

May 28, 2008 WORK SESSION MEETING MINUTES

A Work Session meeting of the Lower Arkansas Valley Water Conservancy District was held on Wednesday, May 28, 2008 at 8:30 AM., at the District office located at 801 Swink Avenue, Rocky Ford, Colorado 81067.

DIRECTORS PRESENT:

John Singletary-Chairman
Pete Moore-Vice Chairman
Wayne Whittaker-Treasurer
Loretta Kennedy
Lynden Gill
Leroy Mauch

DISTRICT STAFF:

Jay Winner-Executive Director
Bart Mendenhall-Attorney

DIRECTOR EXCUSED:

Melissa Esquibel- Secretary

Vice-Chairman Moore called the meeting to order at 8:30 AM and announced a quorum was present with Director Esquibel being excused.

Director Moore stated the purpose of this work session is to go over bylaws so that we can finalized and adopt.

Directors' had a discussion on what items to change to finalize the bylaws and add the corporate seal of the District. Bylaws will be finalized on our next board meeting June 18, 2008.

Chairman Singletary introduced SECWCD Executive Director Jim Broderick, Board Directors' Bill Long and Kevin Karney.

Director Long thanked the LAVWCD Board of Directors for sharing this concept with all of you and to a number of individuals, congressional delegation, and BOR. So far it's seems to be a great deal of support for us. I'll let Jim talk more about it. I like to encourage or ask all of you what you can do with delegation, if you're in agreement with the concept, structural and support of the Conduit. If we could not do the funding utilizing, there probably wouldn't be a Conduit anytime soon. But we did a lot of hard work, a lot of research.

Executive Director Broderick stated we did some examples on how it would work. In front of each of you is a sheet with 3 examples. We needed to get BOR an example. We picked 3 elements what would be very simple to show. Those elements were Reudi Reservoir, Colorado Springs and Arkansas Valley Conduit. In the Fry- Ark legislation it breaks things down by projects on the western slope and the eastern slope. It also breaks them into elements or components. Those are separate components; the collection is a separate component. In fact there's a southern and northern collection system. Turquoise enlargement is a separate component. Twin Lakes, Pueblo Reservoir and Fountain pipeline are separate components. When you go back and look at the legislation there's a clause in the legislation that says that excess capacity or any other funding mechanism they call it miscellaneous revenue. That's the one that got my attention. It was extremely high for miscellaneous. Any type of contracts leasing land that federal government has around the project and most federal projects are a lot of land that goes with it when they lease it.

Arkansas Valley Conduit, the progression on the Conduit was the BOR. BOR speaks for the administration. It doesn't matter what they think the administration says you do this. There thought doesn't mean anything. They were approached to it and always kept on saying it's the intent of the legislation. The legislation says 100%. We went to 80-20 concept. BOR said if its not 100% we don't like it. Part of the congressional delegation said it was alright we'll roll with them. New Mexico Senator's were in the process of doing the Rural Water Act in past 2007. That allowed for 65-35 split when we talked to the committees of the senate house on power and water they strongly suggested for us to give up the 80-20 concept when 65-35 probably has merit because there is already Precedent for it. We couldn't apply for the Rural Water Act because there was ceiling dollars. We were above the ceiling dollars. They didn't want to raise the ceiling, they had six projects in line already and he didn't want any more projects. Besides that here was another reason to use Fry-Ark legislation on 1962, 1962 date vs. 2007 date which projects gets down first as long you have revenue. That's how we got 65-35 number. We didn't pull it out of the air it was because of some other legislation that gave us the grounding tool allowing us to build the case.

Director Long stated it's a simple part I've heard so many times. Bottom line the miscellaneous revenues will be used to pay back 80% of the project. The \$40-\$60 million that we get from CWCB, participates will repay that. What essentially happens and that falls in line with what we've worked toward all along.

Executive Director Broderick stated we probably should take a little about that. In the State of Colorado they're going to allow \$60 million. \$600,000 will sit in an account for 20 years waiting for us to get there. So what will probably happen we'll go with 40 instead 60 so there'll be little variance there. We'll probably draw on that account and start doing assessment study on it. So they could see if there's activity on that account. We're estimating to be 18-24 months. We have to get what they call a 10% in merit completed. So that it would pay for the attorney's. The static grant we applied for and funding was provided by LAVWCD and the Ark Basin Roundtable. This is one of the

top priorities for the State of Colorado. But there are some alignments to allow this to move that's not traditionally there. We believe we did our homework on this. We have a positive outlook on this. We have all the hard work and research. Of course we're not congressional office and can't decide for them.

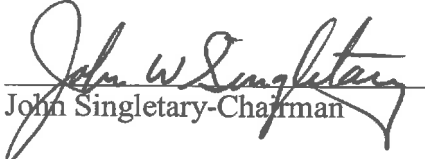
Chairman Singletary asked is there anything we could do for you.

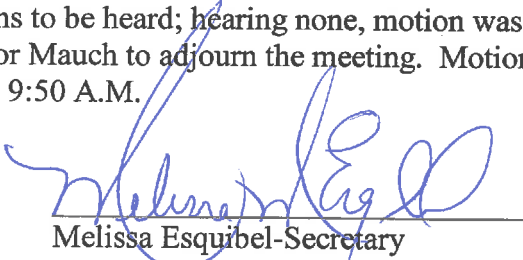
Director Long suggested a resolution in support of the Conduit and the funding concept. Write a letter to the delegation, especially to Senator Salazar.

SECWCD thanked the Board of Directors for giving their time.

LAVWCD discussed the Conflict of Interest Policy, thought somewhere in the policy to add Conflict of Activity to the Bylaws or Conflict of Interest Policy.

Singletary asked if there were any other questions to be heard; hearing none, motion was made by Director Kennedy, seconded by Director Mauch to adjourn the meeting. Motion unanimously carried. Meeting was adjourned at 9:50 A.M.


John Singletary-Chairman


Melissa Esquibel-Secretary