

**IN THE OFFICE OF THE BOARD OF DIRECTORS
WELLTON-MOHAWK IRRIGATION AND DRAINAGE DISTRICT
WELLTON, ARIZONA
APRIL 1, 2014**

Minutes of a regular meeting of the Board of Directors held in the office of the Wellton-Mohawk Irrigation and Drainage District, Wellton, Arizona, April 1, 2014.

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

Absent: Marvin Marlatt
 Wade Noble, Legal Counsel

Also Present: Elston K. Grubaugh, Manager/Secretary
 Bobby Smith, WMIDD
 Fermin Ruiz, WMIDD
 Mike Malano, Sunstone
 Mike Schlehuber, Sunstone
 Shantel Quinonez, WMIDD

President Woodhouse opened the meeting at 1:30 p.m.

MINUTES OF MARCH 4, 2014:

It was moved by Director Nickerson, seconded by Director Murdock and unanimously carried to approve the minutes of March 4, 2014, as corrected.

CLAIMS:

Claims were presented for payment. It was moved by Director Blohm seconded by Director Ware, and unanimously approved that demands No. 43103 through No. 43257 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 March 24, 2014 Lake Powell was at 39% of capacity at Elevation 3575.16 with 9.53 MAF in storage. The observed inflow into Lake Powell for March 2014 was anticipated to be 600,000 AF or 90% of average. The April 2014 inflow into Lake Powell was forecast at 1,100,000 AF or 104% of average. The release volume for April 2014 is scheduled at 500,000 acre-feet. Hourly and daily average releases will be scheduled through the Western Area Power Administration consistent with the Glen Canyon Dam Operating Criteria. Hourly release volumes will peak in the morning and again in the evening at approximately 11,000 CFS with mid-day and night time releases of approximately 6,000 CFS.

The forecasted inflow into Lake Powell for May 2014 is 2,800,000 AF or 120% of average. The anticipated release for May 2014 is 513,000 AF. Lake Powell's elevation is forecast to decline to Elevation 3575 by the end of March 2014, and then increase to Elevation 3581 by the end of April as the spring runoff period begins.

The current Basin snowpack stands at 111% of normal. The forecasted runoff for water year 2014 (October 2013 – September 2014) is 11.40 MAF or 105% of normal.

Lake Mead was at 46% of capacity at Elevation 1103.84 with 12.08 MAF in storage. The release from Lake Mead averaged 18,800 CFS for the last week. Releases from Lake Mead are expected to average 19,500 CFS for the month of April for a total release of 1,161,000 AF. With 500,000 AF scheduled to be released from Lake Powell, storage and elevation in Lake Mead should decrease during April. The forecast end-of-month elevation for Lake Mead is 1095.7.

As of March 24, 2014, the Colorado River System was at 48% of capacity with 28.43 MAF in storage, down from 54% and 32.04 MAF a year prior.

A graph depicting system storage data for 2003-2014 was also presented.

ARIZONA BASIN OUTLOOK REPORT – MARCH 15, 2014:

As of the March 15 Basin Outlook Report, snowpack levels ranged from 6% of normal for the date in the Little Colorado Basin to 10% of normal in the Upper Gila Basin. The Verde River Basin snowpack was at 9% as was the Salt River Basin. Including the Chuska Mountains (37%), statewide the snowpack was well below normal at 19% of average.

Precipitation for the first half of March was above normal in all basins. However seasonal precipitation since October 1 remains well below normal ranging from 45% of average in the Verde River Basin to 50% of average in the Salt River Basin.

As of March 15, the forecast calls for well below normal streamflow for the spring runoff period, ranging from 13% for the Little Colorado, 30% for the Gila River, to 51% for the Verde River above Horseshoe Dam. The March 15 forecast reflects predictions for dry conditions to persist. The mid-month streamflow forecasts are actually slightly higher than the last report due to above normal precipitation during the first half of March.

As of March 15, the Salt and Verde reservoir system was at 57% of capacity with 1,318,200 AF in storage as compared to 62% and 1,396,800 AF a year ago. One month ago the Salt and Verde system was a 56% of capacity with 1,295,200 AF in storage.

PROGRESSIVE WATER REPORT – MARCH 2014:

The Progressive Water Report for March 2014 shows District diversions at 28,898 af, compared to 37,155 af for March 2013. The cumulative diversions-less-returns amount was 44,859 af, representing 16% of the District's 278,000 af allocation. Cumulative return flow credit for March 2014 was 27,268 af, compared to 33,708 af for March 2013.

VALLEY DEVELOPMENT FARM – LEASE:

The deadline to submit bids for a 3-year lease (July 2014 through June 2017) of the Valley Development was the close of business on Friday March 28, 2014.

The Board reviewed the bids received, the qualifications of the bidders, and awarded the lease to Moon Mountain Farms, Inc.

2013 PROFIT & LOSS STATEMENT:

The Manager and Board reviewed and discussed the District's unaudited Profit and Loss Statement for 2013. Before audit, and excluding non-operating income, Power showed a net operating margin of \$537,724, Irrigation showed a net operating income of \$169,640, and Aggregate Power showed a net operating margin of \$169,329.

DOMESTIC WATER SERVICE – POTENTIAL MORATORIUM:

Currently, the District allows new untreated domestic water service pursuant to Water Rate Schedule No. 2 (attached). For non-irrigable parcels within the District's boundary, there is a one-time acquisition charge of \$5,000 per acre foot of water. Delivery is limited to one acre-foot per year.

Recently, a number of applications have been filed for untreated domestic service due to the subdivision of existing parcels. For instance, in one case a 20-acre parcel with one house was subdivided into three lots. Each of the two new lots wants a separate domestic turnout. In another, a 10-acre parcel with two houses served by a single domestic turnout was divided into two five acre lots with each lot now wanting a separate turnout.

New domestic turnouts raise a number of issues:

1. New service pipes are difficult to install in main canals.
2. Each new domestic turnout increases the District's Clean Water Act compliance workload.
3. Even though Water Rate Schedule No. 2 requires that the water user provide their own storage, new service holders prefer to rely on storage in the district's system which is problematic in smaller laterals.

After the discussion the Board agreed to still allow untreated domestic water service, but will not allow a landowner who already has an existing domestic turn-out to install separate turn-outs for each parcel of sub-divided land. Each parcel must tee-off from the existing pipe.

It was moved by Director Murdock, seconded by Director Sharp and unanimously carried to approve the change to Water Rate Schedule No. 2

CALL TO THE PUBLIC:

The District's Capitol lobbyist, Mr. Robert Shuler, provided an update on the status of bills that may be of interest to the District. Mr. Shuler's report for the end of March was presented to the Board. The Manager and Legal Counsel reviewed and discussed the report with the Board.

The Manager notified the Board of the repair work to be done on the Mohawk Canal scheduled for April 27th until May 1st, and he also informed the Board the extent of the damage was unknown.

NEXT REGULAR BOARD MEETING – TUESDAY, MAY 6, 2014:

The next regular board meeting was scheduled for Tuesday, May 6, 2014.

CASH ON HAND REPORT – APRIL 1, 2014:

National Bank of Arizona	\$14,093,230.56
Working Fund	<u>5,000.00</u>
	\$ 14,098,230.56

President Woodhouse called for a motion to move into the open meeting at 2:27 p.m. It was moved by director Murdock, second by Director Nickerson to move to executive session.

The executive session convened at 2:31 p.m.

After discussion on various topics the executive session was recessed at 3:11 p.m. and the open meeting was reconvened.

Since there were no other items to discuss, it was moved by director Williams, seconded by Director Wiechens and unanimously carried to adjourn the meeting at 3:11 p.m.