

Minutes of the 120th Annual Stockholders Meeting

March 8, 2014

Animas Valley Grange Hall

I. **Call to Order:** President Dan James called the meeting to order at approximately 10:00 a.m.

II. **Approval of Minutes:** Shareholder George Widmeyer moved for approval of the annual meetings and Shareholder Jake Archuleta seconded the motion. The shareholders unanimously approved the minutes of the 2013 annual meeting.

III. **President's Report:** President Dan James reported the ditch held up well during the September storms. The river flow for this year will likely be similar to last year based on the snowpack. The company did some work at the diversion last year, and this has helped. Jim Mead has stepped down as ditch walker due to health reasons. Jud Hassel will be the ditch walker going forward for both ends of the ditch. Dan recognized and thanked Jim for his years of service.

IV. **Animas Diversion Project:** Ed Zink reported that the gravel pits in the river have caused surrounding gravel to flow into the river, and this causes erosion at the diversion points of five ditches. Animas Consolidated Ditch obtained a grant from the State of Colorado through the San Juan Basin Roundtable to collect baseline data to document the problem. This will assist the company in obtaining grants when repairs to the diversion become necessary. The Animas Consolidated Ditch Company and other ditch companies contributed money towards the study which cost approximately \$20,000. The total cost to the Ditch Company is approximately \$2,000.

V. **Financial Reports:** Treasurer, Ed Zink, reported that the assessments remained the same in 2014. Expenses and income are remaining steady. The company has a reserve. With this budget, the company expects the reserve to remain static.

The Company re-purchased 3 c.f.s. in the J. P. Lamb Ditch from the Animas Water Company. The Ditch Company originally sold the water to Animas Water Company to help them start the water company. AWC has been leasing it back to the ditch company, but have now sold it back to the ditch company for the amount that they originally paid for it. The purchase price was paid out of reserves.

Sale of delinquent A shares. The company held an auction to sell the delinquent shares. It was a cumbersome process. The company is reviewing and revising bylaws to streamline the process.

Increase of transfer fees. Transfers are also a cumbersome process, so fees were raised to help cover those fees.

VI. **Ditch Walker Report:** The ditch walker, Jud Hassel, acknowledged Jim Mead's valuable assistance in helping Jud become familiar with the issues on the ditch. Jud has been inspecting the ditch for problems, and asked the members to notify him if there is something he hasn't been made aware of. He has been working heavily on

certain sections, and will start spring cleaning soon. The ditch will likely run in early May depending on weather and mud and how much cleaning is done.

VII. **Old Business:** The president reported that we are bringing bylaws up to date and continuing to create rules and regulations for operations. The completed documents will be posted on the website.

VIII. **New Business:** Shareholder Joe Griffin reported that he is a member of the Animas River watch group, and that heavy metals are coming down the river from Cement Creek and Mineral Creek. They have reached Bakers Bridge including a higher concentration of zinc. Iron, cobalt, copper, etc are also concerns. Usually when there is a big storm event, the metals are higher for a number of hours. When concentrations are high, the ditch company may consider not diverting the water into the ditch.

Board member Eric Bikis informed the members that the good news is that, generally, heavy metals are not very soluble and not very mobile. The soil will take most minerals out before it reaches plants and many of the metals can be consumed by humans such as iron and zinc. The biggest concern is to fish because it kills the bugs, and can harm the fish directly.

Shareholder Dennis Berkey made a motion directing the board to investigate the water quality of the Animas River and the Hermosa Creek and how water quality might affect the irrigators and to address a letter to the appropriate regulatory authority. The motion was seconded by Joe Griffin. The shareholders unanimously approved the motion.

A shareholder asked about the product that the mosquito district put in the ditches. The board advised that it did not allow the product in the main ditch, but told the district to get permission from individual lateral owners. They are no longer putting the product in the ditches because that was not the proper application for the product.

The board requested shareholders to check their shares to be sure they are titled correctly.

The board also discussed that they have spent a lot of time addressing ditch encroachments and undercutting affecting the integrity of the ditch banks, which can cause severe damage to property. The board is developing strict rules to address these concerns, and asked shareholders to keep an eye out for encroachments and let the company know about them.

IX. **Election of Directors:** The president announced that Tim Holt and Dan James are up for election. Both of them have agreed to serve another term. Dennis Berkey made a motion to re elect the two board members by acclamation. Jim Libbey seconded the motion, and the Shareholders unanimously approved the motion.

The meeting adjourned at approximately 10:00.