FOURTH 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

October 19-20, 2021

Pursuant to notice duly and properly given, the Fourth 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 October 19-20, 2021 via Zoom and personal appearance at the offices of the Colorado River Water Conservation District located at 200 Centennial Street, Glenwood Springs, Colorado.

Directors present during all or part of the meeting:

Martha Whitmore, President, Ouray County
Tom Alvey, Delta County
Tom Gray, Moffat County
Mike Ritschard, Grand County
Kathleen Curry, Gunnison County
Stan Whinnery, Hinsdale County
Scott McInnis, Mesa County
Kathy Chandler-Henry, Vice President, Eagle County
Marc Catlin, Montrose County
John Ely, Pitkin County
Alden Vanden Brink, Rio Blanco County
Doug Monger, Routt County
Rebie Hazard, Saguache County
Taylor Hawes, Summit County

Others present during all or part of the meeting:

Andy Mueller, General Manager, CRWCD
Peter Fleming, General Counsel, CRWCD
Audrey Turner, Chief of Operations, CRWCD
Jason Turner, Senior Counsel, CRWCD
Lorra Nichols, Paralegal, CRWCD
Stephanie Moore, Executive Assistant, CRWCD
Mike Eytel, Sr. Water Resources Specialist, CRWCD
Don Meyer, Sr. Water Resources Engineer, CRWCD
Hunter Causey, Director of Asset Management/Chief Engineer, CRWCD
Brendon Langenhuizen, Director of Technical Advocacy, CRWCD
Raquel Flinker, Sr. Water Resources Engineer/Project Manager, CRWCD
Zane Kessler, Director of Government Relations, CRWCD
Lindsay DeFrates, PR & Media Specialist, CRWCD
Marielle Cowdin, Director of Public Relations, CRWCD
Amy Moyer, Director of Strategic Partnerships, CRWCD
Ian Philips, Chief Accountant, CRWCD
Luci Wilson, Accountant, CRWCD
Lyzzi Borkenhagen, Administrative Assistant, CRWCD
Zane Kessler, Director of Government Relations, CRWCD
Aaron Derwingson, The Nature Conservancy
Alyson Gould, Colorado Water Trust
Bailey Leppek, SGM, Inc.
Christina Pearson, SGM, Inc.
Dennis Webb, The Daily Sentinel
Eric Kuhn, Individually

[1]An 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.

Faye Hartman, American Whitewater
Heather Lewin, Roaring Fork Conservancy
Heather Sackett, Aspen Journalism
Jackie Brown, Tri-State Generation & Transmission, Inc.
Jim Plumhoff, Devor and Plumhoff, LLC
John Carron, Hydros Consulting, Inc.
John Currier, Currier Water Consulting, LLC
Josh Kuhn, Conservation Colorado
Kara Buckley,
Kate Hudson,
Katherine Duncan, Colorado Attorney General's Office
Ken (Kendrick) Neubecker, American Rivers
Kelly Cox, Fine Line Industries, Inc.
Kyle Whitaker, Northern Water Conservancy District
Laura Spann, Southwestern Water Conservation District
Lowell King, Individually
Madison Muxworthy, Yampa Valley Sustainability Council
Maria Pastore, Colorado Springs Utilities
Mary Kelly, Culp & Kelly, LLP
Matthew Ketellapper, Water Asset Management, LLC
Orlan Bannan, Western Resource Advocates
Paula Stepp, Middle Colorado Watershed Council
Stephen Decker
Steve Jamieson, WW Wheeler & Associates, Inc.
Steve Smith, Deep Creek W&S
Steve Wolff, Southwestern Water Conservation District
Tim Sullivan, Yampa Valley Sustainability Council
Tim Winkler, Rio Blanco Water Conservancy District
Will Grandbois, The Sopris Sun

Quorum.
President Whitmore found a quorum and called the meeting to order at 9:02 a.m.

Review Meeting Agenda and Objectives.
Director Alvey moved, seconded by Director Ritschard, to approve the agenda as presented. Motion carried unanimously.

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

a. Approval of Minutes and Actions Taken:
   i. Minutes of the Third Regular Joint Quarterly Meeting, July 20-21, 2021.
   ii. Minutes of the Special Joint Meeting, August 12, 2021.
   iii. Minutes of the Special Joint Meeting, August 24, 2021.
b. Acceptance of Treasurer's Reports, Check Registers, and Draft Financials for May-August 2021.

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):

a. Matters Proposed for Executive Session:
   i. Wolford Mountain Reservoir and Ritschard Dam Operations (An Enterprise Matter).
   ii. CRCA Implementation Matters.
   iii. Application to Adjudicate the Green Mountain Reservoir Administrative Protocol, Case No. 13CW3077, Water Division 5.
   iv. Colorado River District Conditional Water Rights.
   v. Colorado River Compact, Interstate, International, and Intrastate Negotiation Matters, including Demand Management.

Director Monger moved, seconded by Director Gray, 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.

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. Wolford Mountain Reservoir and Ritschard Dam Operations (An Enterprise Matter).
ii. CRCA Implementation Matters.
iii. Application to Adjudicate the Green Mountain Reservoir Administrative Protocol, Case No. 13CW3077, Water Division 5.
iv. Colorado River District Conditional Water Rights.
v. Colorado River Compact, Interstate, International, and Intrastate Negotiation Matters, including Demand Management.

Colorado River District Conditional Water Rights and Project Development – Piney River Conditional Water Right.

Director Monger moved, seconded by Director Alvey, to confirm the River District's intent to develop the Piney River Right (170 c.f.s.) conditional water right and directed staff and counsel to file a joint application with the Eagle River Water & Sanitation District and the Upper Eagle Regional Water Authority. Motion carried unanimously.

Department of Natural Resources Final Anti-Speculation Report.

Peter Fleming reported the anti-speculation task force is examining current anti-speculation laws and the potential for strengthening those laws over concerns regarding the purchase of irrigated farmlands by hedge funds. Mr. Fleming, a member of the task force, stated that the final report was issued in August 2021 after the last quarterly board meeting in July. A copy of the final report can be found on the following link: https://dnr.colorado.gov/antispeculation-law-work-group.

Update on State Engineer's Office Measurement Rules.

Jason Turner reported that the state engineer's office conducted a webinar that outlined the Division of Water Resources' ("DWR") upcoming water measurement rulemaking process. After a stakeholder input, draft rules will be provided for additional stakeholder comment and input. The rules will then be filed with the Secretary of State and a hearing will be set by the State Engineer's office pursuant to the Administrative Procedures Act. The River District anticipates participating in the stakeholder and rulemaking processes and will continue to update the Board.

Approval of an Extension of the Grand Lake Clarity Memorandum of Understanding.
The original term of the of the Grand Lake Clarity Memorandum of Understanding ("Clarity MOU") was five years and will end in January of 2022. The parties (Bureau of Reclamation, Grand County, Northern Water, Northwest Colorado Council of Governments, and the River District) all agree that the collaboration and adaptive management process fostered by the Clarity MOU are valuable and should continue. Staff recommended that the Board authorize the General Manager, after review and approval by counsel, to execute an extension to the Clarity MOU for an additional five-year period.

Director Alvey moved, seconded by Director Ritschard, to accept staff's recommendation to extend the Clarity MOU for an additional five-year period. Motion carried unanimously.

Proposed Revisions to Colorado River District's Bylaws.
In July, the Board approved a change to the Board of Directors' Expense Guidelines to compensate directors the same amount for virtual and in-person meetings. To ensure consistency between the guidelines and bylaws, staff recommended that the Board consider adopting a similar amendment to the River District's bylaws. The proposed amendments were presented to the board for consideration and potential adoption at the Board's January 2022 meeting: Article II, Section 4 (Compensation), Article III, Section 3 (Place of Meetings), Article III, Section 4.a. (Notice of Meetings), and Article XIII (Amendments).

Public Comment.
No public comment was received.

President Whitmore recessed the meeting at 11:47 a.m.
President Whitmore found a quorum and reconvened the meeting at 12:32 p.m.

General Manager's Report.
East Troublesome Emergency Watershed Protection (EWP) Program Update.
Mike Eytel reported on the East Troublesome Fire Emergency Watershed Protection ("EWP") recovery effort. While only nine months have passed, there have been significant strides in implementing EWP projects and there is a combined effort to aerial seed and mulch (nearly 2,600 acres on private lands), with over 6,000 helicopter drops, and the application of over 300 truckloads of mulch.

Appointment of Colorado River District's Gunnison Basin Roundtable Representative.
Director Alvey moved, seconded by Director Curry, to appoint Raquel Flinker as the River District Representative to the Gunnison Basin Roundtable. Motion carried unanimously.

Review of Health Insurance Cost Containment Policy.
Audrey Turner reported that the Employee Health Insurance Cost Containment Policy states that the acceptable increase to the health insurance budget is 5% using a 5-year running average. Over the last 10 years, the average increase for the River District was 5.13%. During the same period, the average increase to the out-of-pocket cost for employees was 13%. Per the Board's request, staff provided suggested revisions to the policy for review and consideration. Staff recommended that the Board adopt the revised Employee Health Insurance Cost Containment Policy.

Director Chandler-Henry moved, seconded by Director Vanden Brink, to accept staff's recommendation to adopt the proposed revisions to the Employee Health Insurance Cost Containment Policy. Motion carried unanimously.

Update of Salary Survey.
Audrey Turner reported that the River District contracted with Peter R. Johnson & Company to conduct the triennial salary survey. Staff proposed to implement any adjustments to salary ranges that are identified in the

report as recommended by the consultant. Staff will likewise provide the report to the Board via e-mail after it is final as it is likely that there will be several adjustments, as well as other position adjustments based on market changes. Staff was directed to call a special meeting to approve the final report if it exceeds the budget contingency ($100,000).

Retention of Auditor for 2021 Audit.
Ian Phillips reported that staff recommends retaining the auditors from McMahan and Associates, LLC for the audit of the financial statements and audit of compliance over major federal award programs for the fiscal year ending December 31, 2021.

Director Monger moved, seconded by Director Hazard, to accept staff's recommendation to retain McMahan and Associates, LLC for the audit of the financial statements and audit of compliance ending December 31, 2021. Motion carried unanimously.

Appointment of Mesa County Representative to Kobe Water Authority.
Director Chandler-Henry moved, seconded by Director Gray, to appoint Director Scott McInnis to the Kobe Water Authority Board. Motion carried unanimously.

Colorado River Basin Conditions – Water Year 2021 and Beyond.
Don Meyer reported that the combination of well-below average precipitation, above average temperatures, dry soils along with strong regional water demands have resulted in a significant decrease in Colorado River Basin system storage in Lake Powell and Lake Mead. This has led Reclamation to declare the first ever Tier 1 shortage in the Lower Basin. The current drought index is severe and extreme in the western United States.

Brandon Langenhuizen reported on the damage from the summer debris flows in Glenwood Canyon caused by significant rain events over the Grizzly Creek burn scar.

Deep Creek Wild and Scenic Proposed Instream Flow Protections.
Raquel Flinker reported that as Deep Creek was deemed eligible for Wild and Scenic River designation by the U.S. Forest Service, a renewed effort by stakeholders was initiated to have Deep Creek designated as a Wild and Scenic River. The Stakeholder Group has discussed three potential instream-flow concepts—all of which would increase the existing CWCB's instream-flow water right: (1) Protect Overbank Flows, (2) Protect Unappropriated Flow minus a Development Allowance and (3) Protect Unappropriated Flows minus Variable Development Allowance. Option 3 would provide a specified variable monthly amount of water available for new appropriations that would follow the natural rise and fall of the hydrograph. Staff recommended that the Board provide direction indicating the River District's support of the concept represented by Option 3, subject to future negotiation of the specific development allowance criteria. Staff was directed to proceed with Option 3 subject to future negotiation of the specific development allowance criteria.

Service Anniversary.
Andy Mueller congratulated Audrey Turner, Chief of Operations, for fifteen years of exceptional service with the River District.

President Whitmore recessed the meeting at 2:39 p.m.
President Whitmore found a quorum and reconvened the meeting at 2:52 p.m.

Phase III Compact Risk Study - John Carron, Hydros Consulting, Inc.
John Carron provided highlights of the Phase III Compact Risk Study regarding its origination, hydrology consumptive use, distributions to the basins, pre-and-post compact depletions, who would be subject to a compact call, and identified risk drivers.

Demand Management Market Structure Conceptual Proposal.
Andy Mueller presented the Demand Management Market Structure Conceptual Proposal that the Board requested at its July meeting. The Demand Management Market Structure Conceptual Proposal was not meant to be a recommendation by staff or a position of the Board but was instead an effort to take what has been a largely theoretical process and provide a practical examination of potential market structures and rules.

. After significant discussion, staff was directed to revise portions of the current draft and resubmit the proposal again at the January 2022 meeting. In the interim, Directors were encouraged to provide comments from their constituents to the River District for further evaluation and suggestions to be incorporated into the proposal.

President Whitmore recessed the meeting at 5:18 p.m.
President Whitmore found a quorum and reconvened the meeting on October 20, 2021 at 8:32 a.m.

Budget Hearings.
President Whitmore opened the budget hearings and requested public comments. No comments were received.

Resolution to Establish Community Funding Partnership (CFP) Fund.
Director Chandler-Henry moved, seconded by Director Ritschard, to adopt a resolution to establish the Community Funding Partnership (CFP) fund. Motion carried unanimously.

Resolution to Amend 2021 General Fund Budget.
Director Chandler-Henry moved, seconded by Director Ritschard, to adopt a resolution to amend the 2021 General Fund budget. Motion carried unanimously.

Resolution to Adopt 2022 General Fund Budget.
Director Chandler-Henry moved, seconded by Director Hazard, to adopt a resolution to adopt the 2022 General Fund budget. Motion carried unanimously.

Resolution to Amend 2021 Capital Projects Fund Budget.
Director Chandler-Henry moved, seconded by Director Alvey, to adopt a resolution to amend the 2021 Capital Projects Fund budget. Motion carried unanimously.

Resolution to Adopt 2022 Capital Projects Fund Budget.
Director Chandler-Henry moved, seconded by Director Gray, to adopt a resolution to adopt the 2022 Capital Projects Fund budget. Motion carried unanimously.

Resolution to Amend 2021 Community Funding Partnership (CFP) Fund Budget.
Director Chandler-Henry moved, seconded by Director Hazard, to adopt a resolution to amend the 2021 Community Funding Partnership (CFP) Fund Budget. Motion carried unanimously.

Resolution to Adopt 2022 Community Funding Partnership (CFP) Fund Budget.
Director Chandler-Henry moved, seconded by Director Ritschard, to adopt a resolution to adopt the 2022 Community Funding Partnership (CFP) Fund Budget. Motion carried unanimously.

Resolution to Amend 2021 Enterprise Fund Budget.
Director Chandler-Henry moved, seconded by Director Alvey, to adopt a resolution to amend the 2021 Enterprise Fund budget. Motion carried unanimously.

Resolution to Adopt 2022 Enterprise Fund Budget.
Director Chandler-Henry moved, seconded by Director Vanden Brink, to adopt a resolution to adopt the 2022 Enterprise Fund budget. Motion carried unanimously.

Resolution to Appropriate Sums of Money (General Fund, Capital Projects Fund and CFP Fund).
Director Chandler-Henry moved, seconded by Director Hazard, to adopt a resolution to appropriate sums of money for the General Fund ($14,255,448), Capital Projects Fund ($2,784,166) and Community Funding Partnership (CFP) Fund ($4,783,389). Motion carried unanimously.

Resolution to Appropriate Sums of Money (Enterprise Fund).
Director Chandler-Henry moved, seconded by Director Gray, to adopt a resolution to appropriate sums of money for the Enterprise Fund ($6,144,326). Motion carried unanimously.

Resolution to Transfer Unspent 2021 Balances.
Director Chandler-Henry moved, seconded by Director Vanden Brink, to adopt a resolution to transfer unspent 2021 balances to the Community Funding Partnership (CFP) Fund from the General Fund. Motion carried unanimously.

President Whitmore closed the budget hearing at 9:50 a.m.

Directors' Updates and Concerns.
Directors reported concerns throughout the River District regarding the drought, flash floods, , water quality issues, s and the effects of inflation on project costs.

Community Funding Partnership (CFP).
Amy Moyer proposed the following projects for approval pursuant to the River District's Community Funding Partnership:

a) Stewart Mesa Ditch Diversion Improvement Project in the amount of $200,000 and that the award be attributed to the following funding categories: Productive Agriculture (20%), Infrastructure (30%), Watershed Health and Water Quality (20%), and Conservation and Efficiency (10%).

Director Alvey moved, seconded by Ritschard, to approve the Stewart Mesa Ditch Diversion Improvement Project in the amount of $200,000 as recommended by Staff. Motion carried unanimously.

b) Yampa River Forest Restoration Project in the amount of $150,000 and that the award be attributed to the following categories: Productive Agriculture (10%), Healthy Rivers (50%), and Watershed Health and Water Quality (40%).

Director Monger moved, seconded by Director Chandler-Henry, to approve the Yampa River Forest Restoration Project in the amount of $150,000 as recommended by Staff. Motion carried unanimously.

c) Crystal River Restoration at Riverfront Park (Town of Carbondale) Project in the amount of $100,000 and that the award be attributed to the following categories: Infrastructure (30%), Healthy Rivers (50%), Watershed Health and Water Quality (10%), and Conservation and Efficiency (10%).

Director Alvey moved, seconded by Director Chandler-Henry, to approve the Crystal River Restoration at Riverfront Park Project in the amount of $100,000 as recommended by Staff. Motion carried unanimously.

d) Wolf Creek Reservoir Permitting Project in the amount of $330,000 and that the award be attributed to the following categories: Productive Agriculture (15%), Infrastructure (75%), and Watershed Health and Water Quality (10%).

Director Alvey moved, seconded by Director Gray, to approve the Wolf Creek Reservoir Permitting Project in the amount of $330,000 as recommended by Staff. Motion carried unanimously. Director Vanden Brink abstained from the vote.

President Whitmore recessed the meeting at 10:54 a.m.
President Whitmore found a quorum and reconvened the meeting at 11:01 a.m.

Annual Policy Discussion.
Multi-Benefit Water Projects Policy.
Zane Kessler presented an updated draft of the Multi-Benefit Water Projects Policy for review and input from the Board.

Director Ritschard moved, seconded by Director Curry, to adopt the updated version of the Multi-Benefit Water Projects Policy as recommended by Staff. Motion carried unanimously.

External Affairs.
Information and Outreach Update.
Marielle Cowdin reported an overview of recent events that included the River District's Annual Water Seminar that was held via hybrid format with 344 people in attendance.

Approval of Contract with Vital Films, Inc. for Video Production Services.
Zane Kessler presented a contract for continued video production services with Vital Films, Inc. in the amount of $60,000 to increase the River District's branding/recognition, subject to review and approval by the General Manager.

Director Chandler-Henry moved, seconded by Director Hazard, to accept staff's recommendation to authorize the General Manager to enter into a contract with Vital Films, Inc. for video production services in the amount of $60,000. Motion carried unanimously.

State Affairs.
Zane Kessler provided an update on the Interim Water Resources Review Committee and stated that the River District will continue dialog with the Committee to convey its concerns. Staff will provide an overview and analysis of any Interim Committee bills that receive the required two-thirds approval of the committee's 10-person membership.

Federal Affairs.
Zane Kessler reported that Colorado's independent redistricting commission approved a new map that outlines its final recommendations for Colorado's eight congressional districts based on the 2020 Census. Eleven of the twelve commission members (four Republicans, three Democrats and four unaffiliated commissioners) voted to approve the final map. The Commission will now send the final map to the Colorado Supreme Court for final approval.

Project Operations and Updates (Enterprise Matters).
Wolford Mountain Reservoir.
Hunter Causey reported on Wolford Mountain Reservoir's updates to its recreation area, annual maintenance, and new video surveillance system. In addition, Staff conducted a dam safety "Tabletop Exercise" that was a

virtual discussion-based session wherein first responders and emergency managers discussed their roles during a hypothetical emergency and their responses to each phase of an emergency.

Approval of Contract with CWCB for Ruedi Reservoir Water.
Brendon Langenhuizen presented a Ruedi Reservoir contract for instream purposes primarily to boost winter flows in the Fryingpan River to prevent anchor ice. Staff requests the Board authorize the River District to contract with the CWCB for up to 1,750 AF from Ruedi Reservoir in 2022 for anchor ice mitigation and any remaining amount for delivery to enhance flows in the 15-Mile Reach.

Director Vanden Brink moved, seconded by Director McInnis, to accept staff's recommendation to contract with the CWCB for up to 1,750 AF from Ruedi Reservoir in 2022 for anchor ice mitigation and any remaining amount for delivery to enhance flows in the 15-Mile Reach. Motion carried unanimously.

Future Meetings.
a. First Regular Joint Quarterly Meeting, **January 18-19, 2022, Glenwood Springs, CO.**
b. Second Regular Joint Quarterly Meeting, **April 19-20, 2022, Glenwood Springs, CO.**
c. Third Regular Joint Quarterly Meeting, **July 19-20, 2022, Glenwood Springs, CO.**
d. CRWCD Budget Workshop/Special Joint Meeting, **September (TBD), 2022, Location (TBD).**
e. CRWCD Annual Water Seminar, **September/October (TBD), 2022, Location (TBD).**
f. Fourth Regular Joint Quarterly Meeting, **October 18-19, 2022, Glenwood Springs, CO.**
g. Other Meetings:
   i. CRWUA Conference, **December 14-16, 2021, Las Vegas, NV.**
   ii. Lower Basin Fact Finding Tour: **Tentatively: February 2022.**
   iii. CWC Annual Convention, **Dates and Locations TBD (Normally January in Denver Metro Area).**

President Whitmore recessed the meeting at 11:50 a.m.
President Whitmore reconvened the meeting at 12:06 p.m.

Personnel Review Matters (Executive Session).
Peter Fleming recommended that the following matters qualify for discussion in Executive Session pursuant to C.R.S. §§ 24-6-402(4)(f)(personnel):
a. General Manager's Review.
b. General Counsel's Review.

Director Curry moved, seconded by Director Hazard, to move into Executive Session C.R.S. §§24-6-402(4)(f)(personnel). Motion carried unanimously.

Personnel Review Matters (Public Session).
Peter Fleming reported that during Executive Session the Board discussed the following:
a. General Manager's Review.
b. General Counsel's Review.

Adjourn.
There being no other business before the Board, President Whitmore adjourned the meeting at 2:16 p.m.

Martha Whitmore

Martha Whitmore, President

ATTEST:



Andrew A. Mueller, 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 C. Fleming, General Counsel