

**MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
SOUTH METRO WATER SUPPLY AUTHORITY**

HELD: Monday, April 21, 2014 at 1:00 p.m. at the South Metro Water Supply Authority, 2nd Floor Conference Room, 8400 East Prentice Avenue, Greenwood Village, Colorado 80111.

ATTENDANCE:

The regular meeting of the Board of Directors of South Metro Water Supply Authority ("Authority"), Douglas and Arapahoe Counties, Colorado, was called and held as shown above and in accordance with the applicable statutes of the State of Colorado, with the following directors present and acting:

Dave Kaunisto, East Cherry Creek Valley
Ron Redd, Parker Water & Sanitation District
Mark Marlowe, Town of Castle Rock
Mitch Chambers, Stonegate Village Metro District

Also present were: Eric Hecox, SMWSA, Executive Director
Rick Marsicek, SMWSA, Director of Engineering
Mikal Martinez, SMWSA, Assistant
Pat Ratliff, Ratliff & Associates
Heather Beasley, Pinery W&WD
Kevin Collins, CliftonLarsonAllen LLP
Russ Dykstra, Spencer Fane Britt & Browne LLP
Jack Ostrowski, Castle Pines Metropolitan District
Pat Mulhern, Cottonwood / Inverness Districts
Jim Nikkel, Castle Pines North Metro District
Kevin McBrien, ACWWA
Mark Scott, GEI Consultants
John Rehring, Carollo Engineering
Mark Shively, Independent Consultant
Mark Scott, GEI Consultants
Lee Linden, Providence Inc.
Jerry Pena, CDM Smith
Marvin Taxar, resident

CALL TO ORDER:

Director Kaunisto noted that a quorum was present for the purpose of conducting a meeting of the Board of Directors and called the meeting of the South Metro Water Supply Authority to order at 1:01 p.m.

APPROVE/REVISE AGENDA:

The Board reviewed the Agenda. Upon motion duly made, seconded, and unanimously carried, the Board approved the Agenda.

PUBLIC COMMENT:

None.

MINUTES:

Minutes from the March 17, 2014 Board Meeting were reviewed. Eric Hecox mentioned that a change was necessary to the March Minutes in the Authority Business for Mark Marlowe's abstention vote. Also the list of attendees needs revision as Mr. Rehring with Carollo was marked present twice. Upon motion duly made, seconded, and unanimously carried, the Minutes were approved subject to noted revisions.

CLAIMS:

The Board reviewed the claims presented for payment represented by check numbers 3890 and 3891 for interim checks and 3892 through 3907 for checks presented today. The March 31 Financial Statement was also presented to the Board. Following a brief discussion, upon a motion duly made, seconded, and unanimously carried, the Board approved the interim and present claims in the total amount of \$151,726.58.

COMMITTEE REPORTS:

Legislative Report – Pat Ratliff provided an update on 2014 legislation introduced to date, as well as on Colorado Water Congress State Affairs and Federal Affairs Committees. Using a new color-coded report describing current Bills and SMWSA's position to either 1) support, 2) oppose, 3) neutral, or 4) monitor, Pat summarized her recommendations on current bills and also a new bill (SB 188) added to this report. Upon motion duly made, seconded and unanimously carried, the Board voted to support SB 188 as recommended.

Attorney's Report – Russ Dykstra had nothing to report on at this time.

EXECUTIVE DIRECTOR REPORT:

WISE Partnership: Rick Marsicek explained that the WISE Authority continues to work on completing the Water Delivery Agreement Contingencies (a permit allowing WISE water to be stored in Rueter-Hess Reservoir and the Western Pipeline purchase agreement), which are both progressing well at this point and should be resolved soon.

Chatfield Reallocation Project: Eric Hecox provided an overview and some good news to the Board regarding Chatfield. The Record of Decision (ROD) cleared a major hurdle last week with the signing of the Director's Memorandum, which has been included in the current meeting packet. This Memorandum formally transmits

the final FR/EIS and draft ROD to the Office of the Assistant Secretary of the Army for Civil Works (ASA). The ASA will review the transmittal package and is expected to issue a signed ROD within 30 days. A draft Water Storage Agreement (WSA) is currently under development with the USACE HQ legal staff and the ASA legal counsel. We understand that the Corps will have a better idea by the end of April when the draft WSA will be ready for the State's and water providers review.

As a reminder, Eric explained that SMWSA has begun the process of cleaning up our Chatfield Subscriptions. Soon staff will be sending out by certified mail the first notices that detail who is letting go of their subscriptions and how many acre-feet will be made available for other members to pick up. Any members that have not returned their signed First Notices are encouraged to do that as soon as possible. Eric stated that if any other members are interested in picking up additional Chatfield storage under the South Metro umbrella, they are to please let staff know. It will be important to have all of this reconciled prior to funding the escrow account. It is currently anticipated that participants will need to put funds into escrow when the WSA is signed, likely occurring in late 2014.

Aquifer Storage and Recovery Pilot Study: Rick Marsicek gave an overview of the status of the ASR project. CDM's re-scoping, a memo regarding the extension of the contract, and a draft interim report are expected soon. These documents will be distributed to members for feedback prior to submittal to CWCB. Rick explained that he hopes to have a meeting in May with groundwater group and invite some academic groups who do economic studies of ASR.

Colorado/Wyoming Coalition: Eric Hecox stated there is little to update regarding the CO/WY Coalition. It is not end of the road but there is some good news to report. The Bureau of Reclamation has completed the Flaming Gorge model and has passed it along to the 4 Upper Basin States for review. CWCB is reviewing the model for Colorado and they have said they do not intend to hold anything up and will hopefully respond to the Bureau in the next couple of weeks. Wyoming has indicated that they are interested in the model results, but not necessarily in reviewing the model. Hopefully, the Coalition will have the model and can move on the feasibility study within the next month or two.

Metro Roundtable / IBCC / State Water Plan: Eric Hecox reminded members of the South Metro activities related to the Colorado Water Plan, as each Basin Roundtable is creating a Basin Implementation Plan (BIP) that will feed into the State Water Plan. Again, the South Platte and Metro Roundtables are doing a joint BIP, SMWSA is the fiscal agent for this grant, and HDR was selected as the contractor. HDR's activities have been focused on production of an online meeting including video descriptions by both the Metro and South Platte Roundtable Chairs (www.SouthPlatteBasin.com), four stakeholder outreach meetings held in Fort Morgan, Denver, Longmont, and Fairplay, drafting Chapter One "Preface and Goals and Measurable Outcomes," updating information on local water supply projects, and responding to comments to the HDR technical memo drafts on 1) Agricultural Needs and Alternative Transfer Methods, 2) Conservation, and 3) Watershed Programs. The

technical memos were examined by both Rick Marsicek and Eric Hecox, who provided comments based upon past direction by the Board.

On March 25, Eric Hecox attended the IBCC meeting in Denver as an alternate for Joe Stibrich representing the Metro Roundtable. Eric explained that the agenda and discussion focused on new supplies from the west slope. The IBCC outlined a draft framework for a conceptual agreement on a potential transmountain diversion with eight points. The next set of work will be to add substantive detail to the 8-part framework. A two-page summary is included in the meeting packet.

Mark Marlowe commended staff on the deliverable and provided his concerns and perspective regarding the State plan input by SMWSA. Upon a motion duly made, seconded, and unanimously carried, the board voted to approve SMWSA's Input to Colorado's Water Plan.

SMWSA Master Plan Update: Rick Marsicek provided an update of the status of the Master Plan efforts by CH2M Hill and reminded the group of an email distributed by CH2M requesting information from each Member on demand and supply. Rick asked the members to please schedule a one-on-one meeting with CH2M Hill if they have not met already.

Conservation and Education – Regional Messaging: Eric Hecox introduced Mark Shively back to the meeting to follow up on the March workshop and provide an update on the various components of the plan and estimated pricing. Using an informational packet provided at the meeting, Mark went over specific elements of his messaging plans and ideas in terms of “toolbox” and “umbrella” concepts. Mark asked the Board to provide feedback, questions, comments, and ideas in response to his presentation on messaging. Eric Hecox requested that the Board take some time to consider everything they have heard from Mark and come back prepared to make a decision or take formal action at the regular meeting in May. Eric proposed that the Board send comments to him and Mark so that they can refine the plan on messaging and hone in on the best ideas provided. There will be a presentation on the Water Ambassador Program to help provide the members with details during the May 5th Workshop.

AUTHORITY BUSINESS:

Annual Report: Eric Hecox referenced the draft 2013 Annual Report included in the meeting packet. Upon a motion made, seconded, and unanimously carried, the Board voted to accept the 2013 Annual Report subject to a minor revision suggested by Mitch Chambers.

Board/Member Workshop: Eric Hecox asked the Board and Members to place a hold on their calendars for May 5, 2014, roughly from 1pm-5pm to attend a special SMWSA Workshop.

10-Year Celebration: Eric Hecox informed the Board and Members that SMWSA was formed on August 5, 2004, and that this year is the organization's 10-year

anniversary. Eric asked the Board to consider several brainstorm ideas as ways to celebrate the mile marker. The Board discussed the four different ideas presented and provided some insight and thoughts on what might be the best option for SMWSA. It was decided that the best option for SMWSA would be a hosted luncheon with speaker.

Reception on the River Sponsorship: Eric Hecox summarized the Greenway Foundation's annual event, Reception on the River, which celebrates their mission to preserve, protect, enhance, and engage Denver's urban waterways. SMWSA is a long-time supporter of the Reception on the River as the Greenway Foundation's mission compliments South Metro's. The Greenway Foundation is also an active and strong partner in the Chatfield Reallocation Project. Eric requested a \$1,000 sponsorship, and upon a motion duly made, seconded, and unanimously carried, the Board voted to approve the \$1,000 sponsorship.

Colorado Water Trust RiverBank Sponsorship: Eric Hecox presented a description of the Colorado Water Trust event and a request for sponsorship. The Board decided not to sponsor the event, but asked staff to see if there was a membership opportunity for the Colorado Water Trust.

Accelerate Colorado Membership: Eric Hecox explained that Accelerate Colorado is a partnership between business and local governments in Colorado that works with the US Congress and key federal leadership on issues critical to the state's economic development. Water is one of their key policy areas (in addition to Aerospace and Defense, Bioscience and Health Care, Energy, and Transportation). Their keystone event is an annual trip to Washington, but they have recently taken an active role in ensuring Colorado's business community is engaged in the Colorado Water Plan. SMWSA continues to have a strategy of engaging the business community to help ensure a sustainable water supply for our region. Eric explained that Accelerate Colorado appears to be a good organization that could help further SMWSA's mission. Eric proposed several options for involvement with Accelerate Colorado: \$5,000 to be a member with a DC trip fee included; \$3,600 as a non-member to attend the DC trip; or \$1,500 for membership without the trip. Staff recommends either the \$1500 membership, waiting until next year, or engaging other organizations to further our business community relationships. The Board decided not to financially support Accelerate Colorado at this time but to engage with the business community through the Denver South Economic Development Partnership and other similar organizations.

Colorado Snowpack Map: Rick Marsicek stated that snowpack and projected runoff are well above average for the Colorado and South Platte River Basins. Rick briefly described several graphs provided in the packet.

Drinking Water Week: Eric Hecox explained that Dave Kaunisto had forwarded AWWA website with materials that can be used to distribute that message as a regional organization. Mikal Martinez will work with Sandy Laws to prepare a press release, website communication, and she will work with Joy Thompson of the Water

Ambassador program to see if there is anything Joy can implement with her students in the program.

UPCOMING EVENTS:

- 4/30/14 – Basin Implementation Plan Meeting – This will be the 3rd meeting between representatives and consultants working on the various Basin Implementation Plans around the state. Eric will attend for the Metro Roundtable.
- 5/2/14 – CFWE’s President’s Reception – SMWSA sponsored this reception at History Colorado. Eric and Rick Marsicek will both attend.
- 5/9/14-5/10/14 – Colorado Cooperation Conference – Eric has been asked to speak at this conference. He will be on a panel discussing water issues.
- 5/13/14 – Joint Metro and South Platte Basin Roundtable Meeting
- UPCOMING: Members participating in CWCB loans for Chatfield and/or WISE should put May 21-22 in Pueblo on their calendars. The CWCB Board will be approving the individual loans for Chatfield and WISE. These two loans will bring nearly \$100 million into the South Metro region to help fund renewable water supply projects.

OTHER BUSINESS:

None.

EXECUTIVE SESSION:

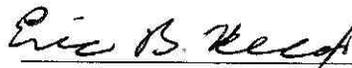
Upon a motion duly made, seconded and unanimously carried, the Board entered into an executive session at 2:35 p.m., pursuant to CRS 24-6-402(4) (b) and (f) to receive specific legal advice and develop negotiating strategies related to the following:

- a. Staffing and Contracts

ADJOURNMENT:

There being no further business to come before the Board, upon a motion duly made, seconded and unanimously carried, the meeting was adjourned at 3:02 p.m. The next regularly scheduled board meeting will be held on May 19, 2014 at 1:00pm at 8400 East Prentice Avenue, Greenwood Village, CO 80111.

The foregoing minutes constitutes a true and correct copy of the minutes of the above-referenced meeting and was approved by the Board of Directors of the South Metro Water Supply Authority.



Director of the Authority