

**Minutes of the First 2018 Quarterly Board Meeting of the
Board of Directors of the
Republican River Water Conservation District**

January 11, 2018

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 Burlington Community & Education Center, Burlington, Colorado.

Present were:

Board Members:

Rod Lenz, President
Greg Larson, Vice President
Tim Pautler, Secretary
Aaron Sprague, Treasurer
Gil Anderson
Wil Bledsoe
Dennis Coryell
Brent Deterding
Kenny Helling
Steve Kramer
Rod Mason
Steven Meakins
Roger Seedorf
Wayne Skold

Deb Daniel, RRWCD General Manager
Suzanna Cure, RRWCD Administrative Assistant
David Robbins, RRWCD General Counsel, Hill & Robbins, P.C.
Jim Slattery, RRWCD Engineer, Slattery Water Engineering, LLC
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 Rod Lenz called the meeting to order at 10:10 a.m., welcomed the public and started the meeting with the Pledge of Allegiance and a prayer. Secretary Tim Pautler conducted a roll call of Board members, Stan Laybourn was absent but excused. With 14 Directors attending the meeting, Secretary Pautler declared that a quorum of the Board was present. President Lenz acknowledged Senator Gardner's representative, Darlene Carpio and from Congressman Buck's office, Dusty Johnson.

AGENDA AND APPROVAL OF MINUTES

President Lenz asked for any amendments to the agenda for the meeting. A motion to approve the agenda with no changes was made, seconded, and approved unanimously.

Prior to this meeting, the Directors had received, electronically, a draft of the minutes of the special Board meeting held on November 30th and December 1st, 2017, and the executive session minutes held during that meeting. These documents were also included in the Board packet. President Lenz asked if there were any changes or corrections to the minutes. With no changes, a motion to approve the minutes of the special Board meetings held on November 30th and December 1st, 2017, and the minutes of the executive session held during that meeting was made, seconded, and approved unanimously.

PRESIDENT'S REPORT

At 10:10 a.m., President Rod Lenz gave his report. He reflected on the board retreat and how the strained conversations were productive for the Board. He also acknowledged the respect Board members still held for each other. Lenz also reported that the WPP and the RRWCD has planned a meeting/forum to get all GWMDs in the basin together and keep the lines of communication open. Rod mentioned that the Board will discuss financial assistance for the GWMDs later in the meeting.

GENERAL MANAGER'S REPORT

At 10:20 a.m., General Manager Deb Daniel thanked everyone for coming, it is always nice to have community members join us. At an earlier meeting she mentioned how everyone has a straw in the Ogallala Aquifer how we all need to work together because it won't be getting any easier.

FINANCIAL REPORT

Next, Administrative Assistant Suzanna Cure presented the financial report and the disbursement for the quarter ending December 31, 2017, 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 for the fourth quarter of 2017 was made, seconded, and approved unanimously. Cure also notified the Board of the increase in mileage reimbursement from .53.5/mile to .54.5/mile for 2018, which is set by the IRS.

CCP OPERATIONS REPORT

Next, Deb Daniel reported for CCP Operations Manager Tracy Travis. She stated that the pipeline is running well. The pipeline did shut down once due to a loss of power, but Travis had the pipeline system running again in the same day. Rex Buck had notified the District office that he needed to have some repairs to the fence line along the CCP easement on his property and some dirt work done where the water delivered by the CCP flows into the North Fork Republican. Daniel reminded the Board that in the Easement Agreement with Rex and Jodie Buck, the RRWCD agreed to budget \$2,000/year for repair expenses on his property. This is the first time Buck has asked for reimbursement.

COMMITTEE REPORTS

- Director Aaron Sprague, Budget Committee Chairman, reported that not much is going on and that the Board would be discussing a slight increase in rent if the office space is moved/expanded which will be discussed further during board action items.

- Director Steve Kramer, Conservation Committee Chairman, reported that at the Conservation Committee's last meeting they discussed what the WPP is doing and said the committee agreed that the RRWCD should do what they can to help the WPP and their forum. He also referenced one of the Board Action Items to decide how much to assist the WPP and other GWMDs, whether it be with RRWCD resources and/or financially.
- Director Steven Meakins, Chairman of the Innovation & Technology Committee, reported about a call he had with the Kansas Water Office. Meakins reported their program is pretty loosely held but their main goal is to help framers become more water efficient. They are continually recruiting farmers to add soil probes, dragging line irrigation systems and any discounted technology they can get their hands on. They do not have a structure like we had hoped they would. Meakins reported that the Kansas Water Office will be directing how many acre feet can be pumped for specific regions. Irrigation management is the cheapest easiest investment for the best return. Meakins said that in Kansas getting farmers on board to be efficient is harder with bigger farms while the smaller farms are already efficient. Lenz stated that many water efficient presentations will occur at the WPP forum in February and would be beneficial for everyone to attend. Lenz then asked if we wanted to make the Dryden property an example farm of water conservation methods. Meakins replied that it's hard to do that with the current lease but it would be a goal to do so in future leases. More discussion occurred on possible water conservation ideas on the Dryden property.
- Director Wil Bledsoe, Chairman of the Legislative Committee, reported on the CAPA meeting December 19th, in Burlington, CO. The meeting focused on people outside the RRWCD boundary. CAPA encouraged them to pursue changing the RRWCD boundary. The meeting went well, and Bledsoe thanked the CAPA Board members for their efforts and for meeting with people outside the RRWCD boundary. Plains GWMD has met several times and he gave compliments to Dennis Coryell and Tim Pautler for getting everyone together and keeping the lines of communication open. Bledsoe participated in a teleconference with the State on Thursday, along with CAPA and several others. The State is drafting a letter to the well owners outside the boundary with three options of how they can get into compliance. The letter is supposed to be sent in the next few days. The State has offered to meet with owners in Cheyenne County the end of January 2018 or the first part of February.
- Director Greg Larson, Chairman of the Negotiating Committee, reported that on the Dryden property, the Tim and Marianne Ortner are working with the Stanley Brothers on a sub-lease of one circle on the property. Larson then reported the Earl Property is going to be auctioned on February 6th through Marc Reck , Reck Agri Realty and Auction, from Sterling. The auction will be held at 10:30 AM, at the Cobblestone Inn in Wray. Kenny Helling has volunteered his trailer and shop to keep some equipment from the sprinklers on the Earl Property until the auction date. Details of contract with Marc Reck was then discussed. The Auction will be publicly advertised through Reck Realty. Larson then discussed the amount of dryland rent the RRWCD will give to the buyer. All large capacity wells will be cancelled, with the buyer being given the option to downsize one well to a livestock well. There was then a lengthy discussion as to why the purchaser would be entitled to any monies from the cash lease.
- Director Steven Meakins, Chairman of the Nominating Committee, had nothing to report at this time.
- Director Roger Seedorf, Chairman of the Personnel Committee, reported on the possible move/expansion of the current RRWCD office. The Board was given 3 options.
 1. To stay the same.
 2. To add a window in the current office for \$3,400 with the same rent per month.

3. To move to vacant office space just west of the current office space. The new space has street view and will add 242 square feet to the current office space. There will be some construction necessary for the move, about \$1,500 for time and materials. Rent will also increase to \$1,071.00 per month.

Deb Daniel then explained why the third option would be most beneficial for the RRWCD. The RRWCD is becoming more and more prevalent and it would be beneficial to have the street view in the community. It would also be beneficial for personnel to have natural light. Deb went through all of her negotiations with the landlord to get the extra office space. She also answered all clarification questions from the Board.

- Director Tim Pautler, chairman of the PTAC Committee, referred back to the Y-W Electric proposal to add a tower at the collection tank site. Tim believes all parties have been contacted and it is in the works.

ORGANIZATION REPORTS

- Director Greg Larson reported that the Colorado Water Congress (CWC) will hold its Annual Meeting at the end of the month in Denver, Greg Larson, Rod Lenz and Deb Daniel will all be attending.
- General Manager Deb Daniel reported that she had just attended a meeting in Greeley for the South Platte Basin Round Table and reported 3 funding applications were approved, St. Vrain Conservation District was awarded \$50,000, Lost Creek GWMD was awarded \$25,000, Ducks Unlimited on BOR Land was awarded \$25,000. Garrett Varra was elected President, Sean Conway stepped down to 1st vice chair and John Stokes will be 2nd vice chair. Ms. Daniel is wanting to have an upcoming South Platte Basin Roundtable meeting in the RRWCD basin. She also mentioned that she would love the CWCB to have an upcoming meeting in the RRWCD basin as well.
- Director Steve Kramer reported on the Water Preservation Partnership (WPP). Mr. Kramer has brought in many professionals to help with various questions on water conservation and how to implement it. Kramer went through the WPP forum agenda highlighting various presentations. Presentations range from a presentation on “Use it or Lose it” by Chris Grimes to a panel including representation from the State Engineer’s office and attorneys that represent GWMDs in the basin and much more. The forum promises to be a very informational meeting. The forum will be held in Wray, CO, at St. Andrew’s Catholic Church. A vote for RRWCD to co-sponsor the meeting with WPP will be held during Board action items.
- Director Kenny Helling, representative for Yuma County Water Authority, reported that there isn’t a lot going on.
- Director Roger Seedorf, representative of Yuma County Pest District, reported the State has not funded the district. They will be focusing on the removal of Russian Olive trees. The Division of Parks and Wildlife wants to leave more cottonwoods for natural habitat. Chris Renzelman wants a project completed on the Arikaree near Beecher Island. Kenny Helling added that he talked to Mark Lengel about removing too many cottonwood trees on a previous project. The Lengel’s will be required to replant trees to restore habitat.

PROFESSIONALS REPORTS

- At 11:35 AM Tim Davis, RRWCD Program Consultant, reported that Russian Olive are an exotic species. Removing a cottonwood tree does not conserve any water because the evaporation that occurs after removal and the growth of native grasses, is equal to what the tree would have consumed.

He then reported on the CREP Amendment, Sullivan, Robbins, Brown and Davis all talked about a few changes they wanted on the Amendment. One item in the amendment that won't be accepted is allowing the producer to consolidate the 4 dryland corners of a quarter section sprinkler to one side of the field to make farming easier for the producer. The FSA and Department of Ag are trying to get as many acres as possible into conservation and this proposal works against that goal. Another item that will not be acceptable to FSA is the option to allow the farmer to harvest their crop after the October 1 signup date. This would allow the producer to get a full year's worth of payment the first year. The FSA says the farmer already has the choice of start dates and believes that the producers know what they are signing up for. Davis reported he is not sure if the requested 55,000 total acres will be approved, but if so, an environmental assessment may be required.

Tim mentioned that Ag Commissioner Don Brown has been an asset to the Board in getting the CREP Amendment moving forward.

Daniel mentioned that she has 4 contracts, which are for acres that are in the South Fork Focus Zone, waiting for the Amendment to go through before they sign up.

Discussion continued on the CREP Amendment and how the Board will move forward through various situations. There was much discussion concerning a new Environmental Assessment, financial responsibility and how the timeline would look.

OAI for 2018 was open through December 15th with a possible extension through February 15th, 2018. Deb asked if the rate/acre will change for 2018. Davis responded that he would have to check but it could be different for different counties.

- Christine Arbogast, RRWCD federal lobbyist, was not able to attend the meeting.
- Scott Meiklejohn, RRWCD state lobbyist, stated that the state legislature started up yesterday. This year the legislature has a Democratic House and a Republican Senate. Meiklejohn said it would be an interesting year with elections occurring. He discussed the status of the initial bills that might be of interest to the Board.

There is a link on the website that is updated daily with information on the bills he discussed.

At 12:04PM, President Lenz recessed the meeting for lunch.

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

PROFESSIONALS REPORTS CONTINUED

- Darlene Carpio, Senator Gardner's Office, stated the Senator Gardner will try to educate the Trump Administration just how important foreign markets are to the Agriculture Bill. They hope to get the Farm Bill out and approved in March. Carpio reported they do not foresee any cuts in insurance and will push to keep support in conservation efforts.

- Dusty Johnson, Congressman Buck's office, reported on Congressman Buck's Tax Bill concerns. Johnson will be going to DC in February and wants to hear from the Board regarding the Farm Bill before she goes. She could possibly be there for 4-6 months. Jake Bornstein has left the office and we need to discuss all concerns through Dusty Johnson.

PUBLIC COMMENT

At 1:06 p.m., President Lenz invited comment from the public.

Barry Hinkhouse, a producer from Burlington, CO, has wells in inside and outside of the RRWCD boundary. He would like the board to look at the water assessment fee and possibly restructure to reflect usage. He said this is one of the few problems that can be solved right here in this area without outside involvement. He wants the issue to be resolved and we all need to work together to solve this problem.

Dale Hansen has wells in the District and outside. His goal is to get the fee structure to reflect usage. He also questions the accounting of acre feet used.

Kit Carson County Commissioner Dave Hornung, spoke of people who were left out of the District boundary to no fault of their own. Should they be paying 14.50/ acre? He also believes a fair way to calculate would be a multiway fee, for example per acre foot. He spoke to his support of the Plains GWMD resolution to be presented later.

Aaron Sprague spoke to why the \$14.50 was necessary. When the RRWCD first started it was the only way to administer the fee and we must meet The District's financial obligations to the CWCB loan.

Kevin Penny asked if he could hold his comment until 2:00 PM. President Rod Lenz said he could.

At 1:17 p.m., having no other comments from the public, public comment was closed.

PROFESSIONALS REPORTS CONTINUED

- Jim Slattery, RRWCD water engineer, spoke on the possibility of water imports into the RRWCD Basin. Slattery reported mainly on importing water from the Platte River into the Frenchman River drainage in Colorado. This water would be credited half to Colorado and half to Nebraska. Slattery did not address environmental concerns. Slattery projected that as of today the project would cost upwards of \$80 – \$100 million dollars not to mention the easements necessary. Recently CWCB did a study to store water along the South Platte. Jim requested that the Board have him look at the study and report at a later date. Jim then outlined to the Board how environmental concerns have limited the ability to develop projects that sought to develop additional water supplies and would be an impediment to any project that proposed importation from the S. Platte to the Republican.

Discussion continued on the complexities of water importation from the South Platte.

Jim then spoke on his previous meeting with the Plains GWMD board. He met with their Board in the morning and then gave an hour presentation in the afternoon. He commented on how beneficial the meeting was and how the RRWCD Basin was created to protect everyone in the Basin. The CCP protects the North Fork as well as the South Fork. If anyone is shut down in the RRWCD Basin, then everyone would be shut down in the Basin. The rules are coming and if you aren't in an augmentation plan or covered by the CCP then the State could shut down their wells. Jim stated that the Plains GWMD now has all the information in front of them and can make an educated decision.

- David Robbins, RRWCD legal counsel, reported to Board on Peter Nichols representing the State of Colorado in a lawsuit vs the EPA. The EPA argues that if you are diverting water from one source or stream system to another source or stream system and then the water you import could change the chemistry of water in the receiving stream which would require a NPDES discharge permit. The pipeline could be affected if the EPA position is successful.

Robbins also commented that he is continuing to work on the Dryden lease and sub-lease. Robbins will also be talking with Ag Commissioner Don Brown on the CREP Amendment.

A question was asked, and discussion followed regarding the next steps for the Hutton Trust lawsuit.

PRESENTATIONS

- Bart Mulch president of the Plains GWMD reported on the Plains GWMD district meeting on January 10th. The purpose of the meeting was to discuss the boundary issue. The pipeline was also discussed and how it affects the RRWCD Basin. He then read a resolution from the Plains GWMD to the RRWCD Board. The Resolution in summary asked that the RRWCD Board proceed in good faith to propose one or more alternative fee assessment structures that would account for irrigated acres and reflect acre-feet of water pumped.

David Robbins then outlined a model used in the Rio Grande area that could be followed for the same purposes in the RRWCD Basin.

Discussion continued on the logistics of changing the fee structure to reflect water usage. Concerns included adding additional administration costs, the possibility of having to add another employee to manage the program and the challenge of matching wells to parcels in the County Assessor's offices.

Kevin Penny, a producer in Burlington, Colorado, commented on the possibility that producers will be charged more with a new fee structure. Kevin suggested that we don't charge more to producers and keep only what is needed per the budget. Penny spoke on how the GWM District to the south doesn't want to join but that they will have to eventually be protected from Compact claims. Penny stated that we should all want the low producing wells to stay for revenue inputs. Penny also discussed different ways it would be manageable administratively.

Rod Lenz then responded to Penny's thoughts and discussion continued on how to make the fee structure of the RRWCD fair and acceptable to everyone.

Aaron Sprague stated his concerns of having a budget that is neutral. He stated that the CWCB requires the RRWCD to have funds in reserve. With that, he said he still believes that there is a budgetary answer. Lengthy discussion continued on budgetary concerns and how the fee structure could be changed.

Kenny Helling spoke supporting the idea of being charged by what is used. Kenny also stated that he has been educated sitting on the Board that we need to get the boundary changed to reflect the compact compliance line, when that problem is resolved, and everyone is on the same ground then we can look at the fee structure and get it to reflect the budget.

Mark Hillman, Board member of the PGWMD asked to speak. He was a Senator at the time the RRWCD was created and the boundary was set. At that time, they just went with what the State Engineer's Office recommended. He stated that about 75% of the wells outside the boundary are willing

to join the RRWCD with a change in the water use fee structure. He also recommended that the fee structure could be over 2 years instead of over 1 year to save on administration fees. He continued that everyone in the room has valid points to keep the fee structure the way it is or as to why they want it changed. He again stated that we have a solution to about 75% of the problem. Jim Slattery has the expertise to help us figure it out.

Bart Mulch spoke again to point out that the fee structure would not be a conservation program.

Deb Daniel spoke on how the Plains GWMD did not outline how they would help with the boundary issue. Tim Pautler stated that the Plains group does not have a say over East Cheyenne but that the wells currently in the Plains GWMD but not in the RRWCD boundary are willing to join.

Aaron Sprague then asked that if the Budget Committee would bring forward some options of how to change the fee structure, would the Plains GWMD then be willing to talk with Senator Sonnenburg to support the boundary change?

Wayne Skold commented that we need to establish some facts with Jim Slattery's help to figure out how much was pumped and what the expected cost would be per acre foot.

Dennis Coryell asked if there was anyone against changing the fee structure.

Steven Meakins asked what would it bring to the table? Individuals from the public spoke up that it would bring in ~\$500,000 to the RRWCD.

Kevin Penny spoke to the fact that he has been on the inside for years and that he isn't on the outside. The problem isn't just the guys on the outside of the boundary, the guys on the inside see the current fee structure as a problem as well.

Aaron Sprague suggested that there be a Budget Committee meeting scheduled in the first quarter to come up with 3-4 options on a fee schedule. It was noted that the public is invited to these meetings and need to contact the RRWCD office to be informed of when meetings are going to be held.

At 2:42 Rod Lenz announced a 5-minute break before the next presentation.

- Next a Presentation by Lameck Odhiambo, Irrigation Specialist was given to the board. Odhiambo is from the University of Nebraska Lincoln, Institute of Agriculture and Natural Resources. His study is on reconfiguring farmers' behavior to reduce irrigation water use. About 80% of today's US water is used through agriculture. He found that sometimes some conservation technology methods without behavior change will lead to more water used. The goal of his study is to identify the most useful approach based on the input of those who choose to participate in his study. There was a motion to send Lameck the database for his study. The motion was seconded and approved unanimously.

BOARD DISCUSSION AND ACTION ITEMS

The RRWCD Committees for 2018 were approved. The list of committees is attached to the minutes as Exhibit A.

At 3:13 PM., the Board discussed the public place or places for posting notice of meetings in accordance with the Colorado Open Meetings Law. A motion to continue posting such notices at the Yuma County Courthouse and the RRWCD website and at the RRWCD office was made, seconded, and passed unanimously.

Next, the Board reviewed the rates for Professional Associates for 2018. A document outlining the changes was provided in the board packet. After discussion, a motion to approve the proposed rates for Professional Associates for 2018 was made, seconded, and passed unanimously. Rod and Deb will have a meeting to discuss specific increase and possible changes next year.

Next, the Board discussed the Dryden property lease, David Robbins stated there were issues with receiving the second half of the 2017 lease payment on time. There have been discussions with the Lessee to determine and maintain timely payments. The Executive Committee have had discussions on perhaps requesting the sub-lessee payments to the lessee go directly to the RRWCD. More discussion occurred on the Dryden Property lease. There was motion for the Executive Committee to continue negotiations and to execute a lease with more stringent terms on timely payments and that payments from the sub-lease be paid directed to the RRWCD. The motion was seconded and approved unanimously.

The Board then discussed available office space for the RRWCD. A motion was made to accept the proposed expanded office space, it was seconded and approved unanimously.

Next the board discussed setting a limit of financial assistance available to each groundwater management district for RRWCD professional services. After lengthy discussions, it was decided to have the Innovation and Technology Committee create a proposal to present at a future meeting.

Then the Board discussed the Ground Water Management District Water Conservation Educational Forum to be held on February 8, 2018. Steve Kramer asked if the RRWCD would want to co-sponsor the forum with Water Preservation Partnership. Expenses would include food, drinks, meeting room and legal counsel expenses. It was moved that the RRWCD cost share 50% of the expenses for the forum. The motion was amended to, The RRWCD share 50% of the Ground Water Management District Water Conservation Educational Forum up to \$5,000. It was seconded and approved unanimously.

EXECUTIVE SESSION

There was no executive session.

OLD BUSINESS

There was no old business.

NEW BUSINESS

President Rod Lenz asked the Board to discuss the GWMDs water conservation efforts in the Basin. Tim Pautler asked Nate Midcap and Steven Meakins to explain their ideas of water conservation. The Big 4 GWMDs meeting was then discussed. Steven Meakins said that a pilot program was going to start through google docs. At the same time the app will be worked until it is feasible to use.

At 3:58 PM., having no further business to be brought before the Board, a motion to adjourn the meeting was made, seconded, and passed unanimously.

Secretary

Date