

**QUARTERLY MEETING OF THE BOARD OF MANAGERS
OF SPECIAL IMPROVEMENT DISTRICT #3
OF THE RIO GRANDE WATER CONSERVATION DISTRICT
September 7, 2023 at 8:00 a.m.
8805 Independence Way, Alamosa, CO 81101
And By Zoom/Teleconference**

Present: LeRoy Salazar, President; Nathan Coombs, Vice-President/Secretary/Treasurer; Sam Vance, Manager; Doug Bagwell, Manager; Warren Crowther, Manager and, Elliott Salazar, Ex-Officio Member.

Absent: Ruben Sandoval, Manager.

Staff and Consultants: Pete Ampe, Hill & Robbins, P.C; Amber Pacheco, Deputy General Manager; Angelo Bellah, Program Manager; Rose Vanderpool, Program Assistant; Taylor Chick, Program Manager; Wylie Keller, Water Resource Specialist; Kylie Gregg, Office Manager; Michael Carson, Database Administrator; Clinton Phillips, Davis Engineering; and, April Mondragon, Administrative Assistant.

Guests: Deb Sarason, Jackie Smith, Fred Cordova, Austin Miller, Michelle Lanzoni.

Meeting Called to Order

President Salazar called the meeting to order at 8:05 a.m. A quorum was present. The Pledge of Allegiance was recited. Nathan Coombs led the opening prayer.

Approval of the Agenda

President Salazar asked to amend the agenda to add a PRT update and a discussion on mandatory vs. voluntary groundwater withdrawal cutback. Elliott Salazar asked to add under the Alpha Property item a discussion on the Purchase and Sale Agreement.

A motion was made by Sam Vance to approve the agenda as amended. The motion was seconded by Doug Bagwell and unanimously approved.

Approval of the Consent Agenda

President Salazar asked for changes, additions or a motion to approve the consent agenda items:

- June 1, 2023-Quarterly Meeting Minutes
- June 1, 2023-Executive Session Minutes

A motion was made by Nathan Coombs to approve the consent agenda as presented. The motion was seconded by Warren Crowther and unanimously approved.

Public Comment

President Salazar asked for public comment. There was none.

Attorney's Report

President Salazar asked for the Attorney's report. Pete Ampe reported working on getting the property deeds and final closing documents finalized. He updated the Board on the Texas vs. New Mexico and Colorado settlement agreement and next steps in the court case. Mr. Ampe explained how Texas' concerns with New Mexico's groundwater withdrawals was resolved and reported the agreement should not affect how Colorado operates. He also informed the Board that the Bureau of Reclamation/United States had not signed on to the settlement among the State, but was opposing the Special Master's accepting the settlement.

Program Manager's Report

President Salazar asked for the Program Manager's report.

- Financial Report: Angelo Bellah highlighted the costs covered by the District since formation of the Subdistrict, the amount paid back to the District and the remaining balance. He reported on the miscellaneous costs and expenses. Mr. Bellah presented the Balance Sheet, he provided the balance in the checking account, assets, liabilities and equity. Mr. Bellah highlighted the total expenses, net income and property management from the Profit and Loss Statement. He reported working on the forbearance bonus payments and the amount billed from Xcel Energy.

Discussion was held on the high demand charge from Xcel Energy and possibly shutting off the well and releasing water from storage in order to save money. Mr. Bellah provided the amount pumped from the well so far and the need to pump the well in order to get credit for the consumptive use. Discussion was held on how the Balance Sheet is put together. President Salazar requested an end of year detailed Balance Sheet be provided.

A motion was made by Nathan Coombs to approve the financial report as presented. The motion was seconded by Sam Vance and unanimously approved.

- Water Replacement Operations and Costs

Angelo Bellah provided the total stream depletions and post plan stream depletions owed for the 2023 ARP year. He highlighted the amount covered by forbearance on the Conejos, Alamosa, Rio Grande and the total amount released. Mr. Bellah reported on the amount of Taos valley water used in July, August and September. He provided an update on the after acquired sources and current reservoir account balances. Discussion was held on the Taos Valley water to be released by the end of the year, costs associated with the Closed Basin Project water and the possibility of a carry over.

- CREP Work Session

Angelo Bellah reported a CREP work session had been scheduled for September 18, 2023 at 9:00 a.m. for Subdistrict No's 2-6.

- Rio Grande Basin Water Cooperative Program Work Session

Angelo Bellah reported on the Rio Grande Basin Water Cooperative Program work session being scheduled. President Salazar asked for the main objective of the cooperative. Amber Pacheco explained the objectives of the WaterSmart grant to find alternative methods of obtaining replacement water supplies. She highlighted partners the work session will bring in and the available sources they may have to aid in creative projects. Doug Bagwell reported on solar farm opportunities and the amount he has been offered per acre. Ms. Pacheco explained how the group would be seeking feedback from the Subdistrict Board of Managers on the challenges they continue to face. She described some of the tools being worked on by Clinton Phillips along with BBA.

- Alpha Property

President Salazar opened each bid for assets that had been received for the sale of equipment from the Subdistrict's portion of the Alpha Farms property. He provided the name of the bidder and amount of each bid. President Salazar announced Bountiful Farms was the successful bidder in the amount of \$7,599.99 for the Pump, Sand Filter, and Electrical Panel Package with the 40 H.P. Motor as well as the successful bidder in the amount of \$7,799.99 for the Pump, Sand Filter and Electrical Panel Package with the 75 H.P. Motor. President Salazar announced Quinlan Land & Cattle Company was the successful bidder in the amount of \$15,600.00 for the six (6) Tower center Pivot Irrigation Sprinkler and Justin Rogers was the successful bidder in the amount of \$17,002.00 for the eight (8) Tower Center Pivot. Staff was directed to present the winning bids to the Board of Directors for approval. Amber Pacheco reported staff would notify the successful bidders of the next steps.

Discussion was held on a draft correction deed to address an issue contained in the original deed to the property. President Salazar asked Mr. Ampe to report on the subject at the next meeting.

Angelo Bellah reported on the idea of creating an overflow on the recharge pond. Nathan Coombs suggested installing a headgate.

A motion was made by Sam Vance to allow the expenditures for the structure of the outlet and berm. The motion was seconded by Doug Bagwell and unanimously approved.

Angelo Bellah reported on the attempts to get the water level measurements at a well on the Alpha property. Nathan Coombs provided the estimated cost of installing a VFD.

A motion was made by Nathan Coombs to install a VFD on the Alpha property. The motion was seconded by Warren Crowther and unanimously approved.

Mr. Bellah reported emailing the Purchase and Sale Agreement (PSA) to the Board prior to the meeting for review. He asked for Board approval or edits/comments. Elliott Salazar commented on the positive plan of the Subdistrict to sell forty (40) acres to the Conejos Water Conservancy District in order to be traded for the reservoir site. He suggested the option to allow the Subdistrict

to purchase up to 50% of the storage in the San Antonio Reservoir be removed, he explained how the agreement could work without the option. Nathan Coombs described the intent of the option and reported some of the language would need to be changed.

A motion was made by Sam Vance to accept the PSA with clarifying paragraph 14B that the Subdistrict is not purchasing 50% but has the option when available up to a maximum of 50%. The motion was seconded by Doug Bagwell and unanimously approved.

Mr. Bellah asked for a discussion and review of the easement options and agreement. He presented a map showing the location of the easement and transmission line. Mr. Bellah provided an overview of the option and explained how the easement would grant Xcel Energy access to the property. Jackie Smith from Xcel Energy asked to be provided with the legal description of the parcel being subdivided out. Discussion was held on the location of the existing road and whether or not the easement would interfere. Clinton Phillips presented an updated parcel map and asked if District Board approval would be needed. Mr. Bellah highlighted the process and timeline to get the legal description corrected, quit claim deeds recorded and finalize the closing.

- Mr. Fred Cordova's Well

Fred Cordova introduced himself and reported on his intention to retire a well in Antonito. He asked the Board to consider purchasing the well. Doug Bagwell reported on issues he had when he attempted to purchase the well a couple of years ago. Angelo Bellah presented a map highlighting the location of the well and the historical pumping record. Mr. Cordova explained receiving interest from individuals who would like to turn the property into a solar farm. The benefits the well would bring to the Subdistrict were discussed. Clinton Phillips was directed to prepare an HCU analysis. The Board agreed to draft a proposal and present it to Mr. Cordova in the near future.

The Board took a five (5) minute break.

President Salazar asked if the well could be purchased under SB28. Amber Pacheco explained the well did not qualify under the current program due to the 50 ac-ft. minimum requirement.

- Bill 28 Second Round Criteria

Angelo Bellah updated the Board on a request from the District for feedback from Subdistrict Board of Managers on potential criteria on a second-round program assuming the \$30 million does not get spent during round one. President Salazar asked Clinton Phillips to report on wells with longer term values. Mr. Phillips presented an update on the Conejos monitoring wells. He provided the change compared to the 2015 baseline and 2022. Mr. Phillips highlighted the baseline and yearly difference. Discussion was held on the decline in the depth of well P12, the need to work on sustainability and a potential 5-10% cutback. Amber Pacheco described the round one (1) criteria of the program. She highlighted the end date of round one (1) and reported on the potential for a second-round program to allow partial well retirement. Nathan Coombs expressed his disappointment in the District with not allowing partial retirement in the first round of the program and the possibility of loosening most of the funds from the Bill due to lack of participation. Ms. Pacheco defended the District Board by explained the challenges the District faced when creating the plan. President Salazar reported on the need to draft a different program while the current program was in place. He stated he would prepare a draft program and submit it to the District Board. Michael Carson commented on the strict requirements set by the Federal Government and the Colorado Legislature for the expenditure of the funds.

- Well Database Tool

Clinton Phillips provided an update on the work being done by the BBA on the surface water side and the work being done on the groundwater side by Davis Engineering.

Preliminary 2024 Budget Discussion

President Salazar asked for preliminary 2024 budget discussion. Angelo Bellah reported on the need to set up a special meeting to approve the Subdistrict budget for next year. Amber Pacheco explained the budget process and the due dates.

New Business

President Salazar asked for new business. He asked to have a work session or a meeting to discuss mandatory vs. voluntary cut back and what incentives the Subdistrict would offer. He also reported possibly raising the Subdistrict fee in order to fund an incentive-based program.

- PRT Update

Nathan Coombs provided an update on the PRT meeting he attended. He reported on the development of "strike teams" and the goal to have the teams work on specific items within the model. Amber Pacheco highlighted discussions held on Diamond Springs and irrigation efficiencies within the Subdistrict. Clinton Phillips reported on a discussion held regarding adding more well data.

President Salazar excused himself from the meeting, Vice President Coombs presided over the remainder of the meeting.

Executive Session to Receive Legal Advice Concerning the Purchase of Real Property

Vice President Coombs asked for an executive session to receive legal advice concerning the purchase of real property. A motion was made by Doug Bagwell to enter into executive session. The motion was seconded by Sam Vance and unanimously approved.

Mr. Ampe stated the Board was entering into executive session pursuant to section 24-6-402(4)(a) to receive legal advice concerning the purchase of real property. The Board would take no formal action or position during the executive session.

Possible Action from Executive Session

Vice President Coombs asked for possible action from the executive session. There was none.

Next Meeting

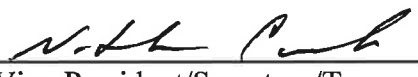
The next quarterly meeting was scheduled for December 7, 2023, at 8:00 a.m.

Adjournment

The meeting was adjourned at 11:38 a.m.



President



Vice-President/Secretary/Treasurer