

October 21, 2009
Minutes-Board Meeting

The regular monthly meeting of the Lower Arkansas Valley Water Conservancy District Board of Directors was held on Wednesday, October 21, 2009 commencing at 10:05 A.M, at 801 Swink Avenue, Rocky Ford, CO 81067.

Chairman Moore announced a quorum was present with all Directors present.

DIRECTORS PRESENT:

Pete Moore-Chairman
Lynden Gill-Vice Chairman
Melissa Esquibel-Secretary
Wayne Whittaker -Treasurer
Leroy Mauch
Anthony Nunez
Reeves Brown

DISTRICT STAFF PRESENT:

Jay Winner-General Manager
Bill Hancock-Conservation Program Manager
Carla Aragon-Quezada-Office Manager
Brenda Fillmore-Finance/Water
Bart Mendenhall-Attorney
Peter Nichols-Attorney

MOTION TO ENTER INTO WATER ACTIVITY ENTERPRISE:

Director Whittaker moved that the Board recess the regular Board Meeting and open the Water Activity Enterprise meeting, seconded by Director Gill. Motion unanimously carried.

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

INTRODUCTION OF VISITORS:

Chairman Moore 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; Rick Kienitz, Aurora Water; Mike Bartolo, CSU-AURL; Pat Edelmann, USGS; Bill Hancock, LAVWCD; Brenda Fillmore, LAVWCD; Jim Sandoval, Otero County Commissioner; Keith Goodwin, Otero County Commissioner; Del Nimmo, CSU-Pueblo; Ken Weber, Pueblo; Kelly Roesch, Pure Cycle; Fred Heckman, FLCC; John Schweizer, Super Ditch; Loretta Kennedy, Congressman Salazar's Office; Tony Hass, Las Animas; Alan Ward, PPBW; Dwight Gardner, Senator Bennet's office; Bob Beltramo, Beltramo Leasing, Inc; Bob Huzjak, RJH Consultants; John Sliman, Southwest Farms, Inc; Mary Miller, LJ NRCS AO; Patty

Knupp, NRCS/DOW/RMBO; Scott Lorenz, AGUA; Sam Fosdick, AGUA; Kim Siefkas, Las Animas; Henry Schnabel, Prowers County Commissioners; Nancy Proctor, Group Benefit Specialist; Sal Pace, State Rep.

APPROVAL OF MINUTES:

- ❖ *September 23, 2009 Monthly Board Meeting Minutes*- Chairman Moore asked if the Board members had reviewed the minutes for the September 23, 2009 Board meeting and whether there were any corrections or additions. Director Nunez moved to approve the minutes for September 23, 2009, seconded by Director Esquibel. Motion unanimously carried.
- ❖ *September 23, 2009 Work Session Meeting Minutes*- Chairman Moore asked if the Board members had reviewed the minutes for the September 23, 2009 Work Session meeting and whether there were any corrections or additions. Director Whittaker moved to approve the minutes for September 23, 2009, seconded by Director Brown. Motion unanimously carried.

TREASURER'S REPORT:

Chairman Moore reported that the financial report for the month of September was included in the Board's Monthly Meeting Packet. Treasurer Whittaker reported September total revenues \$57,365.04 and total expenditures \$93,298.83 with total net <\$35,933.79>. Director Whittaker moved to accept the September Financial Statement, seconded by Director Mauch. Motion unanimously carried.

GM REPORT:

General Manager Winner introduced John Sliman, Owner of Southwest Farms.

PRESENTATION: Mr. Sliman, Owner of Southwest Farms, Inc. stated he has been farming on this present location since 1991 and working on this water storage project for the last 4-5 years. Mr. Sliman introduced Mr. Bob Huzjak, Engineer for Southwest Farms who gave a PowerPoint presentation on Blue Grass Reservoir, A Flexible Water Management Tool.

Project Purpose

Exchange reservoir (possibly Super Ditch); Maximize Lower Arkansas valley water rights; Provide flexible water management tool near Fountain Creek confluence; and Staged development to match needs.

Project Team

Owner: John Sliman, Southwest Farms, Inc; Local business owner of Southwest Ready Mix, Inc & Southwest Farms, Inc; Owns Blue Grass Project property; Substantial experience in the Mining and Construction Industry; Committed to long term success.

Contractor: Beltramo Leasing, Inc; Local, established Contractor (40 years in current location); financially strong, has required equipment and resources.

Engineer: FJH Consultants; Leader in dam, gravel pit and reservoir development; experience on over a dozen similar projects.

Project Location

Fountain Creek/Arkansas River Confluence.

Key Project Components

Diversion structure to Blue Grass Project Site, 3 miles; Fountain Creek/Arkansas River Confluence to diversion structure, 6 miles; Pueblo Reservoir to Fountain Creek/Arkansas River Confluence, 8.5 miles.

Excelsior Ditch Diversion

Key items: located 6 miles from Fountain Creek/Arkansas River confluence and 14.5 miles from Pueblo Reservoir; Rehabilitated in 1996; Designed for both high and low flow operations; and capacity >200 cfs (3/sec ft).

Excelsior Ditch

Key items: Carriage rights available from Excelsior Irrigating Co.; Blue Grass Project site is the first diversion on Excelsior Ditch; existing capacity of 150+ cfs to Blue Grass Project site and adequate right of way to expand ditch capacity (beyond 150 cfs) within 90 ft easement.

Hydraulic Operations

Storage capacity = 11,000 ac/ft; Entire reservoir system can be filled by gravity and approximately 8,000 ac/ft can be drained by gravity flow (approximately 75%).

Project Status

Permits: DRMS- permit issued November 11, 2008; 1041 – submittal pending details on water supply and operations; CLOMR – submittal pending selection of final reservoir configuration; Office of State Engineer- initial discussions

Engineering: Feasibility design- completed 2008; Geotechnical investigations – started June 2008; Preliminary design – pending customer final selection of configuration and components

Mining: Stripping – started June 2009; Overburden removal – started July 2009.

Early in Design: Flexibility to meet end user's needs

Benefits of Blue Grass Project

Storage capacity: Currently 1,000 ac/ft and expandable to 18,000+ ac/ft

Conveyance: Existing diversion and ditch infrastructure in place; Inflow conveyance capacity 150+ cfs – Gravity flow; Ability to expand ditch for additional conveyance capacity and gravity outflow to Arkansas River.

Flexibility: Design to meet end users requirements; develop storage incrementally and provide storage by 2011.

Operational Simplicity: Gravity system and diversion structure 6 miles downstream of Fountain Creek/Arkansas River confluence and 14.5 miles downstream from Pueblo Reservoir.
Competitive Pricing: \$3,400 to \$4,000 per ac/ft; Depends on final volume, components, and payment terms; Carriage rights can be included or priced separately and turn-key project can be provided.

Mr. Sliman presented a thank you statement. "In closing, it is our hope that if the Lower Arkansas has a need for water storage you (LAVWCD) would consider our project. No matter what direction we take in the Farming Industry towards protection of our water now and in the future I would like to leave you with this thought. If the cities will maximize the use of the water they currently have they will minimize the need of purchasing more Lower Arkansas Ag water. It is my feeling these types of water storage projects will help accomplish both the goals of growth and continued farming in the Valley. Associations like this have the ability to push this agenda and we would encourage this as we move forward."

General Manager Winner introduced State House Representative Sal Pace.

Representative Pace stated to the LAVWCD board that he needs support to pass the Mitigation Incentive Bill – Colorado legislative session 2010.

The Statewide Water Supply Initiative (SWSI) projects that Colorado's cities and industrial users will need an additional 708,000 ac-ft of water by 2030, as the state population grows from 4.3 million in 2000 to an estimated 7.1 million people. With such rapid growth, the state should provide incentive for cooperative projects.

The purpose is to encourage and reward voluntary mitigation agreements among water developers and affected water districts and to allow the Water Court to consider water-related mitigation conditions when water is proposed for movement from one water division to another.

Director Whittaker made motion to support concept of the Mitigation Incentive Bill, seconded by Director Nunez, to support concept, motion unanimously carried.

General Manager Winner introduced Nancy Proctor, Anthem Group Benefit Specialist.

Ms. Proctor explained provisions of the Insurance Policy and gave information and an update on Health, Dental and Vision Insurance for employees for 2009-2010.

General Manager Winner introduced Mary Miller, Natural Resources Conservation Service (NRCS) and Patty Knupp, NRCS, Colorado Division of Wildlife, Rocky Mountain Bird Observatory.

Ms. Miller gave a summary on 2009 Tamarisk Projects in the Upper and Lower Arkansas River Basin.

LEGISLATIVE REPORT: None

DIRECTORS' DISCUSSION: None

COMMITTEE REPORTS:

Personnel: None.

Acquisition: None.

LEGAL REPORT:

Melissa Esquibel: None

Attorney Bart Mendenhall: Attorney Bart Mendenhall discussed his legal report, a copy of which is attached to the minutes as Exhibit A.

Trout, Raley, Montano, Witwer & Freeman, PC

Attorney Peter Nichols: Attorney Nichols the Board packet as Exhibit B.

BOARD ACTION:

Resolution 09-05

The Lower Arkansas Valley Water Conservancy District holds a conservation easement donated by Stealey's Wild Rose Ranch and has respectively proposed a conservation easement to be donated to the District in 2009, consisting of third donation of a staged conservation easement of a working cattle ranch in Fremont County, Colorado. Motion was made by Director Brown, seconded by Director Whittaker, to adopt Resolution 09-05, motion unanimously carried.

Resolution 09-06

The Lower Arkansas Valley Water Conservancy District holds a conservation easement donated by Douglas L and Sharon K Carlson and has respectively proposed a conservation easement to be donated to the District in 2009, consisting of 319 acres of native rangeland used for cattle ranching in Pueblo County, Colorado. Motion was made by Director Brown, seconded by Director Whittaker, to adopt Resolution 09-06, motion unanimously carried.

Resolution 09-07

The Lower Arkansas Valley Water Conservancy District holds a conservation easement donated by Gerald L Jordan and has respectively proposed a conservation easement to be donated to the District in 2009, consisting of 91 acres of irrigated farmland and 91 shares of Colorado Canal Company and 91 shares of Lake Meredith Reservoir Company, in Crowley County, Colorado. Motion was made by Director Brown, seconded by Director Whittaker, to adopt Resolution 09-07, motion unanimously carried.

Resolution 09-08

The Lower Arkansas Valley Water Conservancy District holds a conservation easement donated by Herman Wooten and has respectively proposed a conservation easement to be donated to the District in 2009, consisting approximately 1100 acres of native rangeland including 69 irrigated acres, associated water rights on the Huerfano River, all part of a working cattle ranch in Pueblo County, Colorado. Motion was made by Director Brown, seconded by Director Whittaker, to adopt Resolution 09-08, motion unanimously carried.

Resolution 09-09

The Lower Arkansas Valley Water Conservancy District holds a conservation easement donated by Mt. Pisgah, LLC and has respectively proposed a conservation easement to be donated to the District in 2009, consisting 64.63 acres of mountain property in Teller County, Colorado. Motion was made by Director Brown, seconded by Director Whittaker, to adopt Resolution 09-09, motion unanimously carried.

Resolution 09-10

The Lower Arkansas Valley Water Conservancy District proposes the creation of four individual Conservation Easements on property owned by the District in 2009, consisting of irrigated farmland known as the District's Bessemer Ditch and Highline Canal farms in Pueblo County, Colorado, and the District's Rocky Ford Ditch and Highline Ditch farms in Otero County, Colorado. Motion was made by Director Brown, seconded by Director Whittaker, to adopt Resolution 09-10, motion unanimously carried.

PUBLIC COMMENT:

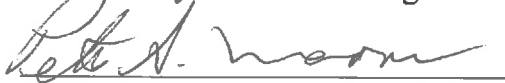
Commissioner Henry Schnabel of Prowers County stated that he was very amazed with all the funding and also with the cooperation of the land owners. He thanked the LAVWCD for giving support to the Southeast Colorado Water Conservancy District to continue with the Tamarisk project. He stated it's a great project.

Sam Fosdick of Fowler asked on conservation easements is there a percentage on the ground to be taken out of service about every farm out there. So if you take that water off you could put some money into the Super Ditch.

General Manager Winner replied you need to come to the Super Ditch meetings. We've been discussing this great length.

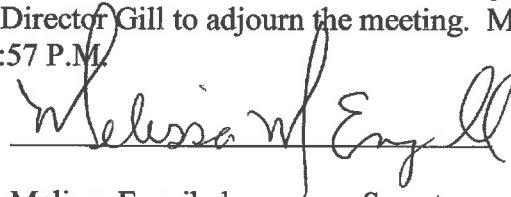
ADJOURNED:

Chairman Moore asked if there were any other matters to come before the Board. Hearing none, motion was made by Director Mauch, seconded by Director Gill to adjourn the meeting. Motion unanimously carried. Meeting was adjourned at 11:57 P.M.



Pete Moore

Chairman



Melissa Esquibel

Secretary