



**2009 Annual Meeting
October 22, 2009**

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

Directors Absent: None

1. Call to Order

President Lisa Darling called the 2009 SPWRAP Annual Meeting of Members to order at 3:05 pm in the Radisson Conference Center. Introductions were made. There was a quorum of Directors present.

2. There were no additions or changes to the agenda. The agenda was approved.

3. Summary of Past Year's Activities

Lisa Darling stated that the Platte River Recovery Implementation Program (PRRIP or Program) is the overarching federal/three state program. Lisa then introduced some of Colorado's key people that interact with the Program:

- Deb Freeman was involved in the cooperative agreement since mid-1990's. In the last year, Deb has focused on issues regarding the US Fish & Wildlife Service and how it interacts with Colorado and its water users under the Program.
- Kevin Urie sits on the Technical Committee and Adaptive Management Workgroup. Kevin is also the acting Executive Director of SPWRAP.
- Alan Berryman has been involved since the beginning and currently is the water users representative on the Governance Committee.
- Ted Kowalski is the State's representative on the Governance Committee. The State sees itself as a partner with the water users in this program. Alan Berryman emphasized that the State and the water users have a great partnership.
- John Kolanz is an alternate on the Governance Committee.

Lisa Darling stated that SPWRAP is how Colorado water users interact with the Program.

a. PRRIP (or Program) Governance Committee

Alan Berryman provided a summary of the activities over the past year. Alan introduced Beorn Courtney from the Program Executive Director's office that has been instrumental in the Water Action Plan. Alan also introduced Jon Altenhofen from Northern Water who has been doing the water accounting for Colorado under the Program and represents Colorado interests on the Program's Water Action Committee.

Alan Berryman passed out the budget for the Program; annual expenses are about \$24M per year. The federal government authorized \$157M, without SPWRAP needing to secure a lobbyist. In general, great progress has been made in acquiring land. The obligation is to secure 10,000 acres of land by the end of the First Increment (a 13-year period from 2007 through 2019) of the Program. Currently there

are about 6,300 acres of land, either secured or in process. The Program Executive Director's office (staffed by Headwaters Corporation) hired a land agent, Bruce Sackett, who has been a great help with acquiring land.

The Program's obligation is to secure 130,000 to 150,000 acre-feet of average annual reduction in water shortages with respect to target flows in the central Platte River (at Grand Island, Nebraska). The water credited to the Program currently amounts to 80,000 acre-feet average per year, and includes Tamarack I at 10,000 acre-feet (Colorado), Lake McConaughy (Nebraska) and Three Bricks – Pathfinder Reservoir enlargement (Wyoming). Another 50,000 to 70,000 acre-feet needs to be secured pursuant to a "Water Action Plan" under the Program.

Lisa Darling expressed her gratitude to everyone on the SPWRAP board, the State, and anyone else who contributes to SPWRAP or the Program.

Kevin Urie discussed the Adaptive Management Plan that is being implemented. Monitoring and research is being developed to inform the science around the species' needs on the ground. An Independent Science Advisory Committee was formed to evaluate the direction that the science is headed and review protocols. Chad Smith with the Executive Director's office has been instrumental in this effort. Kevin was pleased to report the Adaptive Management Plan is well on its way and acknowledged the work done, especially by the Executive Director's office.

Deb mentioned that in addition to addressing the 130,000 to 150,000 acre-feet of basin-wide shortages, each state has a future depletions plan. In Colorado, there is a South Platte/Laramie River Basin plan as well as a North Platte plan. Each state works with the federal government to sync the states depletions—by water users and federal agencies—and make sure everyone is in compliance with Program commitments and, hence, the Endangered Species Act.

Deb Freeman reminded the board about the North Platte Depletions Plan whereby all consumptive use entitlements are combined into a "single bucket" entitlement. This approach enables the Colorado water users in the North Platte basin to work with the federal agencies and reduces administrative hurdles. The Governance Committee approved the methodology through an amendment to Colorado's future depletions plan. The plan is to finalize the required paperwork before the end of 2009.

There is a benefit to the Feds benefitting from Colorado's future depletions plan. They have a vested interest in Colorado succeeding. Ted Kowalski went beyond the call of duty in his efforts to finalize this approach.

Alan Berryman encouraged people to visit the websites: www.platteriverprogram.org and www.SPWRAP.org to get more detailed information.

b. SPWRAP

Lisa Darling mentioned that SPWRAP's primary objective is to shepherd the State's funding as well as account for and bring water to the Program in order to meet Colorado's obligations. Jon Altenhofen said his main job is to do the managed

groundwater recharge accounting Tamarack I and future depletions (Colorado's Plan for Future Depletions a.k.a. Tamarack II). Credit for Tamarack I and II (and III) from the managed groundwater recharge occurs only during times of free river, so there is no conflict with Colorado's existing augmentation plans.

Managed recharge projects include Tamarack Ranch State Wildlife Area, in which the Colorado Division of Wildlife (CDOW) has been a great partner. Ducks Unlimited has become a major partner and was responsible for building the Heyborne Recharge and Wildlife Project. Additional dedicated projects are on the horizon. SPWRAP pays for some of the construction and all the operation, maintenance, and electricity for pumping of these projects. In return, SPWRAP receives valuable recharge credits that are used toward Colorado's obligations to the Program.

Jon Altenhofen acknowledged Joe Frank, manager of the Lower South Platte Water Conservancy District (Lower), who could not be present. Joe, as well as his staff operates some of the projects we rely on in the lower river. Colorado is well on its way to having developed 4,500 acre-feet of the 10,000 acre-feet Tamarack I requirement. Tamarack III is the next step with developing up to 17,000 acre-feet of the remaining shortage reduction goal from managed groundwater recharge in Colorado. This 17,000 acre-feet is intended to meet part of the 60,000 to 70,000 acre-foot basin-wide goal for the Program. Currently about \$260,000 per year is paid by SPWRAP to claim unused recharge credits during times of free river from existing Colorado recharge plans. In another three years, the amount required for project operations and payments may approach \$700,000 per year. Colorado is meeting its water obligations due to great team efforts by the State, CDOW and SPWRAP. All water users in the lower river have been great to work with as SPWRAP is able to pay for some of their unused recharge accretion credits during times of free river.

Greg Kernohan of Ducks Unlimited mentioned the phenomenal relationships they have developed with agricultural water users. Ducks Unlimited is proud of these relationships and look forward to developing more in the future.

Alan Berryman reiterated that Colorado's water commitment under Tamarack I is 10,000 acre-feet during the first increment. The State committed to provide \$24M (in 2007 dollars), which is Colorado's money obligation during the first increment of the Program. SPWRAP's focus is on making good on the water commitment. Deb Freeman made the distinction between Program dollars and Colorado's internal workings through SPWRAP. All of this together is the programmatic mitigation which allows water users to point to the Program for Endangered Species Act compliance and to continue exercising their water rights. Ted Kowalski stated that the money that the State has contributed toward the Program come through the state's Species Conservation Trust Fund, which is funded through severance tax monies.

Kevin Urie handed out a 2-page summary, "SPWRAP Administration / Membership Report". The report provided the benefits of being a member, such as streamlining the endangered species consultation process. The report also provided a snapshot of who makes up the membership and where the funding to support SPWRAP comes from. Deadline for 2009 SPWRAP assessments is March 31, 2010.

4. Financial Report

Treasurer Dennis Harmon presented the SPWRAP current year financial statement from beginning of fiscal year through September 30, 2009, unaudited figures. Revenues exceeded expenditures by about \$855,000. There are liabilities, about \$600,000 of water payments pending from 2008 and 2009.

Dennis Harmon also handed out copies of the proposed 2010 budget. Revenues would be projected to be about \$1.22M. Expenditures are anticipated to be about \$984,000, leaving a net of \$236,000. The board recommended reducing the assessment from 20 cents per unit to 15 cents per unit for 2010. Reasons for the reduction included accumulation of cash, spending funds less quickly than expected, tough economic times – each entity has needs for those funds in their respective operations. Dennis cautioned that assessments could increase in future years should the need arise.

A question was raised about CSAFE. Dennis said the money resides in CSAFE and ColoTrust which are statutory funds. Lisa complimented Dennis' excellent financial management based on the volatility of the markets.

A question was raised about whether SPWRAP had considered acquiring farm land to manage agricultural water for the Program. Alan Berryman mentioned that acquiring farm land was not the present focus but it could be a possibility in the future.

MOTION: Dennis Harmon moved that the members approve the proposed 2010 budget as presented, with the 15 cents per unit assessment for 2010. Randy Rhodes seconded the motion, and it was approved unanimously by the members present.

5. Issues and Objectives for 2010

Lisa Darling introduced this item. The Water Action Plan and water accounting will continue, as stated previously. SPWRAP will continue to keep abreast of these developments through its representation on the Governance Committee. At the January SPWRAP board meeting, the board will discuss its 2010 meeting schedule. The SPWRAP board may try to follow the Governance Committee meeting schedule which is four times per year. There is a potential for Lower to provide additional management services, at a cost to SPWRAP, for the recharge sites and to potentially provide some administrative support to free up the Executive Director.

Deb Freeman reminded members that the Program's Governance Committee meetings are open to the public. She encouraged water users to attend if possible to see the magnitude of the tasks at hand. The next Governance Committee meeting is Dec 1-2, 2009 in Denver. There will be directions to the meeting or a link on the Program website (www.platteriverprogram.org). Also, members are invited to the SPWRAP board meetings, and members will continue to be notified of meeting locations and dates through email.

Ted Kowalski mentioned two objectives in 2010 from the State's point of view: 1) a final Water Action Plan; and 2) Colorado needs to have infrastructure in place to provide 10,000 acre-feet of retimed water under Tamarack I.

Lisa Darling mentioned that one of the key discussions in 2010 will be how to move the Program into the second increment.

Deb Freeman mentioned that the Program first increment is 13 years in length. Assuming the Program continues into a second increment, which is everyone's hope, project-specific biological opinions will continue to be in effect. Water Users' biological opinions are generally contingent on the Program continuing. Water Users ability to continue diverting water should not require reinitiating consultation with the U.S. Fish & Wildlife Service provided the Program continues into subsequent increments. Each water user should consult the specific "reopener" provisions in its own biological opinion in this regard.

6. Ratification of Board Actions in 2009

Austin Hamre reviewed the major actions by the SPWRAP board in 2009. When the Program began, SPWRAP entered into a Memorandum of Agreement with the State of Colorado, which identifies the obligations of SPWRAP and the State in implementing and operating Colorado's portion of the Program. As actions were clarified, the agreement was modified through an amendment specifying the State would appropriate the \$24M and SPWRAP would pay for the development and operation of the water obligation.

SPWRAP entered into a Memorandum of Understanding with the CDOW, which focused on the actual operations of the Tamarack recharge project on the Tamarack State Wildlife Area. SPWRAP is paying for the operational costs at Tamarack. SPWRAP signed the Heyborne Project Agreement. Additional signatories were the Colorado Water Conservation Board, Ducks Unlimited, Lower, and an entity representing the landowner. The agreement specifies that Lower will be paid to operate the project while SPWRAP pays all of the operational costs.

MOTION: Alan Berryman moved that the SPWRAP members ratify the actions of the SPWRAP board members during 2009. Kevin Urie seconded the motion, and it was approved unanimously by the members present.

7. Election of Directors

Lisa Darling stated that there were three directors' seats up for re-election. These include 2 municipal (Class-M) members and 1 industrial (Class-I) member. The seats are currently held by Greg Dewey, Dennis Bode and Randy Rhodes. Information was previously provided regarding the election of SPWRAP directors and ballots were distributed to all members via email.

Greg Dewey clarified that the ballot incorrectly listed Alan Berryman as a director who was up for re-election. The ballot should read:

- Greg Dewey (Class-M)
- Wayland Anderson (Class-M)
- Randy Rhodes (Class-I)

Lisa opened the floor for nominations of write-in candidates. Hearing no additional nominations, the ballot stood as corrected. Lisa asked for members to provide their completed ballots before leaving the meeting.

Lisa Darling, on behalf of the board, thanked Dennis Bode for serving on the SPWRAP board since its inception. Dennis elected not to continue, but his service was much appreciated.

8. Question & Answer Session

Lisa thanked everyone and asked if there were any questions. Hearing none, Lisa adjourned the meeting.

9. Adjourned at 4:13 pm.

Next Meeting of the Board of Directors:

November 19, 2009 - 10 a.m.
Northern Water
220 Water Avenue
Berthoud, CO 80513

Respectfully submitted,

A handwritten signature in cursive script that reads "Greg Dewey".

Greg Dewey
Secretary, SPWRAP, Inc.