an analysis and get back to the Board at the special meeting in November. The Board directed Mr. Robbins to ask Mr. Slattery to do the analysis and report to the Board in November.

At 4:25 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