

**124th Annual Stockholders Meeting of the
Animas Consolidated Ditch Company**

March 3, 2018, 10:00 am

Animas Valley Grange Hall, 7271 CR 203, Durango, CO 81301

I. Call to Order: The Board President, Dan James, called the meeting to order at 10:00 am.

II. Introductions: The President, Dan James, introduced the Board: Ed Zink, Treasurer; Eric Bikis; Tim Holt, Vice President and Brett Shaffer, Secretary. Also present were Jud Hassel, Ditch Walker; Meme Eberspacher, Bookkeeper; Erin Glenn, Assistant to the Bookkeeper and Nancy Agro, Attorney.

III. Approval of Prior Minutes: Shareholder George Widmeyer moved for approval of the minutes of the annual meeting held March 19, 2017. Charles Huntoon seconded the motion, and the shareholders unanimously approved the motion.

IV. President's Report:

The President discussed the potential for a dry irrigation season, and the possible effects of a call on the river. ACD has senior water rights, but some of the junior priorities could be curtailed as well as un-decreed uses such as land being irrigated above the ditch. The good news is that the ditch was opened early down to Falls Creek. The southern section will be opened early as well.

Mr. James also discussed that the company has been managing ditch easement encroachments. It is helpful for the community to alert the ditch rider if they see new encroachments that may be un-permitted. There are approximately 500 encroachments on the ditch. The company has a defined policy. Applicants should obtain a form from the ditch walker and pay a deposit before the company will review the encroachment. This includes modifications to existing conditions as well as new encroachments.

Mr. James reported that the Animas River Stakeholders group is monitoring water quality. They report that there has been no measurable effect on aquatic species since the Gold King Mine spill at Trimble, and the water quality meets the aquatic species standards which are higher than raw water requirements. At Bakers Bridge, the aquatic species water quality standard is not being met because of aluminum and zinc. Aluminum is not tied to mining, but zinc is. This can be explained in part because Hermosa Creek dilutes the water and changes the pH. The EPA is also doing monitoring, and some "small" remediation projects above Silverton.

Mr. James also answered some questions from the membership regarding specific ditch maintenance issues, a current land use plan application at the 6900 block of CR 203, and that the ditch company does not have an obligation to remove spoils from the ditch easement.

V. Animas Diversion:

Ed Zink reported that the ditch company has been conducting a monitoring project to map the head cutting of the river caused by gravel mining operations. This is to position the ditch company to request

grant funding if major repairs to the diversion structure become necessary due to the head cutting. Not much has changed since last year's monitoring.

VI. Financial Reports:

Ed Zink reported that assessments remained constant from last year. Most of the "Other income/expenses" items on the balance sheet are due to urbanization and growth. Mr. Zink reported that the ditch company became debt free seventy-five years ago and has continued to remain debt free since then. Mr. Zink also reported that there are B shares for sale. The ditch company has a few A shares which will be sold by auction when enough shares have been accumulated to be worth the effort of having an auction. The balance sheet indicates that there is approximately \$150,000 in the bank. Part of those funds came from the sale of company owned land.

Mr. Zink reported that the company has spent some money on encroachments including the development of specifications. The company has also recently applied for a grant to complete the paperwork and collaborate with other ditch companies to share the paperwork.

VII. Board Member Election:

The nominating committee recommended Ed Zink and Brett Schaffer for another term. There were no nominations from the floor. Mr. Zink and Mr. Schaffer were re-elected by acclamation.

VIII. Ditch Walker Report:

Jud Hassel thanked the members for their help in keeping the ditch clean. He also reported that some of the wood from maintenance is being given away for firewood. The southern section of the ditch will be opened earlier than usual. He has repaired the Hermosa headgate, worked with a federal trapper to mitigate damage from beavers, and is working on brush cleaning and a silted area at the south end. Due to the recent maintenance, he can now ride most of the ditch bank on a four-wheeler which will allow for more regular observation of the entire length of the ditch. There are some fences blocking access, and he has discussed this with the landowners.

Regarding lateral issues, the President reiterated to the shareholders that the ditch walker and board members are available to meet with landowners and put them in touch with lateral owners, but the ditch company responsibility ends at the headgate, and the company will not get involved in lateral disputes.

IX. New Business:

- a. Eric Bikis made a presentation regarding the snow pack for the Animas River Basin which is at 53% of median, which is a big change from last year. Lake Powell is expected to lower its elevation by approximately twenty-five feet this year (about the same as what was raised last year) to meet the compact obligation of 7.5 million-acre feet to the lower basin states because expected inflow for this year is less than the delivery obligation. Power generation at Lake Powell and Lake Mead are essential functions of those reservoirs. If the amount of release or draw down in the reservoir is likely to impact power generation, the projects would work together to modify

the water delivery, so each could still generate power. Early 2018 projections suggested that the most probable inflow for Lake Powell this year is 3.5 Million-acre feet.

Mr. Bikis also reported that because water moves slowly in the ground, early irrigation this year will benefit the west Animas Valley in future years. This is because the valley serves as long term storage beneath the surface.

- b. Ed Zink reported on the La Plata County Land Use Code revision process. The county has been receptive to comments by the ditch company for the protection of ditch easements. Nancy Agro reported that the ditch company has been proactive in protecting its ditch easement when subdivisions are proposed. Plat language proposed by the company for previous subdivisions is likely to be adopted by the County in its new code which explains that Colorado law states that the ditch easement is whatever is necessary for operations and maintenance of the ditch. This includes more than the bed and banks of the ditch but also sufficient room for travel and spoils. The challenge has been that the county would like a minimum width for ditch easements, this is not possible since ditches vary widely in how much water they carry from just a few c.f.s. to hundreds of c.f.s., and the topography of the land can influence the width of the ditch easement required. It is important for landowners to meet with the ditch company at the beginning stages of a development to determine a safe distance from the ditch bank for structures.

XI. Adjournment: The meeting was adjourned at 11:30.