

MINUTES¹
THIRD REGULAR JOINT QUARTERLY MEETING OF THE
BOARD OF DIRECTORS OF THE
COLORADO RIVER WATER CONSERVATION DISTRICT
AND OF THE
COLORADO RIVER WATER CONSERVATION DISTRICT
ACTING BY AND THROUGH ITS COLORADO RIVER WATER PROJECTS ENTERPRISE

July 18-19, 2017

Pursuant to notice duly and properly given, the Third Regular Joint Quarterly Meeting of the Board of Directors of the Colorado River Water Conservation District (CRWCD) and of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise was held on Tuesday and Wednesday July 18-19, 2017 at the Hotel Denver, 402 7th Street, Glenwood Springs, Colorado.

Directors present during all or part of the meeting:

Tom Alvey, President	David H. Merritt, Vice President
Mike Ritschard	William S. Trampe
Kathy Chandler-Henry	John Ely
Doug Monger	Karn Stiegelmeier
Alden Vanden Brink	Martha Whitmore
Tom Gray	Steve Acquafresca
Rebie Hazard	Marc Catlin

Directors not present:

Stan Whinnery

Others present 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
Mary Kalmes, Chief Accountant, CRWCD
Chris Treese, Manager, External Affairs, CRWCD
Jason Turner, Senior Counsel, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Jim Pokrandt, Director, Community Affairs, CRWCD
Ray Tenney, Deputy Chief Engineer, CRWCD
Dave Kanzer, Deputy Chief Engineer, CRWCD
Don Meyer, Sr. Water Resources Engineer, CRWCD
Ian Philips, Senior Accountant, CRWCD
Mike Eytel, Sr. Water Resources Specialist, CRWCD
Hunter Causey, Water Resources Engineer, CRWCD
Denise Hussain, Records Administrator/Records Specialist, CRWCD
Dave Smith, Engineering Technician, CRWCD
Lorra Nichols, Paralegal, CRWCD
Martha Moore, Public Affairs Specialist, CRWCD
Roger Maggard, Hays, Maggard & Hood, P.C.
David Mau, USGS

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.

Ryan Christianson, USBR

Quorum.

President Alvey found a quorum and called the meeting to order at 9:09 a.m.

Review Meeting Agenda and Objectives.

Peter Fleming requested the following changes to the agenda: the addition of Review of Employee Policy Manual and General Manager's Discretion under the EHOP Policy 5.h.; agenda item 9.b. change Kevin Smith of McGladrey, L.P. to Jim Burke of RSM for Presentation of 2016 CRWCD Audit; and, the addition of Ritschard Dam Main Gate Guide Work under agenda item 10.a.v.

Director Merritt moved, seconded by Director Whitmore, to approve the agenda as amended. Motion carried unanimously.

Consent Agenda.

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

- a. Approval of Minutes and Actions Taken:
 - i. Minutes of Special Joint Meeting, Teleconference, April 13, 2017.
 - ii. Minutes of Second Regular Joint Quarterly Meeting, April 18, 2017.
 - iii. Minutes of Executive Committee Meeting, June 15, 2017.
 - iv. Minutes of Executive Committee Meeting, Teleconference, June 28, 2017.
- b. Acceptance of Treasurer's Reports and Check Registers for General, Capital Projects, and Enterprise Funds for February, March, April, and May 2017.
- c. Approval of Proposed Change to Employee Policy and Procedural Guidelines.

Adoption of Resolution for Outgoing Director.

Director Acquafresca moved, seconded by Director Whitmore, to adopt a resolution expressing the Board's appreciation to John Justman for his service as a River District director. Motion carried unanimously. (The resolution is attached as Appendix A.).

General Counsel's Report:

Director Whitmore moved, seconded by Director Trampe, to clarify the Board's prior delegation to the Executive Committee that the Board retains its authority to act as a search committee when so convened, notwithstanding the limited scope of authority previously delegated to the Executive Committee for the General Manager hiring process. Motion carried unanimously.

Matters Proposed for Executive Session:

Peter Fleming reported that agenda item 4.a.i., Executive Committee Report on General Manager Transition Process qualifies for discussion in Executive Session with the Board convening as a search committee pursuant to C.R.S. §§ 24-6-402(3.5) and (4)(e) and (f):

- i. Executive Committee Report on General Manager Transition Process.

Director Trampe moved, seconded by Director Ritschard, to proceed into Executive Session with the Board convening as a search committee pursuant to C.R.S. §§ 24-6-402(3.5) and (4) (e) and (f). Motion carried unanimously.

President Alvey reconvened into Public Session at 11:02 a.m.

Public Session:

Peter Fleming reported that during the first Executive Session portion of the River District's Board meeting to discuss agenda item 4.a.i., the Board convened as a search committee to discuss the General Manager hiring process with Eric Kuhn, Peter Fleming, and Audrey Turner present during a portion of the discussion.

Mr. Fleming also reported that no action items were proposed.

Executive Session, (Cont'd.):

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):

- ii. CRCA Implementation Matters.
- iii. Windy Gap Firing Project and Windy Gap Connectivity Channel.
- iv. Remand of GVWUA v. Busk-Ivanhoe, Inc., Case No. 09CW142, Water Division 2.
- v. CWCB Application for Dolores River Instream Flow, Case No. 15CW3111, Water Division 4.
- vi. Analysis of River District Property in Eagle and Moffat Counties.
- vii. Delta Urban Renewal Authority Proposal.
- viii. Colorado River Compact, Interstate, and International Negotiation Matters.

Director Ely moved, seconded by Director Hazard, 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 Alvey reconvened into Public Session at 12:45 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:

- ii. CRCA Implementation Matters.
- iii. Windy Gap Firing Project and Windy Gap Connectivity Channel.
- iv. Remand of GVWUA v. Busk-Ivanhoe, Inc., Case No. 09CW142, Water Division 2.
- v. CWCB Application for Dolores River Instream Flow, Case No. 15CW3111, Water Division 4.
- vi. Analysis of River District Property in Eagle and Moffat Counties.
- vii. Delta Urban Renewal Authority Proposal.
- viii. Colorado River Compact, Interstate, and International Negotiation Matters.

Director Ritschard moved, seconded by Director Trampe, to delegate authority to the General Manager and General Counsel to file a joint application with the Municipal Subdistrict of the Northern Colorado Water Conservancy District to amend the Windy Gap water rights to incorporate the Windy Gap Firing Project IGA coupled with a determination regarding the Colorado River connectivity channel, subject to the General Manager and General Counsel satisfaction that the joint application and proposed ruling are consistent with the Windy Gap Firing Project IGA. Motion carried unanimously.

General Counsel Goals and Objectives:

Peter Fleming referred the Board to the General Counsel's goals and objectives for 2017 and noted that progress is being made on a majority of the goals.

General Manager's Report.

Mid-Year Check on 2017 Goals:

Eric Kuhn reminded the Board of its review of annual goals and objectives during the January quarterly meeting and mid-year review in July. He also noted that the goals for both the General Manager and General Counsel represent the goals of the River District and are utilized by staff as a guide when conducting River District business.

Regarding Colorado River issues, Director Monger requested a staff review of the District's Colorado River Projects Storage Act Policy to possibly include language supporting the operation of upstream CRSP reservoirs for their original purpose of providing protection to the Upper Basin states in the event of a prolonged drought period with the policy being reviewed at a future board meeting.

General Manager Budget, Transition Issues and Informational Items:

Mr. Kuhn provided an overview of the 2018 CRWCD budget workshop to be held in September. He reported that while residential values have generally increased since the latest reassessment, assessed valuation may decrease because of the Gallagher amendment adjustment that could decrease residential valuations by 7%. Another contributing factor to valuation decrease is declining new oil and gas production and product values. This may result in flat or slightly decreased District tax revenue for 2018. The River District's General Fund is funded predominantly by property taxes within the District.

Another topic to be discussed at the budget workshop is future uses of the District's grants program.

Review of General Manager Authority for the EHOP Program in Employee Policy and Procedural Guidelines:

By consensus, the Board confirmed the General Manager's authority to prorate a portion of a departing employee's EHOP housing loan if there is a financial or personnel benefit to the River District. Staff was directed to review the policy's forgiveness clause (10% of the loan forgiven for every five years of service up to 15 years) for a possible change to the forgiveness time increment and report to the Board at a future meeting.

Colorado River Basin Issues:

It was reported that inflow to Lake Powell is 113% of average. Also reported was that negotiations with Mexico are now focusing on a contingent minute with the Republic of Mexico sharing shortages through 2025. Final approval is contingent upon implementation of the Lower Basin Drought Contingency Plan.

IBCC/Roundtable Update:

During the latest IBCC meeting a discussion occurred on long-term funding strategies for implementation of the State Water Plan.

Joint West Slope Roundtables Risk Study Update:

Phase II of the Joint West Slope Roundtables Risk Study is now underway.

Water Quality/Grand Lake Clarity Update:

Mike Eytel reported that the Water Quality Control Commission has several hearings scheduled on water quality standards including temperature and nutrient criteria among others, for various river basins in the state. He also reported that the group addressing Grand Lake clarity issues (River District, Grand County, NWCCOG, the Northern District and the Bureau of Reclamation) have requested that Reclamation re-time pumping water from Granby Reservoir through Shadow Mountain Reservoir then to Grand Lake. Shadow Mountain Reservoir is considered a major contributing factor to clarity issues in Grand Lake.

RCPP Update: (An Enterprise Matter).

Dave Kanzer updated the Board on three projects in the Lower Gunnison River Basin slated to begin construction in the fall of 2017. The irrigation efficiency projects are being funded through the Regional Conservation Partnership Program with federal money for which the River District is acting as the managing agency.

Mr. Kanzer also reported that selenium levels in the Lower Gunnison River have been significantly lowered as a result of ditch lining and piping projects in the Uncompahgre Valley and other locations.

Irrigation Efficiencies/Return Flows Update:

Hunter Causey provided a presentation on positive and negative impacts that may result from irrigation efficiency improvements and the factors that influence those effects. Benefits may include increased crop production and resulting income, which supports agricultural viability but may cause increased water use. Negative effects are reduced late season return flows to streams, less water available to downstream users, and reduction of the groundwater table. Various studies have demonstrated that impacts are influenced by geologic features, topography, and irrigation methods among others, and impacts can vary from location to location within a basin.

Annual Policy Discussion.

Aging Infrastructure:

Director Merritt moved, seconded by Director Trampe, to adopt the Aging Infrastructure Policy as presented. Motion carried unanimously.

State Funding: Water Projects and Programs:

Director Catlin moved, seconded by Director Whitmore, to adopt the River District's State Funding: Water Projects and Programs Policy as presented. Motion carried unanimously. (The policies are attached as Appendices B. and C.).

External Affairs.

Information and Outreach Update:

Martha Moore reported that efforts to utilize social media in the District's public outreach efforts are proving successful. She also reported that the State of the River meetings throughout the District enjoyed large attendance.

State Affairs:

Chris Treese reported that legislation was passed in 2017 addressing the Supreme Court's ruling in the St. Jude's case affirming the validity of existing water court decrees that include recreational, piscatorial, and aesthetic uses. Mr. Treese also relayed that the 2018 state budget includes funding for aquatic nuisance species and roundtable projects' grant funds that would have otherwise been unfunded due to decreasing severance tax revenues.

Federal Affairs:

Mr. Treese reported the following: The Trump administration has repealed the Waters of the U.S. rule, and Brenda Burman has been nominated for commissioner of the Bureau of Reclamation. The River District has sent a letter in support of her confirmation and has also sent a letter of support for David Bernhardt's confirmation for deputy secretary of the Department of the Interior.

Congressman Tipton has reintroduced **H.R. 2939**, the Water Rights Protection Act. River District staff has worked with Mr. Tipton's office to resolve concerns over by-pass flow language. The goal is to include neutral language on federal by-pass flow authorities that does not prejudice in any way a possible future challenge to

by-pass flow authority.

Director Acquafresca moved, seconded by Director Catlin, to support **H.R. 2939** with the changes to the by-pass language. Motion carried unanimously.

Eagle River MOU Project Update:

Director Gray moved, seconded by Director Whitmore, to ratify the appointment of John Currier to the Eagle Park Reservoir Company Board of Directors as the Colorado River District's director. Motion carried unanimously.

President Alvey recessed the meeting at 4:27 p.m.

Wednesday, July 19, 2017

President Alvey found a quorum and reconvened the meeting at 8:45 a.m.

Financial Matters.

Investment Committee Report on Risk Assessment:

Director Monger reported that River District treasurer Roger Maggard provided an overview to the Committee of general risk assessment as it relates to internal controls and financial policies and discussed the internal controls and other mechanisms in place at the River District. These include segregation of duties in the District's Accounting Department, review by the District's management of financial activities on a weekly basis, a monthly review by the treasurer, and an annual audit performed by an outside auditing firm.

After reviewing a general risk assessment checklist, the Committee directed Mr. Maggard to complete the checklist and report the results to the Board at a future quarterly meeting.

Presentation of 2016 CRWCD Audit by James Burke of RSM:

Representing the River District's auditor for calendar year 2016, James Burke of RSM 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, 2016. He also stated that the respective changes in financial position and cash flows were acceptable for the year and conform to generally accepted accounting principles.

Director Merritt moved, seconded by Director Hazard, to accept the 2016 CRWCD audit as presented Motion carried unanimously.

Projects Operations and Updates (Enterprise Matters).

Wolford Mountain Reservoir:

Approval of Ritschard Dam Main Gate Guide Work:

Director Merritt moved, seconded by Director Vanden Brink, to approve a contract amendment with Marine Diving Solutions for a total amount of up to \$40,000 for repair work on the Ritschard Dam main gate. Motion carried unanimously.

Approval of Contract Extension with Red Mountain RV Park:

Director Merritt moved, seconded by Director Acquafresca, to extend a contract with Red Mountain RV Park for two years to October 31, 2019 for concessionaire services at the Wolford Mountain Reservoir recreational area. Motion carried unanimously.

Approval of Esquibel Motorized Access Agreement and River District Property Access Agreement:

Director Whitmore moved, seconded by Director Chandler-Henry, to approve a non-exclusive, revocable license agreements with Scott Esquibel for the Esquibels' use of non-commercial motorized water craft on the

Red Dirt Arm of Wolford Mountain Reservoir and for River District access to the Red Dirt Arm across Esquibel property. Motion carried unanimously.

Elkhead Reservoir:

Ray Tenney reported that repairs on the outlet works have been completed and the fishnet across the spillway is performing as expected.

Dam Crest Restoration Update:

Hunter Causey provided an overview of the Wolford Mountain Reservoir dam crest restoration project which is slated to begin in the spring of 2018. The project is awaiting approvals from the US Army Corps of Engineers and the Colorado Office of Dam Safety.

Directors' Concerns.

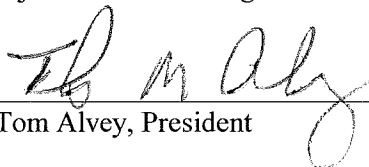
Director Gray requested further discussion at the October quarterly meeting to develop a guidance policy for funding irrigation efficiency projects under the grants program that might conflict with River District policies and may impact return flows and late season flows. Director Acquafresca requested a discussion of the Upper Basin's drought contingency plan features at the October quarterly meeting.

Future Meetings.

- a. 2018 CRWCD Budget Workshop/Special Joint Meeting/Tour, **September 13-14, 2017, Grand Junction, CO.**
- b. CRWCD Annual Seminar, **September 15, 2017, Grand Junction, CO.**
- c. Fourth Regular Joint Meeting, **October 17, 2017, Glenwood Springs, CO.**
- d. Other Meetings:
 - i. CWC Summer Convention, **August 22-24, 2017, Steamboat Springs, CO.**
 - ii. CRWUA Convention, **December 13-15, 2017, Las Vegas, NV.**


Adjourn.

There being no other business before the Board, President Alvey adjourned the meeting at 10:17 a.m.



Tom Alvey, 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