



DeWeese-Dye Ditch & Reservoir Company
Board Meeting
PO Box 759
Cañon City, CO 81215

May 31, 2025

The purpose of the Special Informational Shareholder Meeting is to discuss the condition of our aging water delivery system, to introduce our water Attorney, and to discuss an offer made by Upper Arkansas Water Conservancy District to purchase space/storage.

Board Members Present:

Leo French
Kenn Estes
Arlin Bolkema
Marc Thompson
Bill Brogoitti

Board Members Absent:

Others Present:

David Shohet, MONSON, CUMMINS, SHOHET & FARR, LLC
Dan Heinrichs, Water Commissioner
Annette Reed-Pugh, Secretary/Treasurer

Introductions:

The meeting was called to order by President Bolkema at 7:00 pm. President Bolkema introduced our Board of Directors, Secretary/Treasurer, and our Water Attorney.

Discussion:

A power point presentation was provided for the Shareholders. The power point included a history of DeWeese, the 2250 Winter Water program, information on the prior dam expansion completed in 1999, the current Water Conservation Pook Agreement, the current state of our water delivery system, major repairs completed, the costs of repairs to the outlet pipe, grant funding that has been secured, and the proposal from Upper Arkansas Water Conservancy District to purchase space/storage. (Note: the power point will be posted to the website for Shareholders to review, and will be made part of these minutes).

Upper Arkansas Water Conservancy Proposal:

Upper Arkansas Conservancy District (The District) is proposing the purchase of a small (4%) portion of the available storage space in DeWeese Reservoir. The purchase does not include any part of the DeWeese water rights nor does it affect DeWeese Dye's decree. The DeWeese Dye Ditch and Reservoir Company (DeWeese Dye Ditch) storage rights allow DeWeese Dye Ditch annually to divert and store a specified quantity of water. If in priority, in a given year DeWeese Dye Ditch cannot store more than the volumetric limit of the water rights. DeWeese Dye Ditch has 3 storage water rights in different volumetric amounts that are not all in priority at the same time, often leaving unused space in the reservoir. The 1931 right to storage up to 1564 AF is rarely in priority to fill.

DeWeese Dye Ditch has seen a decline in revenue due to development of lands previously served by the ditch. There are fewer shareholders paying in each year. and the board perceives strong resistance to increasing the annual fees. DeWeese Dye Ditch has also seen a decline in water actually delivered to the shareholders due to the impacts of deferred maintenance on aging infrastructure. Company staff estimate that significantly more than 150 AF of yield are lost each year to leaks in the ditch delivery system. The revenue from the District for the purchase of 150 AF of storage (\$1,425,000) could be used for delivery system improvements and maintenance that would increase yield to the shareholders, more than offsetting the impact of the storage space sold to the District.

In the purchase proposal for 150AF of existing storage, the District's use of that storage would not impact the DeWeese Reservoir water rights. The District owns a diverse portfolio of water rights, including several located in Custer County, and will deliver that water to the reservoir for storage.

The \$1,425,000 can be further leveraged as match for state/federal infrastructure grants. With a typical 50/50 match ratio, DeWeese Dye Ditch could double the funds available to \$2,850,000. In the past, the District has offered grant-writing services and fiscal agency to DeWeese Dye Ditch to help with grant applications and management. That offer of support still stands.

The District is obligated and will continue the feasibility studies of the enlargement to the reservoir. Further the District will shoulder all the financial responsibility of the enlargement with DeWeese Dye Ditch receiving 40% of the additional enlarged storage space.

By selling the District 4% of its current storage/space (150 AF), and entering into the proposed agreement regarding enlargement of the reservoir, DeWeese Dye Ditch will acquire a partner in the ownership and management of the reservoir in perpetuity. This is not just financial support. It includes the professional capacity of the District, including legal, engineering, water accounting, grant-writing, project management, etc...

Dan Heinrichs, Water Commissioner:

Dan was asked to provide explanation of water delivery, various decrees, transit loss/evaporation, and the operational movement of water to the group.

David Shohet, Water Attorney:

David was asked to provide input and information on the legalities of the agreement from Upper Arkansas, and answered various questions from the Shareholders with regard to the proposed agreement.

Roundtable Discussion:

The Shareholders expressed their concerns and questions, and the Board, along with Attorney Shohet, answered and provided discussion. The Shareholders better understood the position DeWeese is currently in, and understood the necessity of securing funding for the current and future health of our aging system. The Board will continue to refine the draft proposal to come to an agreement that will mutually benefit Shareholders, DeWeese Dye Ditch, our water delivery infrastructure, and existing entities in our current Conservation Pool Agreement. Possible future expansion of the dam was discussed and what part Upper Ark would play in the completion. The 150 af of storage space that was discussed in this meeting is separate from the dam expansion, which will result in continued revenue for DeWeese. The funding from the current draft proposal, if accepted, will be available right away, allowing DeWeese to purchase equipment and pipe, to fund our grant match for the outlet pipe repair, and to make critical repairs along our system.

Other business:

The floor was opened to other business. No other issues/discussions were brought before the Board.

Adjournment: With no other business to consider, the meeting was adjourned at 8:00 pm.

Respectfully submitted,

Annette Reed-Pugh
Secretary/Treasurer