

**Teleconference Meeting of the Board of Directors of the
Republican River Water Conservation District**

March 27, 2020 Teleconference

In response to the Covid 19 pandemic the Board of Directors of the Republican River Water Conservation District convened a special meeting, pursuant to notice required by statute and the District's By-Laws, by teleconference. NOTE: Due to the malfunctioning of the District's recording system no audio recording of this meeting exists.

Present were:

Board Members:

Rod Lenz, President
Tim Pautler, Secretary
Aaron Sprague, Treasurer
Gil Anderson
Wil Bledsoe
Brooke Campbell
Kevin Penny
Steve Kramer
Brent Deterding
Kenny Helling
Stan Laybourn
Rod Mason
Steven Meakins
Roger Seedorf
Wayne Skold

Deb Daniel, RRWCD General Manager
Suzanna Baker RRWCD Administrative Assistant
David Robbins, RRWCD General Counsel, Hill & Robbins, P.C.
Pete Ampe, RRWCD General Counsel, Hill & Robbins, P.C.
Tim Davis, TJD, Inc

A telephone and a sign-in sheet were provided at the District office for interested members of the public to participate but no public attended.

STATEMENT OF QUORUM

President Rod Lenz called the meeting to order at 11:04 am. Board Secretary Gil Anderson conducted a roll call of the Board members and declared that a quorum of the Board was present. Greg Larson and Jim Hadachek were not able to call-in to the teleconference and were excused.

AGENDA

The agenda as sent out via email prior to the teleconference and is attached to the minutes. Rod Lenz started with the first agenda item, approving additional collateral for the \$5.515M

loan from CWCB. David explained that CWCB had accepted the collateral proposed by the District, which included the recently purchased water rights including: 85% of the Hayes Creek Ditch, the Hayes Creek No. 3 Ditch, the Tip Jack Ditch and one-third of the Hale Ditch acquired from the Cures, which had collectively been appraised for \$4,075M. But, when the Colorado State Controller reviewed the loan documents they objected that the security provided did not match the loan amount and required that additional security be found. David proposed adding the District's other one-third interest in the Hale ditch surface water right, which the District purchased from Don Andrews, to the collateral for the loan. He explained that the CWCB should not need a new appraisal because the value of a one-third interest had been established with the appraisal of the Cures identical share of the Hale Ditch water right. This would add enough security to cover the entire loan amount and would actually provide an additional \$660,000 in excess of the CWCB loan as collateral.

After some discussion and questions from the Board there was a motion to approve Resolution 20-02 approving the use of the Andrews one-third of the Hale Ditch water right as collateral for the CWCB loan. The motion passed unanimously and is attached hereto.

Rod Lenz turned to the second matter on the agenda. He reported on the discussions of the executive committee regarding the end guns on the Dryden property. Greg Larson, as the Negotiating Committee chairman, has decided he is not in favor of removing the end guns due to the financial interest of the RRWCD and the lease possibly changing in the next year. Rod Lenz has been trying to verify acres with and without end guns and because of various complications is now of the opinion that the District should keep operating the end guns for one year until the lease changes. The board agreed to continue with the status quo and leave the end guns operating on the sprinklers on the Dryden property.

Rod then called on Steve Kramer, Conservation Committee chairman, who reported that all meetings so far went great. They are currently at a stand-still due to the Covid-19 epidemic. Kramer then commented on common threads he has seen from the meetings that have occurred. First, there is the need for more public education. There have been many questions on compact compliance and if conservation actions will even effect it. Another question is if each of the GWMDs have to have the same plan? The Committee members from the RRWCD who have given the presentations have stated that it is up to each GWMD. He still needs to meet with two GWMDs and wants to meet with more of the county commissioners as soon as possible. Suzanna Baker is compiling the survey answers received from the GWMD Board members who have met with the Committee.

Rod then asked Wil Bledsoe to give an update on the status of the Beecher Island property. Wil reported that the sellers didn't like the District's contract because it was so complex. The sellers rejected the District's offer and accepted an offer with a simpler contract that had a shorter time to receive payment. Greg Larson has been in contract with CPW to ask if they would be open to other options with regard to a trade for CPW's one-third interest in the Hale Ditch. He has not received a response yet.

There was then a discussion about potential ways to modify the District's draft contract to make it simpler and easier to explain. A question was asked if there was a way to provide for some indemnification or if it was possible to do an exchange with CPW for only a portion of the Hale

Ditch. AS to the later point it was explained that Greg had asked CPW that specific question and had been told that the exchange had to be for the entire interest. David suggested that as a place to start he would draft a set of bullet points which explained, on a page or two, what the district was hoping to achieve. He also said he would think about the concept of indemnification.

Next, Deb Daniel, RRWCD General Manager updated the board that she continues to get inquiries on CREP and EQIP. However, the number of individuals expressing interest in the programs has slowed recently with producers getting into the field. Pete Ampe reported that Mike Sullivan has been talking with Virgil Ireland, USDA-FSA, about expanding CREP acres to include the southern portion of Kit Carson County and the portion of Cheyenne County that were included within the RRWCD boundary by the legislature in 2019. The 2018 Farm Bill brings new provisions which lower rental/payment rates for new contracts. Pete explained that if there is an amendment to the existing agreement between the USDA-FSA and the State of Colorado it would likely reduce the rental rates for the entire District. He said that Mike continues to try to discuss this situation with USDA. Tim Davis is doing background work for us to formulate a response to USDA-FSA on this issue. Tim then reported that it appears this leaves the RRWCD two options. First, Colorado could request an amendment to the current CREP agreement to include all of Kit Carson and the central-northeastern portion of Cheyenne County, which would likely mean a reduction in rental rates paid annually by the federal government throughout the District. The second option is to create a new smaller CREP program for the Kit Carson/Cheyenne counties area and secure a second contract between USDA-FSA and Colorado which would have the lower rental rates from the federal government but would leave the rental rates alone in the rest of the District.

Tim Davis explained that he has read the 2018 Farm Bill and thought that there might be a third option. The Secretary of Ag could waive the rental reduction for the entire RRWCD so that the lands being added would receive the same treatment as the lands currently in the CREP. He explained that under the 2018 Farm Bill there was a 25% reduction in acreage payments and 10% reduction on continuous practices. In Tim's opinion that is mostly for dryland rental rates and not for irrigation rental rates. As a result Davis thought we could get a waiver. Tim Davis will be talking with Mike Sullivan about the best way forward to amend CREP or to request to have a new CREP that would service the area not covered by the current CREP agreement.

Tim Davis also reported that he has talked to Becky Ross, Assistant State Conservationist, about the EQIP program. Tim reported we still do not have answers on how much CO NRCS is going to be able to provide for payments for permanently retiring irrigated acres through the 2020 EQIP program. Currently they are telling producers they can pay \$121/irrigated acre/year for 3 years -- but they are hoping to increase that payment period to 5 years. They have not been able to get that approved by USDA yet. So, we continue to wait for answers. The current EQIP sign up deadline is April 10th. There have not been discussions extending the deadline due to COVID-19. Hopefully once things settle down, we will have more answers. Rod thanked Tim for his report.

Deb then reported the office was closed on March 16 as a precaution due to the COVID-19 pandemic. Deb Daniel and Suzanna Baker have been working from home since that time. The office phone is forwarded to the district cell phone so calls to the office are being answered and Suzanna Baker is able to go to the office as needed to pay bills, collect mail, etc. The Board is also limited to teleconferences until the Colorado stay at home order is lifted by the governor and the District affirms it is safe for the Board, staff and public to again meet in person. David Robbins also

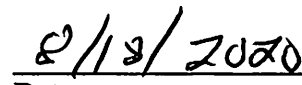
believes it is important for the District to be an example in our communities. There was a short conversation surrounding COVID-19.

Suzanna Baker updated the Board on the 2019 Audit. It is currently scheduled for May 7-8, 2020. Suzanna confirmed the date of the audit yesterday with the auditing firm. Scott Szabo will contact the District should that change.

Kevin Penny asked about the status of negotiations to acquire the Nichols 15% interest in the Hayes Creek Ditch surface water right. Rod Lenz updated the Board that the Board's rejection Mr. Nichols counter offer had been delivered to him and that Mr. Nichols was disappointed the Board did not accept his counteroffer but understood.

There was a motion to adjourn the meeting at 11:58am. It was seconded and approved unanimously.


Secretary


Date