

Upper Gunnison River Water Conservancy District

Regular Meeting Minutes

December 10, 2009

The Board of Directors of the Upper Gunnison River Water Conservancy District conducted a regularly scheduled meeting on Thursday, December 10, 2009 at 6:30 p.m. at the District's offices, 234 North Main Street, Suite 3B, Gunnison, Colorado.

Board members present: Rebie Hazard, Brett Redden, George Sibley, Bill Nesbitt, Jim Pike, Flynn Mangum, Steve Schechter, Steve Glazer, Gary Hausler, and Dennis Steckel.

Board member not present: Ken Spann

Others Present:

Frank Kugel – General Manager
John McClow – General Counsel
Beverly Richards – Administrative Assistant

1. CALL TO ORDER

Board President Brett Redden called the meeting to order at 6:30 p.m.

Brett Redden said in the meeting last month there was a considerable amount of inappropriate conversation and a general lack of civility among some of the board members. Beginning this evening, comments can only be made when recognized by the Chair. He said this will also hopefully move things along more quickly.

2. AGENDA APPROVAL

Brett Redden said the Monthly Budget Report would be withdrawn from the Consent Agenda as it is too early in the month to receive all the billings. Also, Non-Operating Expenses should be removed because there were some additions included in the Board folders.

Brett also said the Taylor Park Reservoir update would be removed from the Board/Staff/Committee Reports section as Ken Spann was not in attendance to discuss this.

Steve Glazer said he would have something to include under Miscellaneous Matters.

Bill Nesbitt moved and Gary Hausler seconded approval of the agenda as amended. The motion carried.

3. CONSENT AGENDA

George Sibley moved and Bill Nesbitt seconded approval of the Consent Agenda items with the removal of the Monthly Budget Report and the Non-Operating Expenses. The motion carried with Rebie Hazard abstaining from voting on the minutes as she was not in attendance at the November 16th meeting.

Steve Schechter asked what was included in the Crooke's Falls section of Jim Slattery's invoice. John McClow said he had asked Jim to help evaluate the method of implementing a power interference agreement, how to calculate power generation and appropriate reimbursement in the case of power interference, and he also asked Jim to review the research he did on the Lake Fork in wet and dry years in preparation for a meeting with Mr. Plies and his attorneys.

Steve Schechter moved and Bill Nesbitt seconded approval of the non-operating expenses in the amount of \$29,200.20. The motion carried.

4. LEGAL MATTERS

John McClow said he has been working on developing decree language and injury with mitigation language for Lake San Cristobal. He has had a conversation with opposing parties to find out what they want to see included in this language.

He has also been working on developing pre language for the Aspinall Unit plan for augmentation with the CWCB staff attorneys. They are currently in the process of refining the language.

He has also spent some time with Mr. Plies' attorney discussing the Lake San Cristobal project but has no progress to report.

John said in the November CWCB meeting, they were given a preview of the Colorado River Water Availability Study. The final report is still going through peer review. In the preview, a report was given for each basin. They used 2070 projections at the Gunnison River gage at Gunnison. Based on their data they showed that flows would be reduced by 35%,

peak flows would occur a month earlier and the growing season would be extended by 29 days with warmer temperatures. This data was a result of an average of five global climate models. This will get worse in the south and better in the north.

At the November meeting they also worked on instream flows. The Breem Ditch project was approved in principle and nothing further has occurred. A change of water right application will need to be filed to proceed with the project. This will give this Board another opportunity to look at the effects of the project and determine how it wants to proceed. Gary Hausler asked John if there was the potential for a conflict of interest because of his position on the CWCB Board. John said that the CWCB will be a third party beneficiary in this project so he did not think there would be a conflict.

John said he included in the Board packet a copy of a bill being considered for introduction concerning Mitigation for Water Exports. Representative Pace is the author of this bill and he is committed to introducing it. He said the first State Affairs Committee meeting will be held on January 11th.

5. MANAGER'S REPORT

Frank Kugel asked the Board for feedback on the emails that he has been sending out with the informational items previously included in the packets. He said he was working on setting these items up in a presentation-type format to lump all of the images into one email and was wondering if the Board wanted them in this format. Several of the Board members expressed that they would prefer the information in this format instead of having to open several attachments. Steve Schechter said this will be a good thing once we have moved into the new office and this type of presentation will be easily presented at the meetings. Dennis Steckel said he did not feel that the email transmission of this information was truly a cost saving but rather a cost shifting. Jim Pike agreed with this statement. John McCLOW asked the Board how they felt about a possible toner reimbursement for those that print this information out on their own computers. Either that or contact the staff and request that copies be printed.

Frank said that the Colorado Water Resources and Power Development Authority had chosen Mike Brod to be the new Executive Director. Mike was the finance director of the Authority for fifteen years so he seemed a natural choice to fill the position. Frank also said that at the last meeting the Board approved the 2010 budget in the amount of half a billion dollars.

6. CONSIDERATION OF RESOLUTION DESIGNATING FINANCIAL INSTITUTIONS AS DEPOSITORIES OF DISTRICT FUNDS

Gary Hausler said resolution 2009-2 will have to be revised again to include more banks but at this time this is for information only as this resolution was adopted in June.

7. ADOPTION OF 2010 BUDGET AND RESOLUTIONS

Steve Glazer asked if the final assessments have been received. Frank Kugel said they had been received and that is why the figures had changed in the most current version of the budget. Frank said that at the last meeting the Board had voted for staff to set the mill levy in an amount to keep the reserves the same as in 2009.

Jim Pike moved and Flynn Mangum seconded to approve Resolution 2009-5, Resolution to Adopt Budget.

Gary Hausler requested a roll call vote:

Rebie Hazard	yes
Flynn Mangum	yes
Bill Nesbitt	yes
George Sibley	yes
Steve Schechter	yes
Steve Glazer	yes
Jim Pike	yes
Gary Hausler	no
Dennis Steckel	yes
Brett Redden	yes

The motion carried by a vote of nine to one.

Steve Glazer moved and George Sibley seconded to adopt Resolution 2009-6, Resolution to Set Mill Levy

Gary Hausler requested a roll call vote:

Rebie Hazard	yes
Flynn Mangum	yes
Bill Nesbitt	yes
George Sibley	yes
Steve Schechter	yes
Steve Glazer	yes
Jim Pike	yes
Gary Hausler	no

Dennis Steckel yes
Brett Redden yes

The motion carried by a vote of nine to one.

Steve Glazer moved and Rebie Hazard seconded adoption of Resolution 2009-7, Resolution to Appropriate Sums of Money. The motion carried.

Gary Hausler moved and Bill Nesbitt seconded adoption of Resolution 2009-8, Resolution Designating Increases in Year-End Fund Balance as a Reserve Increase. The motion carried.

8. BOARD/STAFF/COMMITTEE MEMBERS REPORTS

Treasurer's Report

Gary Hausler said that earlier in the year the Board had instructed him to begin the process of disbursing one million dollars from the ColoTrust account. He said checks would be cut in the near future to a bank in Saguache and one in Delta. He is still researching additional banks. Rebie Hazard asked if he has considered credit unions. Gary said he would investigate but did not think there would be a problem as long as they were FDIC insured.

Gunnison Basin Roundtable

George Sibley said the Roundtable passed a draft of a letter to address the Arkansas Basin Roundtable's letter to the IBCC. The purpose of the letter was to assure everyone that the Gunnison Basin is part of the solutions being considered for working out water problems and the Basin had been included in the CWCB technical report. George was the primary person who worked on this draft and Greg Clifton supplied routine edits. Steve Schechter asked if the Board can get a copy electronically. George said he assures the Board that the letter expresses strongly their position that out of basin diversions are radical and extreme measures and should be avoided at all costs.

Frank Kugel said due to the weather there was no quorum so neither the minutes nor the agenda were approved. The draft of the letter was going to be emailed for approval to those that were not in attendance at the meeting.

Taylor Park Reservoir

No report given.

Strategic Planning Workgroup

George Sibley said there were three topics discussed at the last Strategic Planning Committee meeting, but only one they were prepared to make a recommendation to the Board about.

The committee felt the economic study done by Andy Siedl was performed poorly and the committee's recommendation is that the board's concerns be expressed in a letter to CSU. They did not feel it was necessary to pursue this further. The recommendation is to write a letter to CSU expressing their displeasure and decline to pay the remainder of the bill. John McClow said he did not know if this would hurt us in future studies. Frank said 90% of the bill had been paid.

The motion to accept the Strategic Planning Committee recommendation carried.

George Sibley said the committee was also working on a policy on acquiring senior water rights and they will bring a recommendation to the Board about the ideas they have researched along with a report to the Board on what they hope to accomplish with these water rights. Gary Hausler said he had attended the Colorado Ag Water meeting and a district in Grand Junction has a standing offer of \$3,000 per acre-foot to purchase water rights. Steve Schechter asked if the senior water rights could be transferred to Meridian Lake and if we were protected in Lake San Cristobal in the event of a compact call. John McClow said he did not know enough to answer the question about Meridian Lake. He also said the storage right on Lake San Cristobal is a junior right (2003) and if there was a Compact curtailment it would be out of priority. Bill Nesbitt asked that if he knows someone who is interested in selling their rights, should he contact staff with that information. John McClow said there is no protocol set, but they should contact staff and they will conduct a preliminary screening and determine if it is feasible to bring it to the attention of the committee. Frank Kugel said guidelines need to be developed to screen water rights that may be of value to the District. Steve Schechter said they need to look at acquiring more senior water rights for transfer into Lake San Cristobal so we do not lose augmentation water to Hinsdale County and his division.

George Sibley said they are also working on the water management plan. John McClow has rewritten entire sections and they are working on a drastic revision as they feel the current one is not a workable plan. Their objective is to give background about the District along with some history as well as long term goals. George said this would reduce the plan to about ten to twenty pages with about one hundred pages of appendices

for reference. He said if anyone had any concerns about the revisions they could contact anyone on the committee which consists of Jim Pike, Dennis Steckel, Steve Glazer, Steve Schechter, George Sibley, Gary Hausler and John McClow.

John McClow said as it stands the committee is planning on incorporating the annual board retreat into the planning process. There will be a formal consideration for a retreat date at the January meeting.

9. MISCELLANEOUS MATTERS

Steve Glazer said he had two items to discuss. The first was that he and George Sibley attended a two-day workshop given by the Nature Conservancy. This was a workshop on the affects of climate change and many land management agencies were invited to attend. There were three breakout workshops dealing with alpine environment, sage grouse and hydrology. Several renowned climate scientists attended as well as representatives from the BLM and the Forest Service, FWS, RMBL and DOW. George Sibley said that many of the presentations given can be obtained for our own edification in a future meeting as there are many noticeable changes in the last fifty years in our own valley.

The second item Steve wanted to discuss was that HCCA had received a grant to conduct a riparian assessment. His advice was to utilize this grant to expand the assessment reach from McCabe's Lane to Garlic Mike's that was approved in the 2010 District budget. The additional reach would include the Gunnison River from Garlic Mike's to Almont. He said Kevin Alexander was anxious to begin and he feels that it would be beneficial to everyone to have a longer stretch of the Gunnison River assessed.

Frank Kugel said the new building has a condo association and due to the purchase agreement negotiated by John, we are entitled to two seats on that Board. The first meeting is within the next week or two. He recommended that one staff member and one board member fill these seats. He volunteered as the staff member and suggested that a member of the Building Committee be the board member. Jim Pike volunteered to serve as the board member.

Steve Glazer asked if the Building Committee still needed to be in existence since they fulfilled their primary objective. Brett Redden said he thinks that it needs to be in place until the remodeling project is complete and we move into the new building.

Bill Nesbitt moved and Flynn Mangum seconded that the two representatives to the Building Condo Association be Frank Kugel and Jim Pike. The motion carried.

Gary Hausler said he attend the Colorado Ag Water conference held in Lakewood. He said the Governor was in attendance and that both Dick Wolfe and Alex Davis made presentations. He also said Aaron Million was in attendance and he gave his presentation about transmountain diversion. Gary was asked to give his Mississippi River presentation as well. Steve Glazer said the Army Corp is the lead agency on the EIS for the Million project and they have given him until March to identify who the beneficiaries of that project are. Gary Hausler said there are a number of water agencies and water users on the Eastern slope who have signed on to Million's project and Mr. Million declined to identify these groups due to contract negotiations.

10. UNSCHEDULED CITIZENS

There were no citizens in attendance.

11. FUTURE MEETINGS

The next regular meeting will be held on January 25, 2010. This will also include a Water Activity Enterprise board meeting.

Strategic Planning Committee meeting – January 20, 2010
Grants Committee will meet on Dec. 22, 2009

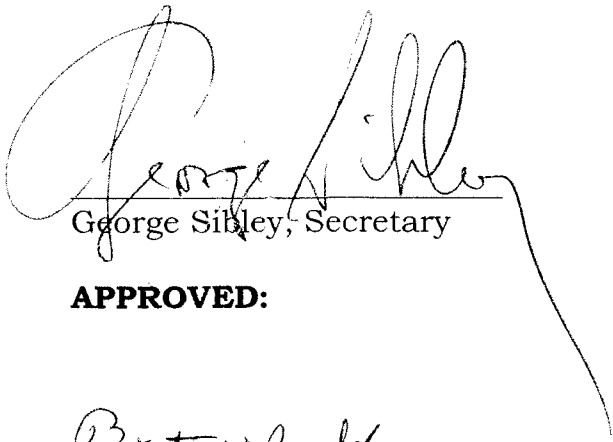
Bill Nesbitt moved and Flynn Mangum seconded to adopt the 2010 Board Meeting Dates as presented with the addition of a Board Retreat date to be determined at the January meeting. The motion carried.

John McClow said the CWC Annual Convention is being held January 27-29, 2010. He said anyone wishing to attend should contact staff by December 31 to obtain the ten percent early registration discount.

12. ADJOURNMENT

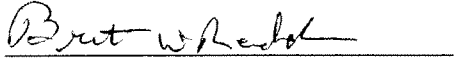
Board President Brett Redden adjourned the December 10, 2009 meeting at 8.01 p.m.

Respectfully Submitted,

A large, stylized handwritten signature in black ink, appearing to read "George Sibley". The signature is written over a horizontal line.

George Sibley, Secretary

APPROVED:

A handwritten signature in black ink, appearing to read "Brett W. Redden". The signature is written over a horizontal line.

Brett W. Redden, President