

**Minutes of the Second 2011 Quarterly Board Meeting of the
Board of Directors of the
Republican River Water Conservation District**

April 14, 2011

Yuma, 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 Quintech Center, Yuma, Colorado.

Present were:

Board Members:

Dennis Coryell, President
Greg Larson, Vice President
Byron Weathers, Treasurer
Tim Pautler, Secretary
Eugene Bauerle
Jack Dowell
Raymond Enderson
Kim Killin
Garry Kramer
Steve Kramer
Bruce Latoski
Stan Layborn
Rod Lenz
Rod Mason
Wayne Skold

Stan Murphy, 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.
Jim Slattery, RRWCD Engineer, Slattery & Hendrix Engineering LLC
Tim Davis, RRWCD Program Consultant, TJD LLC
John Willard, RRWCD Accountant, Premier Accounting
Steve Townsley, GEI Consultants, Inc., Project Engineer
Ken Hardesty, GEI Consultants, Inc., Project Engineer
Dick Westmore, GEI Consultants, Inc., Project Engineer

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 all Directors were

present. With 15 Directors attending the meeting, 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. General Manager Stan Murphy advised the Board that the Cure Land invoice under Board Discussion & Action Items should be changed to the Sandy Acres invoice, as it was submitted by Sandy Acres. A motion to approve the agenda with that change was made, seconded, and approved unanimously.

Prior to this meeting, the Directors had received, electronically, a draft of the minutes of the Regular Quarterly Board Meeting held on January 13, 2011, and the executive session held during that 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 Quarterly Board Meeting held on January 13, 2011, and the minutes of the executive session was made, seconded, and approved unanimously.

GENERAL MANAGER'S REPORT

At 10:10 a.m., General Manager Stan Murphy presented the financial report and the disbursements for the quarter ending March 31, 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 first quarter of 2011 was made, seconded, and approved unanimously.

PROGRAM UPDATES AND REPORTS

At 10:19 a.m., Tim Davis, RRWCD Program Consultant, gave the Board an update on the Republican River CREP, stating that the budget situation is pretty bleak for conservation programs but that Congress had not touched those funds in the new budget. Mr. Davis then informed the Board that the RRWCD AWEP application had been approved for \$192,514.00 for the 2011 fiscal year. He said the funds will be allocated to the states on May 6th and shortly after they will be accepting applications through the first part of July.

Director Byron Weathers said he did not have anything to report on the Colorado Water Congress (CWC).

Director Gene Bauerle reported that the Colorado Water Conservation Board (CWCB) held a South Platte Roundtable meeting April 11, 2011. He distributed a sheet to the showing the amounts and entities that had received money from the CWCB.

Director Jack Dowell reported that Fred Raish, general manager of the Yuma County Pest Control District, had stated that they will get started on the South Fork and North Fork phreatophyte removal projects the first part of May. The RRWCD Board Members had also been given a copy of a letter from the Republican River Riparian & Restoration Partners to Scott Ross, Kansas Water Commissioner, in which they were looking for alternative ways to keep Bonny Reservoir open.

Director Bruce Latoski reported that Yuma County Water Authority (YCWA) had voted not to purchase the remaining Rush Creek water rights.

Christine Arbogast, RRWCD federal lobbyist, reported to the Board that conservation programs are under assault in the federal budget because of the projected deficit for 2012. She said some people think that an alternative to cutting conservation is to cut ethanol subsidiaries. She also reported that the Farm Bill will likely be deferred until 2012.

Jim Slattery, RRWCD Engineer, noted that he has been working with GEI Consultants on scheduling for the Pipeline construction and pre-qualifications of bidders. He also said he is still negotiating with owners regarding South Fork and Rush Creek water rights. Mr. Slattery also noted that he has been working with the State of Colorado to address Kansas' concerns about making changes to the RRCA Groundwater Model and the RRCA Accounting Procedures to represent Bonny Reservoir when it is drained. Finally, he said he has been working with the State to address questions about Beaver Creek accounting and the South Fork unallocated flows.

David Robbins, RRWCD legal counsel, informed the Board that the U.S. Supreme Court had granted Kansas' motion for leave to file a petition against Nebraska and had appointed William Kayatta, Jr., an attorney from Portland, Maine, as the Special Master. He said the Special Master wanted to hold a telephone conference with the parties on the following Friday. Mr. Robbins also reported that all easements and rights-of-way have been acquired for the Pipeline except the easements across the Wray Ranch. He also updated the Board on the oral argument before the Colorado Court of Appeals in the Harsh appeal, which had taken place the day before. He said he did not want to make any prediction, but he felt from the questions that the judges were sympathetic to the District's position. Mr. Robbins also reported that the Colorado Water Congress annual convention that he attended in January was very worthwhile. In response to a question from President Coryell about when the Board might expect a decision in the Harsh appeal, Mr. Robbins said the usual time for an opinion from the Court of Appeal is 3-6 weeks after the oral argument.

PRESENTATION

At 11:10 a.m., Rod Lenz updated the Board on the research he had done pertaining to adding hydropower generation to the Pipeline project. He said he had been working with the State of Colorado, GEI Consultants, and some local people to get information. He had also spoken with Terry Hall and Colorado's Energy Office.

At 11:14 a.m., President Coryell recessed the meeting for a ten minute break.

At 11:23 a.m., the meeting was re-convened.

At 11:23 a.m., Ken Hardesty and Steve Townsley of GEI Consultants, Inc. (GEI), provided an update on the cost estimates for the Pipeline project using 2011 prices. They also showed the updated construction schedule for the Pipeline project and answered questions from the Board regarding the schedule. Dick Westmore from GEI then gave a presentation updating the previous investigation of hydropower and answered questions from the Board regarding the cost and feasibility of adding hydropower generation to the Pipeline project at this time. After considerable discussion, the Board concluded that hydropower generation was still not feasible unless the numbers could be renegotiated with the power companies. Director Lenz moved that GEI be

instructed to give the Board a break-even number plus a 3% return while also taking into account the delivery schedule for the Pipeline based on the stipulation with Nebraska for both the 250 kw and 350 kw hydroprojects and to proceed with prequalification of contractors based on the current plans. There was a second and the motion was passed unanimously.

At 12:20 p.m., President Coryell recessed the meeting for lunch.

At 1:04 p.m., the meeting was re-convened.

PUBLIC COMMENT

At 1:05 p.m., President Coryell invited comment from the public. There were no comments from the public.

BOARD ACTION ITEMS

At 1:05 p.m., a motion to authorize GEI to proceed with pre-qualification of contractors for the Compact Compliance Pipeline project was made, seconded, and passed unanimously.

The Board then discussed the amounts and limits for the Pipeline Technical Advisory Committee (PTAC) and Executive Committee to approve change orders for the Pipeline construction contract. A motion to authorize the PTAC to recommend, and the Executive Committee to approve, individual change orders in an amount up to \$50,000, with a maximum of \$250,000 for all change orders, was made, seconded, and passed unanimously.

Next, the Board discussed the status of filing an application to change the use of the water rights the RRWCD had purchased on the South Fork for in-stream flow and Compact compliance. Based on Mr. Slattery's report that he was still working on negotiations with South Fork water rights owners, a motion to table the filing of an application was made, seconded, and passed unanimously.

Next, the Board reviewed and discussed the Sandy Acres invoice for the drilling and planting rye on the Dryden Property and for backhoe work performed. A motion to table the invoice until after the executive session was made, seconded, and passed unanimously.

The Board then discussed the purchase of a new District vehicle. General Manager Murphy suggested that the Board keep the current District vehicle for use by the engineers when the Pipeline construction is started. President Coryell appointed Eugene Bauerle and Jack Dowell to be a committee in charge of purchasing a new District vehicle. A motion to authorize Mr. Bauerle and Mr. Dowell to find a program vehicle in the range of \$27,000, preferably in the Basin, was made, seconded, and passed unanimously.

The Board next considered the amendments to the RRWCD Dental and Vision Insurance Plan. A motion to adopt the amended Dental and Vision Reimbursement plan according to the redlined version given to the Board of Directors, but to include in paragraph 5 that the bills for reimbursement must be submitted within 180 days of receipt by the employee, was made, seconded, and passed unanimously. General Manager Murphy said he would have a final version typed up and signed.

EXECUTIVE SESSION

At 2:35 p.m., a motion was made pursuant to section 24-6-402(4), C.R.S., to enter into executive session to consist of three phases: (1) discussion of the purchase of real estate and water rights, which would not include legal advice from legal counsel; (2) discussion of the purchase of real estate and water rights and determining positions relative to matters subject to negotiations and receiving advice from the RRWCD's legal counsel on legal questions related to those matters; and (3) discussion of and receiving legal advice concerning personnel matters and interviewing applicants for the General Manager position. 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 6:27 p.m., the executive session ended.

CONTINUATION OF BOARD ACTION ITEMS

At 6:30 p.m., President Coryell announced that the Board had decided on two possible applicants as the finalist for the position of General Manager: Phillip Riggleman and Debra Daniel. The Board then, by secret ballot, voted on the finalist for the position of General Manager. Debra Daniel received the most votes. General Manager Murphy was directed to post public notice in accordance with the Open Meetings Law that Debra Daniel was the finalist under consideration for the position of General Manager.

The Board then considered the Sandy Acres invoice. A motion to direct the Executive Committee to make a decision on the Sandy Acres invoice was made, seconded, and passed unanimously.

At 6:37 p.m., Director Stan Layborn left the meeting.

Next, a motion approving and authorizing the Executive Committee and the new General Manager to sign Bank Resolutions, Credit Card Authorization, License Plates Authorization, and Vehicle Use Authorization when the new General Manager is employed and officially takes over as General Manager was made, seconded, and passed unanimously.

OLD BUSINESS

There was no old business.

NEW BUSINESS

There was no new business.

At 6:43 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