

**127th Annual Stockholders Meeting of the
Animas Consolidated Ditch Company**

April 10th, 2021, 1:00 p.m.

River Bend Ranch Event Center, 27846 Highway 550, Durango, CO 81301

I. Call to Order: The President called the meeting to order at 1:10 p.m. and reminded everyone to sign in if they haven't already.

II. The President, Dan James, introduced the rest of the Board and others present:

- Kevin Jones - Vice President - present
- Eric Bikis - Secretary - present
- Brett Schaffer – Treasurer - not present
- Dan Diehl – Director – present
 - Tim Holt has been a board member for twenty-nine years and resigned this year. The Board replaced Dan Diehl to finish Tim's term. Dan was present and is the owner of the event center.

Others Present:

- Jessica Mitchell - Office Manager and Bookkeeper
- Chris Bell - Ditch Walker
- Nancy Agro - ACDC attorney.

III. Minutes:

Shareholder George Widmeyer moved for approval of the minutes of the Annual meeting held March 7, 2020. Jud Hassel seconded the motion, and the shareholders unanimously approved the motion.

IV. President's Report:

Mr. James reported that last fall the ditch company placed the dam in the river in August to divert water into the headgate, which is earlier than normal due to the low level of the river. Normally, the dam is placed in September.

There was one major 416 Fire debris event that occurred above the Ranch Subdivision. The ditch was shut down as soon as possible, but some debris did make it to the Waterfall Creek structure, and they were able to flush it there. This year major improvements to the Waterfall Ranch Sluice Gate Structure has improved the ability to remove debris but has delayed running water to the lower third of the ditch while the concrete sets up.

Mr. James asked the members to help notify the ditch company when there are obstructions in the ditch that may cause problems such as plugged culverts. The Primary problems have occurred above the Hermosa.

The ditch company has been tracking shares as land changes title, including through sale, probate, estate planning, etc. The ditch company is trying to close the gap between the real property records for the land and ditch company records for shareholders. This can get complicated and expensive when it is not done timely – for example if a probate has to be reopened.

Encroachments:

Encroachments occur when landowners construct improvements, including driveways, utilities, and culverts in the ditch easement. If the landowner plans to do anything within the easement, the ditch company needs to know about it to make sure the retaining structures are engineered and safe. The ditch company needs to know before the project starts so it can review the plan ahead of time and avoid halting the project.

Question from the floor: A landowner is installing a septic system. SJBH requires the septic to be 50 feet from the physical ditch. If the septic is located within the ditch easement, the ditch company needs to be involved and issue an encroachment permit. If the septic is located outside the ditch easement (3:1 slope), only SJBH criteria applies.

V. Board Member Election:

The board recommended Brett Schaffer and Kevin Jones for another three-year term. There were no nominations from the floor. Mr. Schaffer and Mr. Jones were re-elected by acclamation.

VI. Financial Report: Kevin Jones, made a presentation on the finances.

2020 Financial Review

Maintenance Fee and Assessments generate the finances for operations. Last year, the company increased the cash balance. Every year, the board reviews the assessments and fees. This year, the Board decided to keep the fee and assessments the same as last year to increase reserves because reserves were depleted the prior year due to the 416 fire mitigation efforts.

Administrative and maintenance expenses were under budget thanks to new employee Jessica Mitchell and Chris Bell's hard work. In addition, the company received reimbursement from the federal government to reimburse the ditch company for expenses incurred for the Gold King Mines spill. Additionally, in 2020, there were no major 416 mitigation efforts needed. So, this helped put some money back in reserves.

The 2021 Budget will look a lot like 2020. Operating and maintenance expenses will look similar. The Board is increasing pay to Chris Bell with an opportunity to earn a bonus at the end of the year. The target reserve balance is approximately \$200,000 at this time.

VII. Ditch Walker Report:

Chris Bell reported. Last year, they shut the ditch down a little earlier because of the debris piles that had built up and had to be removed. Mr. Bell indicated that if shareholders notify him of these issues, he might be able to keep the water running longer.

One of the shareholders mentioned that there are willows that need to be remediated at 33259 C.R. 203. Mr. Bell indicated that this portion of the ditch will be on the calendar for next week.

This year, instead of a spring marathon flush, the ditch walker turned up the water slowly to let the debris build up and then remove it. At Waterfall Ranch, the new structure is limiting the width of the ditch, so the debris will move out more efficiently. Next week the ditch walker will flush the lower third of the ditch and start removing the debris. Water should be flowing on the lower third of the ditch by the 18th.

There is only about one-quarter of the water in the ditch. Shareholders can open headgates now, but next when the water level is increase, a lot more debris will come down, so landowners should not have headgates open until it is flushed, or they open at their own risk.

IX. Old Business: There was none.

X. New Business:

- a. Water Supply Outlook Report presented by Eric Bikis. Mr. Bikis reported on the water supply conditions in Colorado, our basin, Upper Colorado.

Snowpack – The north and west has a high snowpack due to La Nina. In the southern areas, including Colorado, La Nina leaves it drier than average. Colorado's western slope is 70-89% of average. Southwest Colorado is 70% of average. This has come down significantly in the last couple of weeks. The predicted run off is below normal. Animas is predicted to receive 215,000 AF; average is 415,000 AF.

Lake Powell – Snowpack of all Snotel sites that feed Lake Powell is 73% of median. Since 2000, most of the years have been below average. Most probable inflow this year is 3.4-million-acre feet, or 47% of average. (Average is 10.83-million-acre feet).

White Paper (an informational paper) titled The Future Hydrology of the Colorado River Basin – Compared three major droughts and how much water reached the gage just below Lake Powell. Most precipitation and inflow comes out of the Southern Rocky's. Southern, Middle and San Juans produce 85% of the inflow. Streamflow trends are statistically downward if look at the whole period of record. But, if you look at the period after 1930, starting after the Pluvial period (1906-1930), there is no statistically significant trend downward. The compacts were developed during the Pluvial period, which was a very wet trend, so the amount of water was over predicted. Overall temperatures have increased over time. Tree ring data was used to assign flow rates back to 1450. They concluded that flows in the Colorado are not dropping overall. More severe drought periods could occur in the future, and they would be devastating to the Colorado River system. Increasing temperature consumes more water and this is concerning. We haven't had a monsoon season for a few years.

- b. **The Board modified the Bylaws to allow for virtual meetings.** The Rules were also modified to require that, if shares are used as collateral for a loan, the share certificate must be re-issued to add the mortgagee, and then re-issued again when the mortgage is paid off. There are transfer fees that apply.
- c. **Culverts:** Mr. James had additional comments regarding culverts. There was a surge of growth in the 70's and 80's. Those culverts placed in the ditch during that time are failing. They were installed by the landowner, and the ditch company will require them to be replaced. The ditch company will send letters to require them to be replaced. If they aren't resolved, the ditch company may remove them and bill the landowner.

XI. The meeting was adjourned 2:30 p.m. on motion of George Widmeyer, and Jake Archuleta second.

Meeting Attendance Statistics:

289 shares represented by proxy (24%)

65 members present representing 255 shares (22%)

Total of 1171.5 shares participated (48%)