

MINUTES¹
FIRST QUARTERLY MEETING OF THE
BOARD OF DIRECTORS OF THE
COLORADO RIVER WATER PROJECTS ENTERPRISE OF THE
COLORADO RIVER WATER CONSERVATION DISTRICT

January 21, 2009

Pursuant to notice duly and properly given, the First Regular Quarterly Meeting of the Board of Directors of the Colorado River Water Projects Enterprise of the Colorado River Water Conservation District (CRWCD) was held on Wednesday, January 21, 2009 at the Hotel Colorado, 526 Pine Street, Glenwood Springs, Colorado.

Directors present during all or part of the meeting:

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|------------------------------|---------------------------------|
| Andrew A. Mueller, President | Thomas R. Sharp, Vice President |
| James L. Newberry | Rebie Hazard |
| William S. Trampe | Tom Gray |
| Richard Proctor | John Ely |
| Stephen M. Mathis | Warner Dewey |
| Forrest F. Nelson | David H. Merritt |
| Thomas A. Long | Thomas Alvey |

Directors not present:

Others present during all or part of the meeting:

Eric Kuhn, Secretary/General Manager, CRWCD
Peter Fleming, General Counsel, CRWCD
Dan Birch, Deputy General Manager, CRWCD
Chris Treese, Manager, External Affairs, CRWCD
Jason Turner, Associate Counsel, CRWCD
Mary Kalmes, Senior Accountant/Administrative Chief, CRWCD
Laurie DePaolo, Business Support Specialist, CRWCD
Ray Tenney, Senior Water Resources Engineer, CRWCD
Don Meyer, Water Resources Engineer, CRWCD
Dave Kanzer, Senior Water Resources Engineer, CRWCD
Mike Eytel, Water Resources Specialist, CRWCD
Jim Pokrandt, Communication and Education Specialist, CRWCD
Martha Moore, Public Affairs Specialist, CRWCD
Audrey Hughes, Human Resources Manager, CRWCD
Denise Hussain, Administrative Assistant, CRWCD
Dave Smith, Engineering Technician, CRWCD
Gail Guentzel, Business Support Specialist/Legal Assistant, CRWCD
Bob Hurford, Acting Division 4 Engineer
Lee Leavenworth, Leavenworth & Karp, P.C.

Quorum.

President Mueller found a quorum and called the meeting to order at 10:06 a.m.

Review Agenda and Meeting Objectives.

Peter Fleming requested the following additions to the agenda: 1) Application for Reasonable Diligence or to Make Absolute Exchanges Decried in Case No. 98CW270, Water Division 5 as agenda item 7.b.vi.; 2) Approval of Contract Extension with Grand River Consulting, and Cost Sharing Agreement with Denver Water as agenda item 7.b.vii.; and, 3) Presentation by Lee Leavenworth as agenda item 8. Director Mathis moved, seconded by Director Trampe, to approve the agenda as amended. Motion carried unanimously.

Approval of Minutes and Actions Taken.

Director Trampe moved, seconded by Director Nelson, to approve the minutes and actions taken at the Fourth Regular Quarterly Board meeting, October 22, 2008. Motion carried unanimously.

Appointment of Water Supply Projects Committee for 2009.

President Mueller referred the Board to the committee membership list for 2009.

Financial Matters.

Director Trampe moved, seconded by Director Newberry, to approve the treasurer's reports for September, October and November 2008. Motion carried unanimously.

Wolford Mountain Project.

Water Quality Update:

Dan Birch referred the Board to a memo from Mike Eytel updating water quality issues at Wolford Mountain Reservoir. Current activities include development of a water quality work plan as well as water sampling and analysis in order to create an extensive data profile for Wolford Mountain Reservoir. A detailed creel survey will also be conducted to evaluate the status and health of the fishery at Wolford Mountain Reservoir. These measures are being undertaken to better understand the dissolved oxygen issue at Wolford Mountain Reservoir in the hopes of removing it from the EPA's 303(d) list for low dissolved oxygen.

Contract with Grand County Sheriff:

Dan Birch outlined the District's contract with the Grand County Sheriff's Department for patrol services at Wolford Mountain Reservoir and stated he will be meeting with the Sheriff to discuss the frequency of patrols conducted at the reservoir. Mr. Birch also reported that staff will be examining the possibility of a boating fee. The fee would be used to help defray costs incurred for boat and trailer inspections to prevent quagga and zebra mussel infestation at Wolford Mountain Reservoir. Any proposed fee will be presented for Board review at the April 2009 quarterly meeting.

Water Marketing Contract Pricing and Proposed Changes to Standard Water Marketing Contract.

Eric Kuhn and Dan Birch reviewed proposed price increases to the River District's water marketing contracts pursuant to the District's Water Marketing Policy. Under the Policy, contracts entered into subsequent to 2006 are subject to annual price increases. Those increases are limited to the Consumer Price Index plus New Growth Index. Director Sharp moved, seconded by Director Trampe, to approve an increase of 5% for 2009 with the exclusion of the River District's Upper Blue River water. Motion carried unanimously.

Director Sharp moved, seconded by Director Mathis, to approve staff's proposed changes to the standard

water marketing contract, with the exception of the proposed right of first refusal language and the proposed change in the contract term. Motion carried unanimously.

General Counsel's Report - Executive Session.

Peter Fleming reported that the following matters qualify for discussion in Executive Session pursuant to C.R.S. §§ 24-6-402(4)(b)(legal advice) and (e)(negotiations):

- a. Potential Acquisition of Water Rights.

Director Trampe moved, seconded by Director Mathis, to proceed into Executive Session pursuant to C.R.S. §§ 24-6-402(4)(b)(legal advice) and (e)(negotiations). Motion carried unanimously.

Peter Fleming stated that no further record of the portion of the Executive Session in which legal advice or negotiations are discussed would be kept based on his opinion that the discussion will constitute privileged attorney-client communications.

President Mueller reconvened into Public Session at 11:17 a.m.

General Counsel's Report - Public Session.

Peter Fleming reported that during Executive Session, the Board provided guidance to staff and General Counsel on the following matter:

- i. Potential Acquisition of Water Rights.

Director Trampe moved, seconded by Director Newberry, to delegate to the President, Vice President, General Manager, and General Counsel the authority to commit the River District to participating in a purchase bid as a shareholder of the Eagle Park Reservoir Company for up to 150 acre feet for the River District, plus any additional amount for Eagle County to be reimbursed by the County, for purchase of the Columbine Ditch. Motion carried unanimously.

Director Sharp moved, seconded by Director Merritt, to authorize staff and counsel to enter into an excess capacity contract with the Bureau of Reclamation for storage of the Moser water rights in Green Mountain Reservoir subject to such changes as may be deemed appropriate by the District's counsel. Motion carried unanimously.

Director Merritt moved, seconded by Director Trampe, to authorize staff and counsel to file a joint diligence application with Denver Water for the Wolford Mountain Reservoir-Roberts Tunnel/Dillon Reservoir Exchange. Motion carried unanimously.

Director Mathis moved, seconded by Director Trampe, to ratify an Amended Statement of Opposition in the Application of Peak Ranch, Inc., Case No. 08CW56, Water Division 5. Motion carried unanimously.

Director Trampe moved, seconded by Director Long, to ratify an Amended Statement of Opposition in Application of Tri-State Power Generation and Transmission Assoc. and Peak Ranch, Case No. 08CW66, Water Division 5. Motion carried unanimously.

Director Hazard moved, seconded by Director Nelson, to authorize staff and counsel to file a diligence application, or application to make absolute, exchanges that were decreed to the River District in Case No. 98CW270, Water Division 5. Motion carried unanimously. Director Proctor abstained from the vote.

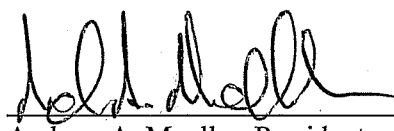
Contract Extension with Grand River Consulting and Cost Sharing Agreement with Denver Water.
Director Trampe moved, seconded by Director Alvey, to approve a contract extension with Grand River Consulting in an amount not to exceed \$75,000 and for a period not to exceed one year, and an amendment to the cost sharing agreement with Denver Water to reflect the additional work by Grand River Consulting. Motion carried unanimously.

Presentation by Lee Leavenworth of Leavenworth & Karp, P.C.

Lee Leavenworth presented an antique drainage map of Colorado (circa 1877) to the River District to display at the District's office. President Mueller expressed the District's appreciation for Mr. Leavenworth's generous gift.

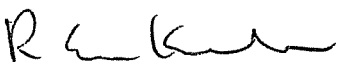
Adjourn.

There being no further business before the Board, President Mueller adjourned the meeting at 11:34 a.m.



Andrew A. Mueller, President

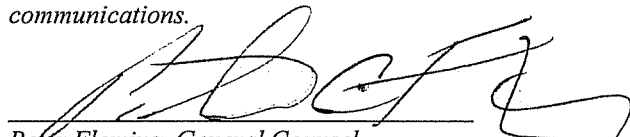
ATTEST:



R. Eric Kuhn, Secretary/General Manager

Executive Session Attestations.

I hereby attest that the portions of the Executive Session that were not recorded constituted privileged attorney-client communications.



Peter Fleming, General Counsel