

MINUTES<sup>1</sup>

SPECIAL JOINT MEETING AND 2010 BUDGET WORKSHOP OF THE  
BOARD OF DIRECTORS OF THE  
COLORADO RIVER WATER CONSERVATION DISTRICT AND OF THE  
COLORADO RIVER WATER CONSERVATION DISTRICT  
ACTING BY AND THROUGH ITS  
COLORADO RIVER WATER PROJECTS ENTERPRISE

September 17, 2009

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Pursuant to notice duly and properly given, a special joint meeting and 2010 budget workshop of the Board of Directors of the Colorado River Water Conservation District (CRWCD) and of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise, was held on Thursday September 17, 2009, at the Hampton Inn, 225 Main Street, Grand Junction, Colorado.

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**Directors participating during all or part of the meeting:**

Andrew A. Mueller, President	Thomas R. Sharp, Vice President
Tom Alvey	Jon Stavney
David H. Merritt	William S. Trampe
Richard Proctor	John Ely
Tom Gray	

**Directors not participating:**

James Newberry	Warner Dewey
Stephen M. Mathis	Forrest F. Nelson
Rebie Hazard	Thomas A. Long

**Others participating during all or part of the meeting:**

Eric Kuhn, 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  
Rob Streit, Senior Accountant, CRWCD  
Laurie DePaolo, Business Support Specialist, CRWCD  
Audrey Hughes, Human Resources Manager, CRWCD

**Quorum.**

President Mueller found a quorum and called the meeting to order at 1:30 p.m.

**Review and Approval of Agenda and Meeting Objectives.**

Peter Fleming requested the addition of Denver Global Negotiations and Windy Gap Firing Project Negotiations as agenda item 3. a., to be discussed in executive session. Director Stavney moved, seconded

by Director Trampe, to approve the agenda as amended. Motion carried unanimously.

**2010 CRWCD Budget Workshop, General Fund and Capital Project Fund.**

Eric Kuhn gave an overview of potential impacts to future River District budgets as a result of the economic downturn and assessed valuation. The General Fund's sole revenue source is property taxes, of which natural gas production is a significant component ("new construction"). The recently completed assessed valuation which was based on 2008 property values, will not reduce the District's valuation for tax years 2010 and 2011. However, reassessment will take place in June 2011, and a significant revenue reduction is expected at that time due to lower property values and a substantial decrease in natural gas production. Mr. Kuhn also reported that an internal analysis has been conducted, and the River District is positioned to maintain financial viability during reduced tax revenue years.

Peter Fleming reported that the 2010 legal budget will be slightly increased primarily due to ongoing mediation processes and the potential need for expert witnesses in water rights litigation that the River District is involved in.

Mr. Kuhn noted that the Capital Project Fund, which is endowed by contributions from the General Fund and interest earnings, will show an increase in 2010. Also, the funding partnership with the USGS for its stream gaging program that monitors stream flow, water quality, temperature, and sediment content, will continue in 2010. Other entities are also being sought to contribute to the USGS program.

**2010 Colorado River Water Projects Enterprise Budget Workshop.**

Dan Birch reported that the 2010 Enterprise Fund budget reflects ongoing maintenance and monitoring activities at Wolford Mountain Reservoir due to embankment settlement. Eric Kuhn stated that water marketing contracts are remaining at a constant level, and a water marketing policy for the District's Elkhead Reservoir water is being developed. In projecting future Enterprise Fund revenues and financial stability, it was noted that construction loans with the CWCB for Wolford Mountain Reservoir and Elkhead Reservoir will be paid in full in 2019, as well as all Ruedi Reservoir water contracts.

**General Manager and General Counsel Informational Items.**

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. Denver Global Negotiations and Windy Gap Firming Project Negotiations.
- ii. Agreements Regarding Increased Yield for Eagle Park Reservoir Company.

Director Stavney moved, seconded by Director Trampe, 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 5:37 p.m.*

**Public Session:**

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

- i. Denver Global Negotiations and Windy Gap Firing Project Negotiations.
- ii. Agreements Regarding Increased Yield for Eagle Park Reservoir Company.

**Agreements Regarding Increased Yield for Eagle Park Reservoir Company.**

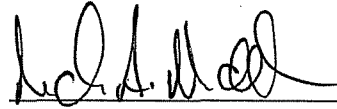
Director Alvey moved, seconded by Director Proctor, to delegate to the General Manager and General Counsel, the authority to negotiate appropriate terms and conditions with the City of Aurora on a proposed junior water right for the Columbine Ditch thereby allowing the River District to participate in the Water Delivery Agreement between Aurora and the Eagle Park Reservoir Company. Motion carried unanimously.

**Other Informational Items.**

Jason Turner reported that an administrative hearing has been set beginning December 2, 2009 on the State Engineer's proposed rules regarding Produced Nontributary Ground Water. The River District will seek party status and participate in the hearing as necessary.

**Adjourn.**

There being no other business before the Board, President Mueller adjourned the meeting at 5:50 p.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.*

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Peter Fleming, General Counsel

