

**EXECUTIVE COMMITTEE
MINUTES
April 16, 2020**

A meeting of the Executive Committee was held on Thursday, April 16, 2020 at 10:00 a.m. at the Southeastern Colorado Water Conservancy District, and via electronic and telephonic participation.

Chairman Bill Long announced a quorum was present.

COMMITTEE MEMBERS PRESENT:

Bill Long – Chairman, Curtis Mitchell -- Vice-Chairman, Tom Goodwin, Carl McClure, Seth Clayton, Ann Nichols, Alan Hamel, Kevin Karney, and Jim Broderick. (All via electronic or telephonic means).

COMMITTEE MEMBERS ABSENT AND EXCUSED:

None

OTHERS PRESENT:

Dallas May, Howard “Bub” Miller, Pat Garcia, Alan Hamel, Greg Felt, Pat Edelmann, Mark Pifher, and Andy Colosimo, SECWCD Board members; Leann Noga, Chris Woodka, Garrett Markus, Lee Miller, and Kevin Meador, SECWCD staff; Mitch Downs, Osborne, Parsons & Rosacker, LLP; Jenny Bishop, Colorado Springs Utilities; Warren Paul, Mott McDonald; and Joshua Baile, CDM Smith. (All via electronic or telephonic means).

APPROVAL OF MINUTES:

Chairman Long confirmed that members of the Committee received their copy of the March 19, 2020 minutes, and asked if there were any corrections or additions. Hearing none, Mr. Goodwin moved, seconded by Mr. Clayton, to approve the minutes. Motion unanimously carried.

PRESENTATIONS:

2019 Audit

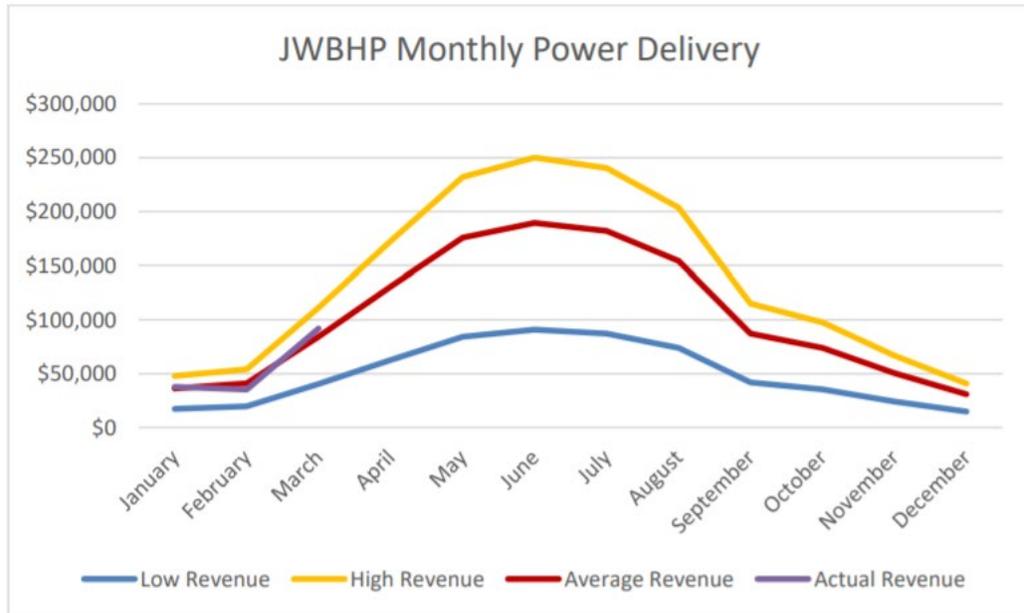
The 2019 Audit was presented by Mr. Downs. The opinion was stated: “In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.”

James W. Broderick Hydropower Update

Mr. Meador presented the report on the operations of the James W. Broderick Hydropower Plant. Power production is slightly higher than average projections. An equipment inspection

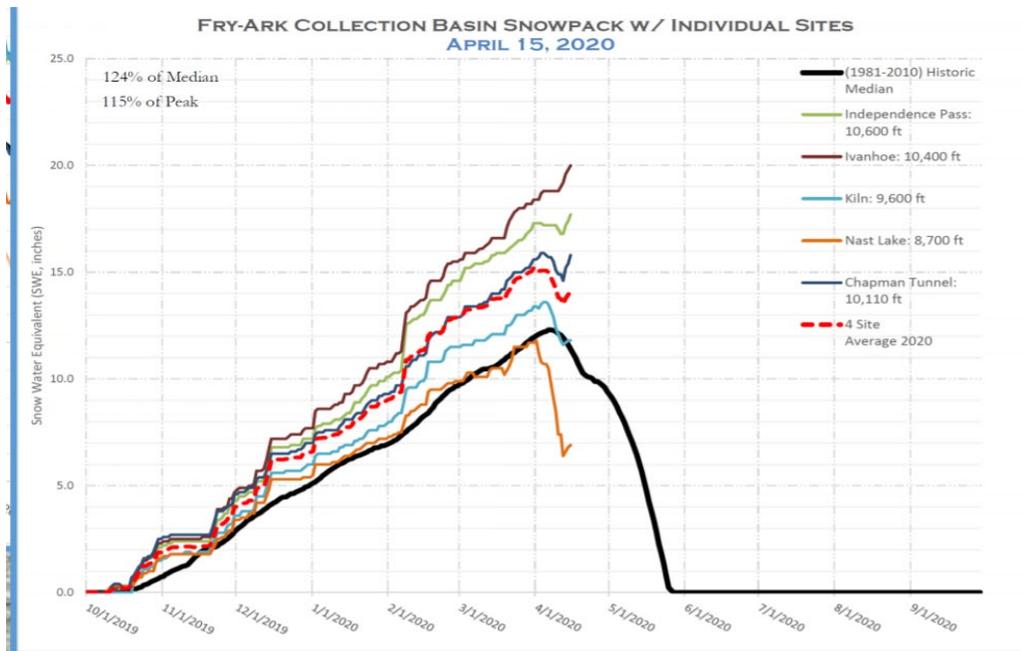
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showed that all equipment is ready as higher flows come this spring. Revenues so far in 2020 are \$165,000, compared to projections of \$161,000. Generation will increase in May. The following chart shows production so far in 2020:



Water Supply Outlook

Mr. Markus presented the water supply outlook for 2020, explaining that March was a good month for the Arkansas River basin. Fryngpan-Arkansas Project collection system snowpack sites are at 120 percent. If snowfall in the remainder of April and May is good, imports could rival 2019, which was the third highest yield for imports, yielding 64,000 acre-feet in allocations. This year’s allocation will include some water not allocated in 2019.



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ACTION ITEMS:

The Executive Committee approved five action items, acting on behalf of the Board. The Board meeting scheduled for April 16, 2020 was cancelled because of federal and state guidelines against gatherings of 10 or more people as a precaution against spread of the coronavirus (COVID-19).

As in March the actions required ratification by the Board at a later date, when the Board is able to meet again.

Approval of the 2019 Audit

Mrs. Noga reported that Mitch Downs and his team from Osborne, Parsons & Rosacker, LLP audited the 2019 District and Enterprise financial statements as presented by consultant, Todd Mihelich of McPherson, Goodrich, Paolucci & Mihelich, PC. Mr. Downs and Mr. Mihelich presented their opinions that the statements presented fairly in all material respects. The financial position of the District and Enterprise activities as of December 31, 2019 were in conformity with accounting principles generally accepted in the United States of America.

Ms. Nichols made the following motion, seconded by Mr. Clayton: "I move that Executive Committee approve the audit of the 2019 financial statements of the District and Enterprise as presented, to be ratified by the Board of Directors at a later date."

The motion passed unanimously.

Approval of 2019 Financial Statements

Mrs. Noga said the Board of Directors accepts the financial statements on a monthly basis. With the completion of the annual audit the Board of Directors approves the final year-end financial statements.

Ms. Nichols made the following motion, seconded by Mr. Clayton: "I move that the Executive Committee approve the 2019 financial statements of the District and Enterprise as audited, to be ratified by the Board of Directors at a later date."

The motion passed unanimously.

Inclusion of Land Annexed by Colorado Springs

Mr. Markus recommended the Executive Committee approve the inclusion of the Mazariegos Addition No. 1 Annexation by Colorado Springs into the Southeastern Colorado Water Conservancy District (District) with the standard terms and conditions. Once approved by the Executive Committee and Board, staff will send the annexation to Bureau of Reclamation for assent. The District will submit the inclusion to the District Court for final decree.

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RESOLUTION NO.	More Commonly Known As	Legal	Acres	County
2020-05D INCL-AX	Mazariegos Addition No. 1 Annexation	Sec 26 T13SR66	0.165	El Paso

Mr. Hamel made the following motion, seconded by Mr. Mitchell:

“I move that the Executive Committee recommend the Board approve, by Resolution, the inclusion of the Mazariegos Addition No.1 Annexation annexed by Colorado Springs subject to the following terms and conditions:

1. Approval of these inclusions into the Southeastern Colorado Water Conservancy District will not increase the amount of Fryingspan-Arkansas Project water available to the city. Any Fryingspan-Arkansas Project water used on these included lands will need to come from the water allocated to the city through Fryingspan-Arkansas Project water allocations made pursuant to the District’s Allocation Principles and Policies; and
2. Any use of Fryingspan-Arkansas Project water on the included lands is subject to the decrees for the Fryingspan-Arkansas Project, and to all lawful rules, regulations, principles, policies, and contractual obligations of the District; and
3. The annexed lands will be subject to ad valorem taxes levied by the District as any other similarly situated lands in the District at the time of this inclusion; and
4. Prior to the District filing a petition for District Court approval of this inclusion, the Municipality, and/or owner(s) of the annexed lands shall have paid all the costs charged by the United States in connection with the contracting officer’s assent to this inclusion.”

The motion passed unanimously.

Return Flow Exchange Diligence Application

Lee Miller presented a diligence application for the exchange of Return Flows below Pueblo Reservoir.

The District holds conditional exchange rights, decreed in Case No. 01CW151 (Water Division 2), that enable the District to store surplus Return Flows from municipal and irrigation use of Fryingspan-Arkansas Project water (Project Return Flows) in Pueblo Reservoir for sale to and subsequent use by entities within the District. The deadline to file a diligence application to continue those decreed conditional exchange rights is June 30, 2020.

Under the conditional exchange right decreed in Case No. 01CW151, the District can exchange surplus Project Return Flows that accrue to the Arkansas River above its confluence with the Purgatoire River and below Pueblo Reservoir, up to Pueblo Reservoir. The Project Return Flows subject to exchange under the 01CW151 Decree enter the surface and alluvial flows of the Arkansas River within the exchange reach by: (1) measured discharge from municipal wastewater treatment plants; (2) unmeasured municipal Return Flows, including those from septic systems and percolation and runoff from the municipal irrigation of lawns, parks, and other irrigated areas; and (3) percolation and runoff from agricultural irrigation.

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These Return Flows may be stored in Pueblo Reservoir for future allocation and use by the District's constituents, in accordance with the District's allocation principles and policies. The total exchange rate conditionally decreed in Case No. 01CW151 is a maximum of 50 c.f.s., with a limit of 5,000 a.f./year on exchange to Pueblo Reservoir.

Every six years, the owner of conditional water rights, such as the District's exchange rights decreed in Case No. 01CW151, must file an application with the Water Court explaining what progress, or diligence, has been made to complete the appropriation and use of its conditionally decreed rights. If the diligence application for the Return Flow Exchange is not filed by June 30, 2020, then the conditional exchange rights will be cancelled. With a diligence application, the District may also apply to convert some of its conditional rights to absolute rights, if it has sufficient evidence to do so.

In October 2015, the District attempted to exchange Fry-Ark Irrigation Return Flows that were generated by delivery of the District's second allocation of Project water for irrigation use by the Catlin Canal. While a small amount of Fry-Ark Irrigation Return Flows were exchanged to Pueblo Reservoir under the 01CW151 Decree, the Division Engineer's official accounting records did not confirm the amount of water that was exchanged, so evidence of this exchange was not sufficient to support an absolute claim during this diligence period. However, the District's efforts to exchange Return Flows under the 01CW151 Decree helps demonstrate that the District has been diligent in its development of this conditional exchange right. Six years after a decree is entered in this case, the District will need to file another application for a finding of reasonable diligence and, if possible, may seek to make a portion of the exchange right absolute at that time.

Mr. Goodwin made the following motion, seconded by Mr. Karney: "I move the Executive Committee recommend that the Board adopt Resolution No. 2020-02D (Attachment 1), which authorizes Special Water Counsel to file an application for diligence with the Water Court by June 30, 2020."

The motion passed unanimously.

Recovery of Storage Study Contract

Mr. Woodka presented an update on the Recovery of Storage Study, explaining that the District had two bids for the project, both of which were above the budgeted amount of \$200,000. Mott McDonald was chosen over the other bidder, and a scope of work was negotiated to bring costs below the budgeted amount.

Mr. Pifher asked whether options other than altering Pueblo Reservoir through enlargement or dredging would be considered. Mr. Woodka said other options have been discussed in talking with officials from Mott McDonald.

Mr. Goodwin asked why the bid was just under \$200,000. Mr. Woodka said more work would be needed than is included in the \$200,000 scope of work.

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Mr. Broderick replied to both questions, saying this is just the first phase of a larger study.

Mr. Hamel said the study is overdue, and agreed with Mr. Broderick that this would be the first step of many steps.

Mr. McClure also encouraged other ideas rather than just Pueblo Reservoir. Mr. Broderick said the purpose of this study is to look at recovering storage in Pueblo. Mr. Broderick said the District would use both the new and historic data to make decision.

Mr. Hamel moved, seconded by Mr. Clayton: "I move the Executive Committee approve the Storage Recovery Study contract with Mott McDonald not to exceed \$199,989, to be ratified by the Water Activity Enterprise Board at its next meeting."

The motions passed unanimously.

INFORMATION ITEMS:

The following information items are posted on the Board web site:

- A. AVC and Excess Capacity Master Contract Update (Enterprise)
- B. JWBHP Insurance Policies Renewal (Enterprise)
- C. Water Court Resume (District)
- D. Monthly Reports (District):
 - i. U.S. Bureau of Reclamation
 - ii. U.S. Geological Survey

OTHER BUSINESS:

None

NEXT MEETING

To be determined.

ADJOURN

Chairman Long adjourned the meeting at 10:43 a.m.

Respectfully submitted,

Chris Woodka
Senior Policy and Issues Manager