

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

July 22, 2009

Pursuant to notice duly and properly given, the Third 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, July 22, 2009 at the Hotel Colorado, 526 Pine Street, Glenwood Springs, Colorado.

Directors present during all or part of the meeting:

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

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, CRWCD
Laurie DePaolo, Business Support Specialist, CRWCD
Ray Tenney, Senior Water Resources Engineer, CRWCD
Don Meyer, Senior Water Resources Engineer, CRWCD
Mike Eytel, Water Resources Specialist, CRWCD
Dave Smith, Engineering Technician, CRWCD
Jim Pokrandt, Communication and Education Specialist, CRWCD
Rob Streit, Senior Accountant, CRWCD
Denise Hussain, Administrative Assistant, CRWCD
Gary Martinez, Manager, Summit County
John Currier, Resource Engineering

Quorum.

President Mueller found a quorum and called the meeting to order at 9:35 a.m.

Review and Approve Agenda and Meeting Objectives.

Director Trampe moved, seconded by Director Merritt, to approve the agenda as presented. Motion carried unanimously.

Approval of Minutes and Actions Taken.

Director Stavney moved, seconded by Director Nelson, to approve the minutes and actions taken at the Second Regular Quarterly meeting, April 22, 2009. Motion carried unanimously.

Approval of Treasurer's Reports for March and April 2009.

Director Alvey moved, seconded by Director Proctor, to approve the Treasurer's reports for March and April 2009. Motion carried unanimously.

Wolford Mountain Project Operations Update.

Dan Birch reported there is an issue with settlement of the dam embankment at Wolford Mountain Reservoir. While settlement is normal for dam embankments, the amount occurring at Wolford is more than originally expected. Mr. Birch also reported that an engineering assessment will be performed to try to ascertain the cause of the settlement and determine measures to remedy the situation. Additionally, there will instrumentation installed to monitor the settlement.

Director Merritt moved, seconded by Director Mathis, to approve a contract not to exceed \$61,000 for monitoring instrumentation and installation, and a contract with URS Engineering not to exceed \$72,000, for engineering services at Wolford Mountain Reservoir. Motion carried unanimously.

2009 Water Marketing.

Eric Kuhn referred the Board to a memo from Dan Birch outlining the one-time offer to eleven water contractors, allowing late contract payments for 2009 only. Director Newberry moved, seconded by Director Trampe, to authorize staff to allow late payments by water contractors for 2009. Motion carried 13:1. Directors voting in favor: Alvey, Stavney, Merritt, Newberry, Trampe, Dewey, Proctor, Gray, Mathis, Ely, Nelson, Hazard, Long. Director opposed: Sharp.

Upper Blue Water.

Director Merritt moved, seconded by Director Nelson, to contract Upper Blue water for 2009 at \$375 per acre foot for annual contracts, but not to allow Summit County to exchange its contracted Middle Park Water Conservancy District water for Upper Blue water.

Director Long offered a substitute motion, seconded by Director Gray, to contract Upper Blue water for 2009 at \$375 per acre foot for annual contracts, and to allow Summit County to exchange its contracted Middle Park Water Conservancy District water for Upper Blue water. Motion carried 11:3. Directors voting in favor: Alvey, Stavney, Newberry, Trampe, Proctor, Gray, Mathis, Ely, Nelson, Hazard and Long. Directors opposed: Sharp, Merritt, Dewey.

10825 Update.

Dan Birch updated the Board on the NEPA process for the preferred alternative for providing 10,825 a.f. of water for endangered fish species as mandated by the 15 Mile Reach PBO. The West Slope's obligation is 5,412.5 a.f., to be provided by Ruedi Reservoir. Mr. Birch reported that approximately 40 West Slope water providers have been contacted for contributions to cover the NEPA costs. To date, approximately \$216,000

has been committed toward a goal of \$275,000. Mr. Birch also outlined the 10,825 NEPA cost sharing management MOA that will be entered into by various East Slope and West Slope water providers.

After a lengthy discussion, Director Sharp moved, seconded by Director Mathis, to approve the 10,825 NEPA cost sharing management MOA, authorize staff and Counsel to make non-substantive changes; including the inclusion of other West Slope parties as signatories to the agreement, ensure that the MOA reflect that the River District is acting by and through its Enterprise, and cap the River District's participation at \$75,000. The motion carried 9:5. Directors voting in favor: Sharp, Alvey, Trampe, Dewey, Gray, Mathis, Ely, Nelson, Hazard. Directors opposed: Merritt, Newberry, Proctor, Long, Stavney.

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):

- i. Eagle Park Reservoir Company-Homestake Reservoir Exchange.
- ii. Eagle Park Reservoir Company Potential Acquisition of Additional Water Supply.
- iii. Colorado River District Conditional Water Rights.
- iv. Colorado River District Application for Wolford Mountain Reservoir Second Enlargement, Case No. 03CW302, Water Division 5.
- v. Joint Application of Colorado River District and Colorado Springs Utilities, Case No. 03CW320, Water Division 5.
- vi. Application of Colorado Springs Utilities, Case No. 03CW314, Water Division 5.
- vii. Legal Issues Regarding 10825 NEPA Process.

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.

Director Proctor recused himself from the discussion of agenda item 7a.iv., Colorado River District Application for Wolford Mountain Reservoir Second Enlargement, Case No. 03CW302, Water Division 5.

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 11:52 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 matters:

- i. Eagle Park Reservoir Company-Homestake Reservoir Exchange.
- ii. Eagle Park Reservoir Company Potential Acquisition of Additional Water Supply.
- iii. Colorado River District Conditional Water Rights.
- iv. Colorado River District Application for Wolford Mountain Reservoir Second Enlargement, Case No. 03CW302, Water Division 5.
- v. Joint Application of Colorado River District and Colorado Springs Utilities, Case No.

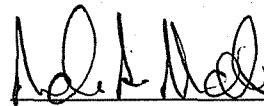
- 03CW320, Water Division 5.
- vi. Application of Colorado Springs Utilities, Case No. 03CW314, Water Division 5.
 - vii. Legal Issues Regarding 10825 NEPA Process.

Director Merritt moved, seconded by Director Mathis, to formally abandon the remainder of River District's conditional water right for the Ruedi Reservoir refill, originally decreed in Case No. 81CW34, Water Division 5, and direct staff and Counsel to file a notice of abandonment with the Water Court. Motion carried unanimously.

Director Merritt moved, seconded by Director Alvey, to authorize the General Manager and General Counsel to negotiate final terms and conditions for entry of a consent decree in the Joint Application of Colorado River District and Colorado Springs Utilities, Case No. 03CW320, Water Division 5. Motion carried unanimously.

Adjourn.

There being no further business before the Board, President Mueller adjourned the meeting at 11:54 a.m.



Andrew A. Mueller, President

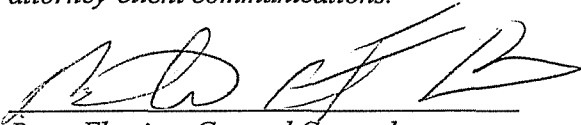
ATTEST:



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