

RECORD OF PROCEEDING

**SOUTHEASTERN COLORADO WATER
CONSERVANCY DISTRICT
MINUTES**

July 15, 2021

A meeting of the Board of Directors of the Southeastern Colorado Water Conservancy District (District) was held on Thursday, July 15, 2021, at 9:32 a.m., at the District office, 31717 United Avenue, Pueblo, Colorado. The District experienced an internet outage, due to an area outage by our service provider, and were unable to use the ZOOM platform for the Board meeting. Calls were placed to the Board Members that were going to attend remotely, and a message was put up on our website calendar, so the public would know a ZOOM connection was not available.

President Long established that a Quorum was present.

DIRECTORS PRESENT:

Alan Hamel	Carl McClure arrived @ 9:38	Pat Edelmann
Andrew Colosimo	Curtis Mitchel	Patrick Garcia
Ann Nichols	Kevin Karney	Seth Clayton
Bill Long	Mark Pifher	Tom Goodwin

DIRECTOR(S) ABSENT AND EXCUSED:

Dallas May, Greg Felt, and Howard "Bub" Miller

DISTRICT OFFICIALS PRESENT:

Executive Director James Broderick; General Counsel Lee Miller; Senior Policy and Issues Manager Chris Woodka; Water Resource Engineer Garrett Markus; Administrator of Finance and Administration Leann Noga; Administrative Support Specialist Margie Medina; Accountant Stephanie Shipley; and Administrative Support Associate Patty Rivas.

VISITORS PRESENT:

Bill Tyner, Colorado Division of Water Resources; Bruce Hughes and Matt Heimrich, Colorado Canal Company; and Mark Scott, Providence Infrastructure.

INTRODUCTION OF VISITORS:

President Long welcomed the visitors to the meeting and asked them to introduce themselves and identify the organization they represented.

APPROVAL OF MINUTES:

President Long said the minutes of the May 20, 2021, Board meeting were posted to the Board website for review and asked if there were any corrections or additions. Mr. Hamel moved, seconded by Mr. Pifher to approve the minutes. Motion unanimously carried.

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TREASURER REPORT:

Treasurer Nichols reported the financial statements for May and June 2021, were posted to the Board website for review. Ms. Nichols moved, seconded by Mr. Clayton for acceptance of the May and June 2021 financial statements and payment of the July 2021 bills. Motion unanimously carried.

PRESENTATION ITEMS:

COVID 19 REENTRY GUIDANCE

Mrs. Leann Noga provided a discussion regarding “re-entry to the workplace at the District office.” In 2020 most of the staff were working remotely, with just a few staff members on site, to take care of visitors and any documentation and processes that needed to be handled on site.

In 2020 the District was awarded a grant from District of Local Affairs (DOLA) in the amount of \$23,000.00. These funds were used for the following:

1. All staff now have individual walls and doors
2. An intake and outtake ventilation system were installed
3. OnBoard software was purchased and implemented for remote as well as in person meetings
4. Personal Protective Equipment items were purchased, masks, gloves, sanitizing stations, and sanitizing products

Efforts were made to remain in compliance with all Center for Disease Control (CDC) as well as state mandates.

In 2021 there were 3 employees at all times in the building. Meetings are still to be held by appointment only. Information was provided to our insurance company on all the office upgrades, and were given a refund in the amount of \$8,000.00 related to health and safety. This refund was used to offset office expenses. As of June, all staff has returned to the office. Masks are to be worn by individuals that are not vaccinated. All staff has been vaccinated.

All Board Meetings going forward will be Hybrid, they will have the opportunity to attend virtually or in person. Committee meetings will be handled in the same manner.

Mr. Long questioned if there will ever be a circumstance when a committee meeting can be held only virtually? Mr. Broderick advised, yes that would be an option. The Board traveling hours back and forth may not be necessary for a meeting that can be quick, or the information discussed may not require physical presence, and can be taken care of just as efficiently virtually. Mr. Long asked if any Board member would be opposed to having some Committee meetings 100% virtually.

ONBOARD HIGHLIGHTS

Mrs. Leann Noga provided a discussion regarding the OnBoard software. A tutorial was not presented, due to the internet outage. That will be presented at the August Board Meeting.

The topics that were highlighted were:

1. The meeting packet that was provided to the Board at this meeting was the exact duplicate of what OnBoard was showing as the “Open Book.” This will be the process going forward, to ensure the Board, whether attending remotely or in person, would be viewing the exact same documents.

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2. The attendance button should be used. This will assist the District in having an accurate head count to assist with lunch preparations, as well as making sure we are accommodating everyone safely.
3. Mr. Long questioned the amount of notifications that were being received from OnBoard. It was explained that notifications are pushed out when new information has been posted. A notification will also be pushed when a user has not reviewed meeting documents. Staff will modify the notification process.
4. A resource library is now up and running on the OnBoard platform. This will house all documents that have been posted to the website. News, water Reports, announcements, etc. Meeting documents can still be accessed on the Board website as well. Both platforms will be running simultaneously until December 2021.

A \$17,600.00 grant was awarded the District from the Corona Relief Fund. This money was used to renew the OnBoard subscription. Purchase of tablets, and accessories, to be issued to the Board. Outreach will be scheduled to Board Members on an individual basis, by Staff. This meeting will go over 1.) Board Member need for a tablet 2.) training 3.) troubleshooting 4.) and any other assistance a Board Member may require. Dates for these meetings will be forthcoming.

2021 MID-YEAR FINANCIAL REPORT

Mrs. Noga presented a PowerPoint that reviewed the following:

1. District: to include Fry-Ark Project & District Operations
2. Fry-Ark Project as of June 2021:
 - a. Revenues-Tax Collections \$6,088,445 (71% of Budget)
 - b. Expenditures-No project payments to report
3. Forecasted Year-End 2021
 - a. Revenues-Tax Collections \$8,542,183 (100% of Budget)
 - b. Expenditures-Project Payments \$4,034,155
4. Overall Year-end forecast add \$4.5M to Fry-Ark reserve
5. District Operating Report as of June 2021
 - a. Revenues-Operating & Specific Ownership tax, Interest Income \$1,405,184 (50% of Budget)
 - b. Expenditures-Operations, Projects, \$1,152,897 (30% of Budget)
6. Forecasted Year-End 2021
 - a. Revenues-Investments, Grants \$2,813,496 (98% of Budget)
 - b. Expenditures-recurring capital projects \$2,780,915 (73% of Budget)
7. Overall Year-End forecasted to breakeven

President Long convened the Enterprise meeting @ 10:08, to be held in conjunction with the District meeting.

PRESENTATION ITEMS (con't):

2021 MID-YEAR FINANCIAL REPORT (con't)

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8. Enterprise: to include Water, Hydroelectric, and Arkansas Valley Conduit
9. Enterprise Water Operating Report as of June 2021:
 - a. Revenues-\$1,100,536 Actual, \$1,693,707 Budget
 - b. Expenditures-\$632,085 (33% of Budget)
10. Forecasted Year-End 2021
 - a. Revenues-\$1,058,486 Forecasted Actual, \$1,693,707 Budget, Water Sales Refunds
 - b. Expenditures-\$1,325,258 (69% of Budget)
11. Overall Year-end forecast use \$267,000 from Project Water Reserve
12. Arkansas Valley Conduit Report as of June 2021
 - a. Revenues-CWCB Loan/Grant \$130,312 (5% of Budget)
 - b. Expenditures-\$ 236,767 (8% of Budget)
13. Forecasted Year-End 2021
 - a. Revenues-\$481,177 (18% of Budget)
 - b. Expenditures-\$738,941 (25% of Budget)
14. Overall Year-End forecast use \$258,000 for AVC reserve
15. Hydroelectric Power Report as of June 2021
 - a. Revenues-5 months of Revenues, Dry Water Year \$ 308,102 (21% of Budget)
 - b. Expenditures-\$90,035 (15% of Budget)
16. Forecasted Year-End 2021
 - a. Revenues-\$1,072,300 (75% of Budget)
 - b. Expenditures-\$968,000 (90% of Budget)
17. Overall Year-End forecast add *\$205,000 to the Hydro reserve.
*It was discovered that the figure should read \$104,000

President Long asked to go into action items, as the Banking Services Resolution will apply to both District and Enterprise.

ACTION ITEM:

BANKING SERVICES RESOLUTION

Mrs. Noga provided an action item regarding Banking Services. The recommendation is to move banking services from Sunflower Bank to Bank of the San Juans.

In May 2021, a team was formed to conduct a Request for Proposal (RFP) for Banking Services including Leann Noga, Stephanie Shipley and Lynette Holt. The RFP was sent to twelve banking institutions, in which the District received six respondents.

The Government Finance Officers Association (GFOA) best practices suggest that banking services should be reviewed every five years through a RFP process.

A review and rating system was conducted on all six RFPs by the team members. The final three banking institutions were interviewed, in which the final application was selected. Staff recommends that the District banking services, which include checking accounts, sweep accounts, staff credit cards, online banking tools,

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etc., be changed from Sunflower Bank to Bank of the San Juans. Attached is a resolution which authorizes this change in banking services.

This resolution will provide authorization for staff to work with Bank of the San Juans and the District and its Enterprise authorized signers to create this new banking system. This includes working with Sunflower Bank and the District, and its Enterprise authorized signers to close unneeded accounts. The District and its Enterprise authorized signers are Bill Long - President, Ann Nichols – Treasure, and Jim Broderick - Executive Director. Staff will ensure that internal controls are in place regarding all banking activities.

Ms. Nichols moved, seconded by Mr. Garcia that the Board of Directors adopt Resolution No. 2021-01DF, authorizing the change of banking services from Sunflower Bank to Bank of the San Juans for both the District and its Enterprise. This motion provides authorization for staff to work with authorized signers to create new Bank of the San Juan accounts, as well as close past Sunflower accounts. Motion unanimously carried.

President Long recessed the Enterprise meeting at 10:25 a.m.

ACTION ITEM:

APPROVAL OF STIPULATION IN THE APPLICATION OF BASALT WATER CONSERVANCY DISTRICT, CASE NO. 19CW3143, WATER DIVISION 5

Mr. Lee Miller provided an action item recommending that the Board authorize Special Water Counsel to execute a stipulation with Basalt Water Conservancy District (“BWCD”) in Case No. 19CW3143, BWCD’s application for approval of an appropriative right of exchange and an area-wide augmentation plan, consenting to entry of a decree that is no less restrictive on BWCD and no less protective of the District than the proposed decree dated June 3, 2021.

On January 16, 2020, the Board authorized Special Water Counsel to file a statement of opposition to the Basalt Water Conservancy District’s application for approval of an appropriative right of exchange and an area-wide plan for augmentation in the Fryingpan River basin.

In Case No. 19CW3143, BWCD seeks approval of (1) an appropriative right of exchange from Ruedi Reservoir up the Fryingpan River and Ivanhoe Creek to Ivanhoe Reservoir, and (2) an area-wide plan for augmentation for diversions up to 3.0 cfs total in the Fryingpan River basin upstream of Ruedi Reservoir. This application was contemplated by the 2018 settlement agreement between Aurora, BWCD, and other West Slope parties in Aurora’s Busk-Ivanhoe change case (Case No. 09CW142, Water Division 2).

Southeastern’s decreed water rights to divert Project water from the Fryingpan River drainage are subject to minimum stream flow requirements on the Fryingpan River, measured at the Thomasville Gage. Similarly, the Fryingpan-Arkansas Project has a senior water right to divert from Ivanhoe Creek; the Project’s water rights also require bypass flows at this structure. BWCD’s exchange operation, and diversions by the structures augmented under BWCD’s proposed augmentation plan, may deplete the flow of the river at the Thomasville Gage or impact stream flows at the Ivanhoe Creek diversion structure, injuring the District’s water rights. Thus, the District’s objectives in Case No. 19CW3143 are to: (1) ensure that BWCD’s

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exchange does not injure the District's water rights and operations by (a) depleting the flow of the Fryingpan River at the Thomasville Gage or (b) reducing the water available for Project diversion and stream flow bypass at the Ivanhoe Creek diversion structure; and (2) ensure that BWCD's area-wide augmentation plan does not injure the District's water rights and operations, including the Project's ability to divert under its Operating Principles and decrees, by depleting the flow of the Fryingpan River at the Thomasville Gage.

Special Water Counsel, General Counsel, and District Staff believe that the June 3, 2021 Proposed Decree satisfies the District's objectives as brought out in the attachments provided to the Board.

Mr. Hamel moved, seconded by Mr. Edelmann to authorize Special Water Counsel to enter into a stipulation with the Basalt Water Conservancy District, consenting to entry of a decree in Case No. 19CW3143 that is no less restrictive on BWCD and no less protective of the District than the proposed decree dated June 3, 2021. Motion unanimously passed.

APPROVAL OF STIPULATION IN THE APPLICATION OF BOARD OF WATER WORKS PUEBLO, CASE NO. 20CW3011, WATER DIVISION 2

Mr. Lee Miller provided an action item recommending that the Board authorize Special Water Counsel to execute a stipulation with the Board of Water Works of Pueblo in Case No. 20CW3011, consenting to entry of a decree that is no less restrictive on Pueblo Water and no less protective of the District than the proposed decree dated June 18, 2021.

It was asked of the Board if any members will need to recuse themselves, Mr. Garcia as well as Mr. Clayton advised they will need to recuse themselves.

On May 21, 2020, the Board authorized Special Water Counsel to file a statement of opposition to the Board of Water Works of Pueblo's ("Pueblo Water's") application for a new conditional water right and to change the water storage right decreed to the Southern Colorado Power Company's Cooling Basin, for use in the Historical Arkansas Riverwalk Project ("HARP").

Case No. 20CW3011 is Pueblo Water's application for (1) a new conditional water right to divert from the Arkansas River and (2) a change of the Southern Colorado Power Company's Cooling Basin water storage right, originally decreed for cooling and condensing purposes in connection with electrical power generation. Pueblo Water will use both the new and changed water rights as a supplemental water supply for HARP, which currently relies upon the water rights decreed in, and augmented under, Case No. 93CW86. One of those water rights historically used for HARP was a tailwater right dependent upon discharges from the Black Hills/Southern Colorado Power Company ("SOCO") power plant; the decommissioning of this plant prompted Pueblo Water's application to obtain additional water sources for HARP. Pueblo Water proposes to use the augmentation plan decreed in Case No. 93CW86 to replace the out-of-priority depletions associated with its new and changed water rights.

The District's objectives in this case are to (1) ensure the terms of the proposed decree will not adversely impact the Project's water rights and operations, including the District's decreed exchanges in Case Nos. 01CW151 and 06CW08, the ROY exchange the District shares with other 2004 IGA parties, and its

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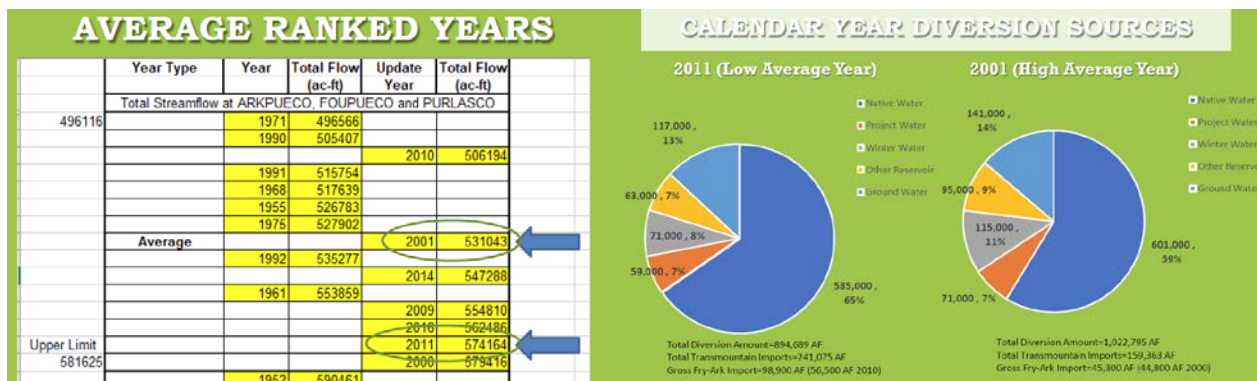
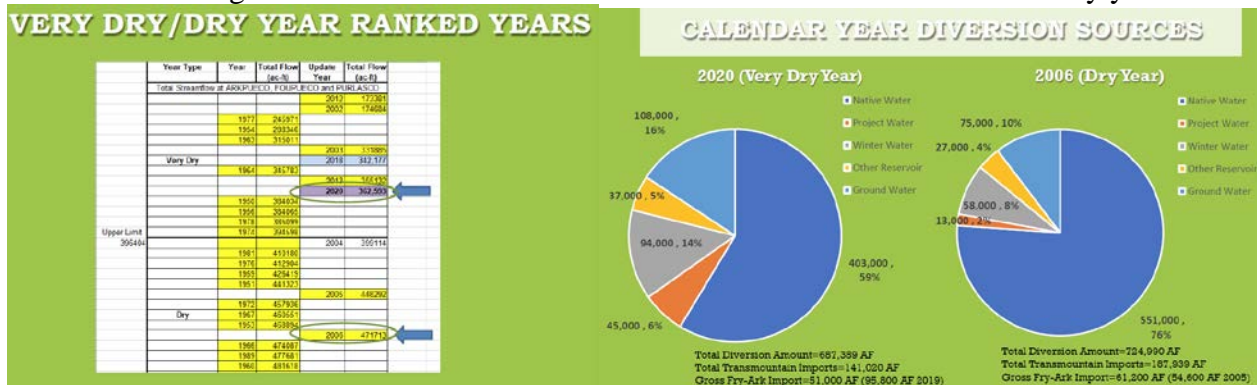
hydropower operations; (2) ensure that the proposed decree is consistent with Pueblo Water’s obligations under the 2004 IGA; (3) ensure that the proposed decree is consistent with the relevant terms of the decree entered in Case No. 93CW86; and (4) ensure the Court retains jurisdiction over the change of water right for an appropriate time frame. Special Water Counsel, General Counsel, and District Staff believe that the June 18, 2021 Proposed Decree, that was provided to the District, satisfies the District’s objectives.

Mr. Pifher moved, seconded by Mr. Hamel to authorize Special Water Counsel to enter into a stipulation with the Board of Water Works of Pueblo, consenting to entry of a decree in Case No. 20CW3011 that is no less restrictive on Pueblo Water and no less protective of the District than the proposed decree dated June 18, 2021.

MONTHLY/QUARTERLY REPORTS:
 DIVISION ENGINEERS OFFICE

Mr. Bill Tyner provided a written report to give the Board a Historical Overview of Irrigation Supplies for Mainstream Ditches Below Pueblo Reservoir.

- How do sources of supply vary for:
 1. Dry Years
 2. Average Years
 3. Wet Years
 4. Back to back dry years



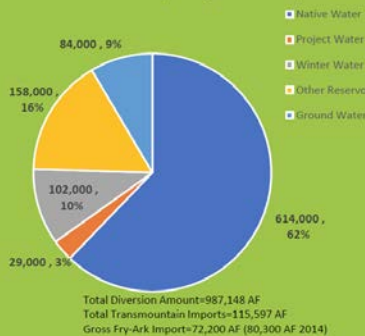
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ABOVE AVERAGE RANKED YEARS

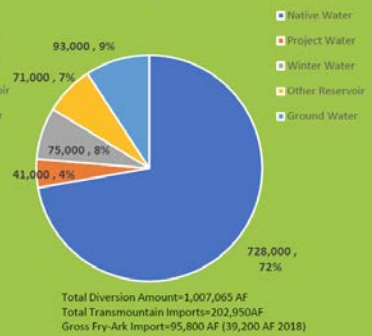
Year Type	Year	Total Flow (ac-ft)	Update Year	Total Flow (ac-ft)
Total Streamflow at ARKPUCCO, FOLPUCCO and PURLASCO				
	1952	230471		
	1961	628291		
	1963	619751		
	1962	511800		
			2007	612966
	1975	627576		
Wet			2019	633038
			2020	663193
	1992	616376		
			1998	676372
	1972	610928		
	1982	736020		
	1991	735498		
Upper Limit 729069			1996	716110
			2017	737788
	1970	759377		
	1968	838816		
	1980	876336		
	1987	876921		
Very Wet			1997	930488
	1983	940478		
			1999	995316
			2015	1015880
	1988	1037637		
			1996	1096569
	1984	1146326		
	1965	1136433		
	1997	1234259		

CALENDAR YEAR DIVERSION SOURCES

2015 (Very Wet Year)



2019 (Wet Year)

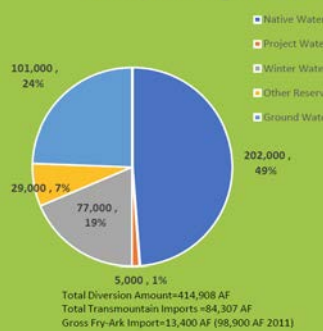


BACK TO BACK DROUGHT YEARS

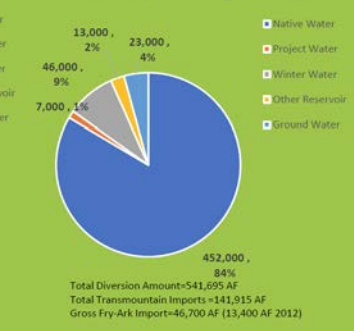
Year Type	Year	Total Flow (ac-ft)	Update Year	Total Flow (ac-ft)
Total Streamflow at ARKPUCCO, FOLPUCCO and PURLASCO				
			2012	173381
			2002	174684
	1977	245971		
	1954	288346		
	1963	315011		
Very Dry			2003	331885
			2018	342,177
	1964	345783		
			2013	355132
			2020	362,593
	1950	384034		
	1956	384065		
	1978	385099		

CALENDAR YEAR DIVERSION SOURCES

2012 (1st Drought Year)



2013 (2nd Drought Year)



STATE LEGISLATION UPDATE

Mr. Lee Miller provided an update to the Board by reporting, the General Assembly adjourned sine die on June 8. Absent a special session, the General Assembly will not meet as a body until it convenes the 2022 session next January.

As mentioned in past reports, the number of “water” bills is relatively small. This may be in part because the Water Resources Review Committee (WRRC) was prohibited from meeting last summer, by the amendment to its authorizing act in SB20-214. That amendment is repealed by operation of law on July 1, 2021.

The following Senators and Representatives have been appointed to the Water Resources Review Committee (WRRC): Senator Kerry Donovan (D); Senator Jerry Sonnenberg (R); Senator Don Coram (R); Senator Jeff Bridges (D); Rep. Dylan Roberts (D); Rep. Barbara McLachlan (D); Rep. Marc Catlin (R); and Rep. Hugh McKean (R). What we do not know is who will chair the WRRC or when they plan to meet. Given this missing detail, we do not know what the WRRC intends to cover.

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The chairmanship of the WRRC rotates between the House and Senate. This summer, the chairmanship would have fallen to Rep. Jeni Arndt, but she resigned her House seat to assume the duties as Mayor of Fort Collins. She was succeeded by Rep. Karen McCormick, who had been the Agriculture, Livestock & Water Committee Vice Chair. Rep. McCormick is a freshman. The WRRC would have been chaired by Sen. Donovan last summer, but COVID caused the interim committee to be suspended.

Mr. Miller noted that as recent as Wednesday evening there were additional updates, but at the time of the meeting, due to the internet outage, updates were not possible. Further information will be forthcoming.

COLORADO RIVER ISSUES STATUS

Mr. Lee Miller reported there has been a lot of press regarding the water conditions at the two main reservoirs on the Colorado River. The exceptionally dry conditions on the west slope that led to a dramatic reduction in the anticipated yield of the Fry-Ark and is being felt throughout the Colorado River Basin. The good news is that it is getting media attention, the bad news is there has also been a lot of mis-information.

On June 3, 2021, the Bureau of Reclamation released the draft 2022 Colorado River Annual Operating Plan (AOP) as part of its first consultation to the Colorado River Management Work Group. A copy of the presentation associated with that release is attached. The draft AOP can be found at https://www.usbr.gov/lc/region/g4000/AOP2022/2022AOP_2021-05-27_Consultation-1.pdf. The draft AOP recognizes the significant shortfall of inflows into Lake Powell during Spring 2021 as compared to estimated and anticipated inflows. Of greatest concern are the statements that the “most probable” 24-month study projects that the Lake Powell elevation to fall below the minimum power pool in 2022. The Upper Basin Drought Contingency Plan, part of the legislation passed into federal law in 2019, contains a Drought Response Operations Agreement (DROA) that calls for coordinated releases from certain Colorado River Storage Program reservoirs. On May 20, 2021, the Upper Colorado River Commission announced that the parties are beginning to develop a plan as specified in the DROA.

Following nearly two years of stakeholder discussions and input from Coloradans across the state and from various sectors, the Colorado Water Conservation Board (CWCB) released a draft Demand Management Framework. The Framework captures threshold issues; implementation options; and proportionality, fairness, and equity considerations. A copy of the framework was provided with the May 20, 2021, Colorado River Issues Status Report.

During May and June 2021, the CWCB scheduled several virtual events to ask questions and provide input on the framework, culminating in a Demand Management Public Listening Session on June 29, 2021. CWCB staff will track the input received and then present findings to the CWCB Board during the July 21, 2021, meeting.

Wednesday night it was announced that based on the June 2021 Hydrology and the Bureau of Reclamations forecasts for projects for Lake Powell, they will be releasing from upstream units of the Colorado River Storage Project, to address the elevation issues of Lake Powell.

