

October 16, 2008

Meeting Minutes of the Board of Directors

Directors Present: Alan Berryman, Lisa Darling, Greg Dewey, Dennis Harmon, Kim Hutton, John Kolanz and Kevin Urie

Directors Absent: Dennis Bode and Randy Rhodes

1. CALL TO ORDER / INTRODUCTIONS

Lisa Darling called the SPWRAP Board of Directors Meeting to order at 10:00 am at the Three Stones Building of Denver Water. There was a quorum of Directors.

2. ADDITIONS/CHANGES TO THE AGENDA

There was a suggestion to add discussion about Alan Freemyer's proposal for lobbying services.

3. MINUTES FROM THE SEPTEMBER 18, 2008 BOARD MEETING

Minutes of the May 15, 2008 Board Meeting were approved by consensus.

4. FINANCIAL REPORT

Dennis Harmon presented the SPWRAP financial report, including a financial statement from beginning of fiscal year through October 14, 2008. Dennis also sent around Dennis Harmon also said the following bill needed to be paid:

- Trout, Raley, Freeman, et al. for legal services (August) – \$1,462.00
- Monthly bookkeeping - \$95.00

MOTION: Dennis Harmon moved that the board approve payment of the bills listed in the financial report. Greg Dewey seconded the motion and it was approved unanimously by the directors present.

5. FINANCE COMMITTEE UPDATE

Dennis Harmon handed out copies of the revised 2009 budget. Changes were based on the board's discussion from last month's meeting. Primary change is the reduction of assessment from 30 cents per unit to 20 cents per unit. Discussion ensued about whether it was prudent to reduce assessments in light of current financial markets crisis and possible uncertainty in funding from federal and state government. The board still recommended reducing the assessment from 30 cents per unit to 20 cents per unit, but note that assessments may have to increase in future years.

6. SPWRAP ADMINISTRATIVE & CORPORATE ISSUES

○ Liability Insurance

Austin Hamre passed out an insurance quote from Charles Hix for directors liability (including Errors and Omissions), general liability, automobile liability and umbrella coverage. Since SPWRAP has no employees at the current time, the board agreed that employment practices liability and worker's compensation

should not be included. But these would be added when SPWRAP hires any employees. Maximum coverage would be \$1 million M per occurrence, and an additional \$1 million under the umbrella. The maximum aggregate for all claims within a single year is \$3 million. Discussion ensued about adequate coverage. John Kolanz asked Austin to contact Charles Hix to clarify the type of activities that SPWRAP is engaged in for the coverage language. Austin will report back to the board.

- Approval of Agreement for Legal Services from Austin Hamre
Austin Hamre handed out a proposed agreement for legal services from October 1, 2008 through the end of 2009. Aurora has been paying for Austin's work on SPWRAP until now. Questions about possible conflicts of interest were addressed to the satisfaction of the board. Conflict of interest are not likely since Austin's work for SPWRAP is of the corporate nature and does not include specific water rights.

MOTION: Dennis Harmon moved that Lisa Darling, president of the board of SPWRAP execute the agreement for legal services. Alan Berryman seconded the motion and it was approved unanimously by the directors present.

7. UPDATE ON PLATTE RIVER RECOVERY IMPLEMENTATION PROGRAM (PRRIP) ACTIVITIES

Alan Berryman and Kevin Urie provided brief updates on the various committees of the Program.

Headwaters Corporation is focusing on purchasing land parcels that can benefit habitat in Nebraska, based on the Land Committee's recommendations. Currently the PRRIP has about 2,700 acres of habitat under the PRRIP and needs 10,000 acres of land by end of first increment. In subsequent increments after the first, lands owned by various conservation groups may be credited toward the program and become part of the 29,000-acre total required for the entire PRRIP.

Phragmites is an invasive aquatic reed that now could impede the ability to send flushing flows to the habitat. Cattle grazing appears to be one of the most effective management tools to control phragmites.

Although the PRRIP was approved by the federal government, federal funding will need to be secured each year through appropriations. The feds funded the PRRIP in 2008 with \$11.2 million, but will likely be in competition in future years with other recovery programs. The board discussed the pros and cons of contracting with Alan Freemyer to lobby for the PRRIP. Alan Berryman will investigate this further and report back to the SPWRAP Board.

Federal Depletions in Colorado were discussed. Since the last SPWRAP meeting, the water users in Jackson County met with the state, feds and SPWRAP met to discuss. No resolution has been reached.

Federal Depletions in Colorado were discussed. Under the Program, the 3-States each agreed to work cooperatively with the federal entities in their State to provide federal depletions coverage for up to 350 acre-feet. The federal entities have requested that the 350 acre-feet in Colorado be split into two separate blocks of 175 acre-feet each instead of paying for the entire 350 af upfront. SPWRAP agreed that the combined federal entities will pay \$5,000 for each 175 acre-foot block. Kevin completed the paperwork that SPWRAP needed to do as part of a federal contracting process and is waiting to hear back from the subject federal agencies.

8. AGREEMENTS WITH THE STATE OF COLORADO

- SPWRAP-CDNR First Amendment to MOA

Austin handed out the latest draft. The state has indicated it agrees with the draft but preferred to wait until after the election (primarily to see if Amendment 51 passes or not) before signing the document. Discussion ensued. It was the board's consensus to change the due date for the initial water projects plan from January 1, 2009 to March 31, 2009, to be consistent with the direction from the Governance Committee. Austin recommended that SPWRAP enter into the SPWRAP-CDNR First Amendment to MOA

MOTION: Greg Dewey moved that Lisa Darling, president of the board of SPWRAP be authorized to sign the document, given the due date change from January 1, 2009 to March 31, 2009. This would allow the state to sign it first and then SPWRAP can sign it. Kevin Urie seconded the motion and it was approved unanimously by the directors present.

- SPWRAP-CDOW MOU

Austin Hamre handed out the latest draft. The documents address construction costs (paid by CDOW) and operating and maintenance costs (paid by SPWRAP). The MOA with DNR creates a water target pumping schedule. Paying the pumping costs are the primary responsibility of SPWRAP. The first term of the MOU ends in July 2020, consistent with the anticipated end of the first increment of the PRRIP. This can be extended for 5-year terms with various "off-ramps". Austin recommended that SPWRAP enter into the SPWRAP-CDOW MOU subject to non-substantive amendments by the state. Mary Halstead agreed to send out an email to the SPWRAP board regarding access to the referenced attachments.

MOTION: Greg Dewey moved that Lisa Darling, president of the board of SPWRAP be authorized to sign the document, subject to non-substantive amendments by the state. This would allow the state to sign it first and then SPWRAP can sign it. Kevin Urie seconded the motion and it was approved unanimously by the directors present.

9. WATER SOURCE 2008 QUESTIONNAIRE

Jon Altenhoffen handed out a questionnaire he developed for use with the future depletion model. He needs each municipal entity represented on the board to fill out the questionnaire, return it to Jon, so he can use the data to test the model. In the middle of

December, Jon hopes to email it to all municipal SPWRAP members to send in with data so Jon can produce a depletions report by March 31, 2009.

10. HEYBORNE RECHARGE PROJECT AGREEMENT

Austin handed out the latest draft which he, Greg Kernohan (Ducks Unlimited), Jon Altenhoffen, and Joe Frank (Lower South Platte Water Conservancy Group) have been working through. Discussion ensued. They will continue to work on the agreement as well as see if this project could qualify for North American Wetlands Conservation Act (NAWCA) funds.

11. ANNUAL MEETING OF MEMBERS

The Annual meeting of members is scheduled for October 23, 2008 following the South Platte Forum in Longmont, CO. Alan, John and Kim are up for re-election, and they have all indicated that they are interested in serving another term. Lisa suggested that SPWRAP not meet in December. Since the November meeting will be the last meeting of 2008, Lisa would like to set a 2009 meeting schedule at the November 2008 meeting.

12. ADJOURN

The meeting adjourned at 12:15 pm.

Next Meeting of the Board of Directors:
November 20, 2008 – Northern Water