

Center of Colorado Water Conservancy District
Meeting of the Board of Directors
December 12, 2018

The monthly meeting of the Center of Colorado Water Conservancy District was held on Wednesday, December 12, 2018 in the water district offices at 548 Front Street, Fairplay, CO 80440. Board President Briggs Cunningham called the meeting to order at 3:00 PM.

Members of the Board who were present in the office were Briggs Cunningham and Chris Fuller. Geri Salsig, Lisa McVicker, and Craig Steinmetz were present by telephone conference. Also present at the offices was Dan Drucker, Nola Knudsen, and legal counsel, David Shohet.

APPROVAL OF THE AGENDA AND MINUTES

Lisa McVicker moved to approve the agenda as presented. Geri Salsig seconded and the motion carried unanimously. Approval of the November minutes will be tabled until next month's meeting. Geri Salsig seconded and the motion carried unanimously.

ADMINISTRATIVE MATTERS

2.1 Administrator's report on accounts: Nola Knudsen reviewed the monthly warrants with the Board. Invoices for December totaled \$ 70,471.32.

2.2 Treasurer's Review. Craig Steinmetz commented on the reason the monthly warrants were higher for the month of December. He reminded the group that the Center is able to pay its monthly fees to the Chatfield Reservoir Mitigation project.

2.3 Approval of Invoices and Warrants: Chris Fuller moved to approve the invoices and warrants as presented. Geri Salsig seconded and the motion carried unanimously

2.4 Discussion of the 2019 Preliminary Budget: Lisa McVicker made a motion to approve the Resolution to Adopt Budget. The motion was seconded by Chris Fuller and passed unanimously. Chris Fuller made a motion to approve the Resolution to set mill levies for year 2018. The motion was seconded by Geri Salsig and approved unanimously. Lisa McVicker made a motion to approve the Resolution to Appropriate sums of money. The motion was seconded by Geri Salsig and carried unanimously. Chris Fuller made a motion to approve the Resolution/Ordinance. The motion was seconded by Geri Salsig and carried unanimously.

OPERATIONS MANAGER'S REPORT

Prior to the meeting, Dan Drucker emailed the Operations Manager's Report to all Board members.

Briggs Cunningham asked about the Division Two Delivery work. Dan Drucker said the Center will apply for a 1041 permit on the Truitt property and then have ERO or another company review the site for a 1041 permit on water and/or wildlife. Geri Salsig asked where the Fire Department came up with the water they have. They received an exempt commercial well permit from the State.

At the HASP meeting, members were reported as being upset about the counties stance on the 1041 permit. HASP has to have the tank in place for the Division Two plan to be approved. David Shohet said they are looking at alternatives for the storage tank.

OLD BUSINESS

4.1 None

NEW BUSINESS

5.1

PATRONS COMMENTS

None present

UPDATE ON LEGAL ISSUES

Case 16CW3127 Forest Glen – Madoline Wallace-Gross is the lead attorney on this case trying to get an acceptable resolution to this case prior to the trial that has been set for February 18, 2020. It has been recommended that HASP enter into a stipulation to the decree with the application.

Case 16CW3184 Bureau of Land Management: HASP hired TZA to review the engineering with this application. TZA has prepared an engineering report and provided it to the Applicant in this case. We are awaiting response from BLM.

Case 17-CW3214 Lininger Lake – HASP has circulated a revised decree and engineering in this case. The opposers have until January 18, 2019 to provide any additional comments. David Shohet said he is hopeful they will soon get the opposers out of the case.

Case 17CW3205 City of Aurora - Madoline Wallace-Gross is the lead attorney for HASP on this case. Aurora has provided a proposed decree and engineering on this case. They seek to quantify 35 acres and to change the types of use, points of diversion/storage, and place of use from their McArthur Ditch water right. HASP is an opposer on this case.

Case 18CW3100 Retreat Land – This case is before a Referee. Retreat Land is purchasing the Lone Rock Ranch and has filed an augmentation to replace well depletions associated with future uses. HASP is opposing. The Applicant is providing a proposed decree and engineering and HASP is responding.

Other legal matters:

A. Indian Mountain - HASP provided notice of the second inclusion of Indian Mountain lots in the second application and received some comments back from the CWCB and State Engineer. These comments and recommendations will be included in Indian Mountains augmentation certificate. It is hoped there will be a closing in early January. HASP will have 411 participants after the second tranche.

B. Cline Ranch Storage Tank - This project is presently being put on hold. Park County has advised HASP, filing a 1041 permit will be required to install a tank on this property regardless of the size. If this is required, David Shohet said we might want to find partners. The County only wants HASP to receive a license to install and maintain the storage tank. We prefer to acquire an easement. The HASP Board is seeking other options.

C. Deer Creek Measurement - HASP has submitted a request to the South Park Roundtable Basin for funds for the measuring device on Deer Creek. David Shohet has been told by CWCB staff that this project is a “slam dunk” as far as receiving the grant request. David cautions believing that. W.W.Wheeler has been hired and is in the process of working on this project.

D. Division 2 – Although the South Park Fire Protection District has decided not to move forward with HASP, HASP will still move forward with the process for filing a 1041 permit for a permanent structure on the Truitt property. David Shohet said this will start sooner than later.

ADJOURN TO EXECUTIVE SESSION

Chris Fuller moved to go into an executive session pursuant to Section 24-6-402(4)(b) C.R.S. for the purpose of receiving legal advice on capital costs and expenditures. Geri Salsig seconds and the Board entered executive session and returned to regular session at 4:16 PM. No decisions were made during executive session.

Lisa McVicker made a motion to authorize counsel to communicate with Madoline Wallace-Gross for the Upper South Platte Water Conservancy District to discuss needed modifications of the agreement about HASP such that a fair allocation of payments to the two water conservancy districts are paid by HASP. Exempt from this agreement are the Lininger Lake, James Tingle Reservoir, and Spinney Reservoir. The motion was seconded by Chris Fuller and approved unanimously.

David Shohet said Dave Wissel recognized HASP needs its own secretary. There was a discussion for locating a full time secretary.

DIRECTOR'S ISSUES

Chris Fuller said the weed season is over and she will have a report in January for the Board. She stated everything "is looking fabulous."

There being no further business brought before the Board, Geri Salsig moved to adjourn the meeting. Chris Fuller seconded and the meeting was adjourned at 4:26 pm.

Nola Knudsen, District Administrator

Center of Colorado Water Conservancy District

Board of Director's Meeting

December 12, 2018

Executive Session

Members of the Board who were present in the office were Briggs Cunningham and Chris Fuller. Geri Salsig, Lisa McVicker, and Craig Steinmetz were present by telephone conference. Also present at the offices was Dan Drucker, Nola Knudsen, and legal counsel, David Shohet.

David Shohet said the Center has several assets. All is being used for the benefit of HASP. He asked Board members, "At what point do we want HASP to pay for the structures benefiting HASP?" For example, with the JTR, CCWCD incurred all cost and HASP has used the water. HASP hasn't used Lininger Lake yet, but eventually it will be used by them wholly. The SPR can be used for storage and release for the benefit of HASP. Do we want HASP to pay Center? What about the Chatfield Reservoir down the road?

Also for consideration, is what costs for operation and maintenance do we want to turn over to HASP?

The Mountain Mutual shares cost \$500-\$800 annually. That water is used for augmentation purposes under HASP.

David Shohet said the Upper South Platte would like HASP to pay assessment fees for Mountain Mutual shares. Then what about the JTR? What do we want in terms of O&M going forward? Under the agreements we currently have, there seems to be an indication that the intent was HASP would pay for the use of the water facilities. The Center or Upper has never provided a bill to HASP because HASP has never had the money to pay them. HASP now has some income with the close of the Indian Mountain project.

Lisa McVicker said she would take this as a point of departure and revisit the original agreements adding the need to be articulate and explicit of the contributions HASP will pay CCW or Upper. She would rather not go back and try to figure who is owed what. The intent of the agreement 12 years ago which started with a \$10K contribution should be modified and it would be important to get a careful study about points brought up by Dan Drucker and Madoline Wallace-Gross. Lisa believes it goes against the spirit of the agreement to go backward in time. January 1, 2019, the District should go forward to sharing. Chris Fuller also said she doesn't think going back is in the spirit of what the enterprise was built upon.

Dan Drucker said he thinks the Upper will say HASP has used water assets in Spinney mountain (their contributing factor). The Center is attached to the Upper through this agreement and there is no way to separate as we are responsible for anything said from someone on the Board. We need to ensure we can distance ourselves from others who make comments that is disagreed upon.

Briggs Cunningham asked how much money is involved. David Shohet thinks the Upper only pays costs with Mountain Mutual. CCW has agreements with the JTR, Lininger Lake, etc. He thinks it is about \$40K per year. David isn't sure what the arrangement would be.

The discussion continued around O&M. If reimbursement started in 2019, and CCWCD paid \$40K, would the Center would get reimbursed by HASP for use of those structures? David wanted a feeling from the Board if they feel it is appropriate to ask HASP for reimbursement.

The Lininger Lake costs are \$11k per year.

Lisa McVicker brought up the Chatfield Reservoir and said language could be written that contemplates that Chatfield could be available for HASP when the project is finished.

Dan Drucker suggests a revision to the agreement stating it is understood that Chatfield could be paid by the Center but HASP could pay the O&M down the road.

There was a brief discussion regarding a personnel problem that occurred outside the water district offices. Lisa McVicker said any damage done, is done, let's go forward. We have excellent counsel to help the Center do that.

Having made no decisions and received advice from legal counsel, Chris Fuller made the motion to adjourn. Geri Salsig seconded and the motion carried unanimously. The executive session was adjourned at 4:16 PM.