

MINUTES¹
THIRD REGULAR QUARTERLY MEETING OF THE
BOARD OF DIRECTORS OF THE
COLORADO RIVER WATER CONSERVATION DISTRICT

July 21-22, 2015

Pursuant to notice duly and properly given, the Third Regular Quarterly Meeting of the Board of Directors of the Colorado River Water Conservation District (CRWCD) was held on Tuesday and Wednesday July 21-22, 2015 at the Hotel Denver, 402 7th Street, Glenwood Springs, Colorado.

Directors participating during all or part of the meeting:

Jon Stavney, President	Tom Alvey, Vice President
David H. Merritt	Marc Catlin
William S. Trampe	John Justman
John Ely	Doug Monger
Gary Martinez	Rebie Hazard
Martha Whitmore	Tom Gray
Stan Whinnery	Alden Vanden Brink

Directors not participating:

James Newberry

Others participating during all or part of the meeting:

Eric Kuhn, General Manager, CRWCD
Peter Fleming, General Counsel, CRWCD
Dan Birch, Deputy General Manager, CRWCD
John Currier, Chief Engineer, CRWCD
Chris Treese, Manager, External Affairs, CRWCD
Jason Turner, Senior Counsel, CRWCD
Mary Kalmes, Chief Accountant, CRWCD
Ian Philips, Accountant, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Jim Pokrandt, Community Affairs Director, CRWCD
Dave Kanzer, Sr. Water Resources Engineer, CRWCD
Don Meyer, Sr. Water Resources Engineer, CRWCD
Hunter Causey, Water Resources Engineer, CRWCD
Dave Smith, Engineering Technician, CRWCD
Denise Hussain, Records Administrator/Information Specialist CRWCD
Lorra Nichols, Paralegal, CRWCD
Martha Moore, Public Affairs Specialist, CRWCD
Alesha Frederick, Business Support Specialist, CRWCD
Diane Johnson, Eagle River Water & Sanitation District
Susan Owens, The Owens Group
Brent Gardner-Smith, Aspen Journalism
Larry Sweeney, Colorado Association of Conservation Districts
John Martin, Garfield County Commissioner
Nissa Erikson, Congressman Polis' Office

¹An audio recording has been made of the meeting. The motions described herein may not necessarily represent a verbatim transcription. The audio recordings are available for listening at the CRWCD offices during regular office hours. These minutes are the official record of the Colorado River Water Conservation District's meeting.

Roger Maggard, Hays, Maggard & Hood, P.C.
Kevin Smith, McGladrey, LP (via phone)

Quorum.

President Stavney found a quorum and called the meeting to order at 10:00 a.m.

Review Meeting Agenda and Objectives.

Eric Kuhn requested the addition of Resolutions for Justice Hobbs as agenda item 7. i. Mr. Kuhn also relayed that there would be an Information and Outreach Committee report at 8:15 on Wednesday, July 22. Director Ely moved, seconded by Director Trampe, to approve the agenda as amended. Motion carried unanimously.

Consent Agenda.

Director Alvey moved, seconded by Director Whitmore, to approve the following consent agenda as presented. Motion carried unanimously.

- a. Approval of Minutes and Actions Taken:
 - i. Minutes of Special Joint Meeting, Telephone Conference, March 19, 2015.
 - ii. Minutes of Special Joint Meeting, Telephone Conference, April 2, 2015.
 - iii. Minutes of Second Regular Quarterly Meeting, April 21, 2015.
 - iv. Minutes of Special Joint Meeting, Teleconference, April 30, 2015.
- b. Acceptance of Treasurer's Reports and Check Registers for March, April and May 2015.

Future Meetings.

- a. CRWCD Water Seminar, **September 10, 2015, Grand Junction, CO.**
- b. CRWCD 2016 Budget Workshop/Special Joint Meeting, **September 24, 2015, Wolford Mountain Reservoir, Kremmling, CO.**
- c. Fourth Regular Quarterly Meetings, **October 20, 2015, Glenwood Springs, CO.**
- d. Other Meetings:
 - i. CWC Summer Convention, **August 19-21, 2015, Vail, CO.**
 - ii. CRWUA Convention, **December 16-18, 2015, Las Vegas NV.**

CWC Webinar on State Water Plan Revisions.

Discussion of Colorado State Water Plan:

Prior to the meeting, the Board viewed a webinar highlighting revisions to the draft Colorado Water Plan. Thousands of public comments on the first draft were received by the Colorado Water Conservation Board including the River District's, and the comment period will end on September 17, 2015 for the latest draft.

Presentation by Susan Owens on CRWCD 2015 Salary Survey.

Susan Owens presented the River District salary survey which is conducted triennially pursuant to the Board's policy. The purpose of the survey is to determine if salary ranges remain competitive and consistent with the District's compensation goals.

General Counsel's Report – Executive Session.

Peter Fleming reported that the following matters qualify for discussion in Executive Session pursuant to C.R.S. §§ 24-6-402(4)(b)(legal advice) and (e)(negotiations):

- i. CRCA Implementation Matters.
- ii. Shoshone Outage Protocol Agreement.
- iii. Shoshone Protection Project.
- iv. Application of City of Glenwood Springs for Recreational In-Channel Diversion, Case No. 13CW109, Water Division 5.

- v. Proposed Dolores River Instream Flow.
- vi. Taylor Park Reservoir, Exchange and Diligence Applications, Case Nos. 90CW164 and 11CW31, Water Division 4.
- vii. Colorado River Compact and Interstate Issues.

Director Monger moved, seconded by Director Whinnery, to proceed into Executive Session pursuant to C.R.S. §§ 24-6-402(4)(b)(legal advice) and (e)(negotiations). Motion carried unanimously.

Peter Fleming stated that no further record of the Executive Session need be kept based on his opinion that the discussion will constitute privileged attorney-client communications.

President Stavney reconvened into Public Session at 12:42 p.m.

General Counsel's Report – Public Session.

Peter Fleming reported that during Executive Session, the Board provided guidance to staff and General Counsel on the following matters:

- i. CRCA Implementation Matters.
- ii. Shoshone Outage Protocol Agreement.
- iii. Shoshone Protection Project.
- iv. Application of City of Glenwood Springs for Recreational In-Channel Diversion, Case No. 13CW109, Water Division 5.
- v. Proposed Dolores River Instream Flow.
- vi. Taylor Park Reservoir, Exchange and Diligence Applications, Case Nos. 90CW164 and 11CW, Water Division 4.
- vii. Colorado River Compact and Interstate Issues.

Peter Fleming reported that at a recent Colorado Water Conservation Board (CWCB) meeting, River District staff addressed the CWCB on policy issues related to the potential impacts of large instream flow proposals located downstream of existing and future water uses. Staff was directed to continue its participation in the policy discussion.

Mr. Fleming also relayed that the Alternative Management Plan of the Upper Colorado River Wild and Scenic Stakeholders Group was formally adopted by the Bureau of Land Management and the U.S. Forest Service.

It was reported that the Southwestern Water Conservation District has requested that the River District assist it by filing an *amicus curiae* brief in support of its Motion to Dismiss various New Mexico entities. The issue is if out-of-state water user entities have standing to object in a Colorado Water Court proceeding.

Director Alvey moved second by Director Catlin, to authorize counsel and staff to file an *amicus* brief in the Application of Southwestern Water Conservation District and La Plata County, Case No. 13CW3034, Water Division 7, in support of the Southwestern District on the position that the protection of rights to compact-allocated water are matters reserved to the signatory, sovereign states. Motion carried unanimously.

Director Whinnery moved, seconded by Director Catlin, to authorize counsel and staff to submit comments on the Northern Integrated Supply Project (NISP) Supplemental Draft EIS to ensure that NISP does not impact the West Slope. Motion carried unanimously.

It was reported that the EPA and ACOE has published the final rule defining “Waters of the United States” under the Clean Water Act. To date, the rule has triggered at least five lawsuits challenging the rule.

The Colorado Supreme Court issued its ruling in the St. Judes v. Roaring Fork Club case, and its decision effectively prohibits any future diversions on a direct flow basis for aesthetic, recreational or piscatorial purposes unless there is an active, objectively quantifiable use of the water.

Director Merritt moved, seconded by Director Alvey, to approve the Grand County Restoration and Summit County Restoration Funds and directed that the agreements be executed by the General Manager. Motion carried unanimously.

Director Stavney moved, seconded by Director Merritt, to authorize counsel to execute a stipulation with the Piney Valley Ranches Trust resolving the Trust's opposition in the Application for Finding of Reasonable Diligence of the River District, Upper Eagle Regional Water Authority and Eagle River Water & Sanitation District for the Eagle-Piney Project, Case No. 13CW3079, Water Division 5. Motion carried unanimously.

Peter Fleming referred the Board to the General Counsel goals and objectives for 2015 and noted that progress is being made on many of the goals.

General Manager's Report.

Mid-Year Review of 2015 Goals and Objectives:

Eric Kuhn reviewed the district's goals and objectives for 2015 including moving forward with the remediation of Ritschard Dam at Wolford Mountain Reservoir, continued participation in the development of the Colorado Water Plan as well as the Upper Basin contingency plan, among others, and further development of a protection strategy for West Slope agricultural water supplies.

IBCC/Roundtable Update:

Mr. Kuhn reported that at a recent IBCC meeting, a presentation was given examining potential funding issues for implementing any new water project contemplated by the Colorado Water Plan. Funding options are being explored including a container tax, a water mill levy on the Front Range counties, and a targeted statewide sales tax increase for water project funding.

Colorado River Interstate Issues:

It was reported that the April-July forecast inflow to Lake Powell increased from 3.0 million acre feet to 6.3 million acre feet largely due to a very wet May in the Upper Colorado River Basin. It was also reported that the System Conservation Agreement has received 12 project requests from three Upper Basin states. The Agreement has a \$2.75 million pool for pilot projects in the Upper Basin intended to reduce consumptive water uses and improve system storage levels.

Compact Water Bank:

Dan Birch reported it is anticipated that results of Phase IIB of the Compact Water Bank Feasibility Study will be presented to the Board at the October quarterly meeting. Phase IIB is examining and analyzing issues of how reduced consumptive use could be administered within ditch systems. Three systems and three farms are participating in Phase IIB Phase IIC, also in progress, is studying agronomic issues associated with split season irrigation on four West Slope alfalfa fields.

Proposed Contract Approvals:

Contract Amendment with Hydros Consulting, re: Colorado River Basin Modeling:

Director Trampe moved, seconded by Director Martinez, to approve a contract amendment with Hydros Consulting in an amount not to exceed \$30,000 for Colorado River Basin modeling work. Motion carried unanimously.

Contracts Related to Kendig Reservoir Feasibility Investigations:

Director Merritt moved, seconded by Director Vanden Brink, to authorize the General Manager to enter in a contract with Wilson Water Group in an amount not to exceed \$60,000 (\$10,000 River District, \$10,000 West Divide Water Conservancy District, \$40,000 CWCB Water Supply Reserve Account), and a contract with the CWCB for the administration and management of the CWCB's \$40,000 Water Supply Reserve Account funds to conduct the Kendig Reservoir feasibility study. Motion carried unanimously.

Employee Housing Loan Program:

Director Whitmore moved, seconded by Director Monger, to approve staff's recommendation to allow the transfer of an Employee Housing Program loan from the first primary residence to a replacement residence. Subsequent discussion led to Director Vanden Brink offering an amendment to limit a transfer to once only. Directors Whitmore and Monger accepted the amendment, and the motion as amended carried 11:3. Directors voting for the motion: Stavney, Alvey, Trampe, Martinez, Whitmore, Justman, Whinnery, Hazard, Monger, Vanden Brink, and Ely. Directors voting against the motion: Catlin, Gray, and Merritt.

Technical Staff Update Memo:

Eric Kuhn referred the Board to a memo from the technical staff regarding its participation in water quality issues.

Service Anniversaries Recognition:

Chris Treese expressed the River District's appreciation to Jim Pokrandt for his 10 years of service.

Adoption of Resolutions for Justice Hobbs:

Director Trampe moved, seconded by Director Whitmore, to adopt resolutions expressing the River District's appreciation to Justice Gregory Hobbs for his jurisprudence and his poetic prowess. Motion carried unanimously. (The resolutions are attached as Appendices A. and B.).

Future of Capital Fund Grants Program/Preview of 2016 Budget Issues.

Eric Kuhn reviewed issues to be addressed in the 2016 budget including assessed valuation and General Fund revenues, health care costs, employee salary costs, and the potential rehabilitation of Wolford Mountain Reservoir. Also slated for discussion at the CRWCD budget workshop is continuation of the Grants Program and the financial sustainability of the Enterprise Fund.

Annual Policy Discussion.

Chris Treese reminded the Board of the annual policy review process. In 2004, the Board chose to formalize the development and review processes of River District policies. Approximately one-third of the policies are reviewed by the Board annually.

Agricultural and Agriculture's Water Use Policy:

Following numerous comments and revisions provided by the Board, Director Monger moved, seconded by Director Whitmore, to adopt the River District's Agricultural and Agriculture's Water Use Policy subject to final review by the Board. Motion carried unanimously.

Colorado Water Plan:

Director Monger moved, seconded by Director Whitmore, to adopt the River District's Colorado Water Plan Policy with a minor modification changing the word "users" to "use" in the last sentence of the policy statement. Motion carried unanimously. (The policies are attached as Appendices C. and D.).

External Affairs.

Federal Affairs:

Chris Treese referred the board to a memo on H.R.2554, the “Continental Divide Wilderness and Recreation Act” introduced by Congressman Polis. The bill adds and adjusts wilderness and recreation management areas in Summit and Eagle Counties, both of which are within the Congressman’s district. Nissa Erikson with Congressman Polis’ office reviewed the efforts made to solicit input on the bill from a wide range of stakeholders in both counties.

Director Monger moved, seconded by Director Martinez, to support H.R. 2554 with direction to staff to emphasize the River District’s support of the water language included in the bill. Motion carried 10:4. Directors voting for the motion: Stavney, Trampe, Martinez, Whitmore, Monger, Whinnery, Gray, Merritt and Ely. Directors voting against the motion: Vanden Brink, Justman, Hazard and Catlin.

State Affairs:

Chris Treese reported that the Interim Committee is conducting meetings throughout the state to hear public comment on the latest draft of the Colorado Water Plan. It was also noted that a flexible water market bill may again be reviewed by the Interim Committee for possible introduction in the 2016 legislative session.

President Stavney recessed the meeting at 4:14 p.m.

Continue the meeting to Wednesday July 22, 2015

President Stavney found a quorum and reconvened the meeting at 8:31 a.m.

External Affairs (Cont’d.)

Information and Outreach Committee Report:

Jim Pokrandt provided a summary of the Information and Outreach Committee meeting. Priorities for information and outreach activities will include developing a plan to relay consistent and accurate information regarding remediation efforts at Wolford Mountain Reservoir, continuation of State of the River meetings as well as the CRWCD seminar and the annual report, and highlighting the value and importance of agriculture and agricultural water use on the West Slope.

Presentation of 2014 CRWCD Audit by Kevin Smith of McGladrey, LP.

Kevin Smith of McGladrey, LP, reported that in their opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of the Colorado River Water Conservation District as of December 31, 2014. He also stated that the respective changes in financial position and cash flows were acceptable for the year and conforms to generally accepted accounting principles.

Acceptance of 2014 CRWCD Audit:

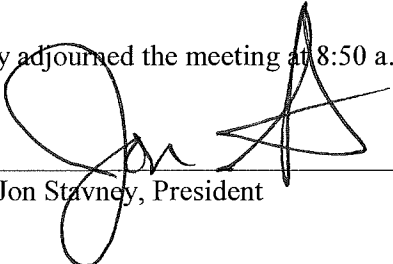
Director Merritt moved, seconded by Director Alvey, to accept the 2014 CRWCD audit as presented. Motion carried unanimously.

Directors’ Concerns.

No concerns were expressed.

Adjourn.

There being no other business before the Board, President Stavney adjourned the meeting at 8:50 a.m.



Jon Stavney, President

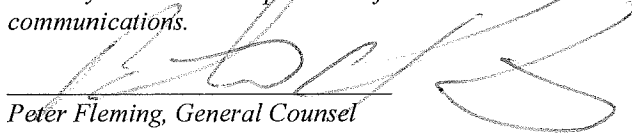
ATTEST:



R. Eric Kuhn, Secretary/General Manager

Executive Session Attestations.

I hereby attest that the portions of the Executive Session that were not recorded constituted privileged attorney-client communications.



Peter Fleming, General Counsel