

RECORD OF PROCEEDINGS

UPPER YAMPA WATER CONSERVANCY DISTRICT BOARD OF DIRECTORS MEETING JULY 25, 2018 1:30 PM 3310 CLEAR WATER TRAIL, STEAMBOAT SPRINGS

MINUTES

Chairman Ken Brenner called the meeting to order and declared a quorum present. In addition to Chairman Brenner, the Board members present were Bob Woodmansee, Doug Monger, Jim Haskins, John Redmond, Ron Murphy, Stephen Colby, Tom Sharp, Webster Jones. General Manager Kevin McBride, District Engineer Andy Rossi, Office Manager Karina Craig, Administrative Assistant Barbara Wilson, Facilities and Hydroelectric Power Plant Operator Matt Blankenship, and General Counsel Bob Weiss were also present.

Members of the public present were Frank Schaffner, Andi Schaffner, Rick Milway, Randy Ricca and Francine Ricca water storage contract holders; Jerry Smith; Glen Light and Scott Hummer, Water Commissioners, Colorado Division of Water Resources; Claire Sollars, Attorney, Colorado Water Matters; Nicole Seltzer, Consultant.

Scott Grosscup, Attorney, Balcomb & Green, special counsel to the District; Jackie Brown, Natural Resource Policy Advisor, Tri-State Generation & Transmission joined part of the meeting by phone.

The following agenda was proposed:

AGENDA

- (1) 1:30 pm Establishment of Quorum and Call to Order;
- (2) Consent Agenda;
- (3) Approval of Agenda for Meeting; action item
- (4) 1:35 pm Approval of the minutes of the May 16, 2018 Board Meeting and July 11, 2018 Special Board Meeting and Ratification of the June 21, 2018 Executive Committee Meeting minutes; action item
- (5) 1:40 pm Public Input and Comment;
- (6) 1:50 pm Financial Report; action item
 - a) Approval of Disbursements
 - b) Budget Comparison
- (7) 2:00 pm Report of the General Manager;
 - a) External Affairs
 - b) Stagecoach Firing RFQ Update
 - i) Calendar
 - ii) Selection Committee Membership
 - c) Office Update
 - d) Steamboat Ski Area Stagecoach Contract Update
 - e) Five Pine Ditch Ownership Transfer Proposal

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- f) CWT Additional Water Request
- g) Contract Negotiation Update
- h) Summer Tours, Interest Dates and Availability
- (8) 3:00 pm Report from District Engineer;
 - a) Reservoir Water and Ditch Water Status
 - b) Stillwater Ditch Special Use Permit
 - c) Capital Projects Update
- (9) 3:30 pm Report from Counsel;
 - a) Water Rights Cases
 - b) Stillwater Ditch / Yamcolo Individual Irrigators Ownership
- (10) Executive Session with Bob Weiss, legal Counsel, under CRS § 24-6-402(4)(b) to discuss legal issues on Contract Negotiations and Water Court Cases. 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) New Business:
- (12) Adjournment.

Consent Agenda There were no Consent Agenda items.

Meeting Agenda Director Monger moved to move item 7 e) Five Pine Ditch Ownership Transfer Proposal to the Executive Session of the agenda. Director Murphy seconded the motion which was unanimously approved.

Meeting Minutes Director Jones moved to approve the May 16, 2018 Board Meeting and July 11, 2018 Special Board Meeting Minutes and to ratify the June 21, 2018 Executive Committee Meeting minutes. Director Monger seconded the motion which was unanimously approved.

Public Comment No public comments at this time.

Financial Report The financial reports were reviewed and discussed. Annual power revenues are expected to be lower than budgeted. Engineer Rossi explained that the Stagecoach Power House has not been generating power since June 24th due to repair work that Yampa Valley Electric Association has to complete. Water sale revenues were discussed. Stagecoach water revenue variances include those contracted for this year to Colorado Water Trust. Other budget lines discussed included Legal Expenditures, Office rent and Planning. Capital expenditures were low at the time of this report as many of the capital project take place and are invoiced later in the year.

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

Director Sharp moved to approve the Budget Comparison Financial Report. Director Colby seconded the motion which was unanimously approved.

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Report of the General Manager

External Affairs – Manager McBride summarized various conferences, tours, and current external affairs.

Nicole Seltzer, a consultant working with the Yampa White and Green River Roundtable, presented the Yampa Integrated Water Management Project Scoping Phase 2. Phase 2 lays out goals and recommendations looking at four different segments of the Yampa River. Manager McBride expressed his opinion that the Stagecoach firming project should be incorporated in to the Integrated Water Plan (IWP) which should be part of the Yampa/White/Green River Basin Implementation Plan. The IWP should not be a separate document. He asked the Board how they would like him to proceed. Director Brenner reviewed that this is a comprehensive effort from many entities within the basin and that he believes the Board and the District needs to be involved. He encouraged the Directors to attend the Roundtable meetings.

Manager McBride spoke about the Yampa White and Green River Roundtable meetings and stated that any additional input from the Board would be appreciated.

Stagecoach Firming RFQ Update – Director Redmond recused himself and was not present during discussions involving the Stagecoach Firming RFQ Update.

Manager McBride reported the District received two qualified submittals, which were presented and discussed. The two firms will be invited for an interview at a Special Board of Directors Meeting at the beginning of September. Tentative dates were discussed, being September 6th or 7th. The specific date will be confirmed after contacting the firms, and it will be publicly noticed. Director Jones proposed that a score sheet be created to assess the two firms.

Calendar – Manager McBride reviewed the timeline.

Selection Committee Membership - The committee to select a firm was discussed. Director Woodmansee stated he would like to be on the selection committee, if one is created. There was discussion followed by general agreement that a selection committee was not needed since there will be a Special Board of Directors meeting to interview the candidates.

Director Monger moved to accept the two submittals as finalists of the RFQ process and to do an interview on September 6th or 7th at a Special Board of Directors meeting. Director Jones seconded the motion which was unanimously approved.

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Office Update – Possible new office locations for the District were presented and discussed. Director Brenner summarized that the Board favors ownership and the 1120 Lincoln Ave property. More property details were requested to be presented at the next meeting of the Board of Directors.

Steamboat Ski Area Stagecoach Contract Update – Manager McBride stated the Steamboat Ski Area contract was being reviewed by the Steamboat Ski & Resort Corporation. Director Sharp inquired if the 30-day right of first refusal for Tri-State time limit has expired. Manager McBride will find out.

Five Pine Ditch Ownership Transfer Proposal – Director Redmond recused himself and was not present during discussions involving the Stillwater/Five Pine Ditch (Ditch) Proposal.

Rick Milway presented the Ditch Proposal to the Board. The current owners of the original shares of the Ditch would like to take over ownership of the Ditch. Mr. Milway also spoke about the challenges of the Gardner Park Dam and Reservoir shareholders to insure Gardner Park Dam and Reservoir. Andi Schaffner requested a reply from the Board as to whether or not it would consider the ownership proposal, so the shareholders can move forward as needed. The topic was tabled to be discussed further in Executive Session.

CWT Additional Water Request – The Colorado Water Trust (CWT) wants to purchase an additional 1,200 AF of water from the District. There was general agreement that the option for CWT to get additional water was approved at a prior meeting, so this topic was just for informational purposes.

Contract Negotiation Update – The negotiating committee, Directors Sharp and Brenner, had nothing new to report. Legal issues related to the negotiations with the City of Steamboat Springs may be discussed during the Executive Session.

Summer Tours, Interest Dates and Availability – The previously cancelled tour of the Ski Area and Four Counties water rights will be re-scheduled via a poll sent to the Directors.

Director Brenner spoke of a tour of the Bear River infrastructure. Water commissioner Scott Hummer extended an invitation for a tour, at any time, to the Board members. It was requested that the two tours be scheduled for different days.

The Colorado Water Conservation Board (CWCB) is going to have a Board Meeting in Steamboat Springs in September and they have requested a tour of the proposed Morrison Creek Reservoir on September 18th. Directors will be invited to attend. Jay Gallagher is the current CWCB director representing the Yampa, White, and Green Rivers. Director Monger stated Mr. Gallagher's term will be expiring; applications for the position are being accepted.

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Report from the District Engineer

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

The pool of Yamcolo Raise water storage, accounting and management was discussed.

Engineer Rossi presented data on water releases into the Stillwater Ditch. Approximately 4,300 AF of water was diverted to the Ditch in 2018. Of that volume, approximately 600 AF of water was diverted to the Colorado River basin. Porcupine Ridge shareholder did not divert any water into the Ditch in 2018.

Stillwater Ditch Special Use Permit – Mr. Rossi updated the Board on the status of the Special Use Permit application. The Forest Service has not responded to the submittal yet.

Capital Projects Update – Non-structural concrete work at Stagecoach Reservoir is expected begin this fall. In early August, erosion repair work will take place at Yamcolo Reservoir. The measuring device design for Yamcolo has been completed and is now at the Forest Service for review.

Report from General Counsel

Water Rights Cases – Scott Grosscup, special counsel to the District, joined the meeting by phone. Director Sharp abstained from discussions and consensus involving Mount Werner Water.

Mr. Grosscup presented a memo on the status of current District water court cases. There was general agreement to direct Mr. Grosscup to file a friendly opposition to the Mount Werner Water augmentation water case so the District can remain informed.

Stillwater Ditch / Yamcolo Individual Irrigators Ownership – Counsel Weiss asked the Board if they would like him to do additional work on this topic. The item would be discussed further in Executive Session.

Executive Session

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 Monger made a motion to go into executive session. It was seconded by Director Redmond 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 to Contract Negotiations and Water Court Cases. 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 4:40 PM and concluded at about 5:40 PM.

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Director Redmond recused himself and was not present for discussions involving the Five Pine Ditch Proposal.

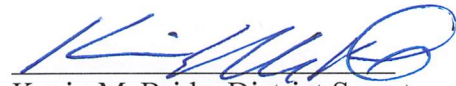
Director Sharp moved to end the Executive Session. Director Colby seconded the motion which was unanimously approved.

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.

Determination of future meetings The scheduled date for the next Board meeting will be Wednesday September 19, 2018 at 1:30 PM, at the District's office. The date for the next Executive Committee meeting will be August 15, 2018 at 12:00 PM.

The meeting was adjourned at 5:40 PM.

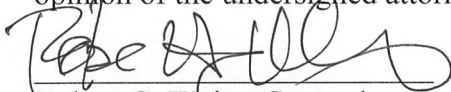
I certify that the foregoing constitutes a true and correct summary of the proceedings at the above referenced meeting.



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 session that was not recorded and which related Contract Negotiations and Water Court Cases constituted a privileged attorney-client communication in the opinion of the undersigned attorney.



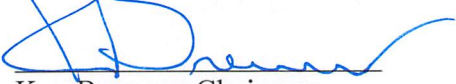
Robert G. Weiss, Counsel

Date:

9-19-2018

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 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.



Ken Brenner, Chairman

Date:

9/19/18