

Center of Colorado Water Conservancy District
Board of Directors Meeting
January 13, 2016

The monthly meeting of the Center of Colorado Water Conservancy District was held on Wednesday, January 13, 2016 at the CCWCD offices at 548 Front Street, Fairplay, CO 80440. Lisa McVicker called the meeting to order at 3:00 PM.

The members present at the office were Lisa McVicker, Chris Fuller and Briggs Cunningham. Present by telephone conference were Craig Steinmetz and Geri Salsig. Also present at the office were Dan Drucker and Nola Knudsen.

APPROVAL OF THE AGENDA AND MINUTES

Briggs Cunningham added Tim Buckley, State Water Engineer for our district as item #2 under new business. The London Mine decision will be added as #3 under new business. Briggs Cunningham moved to accept the agenda as amended. The motion was seconded by Craig Steinmetz and carried unanimously. Craig Steinmetz added a discussion of noxious weeds under Old Business, item #4. Chris Fuller seconded and the motion carried unanimously.

PRESIDENT'S STATE OF THE DISTRICT

Lisa McVicker reviewed the State of the District report with the Board reviewing the accomplishments of 2015. A copy is attached to these minutes.

ELECTION OF OFFICERS

Chris Fuller moved to nominate Craig Steinmetz as Treasurer, Briggs Cunningham as President of the Board, Geri Salsig as the Vice- Chair, Chris Fuller as Secretary, and Lisa McVicker as Board member at large. Briggs Cunningham seconded and the motion carried unanimously.

ADMINISTRATIVE MATTERS

Nola Knudsen reviewed the check detail with the Board members. Checks for the month of January totaled \$10,255.80. There was a discussion about making the loan payoff for the Smelter Pipeline Reservoir. Nola Knudsen will prepare a check for the balance of the loan which was approved for payment by the Board last meeting. Chris Fuller moved to approve the warrants as presented. Craig Steinmetz seconded and the motion carried unanimously.

OPERATIONS MANAGER'S REPORT

Dan Drucker reviewed a few items from the monthly Operations Manager's report with the Board. He answered questions regarding the operations and maintenance account for Chatfield Reservoir. The Center's share is \$4, 551. The Center will receive an invoice for the operations and maintenance that members pay for annually.

OLD BUSINESS

1. Review of 2015 Projects and Legal Issues extending into 2016: This was discussed earlier.

2. Discussion and decision on new engagement letter for Mark Davis, Esq: The new law firm is Jachimiak, Peterson LLC: Dan Drucker said Wood, Ris and Hames decided to close down. Mark Davis and others moved on to Jachimiak, Peterson LLC. A letter of engagement was requested by the new firm.

NEW BUSINESS

1. Discussion and decision on water storage agreement: David Shohet discussed the proposed lease for 5 acres of storage at Lininger Lake. The managing party wants the District to lease 25 acre feet. The Lease was revised for a 5 year period. There is to be one annual fixed payment of \$4500 as an administrative fee; it is not subject to escalation. The cost is \$280.00 per year per acre foot of water (280x25) paid every year and this rate is subject to an annual increase based upon the CPI. David said there are some reasons for due diligence to be completed. First he wants to make sure we can divert water based on minimum stream flows. There are questions about water releases ending in Hoosier Creek and the presence of beaver ponds affecting the return of water. Lisa McVicker made a motion to approve the Water Storage Agreement for Lininger Lake and to approve our president to sign the lease as amended. Chris Fuller seconded the motion which carried unanimously.
2. **Buckley:** Briggs Cunningham informed the Board that Mr. Buckley is going to go to all subdivision that do not have central water and ask them to do a detailed accounting of their water use. Briggs was talking to him about the water issues in Woodside. Briggs is wondering if CCWCD could offer counseling and provide direction to insurance. Lisa McVicker suggested tabling this discussion for a HASP meeting at which Dave Wissel and legal counsel will be present.
3. **London Mine:** Lisa McVicker reviewed a decision about some water quality control issues. Some penalties have been levied against some of the owners of the London Mine. There are no action items right now for CCWCD. Lisa explained there are two tunnels that come out of the London Mine; a water tunnel and an extension tunnel. The earth shifted and the tunnels collapsed on each other. While one tunnel functioned well, discharges from the other tunnel weren't being treated at all. Now, there are very high levels of cadmium and zinc being released. The Colorado Department of Public Health, leveraged penalties on the deceased owner (Mr. Wright) of the mine in the amount of 1.1 million dollars. The deceased's estate doesn't have the money to pay this fine and claims the problem is the fault of the prior owner. The London mine discharges 1 million gallons of water per day with heavy metals.

UPDATE ON LEGAL ISSUES

Craig Steinmetz left the meeting at 4:46 PM.

12CW50 Case- The staff has been busy drafting and preparing paperwork to send to customers switching them from the old augmentation plan to the new augmentation plan. Letters were provided to the HASP Board; legal counsel has been reviewing comments that came in and is revising the paperwork as appropriate.

03CW19 – State and Division Engineers have provided comments to legal counsel of the October 2015 materials that were circulated in December. David Shohet said he is optimistic he will get this case decreed this year.

15CW3145 Case: This is an application filed by Winding River, LLC. David Shohet said they have a fairly large change case; HASP filed a statement of opposition. Memo was reviewed. Dave Shohet prepared invoice for Centennial.

Chris Fuller made a motion to enter executive session at 5:00 PM pursuant to Section 24-6-402(4)(a) C.R.S. for purposes of discussing possible litigation regarding the Smelter Pipeline Reservoir warranty. The motion was seconded by Geri Salsig and carried unanimously. The Board returned to regular session at 5:08 PM; no decisions were made in executive session.

Lisa McVicker made a motion to give Mark Davis authority to file the civil lawsuit in Park County District court against Hudick, no later than January 22nd. Geri Salsig seconded and the motion carried unanimously.

DIRECTOR'S ISSUES

Lisa McVicker: Lisa requested Nola Knudsen work with John Matteson to update the web site. Lisa shared her thoughts about pay increases for the sub-contractors and the Board members. Lisa proposed Nola Knudsen and Dan Drucker get a 5% raise on their monthly billing rates and go to \$150 per meeting for Board of Directors. Chris Fuller moved to approve the increase for Nola Knudsen to \$1800 a month and Dan Drucker to \$75 per hour as of February 1. Geri Salsig seconded and the motion carried unanimously. It was reported the monthly mileage reimbursement will be dropped to \$.50 per mile per Federal guidelines.

David Shohet was requested to research the legality of the Board approving an increase for Board members prior to next meeting.

There being no further business brought before the board, Lisa McVicker made a motion to adjourn. Chris Fuller seconded and the meeting adjourned at 5: 21 PM.

Nola Knudsen
Recording Secretary

CCWCD State of the District President's Report: January 13, 2016

2015 was a good year for the Center of Colorado Water Conservancy District; we accomplished significant goals, put closure on important projects and forged ahead with our objectives outlined in our 2013 Strategic Master Plan.

The most important accomplishments of 2015 include:

- 1) The District paid off the outstanding CWCB loan for the James Tingle Reservoir (JTR) on February 16, 2015. This means that there is one remaining outstanding loan with the CWCB for the Smelter Pipeline Reservoir, leaving the District in a good position for Chatfield and other projects. The District signed closing papers for a possible \$600,000+ loan for Chatfield.
- 2) As reported in 2015: CCWCD continued our efforts in collaboration with other front-range entities in the Chatfield Reallocation Project. The Army Corps of Engineers approved the project in late fall of 2014 and immediately thereafter the Audubon Society filed suit against the Corps to set aside the findings of the environmental impact statement. This litigation is expected to delay the project into 2016. CCWCD has retained representation from Trout, Raley, Montano, Witwer and Freman, P.C. and will pay a pro rata share of these legal costs in order to stay informed of the litigation. CCWCD closed on our loan papers with CWCB to continue our presence in the Chatfield project. The Board believes that the cost of storage makes of these efforts still a worthwhile endeavor. CCWCD has approximately a .67 percent interest in the reallocation project, representing approximately 131.32 acre-feet of storage in Chatfield once the project is complete.
- 3) The District consolidated our accounts with Colotrust in order to increase our interest rate.
- 4) The District continues to pursue its warranty claims related to the leakage in the Smelter Pipeline Reservoir. Mark Davis continues as counsel for the District in these matters.
- 5) Jim Culichia formally passed the baton to his colleagues, David Shohet and Ryan Farr. David and Ryan will serve as the District's principal counsel for all water matters from 2015 into the future.
- 6) David and Ryan's law firm announced a change of ownership beginning in January 2016: Monson, Cummins & Shohet, LLC.
- 7) Our relationship with Centennial Sanitation and Water District in our first reservoir, the James Tingle Reservoir near US 285, west of Jefferson, which was dedicated in 2009, continues in a beneficial manner. Weed mitigation, raptor attraction to discourage burrowing critters from burrowing into the berms, and maintenance of the reservoir continued thanks to cooperation from our Operations Manager and Centennial.
- 8) CCWCD continued its partnership with CUSP for noxious weed management plans for both the JTR and the SPR; thanks to Chris Fuller for her assistance with these efforts and her reports on the status.
- 9) CCWCD, in collaboration with our partners, the Upper South Platte Water Conservancy District (USPWCD) and the Headwater Authority of the South Platte (HASP), continued to pursue water court applications including a Blanket Augmentation Plan for Division 1 which seeks a new plan for augmentation in the South Platte River Basin to use water acquired by the Districts after the 2002 plan was entered. The trial set for August of 2015 was averted thanks to cunning counsel and proactive board votes.

- 10) Conflict and distrust from some constituents were resolved thanks to a meeting in Guffey in April of 2015. Thanks to David Shohet, Geri Salsig, and Dave Wissel for assisting with the meeting.
- 11) Operations Manager, Dan Drucker, continued efforts to find suitable storage throughout both Districts 1 and 2. The District continues to pursue possible storage on the north fork of the South Platte as 2016 commences.
- 12) CCWCD, in collaboration with our partners, continues to oppose some applications that would affect our plans for augmentation.
- 13) CCWCD joined with USPWCD, Fairplay and Park County to address an augmentation issue to preserve Fairplay Beach as an amenity for the citizens of Park County.
- 14) Geri Salsig was reappointed for a 4 year term to represent District 2.
- 15) Case No. 12CW50-Blanket Augmentation Plan for Division No. 1 approved. This case approves a new plan for augmentation to use water acquired by the Districts after the 2002 augmentation plan was entered. Opposers stipulated; the Water Court entered a final decree in July. Counsel, along with counsel for Upper South Platte WCD, moved selected existing customers to the new plan.
- 16) Case No. 03CW19-Blanket Augmentation Plan for Division No. 2.; comments forthcoming.
- 17) Case No. 12CW214-Change of Division No. 1 water rights for use in Division No. 2 was approved. Final decree was approved by the water court.
- 18) Case No. 13CW3148-Junior storage rights for Chatfield Reservoir was approved. This gives the District a water right that will be available for use in the Districts' Division No. 1 and No. 2 plans for augmentation. Final decree approved by the Water Court.
- 19) CCWCD ended 2014 with \$1,125,666 in the bank as of the middle of December; this balance reflects the payment of the District's note on the JTR. The District has one outstanding CCWCD loan for the SPR. The District's loan for Chatfield has not been drawn upon.
- 20) In 2013, the District adopted a Strategic Master Plan in order to further the goals of preserving, protecting and defending the waters of Park County in the years to come. In 2015, the District continued achieving the articulated goals in the SMP, specifically with a focus on providing sufficient augmentation water for our service area by acquiring water rights and providing the necessary structures and facilities to store and release water as needed to fulfill our current and future water decree obligations.
- 21) CCWCD continued as an active partner with USPWCD in HASP. HASP revised its rules and regulations thanks to the approval of the New Plan for Augmentation for District 1 (Case No. 12CW50).
- 22) CCWCD continued in its role as a voting member on the South Platte Basin Roundtable; the Roundtable process was established in 2005 under the Colorado Water for the 21st Century Act. After Governor Hickenlooper issued an executive order for a State Water Plan submitted to him by December 2015, the Roundtable process continued to be a hotbed for collaboration and dissension over how to deal with a looming gap between supply and demand of water as our state's population burgeons. Nevertheless, a State Water Plan was presented to the Governor in December 2015. As representative of the headwaters of the South Platte, CCWCD's voice at the table is crucial.
- 23) The District's board continues with diligent efforts in fulfilling the mission of CCWCD. In 2015, the Board was comprised of the following individuals: Richard (Briggs)

Cunningham, Chris Fuller, Lisa McVicker, Geri Salsig and Craig Steinmetz. Our Operations Manager, Dan Drucker, and our Administrative Assistant, Nola Knudsen, continued to deliver stellar services to the District.

- 24) The District's counsel, Jim Culichia, of Felt, Monson and Culichia, announced his retirement in late 2014. The Board has welcomed the counsel of David Shohet and Ryan Farr. Jim Culichia continues as Special Counsel, especially in matters dealing with Chatfield.
- 25) CCWCD's auditor, Craig Erickson, having announced his desire to pull back from being our full time auditor in 2014, continues as our main contact for yearly budget overview. CCWCD entered into a new agreement with Tom Sistare, CPA, with Hoelting & CO, CPAs, in Colorado Springs. Mr. Sistare provided very competent services to help the District file its audit in a timely manner in 2015.
- 26) 2016 commences the 18th year of the District.