

RECORD OF PROCEEDINGS

UPPER YAMPA WATER CONSERVANCY DISTRICT BOARD OF DIRECTORS MEETING JANUARY 19, 2017 1:00 PM 3310 CLEAR WATER TRAIL, STEAMBOAT SPRINGS

MINUTES

Chairman John Redmond called the meeting to order and declared a quorum present. In addition to Chairman Redmond, the Board members present were Bob Woodmansee, Doug Monger, Ken Brenner, Ron Murphy, Stephen Colby, Tom Sharp and Webster Jones. General Manager Kevin McBride, District Engineer Andy Rossi, Office Manager Karina Craig, and General Counsel Bob Weiss were also present.

Others present included Erin Light, Division Engineer, Colorado Division of Water Resources; Claire Sollars, Attorney, Cantafio Hammond; Lou and Kari Dequine, property owners in Morrison Creek; Frank Alfone, General Manager, Mount Werner Water.

The following agenda was proposed:

AGENDA

- (1) 1:00 pm Establishment of Quorum and Call to Order
- (2) 1:05 pm Executive Session with Bob Weiss, legal Counsel, under CRS § 24-6-402(4)(b) to discuss consultation with counsel regarding legal issues concerning Morrison Creek Reservoir property acquisition. Mere presence or participation of an attorney at an executive session of the local politic body is not sufficient to satisfy the requirements of this subsection (4).
- (3) 1:35 pm Approval of Agenda for Meeting action item
- (4) 1:40 pm Approval of the minutes of the November 16, 2016 Board Meeting action item
- (5) 1:45 pm Election of Officers
- (6) 2:00 pm Public Input and Comment
- (7) 2:10 pm Financial Report; action item
 - a) Approval of Disbursements;
 - b) Budget Comparison (2016)
 - c) 2016 Supplemental budget approval action item
- (8) 2:30 pm Dequine Proposal
- (9) 3:00 pm YIA pricing review
- (10) 3:15 pm Executive Session with Bob Weiss, legal Counsel, under CRS § 24-6-402(4)(b) to discuss legal issues on YIA contract negotiations. Mere presence or participation of an attorney at an executive session of the local politic body is not sufficient to satisfy the requirements of this subsection (4).
- (11) 3:50 pm Report of the General Manager;
 - a) Morrison Creek Reservoir Review of Previous Reports
 - b) External Affairs
 - i) Meeting with City of Steamboat Springs – Report
 - ii) Colorado Water Congress

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- c) District Work Plan proposal
- (12) 4:20 pm Bear River Administration
- (13) 4:35 pm Report from District Engineer;
 - a) Reservoir water status
 - b) Watershed Group update
- (14) 4:50 pm Report from General Counsel;
 - a) Public Posting Annual Designation
- (15) New Business;
- (16) Adjournment.

action item

Meeting Agenda Counsel Weiss asked the Chairman that item 14 (a) Public Posting Annual Designation be removed from the agenda since it was approved at the November 2016 meeting.

Director Sharp moved to approve of the agenda with item 14 (a) removed. Director Jones seconded the motion which was unanimously approved.

Robert Weiss, as counsel for the District, stated that Board discussion of the matter should be in executive session as it constitutes a privileged attorney/client communication. Therefore, no further record is to be kept of the executive session

Director Brenner made a motion to go into executive session. It was seconded by Director Woodmansee and unanimously agreed to go into Executive Session under provision C.R.S. §24-6-402(4) (b) to discuss with counsel legal issues relating Morrison Creek Reservoir property acquisition. Mere presence or participation of an attorney at an executive session of the local public body is not sufficient to satisfy the requirements of this subsection (4). The Executive Session commenced at about 1:00 PM and concluded at about 1:45 PM.

The Chairman then announced that if any person who participated in the executive session believed that any substantial discussion of any matters not included in the motion to go into executive session occurred in the executive session, or that any improper action occurred during the executive session in violation of the Open Meetings Law, that such person state their concerns for the record. No one stated concerns.

Meeting Minutes Director Monger moved to approve the November 16, 2016 Meeting Minutes. Director Colby seconded the motion which was unanimously approved.

Election of Officers Election of Officers was discussed. Counsel Weiss mentioned that General Manager McBride is the Secretary ex-officio. Director Monger moved to keep John Redmond as President and himself, Doug Monger, as Vice President. Director Sharp seconded the motion which was unanimously approved.

Director Sharp moved to re-appoint the current Executive Committee members; John Redmond, Doug Monger, Ken Brenner, Tom Sharp and Web Jones. Director Colby seconded the motion which was unanimously approved.

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Public Comment No members of the public were present. Manager McBride reviewed a question he received from Margaret O'Donnell pertaining to dogs off-leash. There was discussion that the subject should be brought before Colorado Parks and Wildlife, Stagecoach State Park, as they are the lessee and manage Stagecoach State Park.

Financial Report The financial report was reviewed and discussed.

Director Monger moved to approve the Cash Disbursements report. Director Murphy seconded the motion which was unanimously approved.

2016 Supplemental Budget Approval – Director Monger moved to approve a 2016 Supplemental Budget that reflects the following: total operating expense of \$1,540,442; Stagecoach Capital of \$1,197,862; total capital and operating expenditures of \$2,753,186; and to authorize the UYWCD President to sign the Supplemental Budget document. Director Brenner seconded the motion which was unanimously approved.

President Redmond asked Division Engineer, Erin Light if she had anything to present. She thanked him and declined.

DeQuine Proposal Claire Sollars, Attorney, and Lou Dequine presented material on the Dequine property located at the Morrison Creek proposed reservoir site. Ms. Sollars stated the Dequine family would like to move forward with their plans for their family homestead and brought proposals to the Board.

The Board explained some of the many preliminary things to be carried out prior to building a reservoir and unfortunately that the District is not in a position yet to negotiate property acquisition.

Both Ms. Sollars and Mr. Dequine requested that the Board keep them informed on any decisions, arrangements, or potential problems or concerns the District has concerning their proposals and the Reservoir. They realize planning a reservoir is a long process but as soon as feasible plans would be appreciated so the Dequine's can move forward with their long term plans for their property. The Board emphasized that that the plans for Morrison Creek Reservoir are preliminary at this stage and subject to many contingencies, which may or may not occur, including permitting and land acquisition, and the need to obtain voter approval of any borrowing to finance the project. Accordingly, the Board made it clear that the property owner was free to take such action (sale, development, grant of conservation easement, etc.) with regard to the property as the property owner desired.

Director Monger summarized that he appreciates them coming to the Board meeting and understands their requests and appreciates them trying to work with the District.

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YIA Pricing Review

A memorandum from the Office Manager to the Board, through Manager McBride, was presented and reviewed. It described and detailed 2016 actual Yamcolo expenses and 2017 Yamcolo Irrigators Association pricing, following a pricing process developed with assistance of consultants Anton Collins Mitchell LLP (ACM). 2016 Yamcolo expenditures and pricing were discussed.

Director Sharp moved to send the Water Purchase Rate Review from ACM and the Yamcolo Water Pricing Memorandum and Cost Analysis, to the negotiators representing YIA, with the proposed pricing of \$15.34/AF. Director Monger seconded the motion which was unanimously approved.

Robert Weiss, as counsel for the District, stated that in his opinion discussion of the matter announced to go into executive session constitutes a privileged attorney/client communication. He was therefore recommending that no further record be kept of the executive session

Director Sharp made a motion to go into executive session. It was seconded by Director Monger and unanimously agreed to go into Executive Session under provision C.R.S. §24-6-402(4) (b) to discuss with counsel legal issues relating YIA contract negotiations. Mere presence or participation of an attorney at an executive session of the local public body is not sufficient to satisfy the requirements of this subsection (4). The Executive Session commenced at about 3:30 PM and concluded at about 3:35 PM.

The Chairman then announced that if any person who participated in the executive session believed that any substantial discussion of any matters not included in the motion to go into executive session occurred in the executive session, or that any improper action occurred during the executive session in violation of the Open Meetings Law, that such person state their concerns for the record. No one stated concerns.

Director Monger asked that an item be added to the agenda for the next Board meeting about the methodology for pricing.

Report of the General Manager

Morrison Creek Reservoir Review of Previous Reports – Manager McBride presented a Powerpoint on Morrison Creek Reservoir. He summarized that the District now has a very good scientific basis for a purpose and need based on research that has been completed as part of the Master Plan. Mr. McBride proposed a more in depth discussion about what is needed to move forward.

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External Affairs –

Meeting with City of Steamboat Springs – Manager McBride reported that he, Director Brenner, and Director Sharp met with City of Steamboat Springs (the City) staff, including the City Manager and City Council Member Jason Lacey, earlier this month. Discussions included making the City staff aware that water is available in Stagecoach Reservoir and could be used for the proposed West Steamboat development. In addition, the Elk River was discussed. There was agreement between the District and the City to continue communication. Also the City invited the District to participate in a “stream management plan” meeting for a portion of the Yampa River through town.

Colorado Water Congress- Manager McBride provided and discussed a CWC State Affairs Committee meeting report. Manager McBride stated Mr. Chris Treese, External Affairs Manager for the Colorado River District, will be attending the March Board meeting and providing an update to the Board on current state legislative bills.

District Work Plan proposal –The District work plan was reviewed and discussed. Goals and possible time lines were discussed. The sale of electrical power, RECs, and “preen power credit” were discussed. The office space was discussed. The District is working with Mount Werner Water, which has offered to fund the cost of design for improved office space.

The Morrison Creek project was discussed. Director Monger noted he would like to see permitting processes for Morrison Creek Reservoir on paper.

Bear River Administration The subject was discussed. The District has been in communication with the Division Engineer’s Office to resolve pending issues. Some of the topics discussed were: Contract delivery requests will go through the Water Commissioner; The District and the Division of Water Resources need to be in agreement on what tasks are performed by each entity, and their respective liability. A Memorandum of Understanding with Colorado Parks and Wildlife (CPW) was discussed to solve the issues associated with administration of evaporation from CPW’s Bear Reservoir (aka Upper Stillwater Reservoir).

Report from the District Engineer

District Engineer Rossi presented a memo regarding 2017 Facilities Maintenance. Discussion followed.

Reservoir Water Status – Engineer Rossi updated the Board of Directors on the current storage levels in Stagecoach and Yamcolo Reservoirs.

Watershed Group Update – Engineer Rossi updated the Board on the Watershed Group. Water quality data and algal blooms at Stagecoach Reservoir were discussed. The District has been in

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communication with researchers to determine what information may be most valuable for the USGS to collect to monitor the algal blooms for the District.

Determination of future meetings The scheduled date for the next Board meeting was confirmed, being Wednesday March 15, 2017 at 10:00 am, at the District's office.

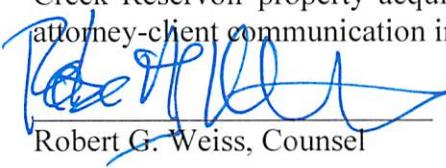
The meeting was adjourned at 4:40 PM.

I certify that the foregoing constitutes a true and correct summary of the proceedings at the above referenced meeting.


Kevin McBride, District Secretary/Manager

STATEMENT FROM ATTORNEY REGARDING ATTORNEY-CLIENT PRIVILEGE

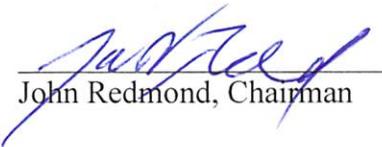
The undersigned Robert G. Weiss hereby attests, pursuant to CRS Section 24-6-402(2)(d.5)(II)(B), that the portion of the executive sessions that was not recorded and which related to the Morrison Creek Reservoir property acquisition and the YIA contract negotiations constituted a privileged attorney-client communication in the opinion of the undersigned attorney.


Robert G. Weiss, Counsel

Date: 5/16/2017

STATEMENT FROM CHAIR OF EXECUTIVE SESSION REGARDING ATTORNEY-CLIENT PRIVILEGE

The undersigned chairman hereby attests, pursuant to CRS Section 24-6-402(2)(d.5)(II)(B), that all of the executive session that was not recorded and was confined to the topics authorized for discussion in an executive session pursuant to subsection (4) of CRS Section 24-6-402.


John Redmond, Chairman

Date: 3/15/17