

June 18, 2008
Minutes-Board Meeting

The regular monthly meeting of the Lower Arkansas Valley Water Conservancy District Board of Directors was held on Wednesday, June 18, 2008 at 10:10 AM, at 801 Swink Avenue, Rocky Ford, CO 81067.

Chairman Singletary announced a quorum was present with Director Kennedy being excused.

DIRECTORS PRESENT:

John Singletary-Chairman
Pete Moore-Vice Chairman
Melissa Esquibel-Secretary
Wayne Whittaker -Treasurer
Lynden Gill
Leroy Mauch

DISTRICT STAFF PRESENT:

Jay Winner-Executive Director
Bill Hancock- Conservation Program Manager
Kim Chavez- Financial Officer
Carla Aragon-Quezada-Administrative Assistant
Bart Mendenhall-Attorney
Peter Nichols-Attorney

DIRECTOR EXCUSED:

Loretta Kennedy

MOTION TO ENTER INTO WATER ACTIVITY ENTERPRISE:

Director Whittaker moved that the Board convene into the Water Activity Enterprise, seconded by Director Moore. Motion unanimously carried.

At the conclusion of the Water Activity Enterprise meeting Director Moore moved to reconvene the District Meeting at 10:07 A.M., seconded by Director Whittaker. Motion unanimously carried.

INTRODUCTION OF VISITORS:

Chairman Singletary welcomed each of the visitors to the meeting, asked them to introduce themselves and identify the organization which they represent.

VISITORS PRESENT:

Chris Woodka, Pueblo Chieftain; Dwight Gardner, US Senator Ken Salazar; Alicia Steeves, La Junta Tribune; Rick Kientz, Aurora Water; Alan Ward, Pueblo Board of Water Works; Fred Heckman, Lamar Farmer; Ken Weber, CSU; Perry Cabot, CSU; Jim Valliant, CSU-CAES; Brenda Fillmore, AGUA.

APPROVAL OF MINUTES:

- ❖ *May 28, 2008 Monthly Board Meeting Minutes-* Chairman Singletary asked if the Board members had reviewed the minutes for the May 28, 2008 Board meeting and whether there were any corrections or additions. Director Whittaker moved to approve the minutes for May 28, 2008, seconded by Director Moore. Motion unanimously carried.

- ❖ *May 28, 2008 Work Session Meeting minutes-* Chairman Singletary asked if the Board members had reviewed the minutes for the May 28, 2008 Work Session meeting and whether there were any corrections or additions. Director Whittaker moved to approve the minutes for May 28, 2008, seconded by Director Moore. Motion unanimously carried.

TREASURER'S REPORT:

Chairman Singletary reported that the financial report for the month of May was included in the Board's Monthly Meeting Packet. Director Whittaker reported May total revenues \$445,376.66 and total expenditures \$144,356.37 with total net \$301,020.29. Director Whittaker moved to accept the May Financial Statement, seconded by Director Moore. Motion unanimously carried.

GM REPORT

General Manager Winner directed Board Directors to Tab (1) one of the board packets. Agreement for lease of Twin Lakes Reservoir and Canal Company stock and water right.

General Manager Winner directed Board Directors to Tab (2) two of the board packets. Governor Ritter signed House Bill 1353 new law to prevent Colorado land conservation abuses. Conservation advocates praise statute's tough standards for tax credits.

General Manager Winner directed Board Directors to Tab (3) three of the board packets. Arkansas Basin Consumptive Use Water Needs Assessment: 2030. Update on 2008 has been completed.

General Manager Winner directed Board Directors to Tab (4) four of the board packets. Water Transfers Committee drafted a report. The report included a transfer water committee facilitator which puts the work into context and gives insight into the process and shared values, a template for evaluating water transfers and an explanatory preface to the template.

General Manager Winner directed Board Directors to Tab (7) seven of the board packets. Lower Arkansas Valley Water Conservancy District will be sponsoring a Conservation Easement Workshop in Pueblo on June 26, 2008 at the Pueblo Marriott Convention Center, 320 Central Main St, Ballroom A. and also on September 3, 2008 in Leadville at the National Mining Hall of Fame & Museum, 120 West 9th St., Leadville, Co. You could go to www.lavwcd.org to register.

General Manager Winner was asked by (USCID) U.S. Committee on Irrigation and Drainage on May 29th, 2008 to do a presentation on the Super Ditch. Winner stated, "People from the surrounding states were very interested in the Super Ditch."

Attorney Nichols gave an update on the June 17, 2008 Super Ditch meeting. We invited several water entities to get acquainted. Those who showed interest were Pikes Peak Regional Water Authority, Pure Cycle, Colorado Department of Natural Resources, Aurora, and Colorado Springs. It was a very productive day. The Directors wanted another meeting to meet with other entities that could make it. Next meeting for Super Ditch is July 18, 2008.

General Manager Winner reported Attorney Nichols and I will be at the State Capitol in the House Committee Room 0112 at 3:00 p.m. today. We were asked to do a presentation on the Super Ditch in front of Representative Kathleen Curry, Chair of the Water Resources Review Committee. Tonight at 7:00 p.m. I will be doing another presentation on the Super Ditch to Corn Growers Association in Denver.

Conservation Program Manager Bill Hancock presented (2) two power points on Conservation Easements. First one was Gary, Helen and Jo Ann Marchand Trust, owner of the Marchand Ranch Property. Second one was Merle and Sherri Manweiler, owners of the Manweiler Property.

Resolution 08-09

The Lower Arkansas Valley Water Conservancy District holds a conservation easement donated by Gary, Helen and Jo Ann Marchand Trusts, owners of the Marchand Ranch Property has respectively proposed a conservation easement to be donated to the District in 2008 consisting of 640 acres of mountain ranch property and 1.5 cfs irrigation water from Wilson Creek, used as part of a family cattle ranch in Fremont County, Colorado. Motion was made by Director Whittaker, seconded by Director Esquibel, to adopt Resolution 08-09, motion unanimously carried.

Resolution 08-10

The Lower Arkansas Valley Water Conservancy District holds a conservation easement donated by Merle and Sherri Manweiler, owners of the Manweiler Property has respectively proposed a conservation easement to be donated to the District in 2008, consisting of 189 acres of mountain ranch property, located between Wetmore and Westcliffe in Custer County. Motion was made by Director Whittaker, seconded by Director Esquibel, to adopt Resolution 08-10, motion unanimously carried.

General Manager Winner presented to board a slide show of Larkspur and Marshall Pass.

PRESENTATIONS: None

PRESIDENT'S REPORT: None

LEGAL REPORT:

Attorney Mendenhall gave an update on the legal report.

Counsel continues to meet with farmers interested in the Super Ditch.

Counsel and Bill Hancock continue to work on Conservation Easements. With future easements they will be required to comply with new state law. Counsel continues to work with donor, together with Bill Hancock, to put together transactions.

Attorney Mendenhall stated he has prepared a draft agreement for the sale and lease of Las Animas Consolidated shares to Bent County. They are being reviewed by Bent County at this time.

On June 17, 2008 the Super Ditch Board met with prospective water lessees. The purpose of the meeting was to acquaint the Board and the lessees with each other and to get a general idea of the needs of the different entities.

Trout, Raley, Montano, Witwer & Freeman, PC

Water Leasing Program:

- Counsel worked with Attorneys' Bob Trout, Bart Mendenhall and Tony van Westrum to resolve the question of whether this represents any potential conflict of interest. The conclusion is that it does not once the two organizations enter into a Memorandum of Understanding, as discussed immediately below.
- Counsel is working with the General Counsel to draft a MOU which will set forth the District's and the Company's obligations and rights with regard to implementation of the water leasing program prior to the time the Company becomes self-sufficient. Attorney Tom McMahon will represent the Super Ditch Board for this purpose only, and has entered into an engagement letter with the Company and District for this purpose. The draft MOU will be presented to both Boards for their review and comment at their next meeting.
- The Board invited organizations that have expressed an interest in leasing water from the company to a series of one-hour "get acquainted" sessions on June 17th. The Board met with Pikes Peak Regional Water Authority, Pure Cycle, Colorado Department of Natural Resources, Aurora, and Colorado Springs. Other invitees included the South Metro Water authority, INV Energy, Park Water & Sanitation District, Pueblo Board of Water Works and Douglas County Water Authority. The South Metro Water Authority and Pueblo Board of water Works expressed interest in meeting, but were unavailable on the 17th. The Morley Companies did not show up for their scheduled appearance.
- Counsel has retained anti-trust attorney Tom McMahon on behalf of the District to look at the anti-trust issues associated with the Super Ditch Company. This is an issue raised by a number of potential lessees and others, and on which the CWCB (Colorado Water Conservation Board) has required a legal opinion before they will finalize the \$320,000

grant for developing alternatives to agricultural transfers, as discussed below. The opinion will be completed by mid-July in advance of the CWCB July meeting.

- Counsel will continue to work with CWCB staff to finalize the grant.
- Counsel and staff are working with CWCB staff to revise the scope of work and meet the condition the CWCB set for grant. Counsel anticipates making a presentation to the CWCB at its July Cortez meeting regarding anti-trust questions and revising the scope of work to bring the total cost within the amount funded by the CWCB, with the same level of matching funds.
- The first phase of the study, Stonewall Springs to Monument, was completed in draft form in May. A draft of the second phase of the study, Timber Lake to Upper Black Squirrel, is underway and will be completed in July.

PSOP negotiations:

- Counsel and the General Manager continue to discuss outstanding issues with Aurora involving permanent water transfers and water leases and to exchange drafts of potential settlement language with Aurora involving permanent water transfers and water leases and to exchange drafts of potential settlement language with Aurora. Settlement discussions are occurring in the context of the District's lawsuit with the Bureau of Reclamation, discussed below. SECWCD has expressed an interest in resuming negotiations, to which Counsel responded positively. Counsel and staff are attempting to arrange a meeting with Colorado Springs to finalize the draft IGA developed last year.

The board discussed changes in their bylaws with little corrections. Vice-Chairman Moore addressed the situation when the chairperson is speaking about board decisions, his/her statements are never considered unofficial. The bylaw was changed so that the chairperson should refrain from statements or remarks that go against what the board has decided. Director Esquibel stated that Directors, who are not typically official spokespersons, should always distinguish between personal opinions and board opinions in their conversations.

COMMITTEE REPORTS:

Personnel: Nothing at this time.

Liaison: Nothing at this time.

Legal: Update on the law suit with BOR.

DIRECTOR'S COMMUNITY REPORT:

Director Whittaker reported crops are doing well.

Director Moore reported nothing new in Crowley County.

Director Esquibel reported I've been up and down the valley. You could see the corn growing.

Director Gill said on Channel Five News they reported that there were millions of grasshoppers in Bent County but didn't specify where.

Director Mauch reported Prowers is hot and dry.

Chairman Singletary reported everything is planted and corn is growing.

PUBLIC COMMENT:

No public comment, but Chairman Singletary asked Alan Ward of Pueblo Board of Water Works How are you getting your water coming across? Have you heard what the BOR has brought down?

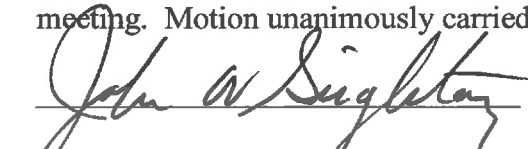
Mr. Ward replied I'm not sure how the BOR has done year to date or the last day or two. Our systems are doing well. They kind of peak about June 4th or 5th and then tailed off and then it got cold up there and it slowed down. Starting about yesterday it looks like we're going to get a second peak. The water is starting good.

Chairman Singletary stated looking at Larkspur it's very interesting to hear from other basin transfers. It looks like BOR is doing well.

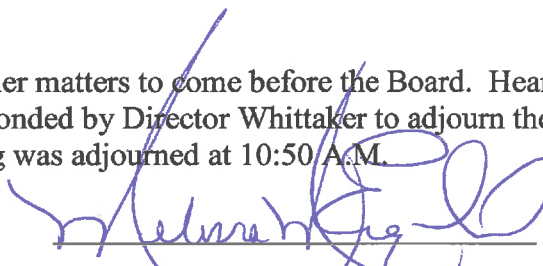
Mr. Ward stated they're taking in a lot of water right now to get the 100,000 ac ft imports. There is still snow up there.

ADJOURNED:

Chairman Singletary asked if there were any other matters to come before the Board. Hearing none, motion was made by Director Mauch, seconded by Director Whittaker to adjourn the meeting. Motion unanimously carried. Meeting was adjourned at 10:50 A.M.



John Singletary Chairman



Melissa Esquibel Secretary