

OVERLAND DITCH AND RESERVOIR COMPANY
ANNUAL SHAREHOLDERS MEETING
February 11, 2013

CALL TO ORDER

President, Philip Ceriani called the meeting to order at 7:10

In attendance were:

Directors; Dave Kuntz, Bryan Klaseen, Jerry Adams and Debbie Gray.

Secretary/Treasurer; Debbie Christner

Operations Manager; Doug Christner

Kurt Russell and Anna Swartz, CWCB

Mike Klish and Melanie Jensen, WhiteWater Engineering

Bruce Marvin-Western Engineering

Steve Tuck and Paul Schmucker, Water Commissioners

CALL OF THE MEETING, AND ROLL CALL

President, Philip Ceriani called the meeting to order. Secretary, Debbie Christner called roll.

While waiting for the quorum to be confirmed, Phil introduced the board and staff.

The credentials Committee, of Veronica Minch, Sue Whittlesey and Kay Adams confirmed a quorum of 8,544 consisting of 5,324 shares present and 3,220 shares represented by proxy. A quorum was declared.

HANDOUTS

The following were handouts at the meeting: Agenda, 2012 Annual meeting minutes, 2012 Budget vs. actual, 2013 proposed Budget, and a Dam Expansion Accounting.

AGENDA

Phil asked for additions or changes to the agenda, there were none.

MINUTES

Tom Howe moved that due to the minutes being posted on the web page for a year, there was no reason to read them and asked the 2012 annual minutes be approved. This was 2nd by Bill Bishop. Motion passed unanimously.

TREASURER'S REPORT/2013 BUDGET AND ASSESSMENT

Debbie explained the only area over budget was repairs, this was due to repairs to the skidder.

Bill Bishop asked what our Bank balance was, Debbie said at the end of the year the cash in the Bank was approximately \$50,000.00 but this was not an accurate reflection of cash, as there were some large bills waiting to be paid once the current CWCB loan draw was received. A bank balance of \$10,000.00 is an accurate accounting.

Annie Sievers wanted to know what the higher than budgeted Dec debt service was. Debbie explained that the area she was looking at was in the income section and an outstanding bill

had been paid so more income was shown. The debt service payments in the expense area were exactly as budgeted.

Bill Bishop moved to accept the financials, 2nd by Mary Helen Church
Motion passed unanimously.

Phil Ceriani asked for the budget to be accepted with the dues set at \$18.00 to be called if needed.

Annie Sievers moved to accept Phil Ceriani's suggestion, 2nd by Mary Helen Church.
Motion passed unanimously.

OPERATION'S REPORT

Doug Christner, accepted the Ditch Managers position and Ray Penland saved the day and worked with Doug showing him what needed to be done to get the ditch opened. It was a short water year.

The following repairs were done:

The Skidder had to have new front wheel seals, a new tire and winch cable.

When Doug & Ray reached the reservoir they discover the outlet grates missing, they had to find them in the mud and put them back in place. They were chained down, so hopefully this does not happen again. The numbers on the rod gauge were repainted. A new wet well and a satellite monitoring station were installed on the dam. The Satellite Monitoring station has not worked correctly yet and will be fixed once the access to the dam is easier.

The slide area is still stable.

The snow/water content is currently at 89%.

Steve Tuck said the reservoir was 814 acre feet short of spill this year.

PRESIDENT'S REPORT

Oak mesa Satellite was installed and worked well.

Outworks at Reservoir satellite once working will help with flow management, the next project is to automate the gate controls. Phil has written a grant proposal to assist with the cost of the gate control automation, there is also \$17,000.00 remaining from the BOR grant.

The webb site is currently being updated. Ditch maintenance was uneventful.

RESERVOIR EXPANSION-The current two loans will be fully paid in 2018 and 2030.

The expansion project started in 2001 and it took the first 5 years for the governing entities involved to decide that the CORE would be the 1st permitting agency. The expansion is a very easy project, additional dirt needs to be added to the dam and everything was previously engineered for this to take place. Due to the reservoir being on Forest Service land numerous agencies are involved making the permitting process almost impossible. The 1st Issue was wetlands, Overland had a study done. The 2nd issue was Fish, Overland has completed a Fishery Mitigation plan. The CPW, (Colorado Parks & Wildlife) want an increased Conservation (dead) pool by 100- 200 ac. The 3rd issue is By-pass flows. To date \$322,279.18 of which \$78,000.00 was paid by grants has been spent trying to obtain permits.

Mike Klish and Melanie Jensen spoke about the CORE lead person changing a couple of years back and so did the criteria. The new regime has stated that wetland mitigation below the high water level does not have to be provided but this cannot be obtained in writing. The costs are impossible to determine due to the ever changing rules. It was suggested Overland send a letter

to the CORE asking for the criteria written out. The area impacted is 5 acres of wetlands and .06 of FENS.

Bruce Marvin stated as many of you know, we started the permitting process for the approximately 1,000 ac-ft. enlargement in 2005. There have been considerable delays in even getting any action on permits. Finally an agreement between agencies allowed us to start working on the permit application which we have been doing for the last 2 year.

There have been a number of specific steps in this process.

We had to document a need for the water. One of the requirements of the Clean Water Act is that a project proponent has to choose the alternative which produces the least damage to the environment and which is feasible. We have looked at 10 alternatives. All of these alternatives have been shown to be impractical with cost being a major consideration.

There are two significant steps that we are currently working on. A wetlands mitigation plan and fish and wildlife mitigation plan. For both of these we have to identify impacts and propose mitigation measures for those impacts.

We are currently intending to submit a WMP which allows us to monitor the impacts on inundated wetlands and mitigate for only the impacts that actually occur.

For the fish and wildlife impacts, there are 5 areas of concern –

1. A section of Cow Creek downstream from the dam is dewatered during times when either all water is diverted into the ditch or there are no releases from the reservoir.
2. The minimum conservation pool in the reservoir is too small to prevent winterkill of fish.
3. There has been some significant erosion in the natural channel downstream from the spillway that has to be mitigated
4. There is a species of cutthroat trout in the Hubbard Creeks that is on the threatened list. The agencies want to be sure that the ditch crossing of the Hubbard's does not provide a means for competing fish to gain access to those streams.
5. Fish get trapped in pools downstream from both the outlet and the spillway.

By-Pass flows are an unknown.

The estimated project cost without enhancement efforts such as increasing the conservation pool size and installing fish entrapment prevention items is about \$2,200,000 for a 2014 construction. This includes rebuilding the ditch diversion structure.

Kirk Russell, Finance section chief of CWCB, stated that no new projects had been funded on Federal Lands for the past 5 years. CWCB is all about water and understands the value of water. The CWCB is back healthy again after the state raided their funds 4 years ago, they have worked hard to get back in this position. There are also Roundtable funds available for projects. The CWCB has funds available to assist with 5-10% of the costs associated with enlarging the Conservation Pool.

There was a request for a formal vote by shareholders by stock ownership as to how to proceed. The board of directors was pooled, 3 voted to proceed and 2 voted to put the project on hold. Marvin White stated that he thought it was not worth it. Mike from Bear Ranch said if the project does not proceed the water will be lost. Steve Tuck stated the 1920 decree was made Absolute 2 years ago and there is a total of 10 years to prove the decree. It was brought up that there are many opportunities to help pay for additional water. Dave Whittlesey wanted to know who would be willing to change the By-laws to incorporate augmentation. Discussion continued

Nomi Gray moved that we proceed with the vote, it was clarified that Yes means to continue and No means stopping at this time. Mary Helen Church 2nd the motion.

Motion passed unanimously.

The vote was Yes 5,351

NO 3,193

NEW BUSINESS

Since the vote was to proceed, Veronica Minch moved to get a list of points for shareholders to make in letters and also a list of the proper government officials to send the letters to.

Annie Sievers, 2nd the motion.

Motion passed unanimously.

There was discussion of combining forces with other entities

Redlands will continue to work on the Salinity project with Overland assisting.

ELECTION OF BOARD MEMBERS

The seats held by Phil Ceriani, Dave Kuntz and Bryan Klaseen are up for election. Kay Adams Moved to retain the 3 current board members, 2nd by Tom Howe. Phil asked three times for more nominations. Current board members remain in office for another term, by acclamation.

Phil thanked the board and staff.

Dave Kuntz thanked Doug and Phil.

Steve Wolcott moved to adjourn, seconded by Tom Howe

Meeting was adjourned at 9:45.

Debbie Christner, Secretary