

October 15, 2008
Minutes-Board Meeting

The regular monthly meeting of the Lower Arkansas Valley Water Conservancy District Board of Directors was held on Wednesday, October 15, 2008 at 10:06 AM, at 801 Swink Avenue, Rocky Ford, CO 81067.

Chairman Singletary announced a quorum was present with Director's Esquibel, Kennedy and Gill excused.

DIRECTORS PRESENT:

John Singletary-Chairman
Pete Moore-Vice Chairman
Wayne Whittaker -Treasurer
Lynden Gill

DISTRICT STAFF PRESENT:

Jay Winner-Executive Director
Bill Hancock-Conservation Program Manager
Carla Aragon-Quezada-Administrative Assistant
Bart Mendenhall-Attorney

DIRECTORS EXCUSED:

Melissa Esquibel-Secretary
Loretta Kennedy
Lynden Gill

DISTRICT STAFF EXCUSED:

Kim Chavez- Financial Officer

MOTION TO ENTER INTO WATER ACTIVITY ENTERPRISE:

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

At the conclusion of the Water Activity Enterprise meeting Director Moore moved to reconvene the District Meeting at 10:08 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; Lola Shrimpl, La Junta Tribune; Rick Kientz, Aurora Water; Alan Ward, Pueblo Board of Water Works; Ken Weber, CSU; Dwight Gardner, Senator Salazar's office; Jim Valliant, CSU-CAES; Kelly Roesch, Pure Cycle; Pat Edelmann, USGS; Fred Heckman, Farmer, McClave; Brenda Fillmore, AGUA; John Merson, John Martin; Roy Vaughn, BOR; Denise Hosler, BOR; Fred Nibling, BOR; .

APPROVAL OF MINUTES:

- ❖ *September 17, 2008 Monthly Board Meeting Minutes*- Chairman Singletary asked if the Board members had reviewed the minutes for the September 17, 2008 Board meeting and whether there were any corrections or additions. Director Whittaker moved to approve the minutes for September 17, 2008, seconded by Director Mauch. Motion unanimously carried.

- ❖ *September 17, 2008 Draft Budget* -Chairman Singletary asked if the Board members had reviewed the draft budget for 2009 whether there were any corrections or additions. Director Whittaker moved to approve the draft budget 2009, seconded by Director Moore. Motion unanimously carried.

TREASURER'S REPORT:

Chairman Singletary reported that the financial report for the month of September was included in the Board's Monthly Meeting Packet. Director Whittaker reported August total revenues \$56,305.09 and total expenditures \$59,164.18 with total net <\$2,859.17>. Director Whittaker moved to accept the August Financial Statement, seconded by Director Moore. Motion unanimously carried.

GM REPORT: General Manager Winner introduced Nancy Proctor, Anthem Insurance Benefit Specialist.

PRESENTATIONS:

Ms. Proctor explained Insurance Policy and gave information and an update on Health, Dental and Vision Insurance for employees for 2008-2009.

General Manager Winner introduced Fred Nibling, Jr. of Bureau of Reclamation (BOR). Mr. Nibling presented a power point on Invasive Mussels in Reclamation Water Systems.

General Manager Winner introduced Pat Edelmann, USGS. Mr. Edelmann gave a summary of Hydrologic conditions in the Arkansas River Basin.

General Manager Winner directed Board Directors to Tab (4) four of the board packets. Winner gave Power Point presentation on Guidelines to Interbasin Transfers.

Motion made by Director Mauch to fund \$20,000.00 to the Transit Loss Model (Study to be taken between Pueblo Reservoir and John Martin Reservoir), seconded by Director Whittaker. Motion unanimously carried.

Motion made by Director Mauch for LAVWCD to provide \$70,000.00 to the Arkansas Valley Conduit Project in 2009 and 2010. \$50,000.00 of this would be assigned as portion of the local match for the State and tribal Assistance Grant (STAG), and \$20,000.00 would be for general Conduit expenses beyond the STAG, seconded by Director Moore. Motion unanimously carried.

General Manager Winner directed Board Directors' to Tab (1) one of the board packets. Winner stated a letter will be sent to Larkspur shareholders to see if they would be interested in selling their shares.

PRESIDENT'S REPORT:

Chairman Singletary reported I want to congratulate Jay on his position on Interbasin Compact Committee (IBCC). General Manager Winner could you please explain to the board what you will be doing for the IBCC.

General Manager Winner stated it's a vision over the next 50 years. What we're looking at the next couple of years it will be a vision for the future for the state of Colorado. What the water should look like over the next 50 years. It's going to be an exciting place to be. It's going to be very interesting. It's going to be water from the Western slope basins and Eastern slope basins. You'll have a lot of people in the room that don't necessary all agree. I think with the team we have, we will get to the point where we can agree for the future for State of Colorado. Agriculture should be at 110% of what it is today. It should be at 100% production. It's going to be interesting for the State of Colorado.

LEGAL REPORT:

Attorney Mendenhall reported on September 22, Counsel attended a Super Ditch meeting. At which the members received reports concerning meetings with various potential lessees.

Attorney Mendenhall has participated in various closings related to trades concerning water rights that will improve the holdings of the District.

Jay, Bill and Attorney Mendenhall have been working on issues related to the difficulty of obtaining qualified appraisers who are willing to perform appraisals in Southeast Colorado. We continue to try to close the existing donations we have. Some of the issues include getting appraisers to finish their work.

Attorney Mendenhall attended on September 30, 2008 an Otero County Commissioners meeting dealing with revegetation requirements which would part of 1041 requirements for moving water in Otero County. They're concerned about revegetation problems from past moves. We had a good discussion concerning the efforts of the District in this area.

Trout, Raley, Montano, Witwer & Freeman, PC
Water Leasing Program:

- The board has scheduled a follow up negotiating session with one potential lessee for October 20th, and counsel has been advised that another potential lessee is preparing a formal offer. The Super Ditch Board will meet again October 21, 2008.

Regional Water IGA: The purpose of this action is to negotiate a comprehensive settlement of water-related issues that threaten the economic future of the Lower Arkansas Valley.

- 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. 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 scheduling a meeting with Colorado Springs October 23, 2008 to discuss finalizing the draft IGA developed last year.

II. LEGAL REPRESENTATION

A. Water Court Litigation. The purpose of this action is to protect the water resources available to the Lower Arkansas Valley.

- Counsel recommends filing a statement of opposition in Case No. 08CW449, Division 5, which is the diligence application for the Homestake Project filed by partners Colorado Springs and Aurora.

Motion made by Director Moore to file statement of opposition in Case No. 08CW449, Division 5, which is the diligence application for the Homestake Project filed by partners Colorado Springs and Aurora, Second by Director Whittaker. Motion unanimously carried.

Other Matters:

D. Drought Grant. The purpose of this action is to prevent the curtailment of pumping to meet Colorado's water delivery obligations to Kansas under the Arkansas River Compact.

- Counsel is drafting a Drought Grant to obtain reimbursement for the LAVWCD's lease of water for delivery to Kansas to meet Compact obligations, as requested by the Division Engineer. Counsel have has all of the drought declarations necessary to support the grant request.

Attorney Mendenhall stated that on Super Ditch grant it has been review for \$150,000.00 and has been signed and waiting for approval. Also \$320,000.00 has been signed and waiting for approval. Special counsel has set out for responses from George Omak on the economic portion and AGUA Engineer for the help of engineering the different ditch companies. We need a motion to give counsel the authority to negotiate the appropriate agreement for these entities while he waits for the other entities to response. Director Mauch made motion to give counsel authority to negotiate, seconded by Director Moore. Motion unanimously carried.

COMMITTEE REPORTS:

Director Kennedy-Personnel: None.

Director Kennedy-Liaison: None.

Director Esquibel-Legal: None.

DIRECTOR'S COMMUNITY REPORT:

Director Whittaker reported good rain for the area.

Director Moore reported lots of trucks full of onions passing through Ordway. Feedlot pens full of cattle.

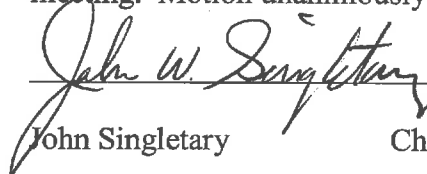
Director Mauch reported fair rain. They're still working on the Power Plant. Ethanol Plant has been put on hold for a year.

Chairman Singletary reported we didn't get much rain, but we'll take what we could get. We received our first frost last night. It was a good year for produce.

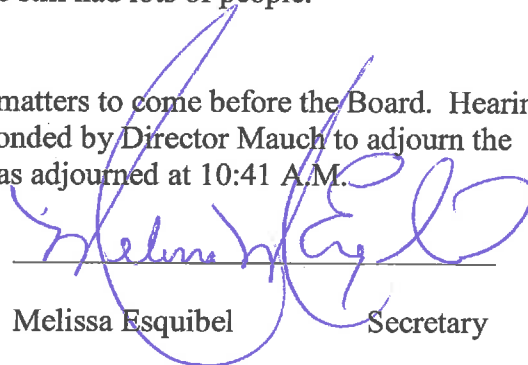
PUBLIC COMMENT: John Merson, John Martin Reservoir, Very good year for visitors. We had good water level. In spite of gasoline prices we still had lots of people.

ADJOURNED:

Chairman Singletary asked if there were any other matters to come before the Board. Hearing none, motion was made by Director Whittaker, seconded by Director Mauch to adjourn the meeting. Motion unanimously carried. Meeting was adjourned at 10:41 A.M.



John Singletary Chairman



Melissa Esquibel Secretary