

**Minutes of the Third 2016 Regular Quarterly Meeting of the
Republican River Water Conservation District**

October 13, 2016

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 Cobblestone Inn & Suites meeting room, Wray, Colorado.

Present were:

Board Members:

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

Deb Daniel, RRWCD General Manager
Dawn Webster, RRWCD Administrative Assistant
Pete Ampe, RRWCD General Counsel, Hill & Robbins, P.C.
Jim Slattery, RRWCD Engineer, Slattery Water Engineering, LLC
Tim Davis, RRWCD Program Consultant, TJD LLC
John Willard, RRWCD Accountant, Premier Accounting

A sign in sheet listing the members of the public attending the meeting is attached as Exhibit 1.

RECOGNITION OF APPOINTMENTS

President Rod Lenz called the meeting to order at 10:04 a.m., welcomed the public, and started the meeting with the Pledge of Allegiance and a prayer. President Lenz noted the reappointment of Greg Larson as a director by the board of county commissioners of Logan County, the reappointment of Steven Meakins as a director by the board of the Frenchman Ground Water Management District, the reappointment of Rod Lenz as a director by the board of the Sandhills Ground Water Management District, the reappointment of Steve Kramer as a director by the board of commissioners of the Colorado Groundwater Commission, the appointment of Roger Seedorf as a director by the board of the WY

Ground Water Management District, and the appointment of Kenny Helling as a director by the board of county commissioners of Yuma County.

STATEMENT OF QUORUM

Secretary Tim Pautler conducted a roll call of Board members, noting that Director Stan Laybourn was absent, but arrived later in the meeting as noted in the minutes. With 14 Directors attending the meeting, President Lenz declared that a quorum of the Board was present.

AGENDA AND APPROVAL OF MINUTES

President Lenz asked for any amendments to the agenda for the meeting. There being no changes, a motion to approve the agenda 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 13, 2016, the August 11, 2016 special telephonic Board meeting, the August 17, 2016 special Board meeting and the September 15, 2016 special telephonic Board meeting, and the executive sessions held during those meetings. These documents were also included in the Board packet today. President Lenz 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 13, 2016, the August 11, 2016 special telephonic Board meeting, the August 17, 2016 special Board meeting and the September 15, 2016 special telephonic Board meeting was made, seconded, and approved unanimously.

PRESIDENT'S REPORT

President Rod Lenz read Resolution 16-4, thanking Byron Weathers for his service serving on the RRWCD Board and presented Byron with the framed resolution. Director Kenny Helling also thanked Byron for everything he has done for the RRWCD Board.

At 10:13 a.m., Director Stan Laybourn joined the meeting.

Next, President Lenz gave a slideshow presentation on what's ahead for the District and discussed the upcoming special board meeting, noting that innovation, technology, and waterway maintenance were topics going to be discussed.

GENERAL MANAGER'S REPORT

General Manager Deb Daniel gave a slideshow presentation showing the information she gained while attending a Netafim Convention in California that she was asked to present at. Mrs. Daniel also reported on a field day done by Bruce Unruh regarding different cover crops.

FINANCIAL REPORT

At 10:45 a.m., Administrative Assistant Dawn Webster presented the financial report and the disbursement for the quarter ending September 30, 2016, 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 2016 was made, seconded, and approved unanimously.

AUDIT REPORT

Next, Administrative Assistant Dawn Webster presented the 2015 audit. After discussion, a motion to accept the 2015 audit and approve the letter of engagement from Winfrey and County for the 2016 audit was made, seconded, and approved unanimously. RRWCD Accountant John Willard informed the Board that the audit process went exceptionally well this year.

COMPACT COMPLIANCE PIPELINE REPORT

At 10:50 a.m., Compact Compliance Pipeline (CCP) Operations Manager Tracy Travis reported to the Board that the CCP was started up on Monday, October 10th, noting there was an issue with one of the wells so only seven wells are currently running until the eighth well gets repaired. After discussion regarding emergency well house heating, a motion to approve \$15,000.00 towards well house heating with final approval from the Executive Committee was made, seconded, and approved unanimously.

BUDGET HEARING

At 11:00 a.m., the Board held a hearing on the proposed 2017 budget for the RRWCD and the RRWCD WAE. Notice of the hearing was published in accordance with law. Budget Committee chairman Aaron Sprague opened the Budget Hearing. John Willard, RRWCD Accountant, began by informing the Board that the Budget Committee had met to prepare the proposed 2017 Budget. Mr. Willard reviewed each item in the budget and discussed the various elements that went into the totals. Possible revisions to the Budget were discussed. President Lenz asked the Board members if they had any questions. President Lenz then asked for any public testimony, questions or comments; there were none. At 11:32 a.m., the Budget Hearing was closed.

COMMITTEES, ORANGIZATIONS, & PROFESSIONALS REPORTS

At 11:36 a.m., Director Steve Kramer, chairman of the Conservation Committee, reported that the committee met on October 5th to discuss the CREP appendix, and the continuation of the Ogallala Aquifer Initiative (OAI), increasing funding but doing away with the temporary retirement part of the program. Director Kramer noted that the committee also discussed several water assessment fee options, GWMD rulemaking, and the conservation symposium. Lastly, Mr. Kramer stated that the committee felt that a 20-25% reduction could be achievable, and the producers would have a chance to make the reduction on their own over three years otherwise a mandatory cap could be put in place, noting that the option was going to be discussed in further detail at the special board meeting.

Wil Bledsoe, chairman of the Legislative Committee, reported that the State of Colorado has held three educational meeting's in Burlington, CO regarding the proposed basin rules. Mr. Bledsoe stated that there was a conference call in September urging Senator Sonnenberg to support a bill changing the RRWCD boundary, but after some issues the Board asked the bill to be removed.

Director Greg Larson, chairman of the RRWCD Negotiating Committee, reported that the committee met regarding Gary and Nancy Earl's property that was currently up for sale, stating that the

committee offered a lease option, however the Earl's declined the offer. Mr. Larson also reported that the committee recommends the Dryden property go back out for lease, but the topic will be discussed at the special Board meeting.

Director Gene Bauerle, chairman of the RRWCD Nominating Committee, stated that an email was sent out in September asking the Directors if they would like to run for an executive committee position and that the election will be held later in the meeting.

Director Wayne Skold, chairman of the Personnel Committee, reported that the committee met in September, where they discussed General Manager Deb Daniel and Administrative Assistant Dawn Webster's salaries for 2017. Mr. Skold stated that a recommendation from the Board was made and would be discussed at the upcoming special board meeting.

REPORTS

At 12:00 p.m., Dick Wolfe, State Water Engineer, and Mike Sullivan, Colorado Deputy State Engineer, reported that they met with Kansas and Nebraska, along with the Bureau of Reclamation in September, where they discussed reservoir distributions and the retirement of acres on the South Fork. Mr. Wolfe noted that the next advisory rule making committee meeting would be held on November 7th in Burlington, CO. Mr. Wolfe answered questions regarding his upcoming retirement and his possible replacement. Next, Dave Keeler reported on the annual reporting forms, which were to be mailed out the next week and are due in the Greeley office no later than December 1, 2016.

At 12:35 p.m., President Lenz recessed the meeting for lunch.

At 1:20 p.m., the meeting was re-convened.

ASSOCIATED ORGANIZATIONS REPORTS

Director Greg Larson reported that he attended the Colorado Water Congress (CWC) annual summer meeting the last part of August in Steamboat Springs, CO, noting that it will be held in Vail for the next couple of years. Mr. Larson reported that the Colorado Water Conservation Board (CWCB) has no funding for 2016 or 2017, and noted that he met with congressional staff while at the convention.

General Manager Deb Daniel reported that the South Platte Basin Roundtable was being very strict as to what organizations were being funded because of the lack of funds from the CWCB, and stated that the next roundtable meeting will be held on October 26th.

Next, Director Steve Kramer reported that the Water Preservation Partnership (WPP) met on September 28th, where the partnership agreed upon hosting a couple meetings within the Basin that included the Groundwater Management District's and Commissioners. Mr. Kramer stated that the meetings were held in Burlington, CO and Wauneta, CO and the partnership received feedback regarding a presentation by CSU and on a survey to be sent out to well owners within the Basin.

General Manager Deb Daniel reported that she had nothing to report for the Yuma County Water Authority (YCWA).

Former Director Jack Dowell introduced Jordan Davison from the Yuma County Pest District. Mr. Davison updated the Board on the phreatophyte removal, stating that the funds given by the RRWCD was used to match a grant. Mr. Davison stated that two projects were to be started this fall using chemical treatments and mechanical removal of trees.

PUBLIC COMMENT

At 1:45 p.m., President Lenz invited comment from the public.

Mario Ruiz, representative for Congressman Ken Buck's office, introduced himself to the Board and reported that Congressman Buck signed a letter regarding the problems with the amended CREP appendix. President Lenz asked Mr. Ruiz to pass on the Board's appreciation to Congressman Buck.

Dr. Alan Foutz, representative for Senator Gardner, reported that he had the opportunity to bring Phil Newman from Washington D.C. out to the Basin and thanked Deb Daniel and Rod Lenz for taking the time to meet with them and discuss the history and future of the District. Dr. Foutz suggested that the Directors strongly consider taking a trip to Washington D.C. and meet with the congressional staff. Dr. Foutz noted that he has officially announced his retirement and is hoping they will find his replacement soon.

At 1:52 p.m., Public Comment period ended.

PROFESSIONAL REPORTS

Tim Davis, RRWCD Program Consultant, reported to the Board on the various conservation programs, including funding amounts, the 2017 Farm Bill, and the CREP appendix change.

Christine Arbogast, RRWCD federal lobbyist, reported on various issues, including the CREP appendix change, the drought bill, and the farm bill. Ms. Arbogast suggested that the Directors consider taking a trip to Washington D.C. for several reasons but mainly because of the upcoming farm bill.

Scott Meiklejohn, RRWCD state lobbyist, reported on various bills that went through the Water Resources Interim Review Committee, noting that the boundary issue bill was taken out of the review committee.

Jim Slattery, RRWCD water engineer, gave a slideshow presentation on depletions within the Republican River Basin and water budgets. Mr. Slattery answered several questions from the Board of Directors regarding his presentation.

Pete Ampe, RRWCD legal counsel, updated the Board on the status of the Cure litigations their CREP applications that were denied by FSA. Mr. Ampe also gave a brief update on the Hutton Trust lawsuit, stating that the Water Court dismissed Hutton's claim 1 and part of claim 3, but found that there are issues of material fact as the remaining claims and denied summary judgement.

BOARD ACTION ITEMS

A motion to approve resolutions to adopt the proposed 2017 Budget and to approve appropriations in the amounts of the Budget was made, seconded, and approved unanimously.

Next, a motion to approve Resolution 16-3 to certify the Special Water Use Fee Assessment for Yuma County was made, seconded, and approved unanimously.

Next, after discussion, a motion to approve filing the RRWCD's application to Sandhills Ground Water Management District for export of water from well permit number 12567-FP into Compact Compliance Pipeline was made, seconded, and approved unanimously.

Next, after discussion, a motion to approve the recommendation from the Conservation Committee for increased program funding, the removal of the temporary retirement, and the increase in water monitoring systems for producers for the 2017 Ogallala Aquifer Initiative conservation program was made, seconded, and approved unanimously.

Next, 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 December 1 and 2, 2016, in Loveland, Colorado. A motion to approve the resolution waiving the location requirement for a special Board meeting to be held on December 1 and 2, 2016, in Loveland, Colorado, was made, seconded, and passed unanimously.

ELECTION OF OFFICERS

At 3:50 p.m., the election of officers began. Director Gene Bauerle, Chairman of the Nominating Committee, stated that the Nominating Committee recommended Rod Lenz for President. There were no nominations from the floor. A motion to cease nominations and declare Rod Lenz as President was made, seconded, and approved unanimously.

The Nominating Committee recommended Greg Larson for Vice President. There were no nominations from the floor. A motion to cease nominations and declare Greg Larson as Vice President was made, seconded, and passed unanimously.

The Nominating Committee recommended Tim Pautler for Secretary. Rod Mason was nominated from the floor. Blank ballots were handed out to the full Board. Director Rod Mason received five votes. Director Tim Pautler received ten votes, and therefore was elected Secretary.

The Nominating Committee recommended Aaron Sprague and Brent Deterding for Treasurer. There were no nominations from the floor. Blank ballots were handed out to the full Board. Brent Deterding received three votes and Aaron Sprague received twelve votes, and therefore was elected Treasurer.

EXECUTIVE SESSION

At 4:12 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 and litigation concerning South Fork water rights; to discuss and determine positions, develop strategies, and instruct negotiators concerning the purchase or lease of water rights; determine positions and instruct negotiators concerning water supply acquisition, receive legal advice on legal questions related to such agreements, contracts and easements, discuss program applications; Compact Compliance and discussions with Kansas (to the extent subject to privilege), and the Compact Compliance Pipeline and Bonny Reservoir. The motion was seconded and passed unanimously. President Lenz stated that no adoption of any proposed policy, position, resolution, rule, regulation, or formal action shall occur in executive session.

At 4:22 p.m., a motion to exit out of executive session was made, seconded, and passed unanimously.

OLD BUSINESS

There was no old business.

NEW BUSINESS

President Lenz discussed offering a contract to well owners who are in the Republican River domain but are outside of the RRWCD boundary.

At 4:51 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