

**Minutes of First 2010 Regular Quarterly Meeting of the
Republican River Water Conservation District**

January 14, 2010

Burlington, 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 Burlington Community and Education Center, Burlington, Colorado.

Present were:

Board Members:

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

Stan Murphy, RRWCD General Manager
Dana Barnett, RRWCD Assistant Manager
David Robbins, General Counsel, Hill & Robbins, P.C.
Dennis Montgomery, General Counsel, Hill & Robbins, P.C.
Jim Slattery, RRWCD Engineer, Slattery Aqua Engineering
John Willard, RRWCD Accountant, Premier Account
Tim Davis, RRWCD Program Consultant, TJD 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 10:10 a.m., welcomed the public, and recognized Trina McConnell from Congresswoman Markey's office in the audience. Secretary Tim Pautler conducted a roll call of Board members, noting that Directors Steve Kramer and Stan Laybourn were absent but had been excused. With thirteen Directors attending the meeting, Secretary Pautler declared that a quorum of the Board was present. President

Coryell informed the Board that Director Laybourn had suffered a stroke and had been hospitalized in Swedish Medical Center in Denver and that he would update the Board on Director Laybourn's condition throughout the day if there was any news.

AGENDA AND APPROVAL OF MINUTES

President Coryell asked for any amendments to the agenda for the meeting. There were none, and 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 Special Board meeting held on November 18 and 19, 2009, the special Board telephonic meeting held on December 29, 2009, and the executive session held on November 19, 2009, as well as being included in the Board packet today. President Coryell asked if there were any changes or corrections to the minutes. There were none, and a motion to approve the minutes of the November 18 and 19, 2009 and the December 29, 2009 meetings and the November 19, 2009 executive session 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 December 31, 2009, 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 2009 was made, seconded, and approved unanimously. Mr. Murphy then reported on certificate of deposit (CD) rates that he had researched in order to maximize the RRWCD Water Activity Enterprise (RRWCD WAE) funds while waiting for the start of construction on the Compact Compliance Pipeline project. He said he had learned that the highest interest rate was with Sunwest Bank in Idalia, Colorado, through their CDARS program. He also informed the Board that the IRS had adjusted the mileage rate beginning on January 1, 2010, to 50 cents per mile and that a new link had recently been added to the District's website for the Bureau of Reclamation's website, which contained information on water levels and releases in Bonny Reservoir

PROGRAM UPDATES AND REPORTS

At 10:25 a.m., Tim Davis, District program consultant, reported to the Board on issues still pending with the CREP addendum. He said he had completed the CREP annual report, and as soon as all comments had been received and changes had been made, it would be available on the District's website. He called the Board's attention to a handout (which had been previously sent to the Board as well as being included in the Board packet) that summarized the options for the number of acres for the CREP amendment that the Board had requested. He reviewed the three options presented in the handout and answered questions from the Board.

Next, Mr. Davis informed the Board that the NRCS had not yet begun accepting new proposals for the AWEPP program. General Manager Murphy added that he had discussions with members of the Colorado NRCS staff, who said they were committed to keeping the program available, even with minimal participation. He said the Board would have an opportunity to discuss how much it wanted to participate at a future meeting.

At 10:45 a.m., David Robbins, District legal counsel, updated the Board on the arbitration between Colorado, Nebraska, and Kansas. He said that the arbitrator had been chosen, that she had requested some changes in her contract, and that Colorado had agreed to make the changes. Mr. Robbins said the arbitrator, Martha Pagel, had a good reputation and that she should be moving ahead with getting the process started. He also informed the Board that he, along with Dennis Montgomery, District engineer Jim Slattery, and Peter Ampe of the Colorado Attorney General's office, had met with attorneys from the State of Nebraska to determine if an agreement could be worked out between Nebraska and Colorado regarding the Compact Compliance Pipeline resolution to address Nebraska's concerns. He said he hoped there would be future meetings between the same parties.

At 10:50 a.m., Treasurer Rick Seedorf reported on a conference call he had participated in with the Colorado Water Congress (CWC) to review potential 2010 legislation that would be of interest to CWC members.

Director Eugene Bauerle reported that the South Platte Roundtable was changing its meeting schedule from monthly to less frequently due to funding cutbacks. He said the next meeting will be in May, 2010.

Director Jack Dowell reported that the Republican River Weed Control project was taking bids for removal of trees on the South Fork. The Board discussed possible funding for the project and the areas that were targeted.

Director Bruce Latoski reported that the Yuma County Water Authority (YCWA) had held its budget meeting in December and had bought the Soehner Cattle Company's interest in the Laird Ditch water right on the North Fork and was pursuing funding sources to possibly buy the Miller, Tracy, and Archer water rights, also on the North Fork.

At 11:00 a.m., Christine Arbogast, District lobbyist, began her report by thanking the Board for the flowers and cards during her surgery and recuperation over the past few months. Ms. Arbogast then reported on issues before Congress, as well as on the current political climate as it affects the District. She said Congress will be focused on "big" issues like the economy, jobs, and health care during this session and that there was not much for the District to pursue in Washington, D.C., at this time. She confirmed that, as always, Kogovsek & Associates was prepared to organize and schedule any legislative visits to Washington, D.C., that the Board wanted, but said that perhaps this was a time to watch this year's elections and see how the elections affect the State delegation.

At 11:15 a.m., Vice President Greg Larson reported that he made a presentation at the Ag-Water Summit on behalf of the RRWCD on December 1, 2009. In his presentation, he reviewed the activities of the RRWCD, especially the Compact Compliance Pipeline project status. Mr. Larson said the Summit was well attended by State officials, including State Engineer Dick Wolfe.

At 11:17 a.m., Dennis Montgomery, District legal counsel, reported on several issues, including the sale of the Soehner Cattle Company's interest in the Laird Ditch water right to YCWA, which is currently leased by the District; meter violations notices on several Pipeline

water source wells, which have been deactivated until meters are installed and verified; a proposed stipulation with Wray Ranch Company, LLC, and YCWA Public Improvement District (PID) regarding the change of 0.25 c.f.s. of the Laird Ditch water right pursuant to the agreement with the RRWCD WAE; the need for an extension of the completion date for the CWCB loan for the Compact Compliance Pipeline project; and whether the Board should consider filing a change of water rights for Compact compliance for the water rights on the North Fork included in the long-term lease with YCWA PID. David Robbins, District legal counsel, reported on the status of the State Land Board right-of-way for the Compact Compliance Pipeline. He also gave the Board a brief review of the proposed designated basin boundaries bill.

At 11:26 a.m., Jon Wicke, Area Resource Conservationist with the NRCS, gave a presentation on the Colorado Watershed Conservation Input Forums.

At 11:45 a.m., Jim Slattery, District engineer, reported on recent conversations he has had with GEI Consultants, engineers for the design and construction of the Compact Compliance Pipeline project. They have informed Mr. Slattery that they receive frequent phone inquiries from contractors interested in participating in the bid process for the construction of the Pipeline. Mr. Robbins said that although the climate is very competitive right now for construction, he reminded the Board that it wanted input from the community and had hosted the information meeting for county commissioners and the board members and managers of the ground water management districts (GWMD) within the District on December 14th, that the Republican River Compact Administration (RRCA) has not approved the augmentation plan and the accounting procedures for the Pipeline, and that the State of Colorado has invoked fast track non-binding arbitration to try to resolve the issues that have kept Nebraska and Kansas from approving the augmentation plan and the accounting procedures. A short discussion ensued regarding the possibility of the arbitration staying on schedule for completion in late February. Mr. Robbins said he thought it was unlikely that the arbitration would be completed in that timeframe.

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

At 1:00 p.m., the meeting was re-convened. President Coryell then invited comment from the public.

PUBLIC COMMENT

Bethlene McCall, representing herself as a private citizen, asked the Board if it had an official position on Amendment 60. Mr. Robbins said the Board was aware of the proposed amendment, but had not discussed an official position yet. Ms. McCall then informed the Board regarding the funding that the Yuma County Weed Control project had received for tree removal along the South Fork.

There being no further comments, public comment ended.

BOARD ACTION ITEMS

At 1:05 p.m., President Coryell asked the Board for input on the Pipeline timetable as was discussed at the special Board meeting held in November 2009 and at the informational meeting with the GWMD board members and managers and county commissioners on December

14, 2009, in Yuma. Director Killin stated that, due to the delay in the arbitration, she thought the item should be tabled until the next Board meeting. Vice President Larson stated that Byron Weathers, President of the Corn Growers Association, had asked him to inform the Board that the Corn Growers wants the Pipeline built, but believes that waiting for the arbitration to be completed is the right thing to do. Director Dowell stated on behalf of W-Y GWMD that the board felt the Pipeline should not be built until the arbitration had been completed and the amount of credit for deliveries to the North Fork state line gauge had been settled. Secretary Pautler said Kit Carson County was in favor of moving ahead with the Pipeline. Director Zion said the Arikaree GWMD wanted to hold off construction until we know more. General Manager Murphy reported on a letter received from a Washington County commissioner that requested that the Board build the Pipeline and that it should not only purchase the water for the Pipeline (which the Board completed in 2009) but should also purchase the land that went with the water. Director Garry Kramer said the Frenchman GWMD wanted to hold off the construction of the Pipeline until after the arbitration had been completed. President Coryell reminded the Board that the next regular Board meeting would be in April, and said possibly there would be a decision from the arbitration by then or, if there was a need to act before then, a special Board meeting could be called.

The next item for consideration was to designate the public place or places for posting notice for RRWCD meetings, which is required annually at the Board's first regular meeting of each calendar year under the Open Meetings Law. A motion to keep the current designation of the RRWCD website and the Yuma County Courthouse bulletin board was made, seconded, and passed unanimously.

Next, the Board considered the stipulation with Wray Ranch Company, LLC, and YCWA PID. Mr. Montgomery had previously reported on the stipulation to the Board; therefore, a motion to authorize legal counsel to sign the stipulation on behalf of the RRWCD WAE was made, seconded, and passed unanimously.

Next, Mr. Montgomery recommended that the Board authorize legal counsel to prepare an application to change the water rights leased from YCWA PID and to explore with the Colorado Water Trust filing an application to change the water rights for Compact compliance purposes and having the Colorado Water Conservation Board accept these rights for in-stream flow and Compact compliance purposes. A motion to authorize legal counsel to prepare the change of use application and to explore with the Colorado Water Trust filing an application was made, seconded, and passed unanimously.

A discussion was then held regarding filing a change of use application for the South Fork water rights that the District has purchased. The Board determined that since the District is still pursuing purchases of water rights on the South Fork, the issue should be tabled until a future Board meeting.

Next, the Board considered Tim Davis' presentation regarding the number of acres to be applied for in the CREP amendment. Mr. Davis had explained the three options to the Board earlier in the meeting. He encouraged the Board to decide the number of acres at this meeting, but said the Board still had time to decide when the CREP amendment would be effective, since not all of the criteria had been met as of this date. John Willard, District accountant, and

Director Killin, who is the Chairperson of the Budget Committee, reviewed how the potential additional acres are treated in the District's 2010 budget. Director Bledsoe made a motion to approve Option 2 presented by Mr. Davis, which would request 30,000 acres for the CREP amendment and upon the effective date of the amendment any acres remaining in the current CREP program would expire, with a widespread advertising effort to give plenty of notice that the current CREP payment rates and acres would be expiring to allow well owners to enroll in the current CREP program if they wished to before the acres expire. It was clarified that this motion would not require any amendment to the 2010 budget. The motion was seconded and passed unanimously. President Coryell noted that the decision of setting the effective date for the CREP amendment should be put on the agenda for the April Board meeting.

Next, the Board discussed a potential legislative trip to Washington, D.C. The Board decided that although there was not an immediate need to schedule a trip, the Board would monitor the political climate to determine if there was a need to schedule a trip in the future. With elections in November this year, Director Killin noted that it will be very important to take a group to Washington, D.C., in early 2011.

Next, the Board considered proposed Resolution 10-01 to authorize the President to sign checks in excess of \$1,000 and to authorize the Vice President to sign checks in excess of \$1,000 when the President is absent in the circumstances set forth in the resolution. The proposed resolution was previously provided to the Board electronically and was included in the Board packet. After a brief discussion, a motion to approve Resolution 10-01 was made, seconded, and passed unanimously.

Next, the Board considered the CD rates that General Manager Murphy had researched and reported on. A motion to purchase 6-month CDARS in the amount of \$3,000,000 and to investigate prepaying some principal on CWCB loan was made, seconded, and approved unanimously.

Next, the Board discussed the job descriptions for the Assistant Manager and the General Manager that had been sent electronically to the Board and were included in the Board packet. There was discussion about editing of each description, including adding a paragraph No. 5 to the General Manager's job description regarding responsibility for District facilities in the future (i.e., the Compact Compliance Pipeline). Mr. Robbins suggested some language that could be added. It was decided that Treasurer Seedorf, as Chairperson of the Personnel Committee, would work with Mr. Murphy to finalize the job descriptions. Mr. Seedorf requested that if Board members had suggestions, they should email them to him by next Friday.

In light of Mr. Murphy's impending retirement in June 2011, a discussion of a timetable for recruiting a new General Manager began. Suggestions of how and when to begin advertising for the job opening were discussed. Mr. Murphy said he intended to write a procedures manual for the General Manager position over the next few months to make the transition as smooth as possible. It was decided to have Mr. Murphy create a draft timetable to be discussed at a future Board meeting.

Finally, the Board reviewed committee assignments. President Coryell asked if any Board members wanted to be re-assigned or added to any of the District's committees or other assignments. Assignments were finalized as follows:

Budget Committee: Director Killin, Chairperson; Director Latoski, Director Laybourn, Director Skold, and Director Enderson (plus Executive Committee).

Pipeline Technical Advisory Committee (PTAC): Secretary Pautler, Chairperson; Director Bledsoe, Director G. Kramer, and Director S. Kramer (plus Executive Committee).

Personnel Review Committee: Treasurer Seedorf, Chairperson; Director Bledsoe and Director Dowell.

Negotiating Committee: Vice President Larson, Chairperson; President Coryell, Director S. Kramer, and Director Bledsoe.

Conservation Committee: Director S. Kramer, Chairperson; Secretary Pautler, Director Latoski, and Director Zion.

Other Assignments:

Colorado Water Congress: Treasurer Seedorf

South Platte Roundtable: Director Bauerle

Yuma County Weed Control Authority: Director Dowell

Yuma County Water Authority: Director Latoski

Republican River Watershed Assn: Director S. Kramer

EXECUTIVE SESSION

At 3:00 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 strategies for acquiring land and water rights for the 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 4:40 p.m., the executive session ended.

OLD BUSINESS

President Coryell asked Treasurer Seedorf to review the discussion of the General Manager's salary. Treasurer Seedorf made a motion to adjust the base salary for General Manager Murphy to \$68,000 annually, with appropriate adjustments made for actual months of service through June of 2011. The motion was seconded and passed unanimously.

NEW BUSINESS

At 4:43 p.m., President Coryell reviewed the only new business item, which was to ask District engineer Jim Slattery to prepare a letter report on the Hale Ditch and the Newton Ditch

water rights that are being considered for purchase. A motion to direct Mr. Slattery to prepare the report was made, seconded, and passed unanimously.

At 4:44 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