

RESOLUTION NO. 2015-11- 1

**RESOLUTION OF THE BOARD OF DIRECTORS OF
HUERFANO COUNTY WATER CONSERVANCY DISTRICT ADOPTING
RULES AND REGULATIONS LIMITING THE AMOUNT OF
AUGMENTATION WATER AVAILABLE TO A SINGLE TYPE OF WATER USERS**

WHEREAS, the Huerfano County Water Conservancy District ("District") is a Colorado Water Conservancy District created pursuant to Article 45, Title 37, C.R.S. known as the Water Conservancy District Act ("Act").

WHEREAS, the District has purchased a 6/7th interest in the Priority No. 7 William Craig Ditch water right ("Wm. Craig Water Right") and is currently pursuing a regional plan for augmentation for the Huerfano River basin in Case No. 13CW3062, Water Court, Division 2, utilizing the Wm. Craig Water Right as the source of augmentation water to replace stream depletions from existing and new water uses within the Huerfano River basin ("Augmentation Plan")

WHEREAS, currently the District is operating its regional augmentation by means of a substitute water supply plan under Case No. 13CW3062, as approved by the State Engineer, until the Augmentation Plan is decreed by the Water Court.

WHEREAS, as part of the Augmentation Plan, the District's water resource engineers have determined the historical consumptive use yield of the Wm. Craig Water Right as part of the Augmentation Plan.

WHEREAS, the purpose of the District in purchasing the Wm. Craig Water Right and pursuing the Augmentation Plan is to provide a reliable supply of augmentation water that will allow and promote a diverse beneficial use of water for the benefit and availability of District constituents within the service area of the District's Augmentation Plan.

WHEREAS, the District finds it inappropriate to have one type of water users use a disproportionate amount of the augmentation water that is available under the Augmentation Plan for the replacement of permanent and non-interruptible water uses ("Permanent Augmentation Water"), and desires to allocate the Permanent Augmentation Water in a manner to best protect and preserve the availability of this resource for a diverse group of current and future water users within the service area of the Augmentation Plan.

WHEREAS, marijuana related businesses ("MRBs") are the first industry and particular type of water use whose demand for augmentation water has begun to reach such an amount as to institute concern over meeting the District's stated goals.

WHEREAS, MRBs' growing demand for augmentation water, and whose stability as an industry has not yet been established, has created the need to set a limit of Permanent

Augmentation Water that the District will provide to such entities.

WHEREAS, pursuant to C.R.S. §37-45-118 and §37-92-134, the Board of Directors has the authority to make reasonable rules and regulations for the management, control, delivery, use and distribution of water, and to further allocate and reallocate the use of water to lands within the District.

BE IT RESOLVED by the Board of Directors of the Huerfano County Water Conservancy District that the following rules and regulations are hereby adopted.

1. The District hereby sets a limit of 10 acre feet of the Permanent Augmentation Water that will be made available for MRBs under the Augmentation Plan or interim substitute water supply plans.

2. The District is not at this time setting a limit on MRBs for use of augmentation water, over and above the Permanent Augmentation Water, that is available on a year-by-year or short-term lease basis.

ADOPTED this 19th day of November, 2015.

I hereby certify that the above Resolution was adopted by the Board of Directors of the Huerfano County Water Conservancy District at its scheduled meeting on November 19, 2015.

By: _____

Michael White, President

ATTEST: _____

Secretary