

**IN THE OFFICE OF THE BOARD OF DIRECTORS
WELLTON-MOHAWK IRRIGATION AND DRAINAGE DISTRICT
WELLTON, ARIZONA
OCTOBER 4, 2011**

Minutes of a regular meeting of the Board of Directors held in the office of the Wellton-Mohawk Irrigation and Drainage District, Wellton, Arizona, October 4, 2011.

Directors Present: Jon Nickerson
 Patricia Ware
 Marvin Marlatt
 Gary Wiechens
 Robert R. Woodhouse
 Mike Blohm
 Bruce Williams
 David Sharp
 Robert Woodhouse
 Kent Murdock

Also Present: Elston K. Grubaugh, Manager/Secretary
 Wade Noble, Legal Counsel
 Bobby Smith, WMIDD
 Gary Langford, WMIDD
 Tom Baker, Landowner
 Tom Howell, Landowner
 Shantel Quinonez, WMIDD

President Blohm opened the meeting at 1:26 pm.

MINUTES OF SEPTEMBER 13, 2011:

It was moved by Director Nickerson, seconded by Director Murdock and unanimously carried to approve the minutes of September 13, 2011, as presented.

CLAIMS:

Claims were presented for payment. It was moved by Director Sharp, seconded by Director Ware, and unanimously approved that demands No. 38296 through No. 38456 as shown on Exhibit "A" which is attached hereto, and which is by this reference made a part hereof, be allowed, and that warrants be drawn for their payment.

COLORADO RIVER FLOW CONDITIONS - INFORMATION:

As of September 26, 2011 Lake Powell was at 73% of capacity at Elevation 3653.53 with 17.66 MAF in storage. Unregulated inflow into Lake Powell averaged 13,000 CFS last week with storage in Lake Powell decreasing by 0.16 MAF in the last month. The release

from Lake Powell is expected to average 15,500 CFS through the end of October. Lake Powell peaked at elevation 3660.90 on July 30.

Lake Mead was at 50% of capacity at Elevation 1115.62 with 12.94 MAF in storage. The release from Lake Mead averaged 10,500 CFS for the last week.

Releases from Lake Mead are expected to average 10-11,000 CFS for the month of October. The forecast end-of-month elevation for Lake Mead is 1118.50.

September unregulated inflow into Lake Powell was 0.580 MAF or 122% of normal. The observed 2011 April-July (high runoff period) unregulated inflow into Lake Powell was 12.92 MAF or 163% of average. Total inflow for the 2011 water year (October-September) is currently forecast at 16.82 MAF or 140% of normal. As of September 26, the Colorado River System was at 65% of capacity with 38.77 MAF in storage, up from 56% and 33.17 MAF a year prior.

October unregulated inflow into Lake Powell is forecast at 0.625 MAF or 114% of average. The early hydrologic outlook forecast for water year 2012 (October 2011 through September 2012) projects an unregulated inflow into Lake Powell of 12.6 MAF (105% of average). Taking into account the existing water storage conditions in the basin and the August 24-Month Study projection of the most probable near-term water supply conditions, Section 6.A of the 2007 Interim Guidelines (the Equalization Tier) will again govern the operation of Lake Powell for water year 2012. The annual release from Glen Canyon Dam is projected to be 13.57 MAF. Thus, with forecasted inflows of 12.60 MAF and project outflows of 13.57 MAF, the end of water year 2012 elevation for Lake Powell is projected to be 3645.41 feet with 16.65 MAF in storage.

According to the draft 2012 Colorado River Annual Operating Plan (AOP), consistent with the 2007 Interim Guidelines, the August 2011 24-Month Study was used to forecast the system storage as of January 1, 2012. Based on a projected January 1, 2012, Lake Mead elevation of 1,134.12 feet and consistent with Section 2.B.5 of the 2007 Interim Guidelines, the ICS (Intentionally Created) Surplus Condition will govern releases for use in the states of Arizona, Nevada, and California during calendar year 2012.

An ICS Surplus Condition is defined as a year in which Lake Mead's elevation is projected to be above elevation 1,075 feet on January 1, a Flood Control Surplus has not been determined, and delivery of ICS has been requested. The Secretary may determine an ICS Surplus Condition in lieu of a Normal Condition.

With the Equalization Tier governing the operation of Lake Powell and the ICS Surplus condition governing releases from Lake Mead, the end of 2012 water year (September 30, 2012) forecast elevation for Lake Mead is 1151.56 with 16.65 MAF in storage. At that time, the contents of Lake Powell and Lake Mead should be equalized at 16.65 MAF.

A graph depicting system storage data for 2003-2011 was also presented.

PROGRESSIVE WATER REPORT – INFORMATION:

The Progressive Water Report for September 2011 shows District diversions at 28,234 af, compared to 38,626 af for September 2010. The cumulative diversions-less-returns amount was 222,677 af, representing 80% of the District's 278,000 af allocation. Cumulative return flow credit for September 2011, was 101,083 af, compared to 107,833 af for September 2010.

RESOLUTION NO. 742-11 – NOTICE OF ANNUAL DIRECTORS ELECTION – APPROVAL:

It was moved by Director Woodhouse, seconded by Director Ware and unanimously carried to adopt Resolution No. 742-11, Notice of Annual Directors' Election, attached hereto as Exhibit "B", and which by this reference is incorporated herein.

NWRA ANNUAL MEETING , NOVEMBER 16 – 18, 2011 – INFORMATION:

The National Water Resources Association (NWRA) annual meeting will be held November 16-18 at Loew's Ventana Resort in Tucson. Both Mr. Noble and the General Manager are planning to attend. Wade Noble is President of NWRA for 2011/2012.

Directors interested in attending this conference should contact Shantel Quinonez for help with the registration requirements.

CRWUA ANNUAL CONFERENCE, DECEMBER 14 – 16, 2011 – INFORMATION:

The Colorado River Water Users Conference will be held in Las Vegas, NV December 14-16, 2011. Directors interested in attending this conference should contact Shantel Quinonez for help with the registration requirements.

REPORT ON YUMA DISTRICTS / CAP MEETING (SEPTEMBER 28, 2011):

Representatives of Wellton Mohawk, Yuma Irrigation District, Yuma County Water Users, Yuma Mesa Irrigation and Drainage District, Unit B, North Gila and the City of Yuma met with Representatives of the Central Arizona Project (CAP) on Wednesday September 28 at the University of Arizona Agricultural Center in Yuma. The purpose of the visit was a round table question and answer session on CAP's future water needs and their view of obtaining Colorado River water rights. President Blohm, the General Manager and Wade Noble attended this meeting.

Highlights of the discussion included:

1. The CAP ADD (Acquire, Develop, Distribute) Water Program is on hiatus due to the inability of stakeholders to agree on the following questions:
 - a. how would ADD water be shared within the three-county Cap service area,

- b. how would additional water supplies be paid for, and
 - c. does CAP have the legal ability to obtain supplies for others or is its role limited to wheeling.
2. Rather than CAP directly, it's the Central Arizona Ground Water Replenishment District (CAGRDR) that may be looking for water in the future.
- a. CAGRDR will at some point need between 30,000 and 227,000 acre-feet per year of additional firm, reliable water supplies.
 - b. CARCD is looking at a number of potential sources including reclaimed water, AMA groundwater, leased Indian water rights, Arizona Water bank purchases, and Colorado River water.
 - c. CARCD is doing a study to determine how much water they may eventually need, when they will need it, and what the relative value of the various sources is. The study should be finished next spring. At that time CAGRDR may want to have additional discussion with the Yum area Districts.
 - d. They are only interested in willing buyer-willing seller "win-win" agreements.

Other topics discussed included the future of Navajo Generating Station and on-going bi-national talks with Mexico. Mexico basically wants better access to Colorado River water during surplus periods in exchange for sharing shortages and a more permanent agreement regarding the ability to create, store and use or sell intentionally created Mexico Apportionment (ICMA).

SOLAR POWER DEVELOPMENT – DISCUSSION:

The District has developed an information package for those interested in solar power projects within the District's power service area. The General Manager and the Board discussed opportunities and constraints for solar power development within the Wellton-Mohawk power service territory and agreed to process interconnection requests if and when they occur, rather than actively recruit renewable energy projects.

AVENUE 31 BRIDGE AND RAIL CROSSING - DISCUSSION:

The Union Pacific Railroad is developing plans to double track from Avenue 31 to Avenue 40. The railroad is also looking at the feasibility of re-opening the Phoenix line. In the past, the District has expressed interest in developing a new bridge over the Wellton Canal at Avenue 31 along with a new rail crossing to extend Avenue 31 to Old Highway 80. Completing Avenue 31 to Old Highway 80 would allow District equipment to access to east bound 80 without having to travel Wellton-Mohawk Drive through the existing RV Parks.

The County has expressed a potential interest in cost sharing the paving and bridge with the District. The rail crossing would be at District expense. Should the District wish to proceed and reach cost agreements with the Union Pacific and County, construction would be in the summer/fall 2012 time frame.

The General Manager discussed this issue to determine the District's interest in proceeding (or not) with development of a new Avenue 31 rail crossing. The Board indicated that the District's

level of interest would depend on cost. The General Manager will talk to the County and determine the opportunity for a significant cost share and reduction in District cost.

CALL TO THE PUBLIC:

The Manager provided pictures of land being farmed over the District's right-of-way. The Manager informed the Board that if the District needed perform work in the right-of-way, any resulting crop damage would not be reimbursable.

NEXT REGULAR BOARD MEETING – TUESDAY, NOVEMBER 1, 2011:

The next regular board meeting was scheduled for Tuesday, November 1, 2011.

CASH ON HAND REPORT – OCTOBER 4, 2011:

National Bank of Arizona	\$12,809,296.54
Working Fund	<u>5,000.00</u>
	\$12,814,296.54

The Manager informed President Blohm that he had no items to discuss in executive session. Director Murdock moved, seconded by Director Nickerson, to adjourn the meeting at 2:58 p.m.