

**Upper Gunnison River Water Conservancy District
Board Meeting Minutes
Monday, June 25, 2018**

The Board of Directors of the Upper Gunnison River Water Conservancy District conducted its annual meeting on Monday, June 25, 2018 at the District's offices, 210 West Spencer Avenue, Suite B, Gunnison, Colorado

Board members present: Rosemary Carroll, Kathleen Curry, Rebie Hazard, Stacy McPhail, Julie Nania, Bill Nesbitt, John Perusek, Michelle Pierce, George Sibley, and Andy Spann.

Board member not present: Julie Vlier.

Also present:

Ashley Burgemeister, Gunnison County Court Judge
Will Dujardin, Crested Butte Town Council
Tom Grant, Wet Meadows Project Coordinator
Jesse Kruthaupt, Trout Unlimited
Frank Kugel, General Manager
John McClow, General Counsel
Marissa Manzanares, UGRWCD Intern
Molly McConnell, UGRWCD Intern
Taylor Paulson, UGRWCD Intern
Jason Peterson, Gunnison County Stockgrowers
Madeline Redden
Jill Steele, Office Manager
Sam Stilson, Water Commissioner District 62
Jason Ullman, Assistant Division Engineer, Water Division 4
Henry Woods, Lake San Cristobal Water Activity Enterprise

1. CALL TO ORDER

Board President Michelle Pierce called the meeting to order at 5:30 p.m. She asked that the members of the public introduce themselves.

2. AGENDA APPROVAL

Michelle Pierce said that the board received a few additional items in their folders tonight, including a revised non-operating expenses payable list, the proposed list of 2018-2019 standing committees, the orders of appointment for

new and returning board members, and information for tonight's executive session discussion.

George Sibley moved and Kathleen seconded to approve the agenda with the inclusion of the additional items. The motion carried.

3. ADMINISTRATION OF OATH OF OFFICE

Gunnison County Court Judge Ashley Burgemeister administered the oath of office to new board member Stacy McPhail and to returning board members John Perusek, Andy Spann, and George Sibley.

4. CONSENT AGENDA ITEMS

Kathleen Curry moved, and Andy Spann seconded approval of the consent agenda items. The motion carried.

5. ELECTION OF OFFICERS

Rebie Hazard arrived.

Rebie Hazard moved and Andy Spann seconded to retain the current slate of officers: Michelle Pierce, President; Kathleen Curry, Vice-President; Bill Nesbitt, Treasurer; and George Sibley, Secretary. The motion carried.

6. CONSIDERATION OF RESOLUTION APPOINTING FINANCIAL OFFICERS

Rebie Hazard moved to approve Resolution 2018-04 Appointing Financial Officers: Michelle Pierce, Kathleen Curry, Bill Nesbitt, George Sibley, and Frank Kugel. Andy Spann seconded. The motion carried.

7. RE-AUTHORIZATION OF STANDING COMMITTEES

Michelle Pierce said that Rosemary Carroll has indicated that she would like to serve on the Education Committee.

Kathleen Curry said she would like to be removed from the Projects Committee. Rosemary Carroll agreed to join the Projects Committee.

Michelle Pierce said that the standing committees are appointed as follows:

Education Committee: Bill Nesbitt, George Sibley, Julie Nania, Stacy McPhail, Rosemary Carroll, and staff.

Executive Committee: Michelle Pierce, Kathleen Curry, Bill Nesbitt, and George Sibley.

Finance Committee: Bill Nesbitt, Julie Vlier, Rebie Hazard, Michelle Pierce, John Perusek, and staff.

Grant Committee: Rebie Hazard, Andy Spann, Rosemary Carroll, Julie Nania, and staff.

Legislative Committee: Kathleen Curry, Rebie Hazard, Julie Vlier, Michelle Pierce, Julie Nania, and staff.

Projects Committee: Bill Nesbitt, Rosemary Carroll, George Sibley, John Perusek, and staff.

Water Administration Committee: Julie Vlier, Rebie Hazard, Andy Spann, Michelle Pierce, Kathleen Curry, and staff.

Watershed Management Planning Committee: George Sibley, Julie Vlier, Andy Spann, Michelle Pierce, Stacy McPhail, and staff.

8. ADOPTION OF RESOLUTION 2018-3 HONORING BRETT REDDEN FOR SERVICE

Bill Nesbitt moved adoption of Resolution 2018-3 Honoring Brett Redden for Service. Andy Span seconded.

Michelle Pierce read the Resolution into the record.

“WHEREAS, Brett Redden has served on the Board of Directors of the Upper Gunnison River Water Conservancy District from June 2002 to June 2018; and

WHEREAS, Mr. Redden served as Secretary of the Board of Directors from 2003 to 2007, and President from 2007 to 2017; and

WHEREAS, Mr. Redden has displayed a deep and continuing commitment to protecting the interests of the Upper Gunnison basin; and,

WHEREAS, Mr. Redden served as a valuable member of the District’s Executive, Water Administration and Watershed Management Planning Committees; and,

WHEREAS, Mr. Redden has been resolute in his opposition to actions that would negatively impact the welfare of the citizens of the Upper Gunnison basin; and,

WHEREAS, Mr. Redden is respected for his commitment to resolving the water concerns that face agricultural users in the Upper Gunnison Basin.

NOW, THEREFORE BE IT RESOLVED, that the members of the Board of Directors of the Upper Gunnison River Water Conservancy District express their gratitude and appreciation for the years of valuable service rendered by Mr. Redden to the water users and general population of the Upper Gunnison basin; and,

BE IT FURTHER RESOLVED, that the Secretary is hereby directed to provide a copy of this resolution to Mr. Redden in appreciation of his services.

The motion carried.

Bill Nesbitt requested that the resolution be framed.

9. LEGAL MATTERS

John McClow said the decree making the Lake San Cristobal water rights absolute was signed by the water court referee on Thursday. There are twenty days for protests to be filed, and after that time has elapsed, the judge will sign it.

The Division Engineer has issued a positive recommendation on the application for due diligence on a portion of the Lake San Cristobal water rights.

John said that he has had conversations with other parties to the 1975 exchange agreement about extending it by another 50 years. The agreement is currently set to expire in 2025. There will be a meeting within the next several weeks about this. The revised agreement will need to be signed by the Solicitor of the Bureau of Reclamation in Salt Lake City.

John McClow said that the upper and lower basin has been working on a drought contingency plan. This process was initiated in 2013 and has been moving very slowly. Last week, the Commissioner of Reclamation insisted that the work be done by the end of this year. This is the subject of the executive session later in the meeting. The Colorado River Commissioners meet during the second week of December which means that both basins need to get their paperwork done in mid-September. Both basins have appointed five people to work on this.

John said that this will not contain any provisions on demand management. In order to make the demand management work, it is necessary to have a place to store the water and have control over it. Water could be stored in Lake

Powell and would need to be invisible to equalization and balancing. It would need to be stored free of charge and under control of the Colorado River Commission. In executive session, the board will discuss the negotiations that relate to the demand management plan.

Kathleen Curry asked if changes are proposed to the 1975 agreement, or if the dates will just be extended. John said that there are some options there. There are some provisions that are outdated in that agreement and are no longer relevant. His suggestion is to clean up the agreement, including the insertion of the formula used to calculate payments.

10. MANAGER'S REPORT

Frank Kugel said that his report was circulated to board members in their packets. He said that the drought monitor indicates that southeastern Colorado's drought conditions have improved slightly. The Upper Gunnison basin remains the same, ranging from severe to extreme drought.

Frank showed some current stream flow information. He said that our area is not the worst. Conditions are worse to the south. Inflows into Lake Powell are projected to be 39% of normal. Projected inflows into Blue Mesa for April – July are 260,000 acre feet as opposed to the average of 675,000. The Gunnison River near Gunnison gage is at 525 cfs. The average for this date is 2000 cfs. The Slate River is running at 58 cfs, and the average for this date is 280 cfs.

Jason Ullman, Assistant Division 4 Engineer spoke to the board. He said that currently there is a call on the Uncompahgre River which is uncommon. The call went deeper this weekend and will likely be on for the rest of the season. Uncompahgre Valley Water Users have used about half of their exchange credits in Ridgway Reservoir. They are not considering calling the Gunnison tunnel. Approximately 70,000 - 80,000 acre feet will likely carry over to the first fill at the end of this water year, 20,000 in Aspinall and 60,000 in Taylor Park.

Jason said conditions are probably as dry as, or worse than, 2002, perhaps not right here, but many other areas of the basin are experiencing historically low stream levels.

11. DINNER BREAK

12. GUNNISON CONSERVATION DISTRICT UPDATE – KIM ANTONUCCI

Rufus Wilderson gave a presentation on the Gunnison Conservation District. The District was created in the 1940s by act of Congress and was adopted by most states to help coordinate the various activities for conservation.

The Gunnison Conservation District works with numerous partners here in Gunnison. A few of the events they have been involved with are the fourth-grade water festival, the fifth grade Mill Creek youth festival, and the sixth-grade poster contest.

George Sibley asked about Gunnison Conservation District's long-range planning, especially as it may relate to the District's watershed management planning effort. Mr. Wilderson said that he would be happy to meet to talk about trying to work cooperatively with the District about long-term planning.

13. BOARD/STAFF/COMMITTEE MEMBERS REPORTS

Treasurer's Report: Bill Nesbitt said that he is watching the two-year bond market closely. The gap is narrow between the two-year and ten-year bonds. He said that the District has a bond that will mature September 18, 2018.

Adoption of Resolution 2018-2: Bill said that this resolution, which was discussed and subsequently tabled pending revision during the May 22, 2018 board meeting in Lake City, is intended to allow more flexibility in taking advantage of higher interest rates outside of District boundaries and within the state of Colorado

Bill Nesbitt moved the Finance Committee's recommendation to adopt Resolution 2018-2. The motion carried.

Bill Nesbitt said he met with the District's auditor, Paul Miller. The District has been carrying a note for an interest-free operating loan from the District to the Upper Gunnison River Water Activity Enterprise in the amount of \$75,000. This is being carried on the Enterprise's books as a short-term liability. This results in a negative balance on the Enterprise's balance sheet because there are insufficient funds on hand to pay the note. Mr. Miller made the following suggestions: 1) The District can forgive the debt to the Enterprise, or 2) Change how the debt is accounted for, making it a long-term liability against the fixed assets of the Enterprise. Option 2 was the Finance Committee's recommendation from its May 17, 2018 meeting.

John Perusek moved we take option #2 of the Finance Committee report and change the accounting classification the note from a short-term to a long-term liability. The motion carried.

Approval of 2017 Audit: **Bill Nesbitt moved and Kathleen Curry seconded approval of the 2017 audit. The motion carried.**

Taylor Park Reservoir: Frank Kugel said that the Taylor Local Users Group met on Monday June 11. The inflow forecast for Taylor Park Reservoir had continued to drop, and the group wanted to maintain the existing release schedule and wait for the July 1 forecast, and then recommend any changes for the remainder of the summer. The group scheduled another meeting on July 9. However, inflows have continued to drop, raising concerns about the level of residual storage in Taylor Park Reservoir at the end of the water year. He and John have discussed it and feel it is prudent that the District move forward and recommend cuts in the releases to the other parties.

John McClow said that according to the terms of the stipulation containing the decree, 66,000 acre feet is the target storage based on the May 1 forecast.

Jason Ullman noted that the most current Gunnison River spreadsheet shows 59,000 acre feet as the ending storage.

Frank said that he proposes the following changes: Flows of 250 for the second half of July. Reduce flows to 200 cfs in the second half of August. Reduce flows to 81 cfs for the second half of September. The boating community indicated that 250 cfs is the minimum flow they need, and that their busiest time is through the middle of August. Frank and John will present this proposed modification to the TLUG.

Kathleen Curry asked if the ag community is ok with this scenario. Andy Spann, the agricultural representative to TLUG, said he is ok with it. He would like to see more water in September, but it has been known that it likely would be necessary to sacrifice water in September, which is better than in July. He said that if conditions improve, the only flows he would support changing are those in late September.

Watershed Management Planning: George Sibley said that the group met a couple of weeks ago, and the board received a summary in their packets. There has been progress on the needs assessment work and stream modeling.

Julie Nania said that when the Oh Be Joyful race, as part of the Gunnison River Festival, was cancelled due to low flows, it presented the opportunity to meet with some boaters and give them surveys. About 15-20 surveys were returned with the desired information.

George said that the next meeting will take place at 6:00 p.m. on Monday, August 13 at the District's offices. The highlight will be the demonstration of the modeling.

Wet Meadows Project Update: Tom Grant showed some pictures of work taking place as part of the Wet Meadows Project. Some events that he and

District interns have worked on are: The 4th grade water festival, the 8th grade field trip to Cabin Creek, the Gunnison Middle School summer experience, the 2018 Colorado Water Workshop, and the Gunnison River Festival.

Tom said that so far almost 1400 restoration structures and over 1000 acres of land have been treated.

In 2018, there are eleven priority sites, some of which are new, and some are a continuation of work currently taking place. That list includes: Dutch Gulch, Sapinero Mesa, Signal Peak, Lower Wolf Creek, Dutch Creek, Van Tuyl State Wildlife Area, Centennial State Wildlife Area, Graflin Gulch, Henkel Road, Black Sage Pass, and Teachout Ditch.

Tom showed a before (2012) and after (2017) picture of a Wet Meadows work site which showed a 400% increase in wetland vegetation.

Gunnison River Festival Update: George Sibley said the District had its booth set up, and it was fun. Frank Kugel said that it seemed that the audience was smaller but there were more participants than in previous years. The Taylor River downriver race on Friday had the best participation ever. Two bands played at the I Bar. All three District interns contributed a great deal to the Festival. Molly McConnell took on the big role of organizing all the vendors. Molly and Taylor participated in the Colorado Water Workshop planning effort.

Frank said that there were drawings for prizes. The key one was a \$3,000 raft. The foamy boat race was well-attended and -received. It appears that the Gunnison River Festival covered its costs.

Update on scientific Endeavors within the District:

Rosemary Carroll said that the Department of Energy has indicated they are contributing one million dollars to snow projects here. The resulting data will be very useful to the District in a variety of ways.

Weather Research Forecasting (WRF) is a climate model which will be used in research that will take place here.

The National Ecological Observatory Network (NEON) flight utilizes a fixed-wing plane and collects lots of data, including from trees, shrubs, meadows (400 sites), representative leaf/needle chemistry, leaf moisture, soil moisture, soil bulk density, and soil chemistry.

The Airborne Snow Observatory (ASO) flight was flown in early April and late May. It measures snow depth, and is flown with snow on the ground, and with snow off the ground.

14. MISCELLANOUS MATTERS

Bill Nesbitt said that the District contributed to the fen study in the Leadville area that CSU is doing together with Pueblo Water and others. They are seeing some success with their efforts. They will have a meeting July 12 in Leadville to go see the fen. He asked that if anyone wants to go, they please let him know.

Michelle Pierce said that she has asked Frank to arrange a presentation on the importance of the use of social media during the July board meeting. Marissa Manzanares and Sarah Higgins of WSCU will give the presentation.

15. CITIZEN COMMENTS

Henry Woods said that the Friends of the Bear group in Lake City has arranged for the Ute Mountain Utes come do a dance on July 8 in the Memorial Park at noon in Lake City. He is hoping they will be able to do a rain dance too.

Will Dujardin mentioned a potential partnership for social media. He said it is important to give the same message across the various social media platforms.

16. FUTURE MEETINGS

The Colorado Water Congress conference will take place August 22-24, in Vail. Board members who would like to attend should contact District staff.

17. EXECUTVE SESSION - COLORADO RIVER MATTERS

Kathleen Curry moved and Julie Nania seconded to adjourn into executive session to discuss determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators under §24-6-402(4) (3) (I), C.R.S. The motion carried.

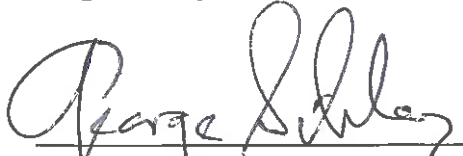
The board took no action as a result of the executive session.

Board President Michelle Pierce adjourned the executive session and reconvened the regular meeting.

18. ADJOURNMENT

Board President Michelle Pierce adjourned the June 25, 2018 meeting at 9:27 p.m.

Respectfully Submitted,


George Sibley, Secretary

APPROVED:


Michelle Pierce, President

Executive Session Certification:

As chair of the executive session, I hereby attest that the executive session held on June 25, 2018 was confined to the topic authorized for discussion in an executive session, as reflected by the minutes.


Michelle Pierce, President

CERTIFICATION

As attorney for the Upper Gunnison River Water Conservancy District, I hereby attest that the executive session held on June 25, 2018 was confined to the topic authorized for discussion in an executive session, as reflected by the minutes


John H. McClow, General Counsel