

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

July 20-21, 2010

Pursuant to notice duly and properly given, the Third Regular Quarterly Meeting of the Board of Directors of the Colorado River Water Conservation District (CRWCD) was held on Tuesday and Wednesday, July 20-21, 2010 at the Hotel Colorado, 526 Pine Street, Glenwood Springs, Colorado.

Directors present during all or part of the meeting:

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

Directors not present:

Andrew A. Mueller, President

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
John Currier, Chief Engineer, CRWCD
Chris Treese, Manager, External Affairs, CRWCD
Jason Turner, Associate Counsel, CRWCD
Mary Kalmes, Senior Accountant/Administrative Chief, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Ray Tenney, Senior Water Resources Engineer, CRWCD
Don Meyer, Senior Water Resources Engineer, CRWCD
Mike Eytel, Water Resources Specialist, CRWCD
Jim Pokrandt, Communication and Education Specialist, CRWCD
Martha Moore, Public Affairs Specialist, CRWCD
Denise Hussain, Records Specialist, CRWCD
Kerry Sundeen, Grand River Consulting
Sam Potter, West Divide Water Conservancy District

Quorum.

Vice President Sharp found a quorum and called the meeting to order at 9:04 a.m.

Review and Approve Agenda and Meeting Objectives.

Peter Fleming requested a discussion of the Northern Integrated Supply Project as an addition to agenda item

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An audio recording has been made of the meeting. The motions described herein may not necessarily represent a verbatim transcription. The audio recordings are available for listening at the CRWCD offices during regular office hours. These minutes are the official record of the Colorado River Water Conservation District's meeting.

3.a.ii., C-BT Project Operations, Windy Gap Firing Project and Upper Colorado Stream Flow Management. Director Merritt moved, seconded by Director Alvey, to approve the agenda as amended. Motion carried unanimously.

Consent Agenda.

Director Alvey moved, seconded by Director Martinez, to approve the following consent agenda as presented. Motion carried unanimously.

Approval of Minutes and Actions Taken:

- a. Minutes of Special Joint Meeting, Telephone Conference, April 1, 2010.
- b. Minutes of Second Regular Quarterly Meeting, April 20-21, 2010.
- c. Minutes of Special Meeting, Telephone Conference, May 6, 2010.
- d. Minutes of Special Meeting, Telephone Conference, June 16, 2010.

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. Matters Proposed for Executive Session:
 - i. Colorado River Basin Proposal, Blue River Decree and Moffat System Issues, including:
 - (a). Denver's Blue River System Diligence Applications, Case Nos. 06CW255 and 03CW39, Water Division 5, and
 - (b). Denver's Williams Fork and Fraser (Moffat) Project Diligence Applications in Case Nos. 07CW29, 07CW30 and 07CW31, Water Division 5.
 - ii. C-BT Project Operations, Windy Gap Firing Project and Upper Colorado Stream Flow Management:
 - (a). Northern Integrated Supply Project.
 - iii. Green Mountain Reservoir Administrative Fill and Climax C.A. 1710 Priority Issues.
 - iv. Colorado River Wild and Scenic Stakeholders Group Proposal for Alternative Management Plan.
 - v. Colorado River District Project Development.
 - vi. Bluestone Management Committee Update on Chevron Lease Resolution.
 - vii. 10,825 Permanent Agreement and Related Issues.
 - viii. Colorado River Compact Issues.

Mr. Fleming requested that the Board invite Sam Potter and Kerry Sundeen to participate in a portion of Executive Session. Director Merritt moved, seconded by Director Dewey, 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.

Vice President Sharp reconvened into Public Session at 1:41 p.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:

- a. Matters Proposed for Executive Session:
 - i. Colorado River Basin Proposal, Blue River Decree and Moffat System Issues, including:
 - (a). Denver's Blue River System Diligence Applications, Case Nos. 06CW255 and 03CW39, Water Division 5, and
 - (b). Denver's Williams Fork and Fraser (Moffat) Project Diligence Applications in Case Nos. 07CW29, 07CW30 and 07CW31, Water Division 5.
 - ii. C-BT Project Operations, Windy Gap Firing Project and Upper Colorado Stream Flow Management:
 - (a). Northern Integrated Supply Project.
 - iii. Green Mountain Reservoir Administrative Fill and Climax C.A. 1710 Priority Issues.
 - iv. Colorado River Wild and Scenic Stakeholders Group Proposal for Alternative Management Plan.
 - v. Colorado River District Project Development.
 - vi. Bluestone Management Committee Update on Chevron Lease Resolution.
 - vii. 10,825 Permanent Agreement and Related Issues.
 - viii. Colorado River Compact Issues.

Director Martinez moved, seconded by Director Mathis, to authorize the River District to participate in a cost share agreement with the West Divide Water Conservancy District in an amount not to exceed \$52,500, for the purpose of conducting project development studies in the West Divide Water Conservancy District. Motion carried unanimously.

Peter Fleming reviewed a 20-year option agreement the River District entered into with a property owner for the purchase of an inundation easement for the construction of Iron Mountain Reservoir. The property owner has requested that the River District relinquish the option agreement and not construct the reservoir. Director Merritt moved, seconded by Director Trampe, to not relinquish the River District's option agreement and decline the property owner's request to not construct the reservoir. Motion carried unanimously.

Mr. Fleming reported that the federal magistrate has extended the stay of litigation until September 15 in Denver's Roberts Tunnel Diligence case.

Proposed 2010 Colorado Ballot Initiatives.

Martha Moore reviewed three ballot questions facing voters in November 2010. Amendment 60 would amend the state Constitution to require that enterprises pay property taxes and remove taxing authority from unelected boards. This would essentially eliminate entities such as the River District and water conservancy districts in the absence of conforming statutory amendments. A second proposed amendment to the state Constitution is Amendment 61 which would prohibit or severely limit debt in any form including bonds with repayment terms of more than ten years and short-term debt such as revenue-anticipation notes, unless specifically approved by the voters. Proposition 101 would reduce fees on vehicle licensing and registration, which would impact revenues relied upon by the state and local governments.

Director Mathis moved, seconded by Director Proctor, to adopt a resolution opposing Amendments 60, 61 and Proposition 101. Motion carried unanimously. (The resolution is attached as Appendix A.).

Annual Policy Discussion.

Water Quality:

Director Dewey moved, seconded by Director Trampe, to approve the Water Quality Policy as presented. Motion carried unanimously.

Endangered Species Act and Upper Colorado River Recovery Program:

Following an extensive discussion of proposed changes to the policy, Director Dewey moved, seconded by Director Trampe, to approve the policy with the incorporation of seven bullets and the subsequent two paragraphs contained in the background and discussion section, into the policy statement, with the remaining language of the background and discussion section left unchanged. Director Mathis requested the inclusion of a reference to the development of Colorado's compact entitlement. Directors Dewey and Trampe accepted the amendment.

Director Merritt offered a substitute motion as follows: to accept all changes as discussed by the Board, and to include language that includes the State of Colorado in the development of its compact entitlement. The motion died for lack of a second.

The original motion as amended, carried 11:1 with Director Merritt voting against the motion.

Wild and Scenic Stakeholders Process.

Chris Treese relayed that the stakeholders' process on the Lower Colorado River has concluded with no river or stream segments being recommended as suitable for inclusion in the National Wild and Scenic River System. Consensus was not achieved on suitability of two tributary streams of the Gunnison River and two tributaries on the Dolores River. Mr. Treese also reported that a stakeholder process in the Uncompahgre and North Fork River drainages as well as the mainstem of the Gunnison River will commence in August 2010.

In the Yampa River Basin, a final Resource Management Plan and Environmental Impact Statement for suitability determinations on segments of the Yampa River is scheduled to be released in late July. The River District will file a protest on any segments found suitable.

External Affairs.

Information and Outreach Update:

Director Alvey moved, seconded by Director Stavney, to approve a contract amendment with Public Opinion Strategies in an amount not to exceed \$1,000. Motion carried unanimously.

Jim Pokrandt reported on recent information and outreach efforts that include: 1) Completing a survey regarding alternative futures for the Shoshone Power Plant. 2) Conducting the second annual Water Camp for high school students at the Keystone Science School. 3) Hosting five State of the River meetings throughout the River District; and, 4) Participating in the Shavano and Mesa County Children's Water Festivals. Mr. Pokrandt also reported that compilation of the District's water videos on a single DVD is underway and will be distributed to anyone interested in water education. Finally, Mr. Pokrandt reminded the Board of the annual CRWCD seminar which will be held on September 16 in Grand Junction.

State Affairs:

Chris Treese recapped the 2010 state legislative session that was dominated by budget issues and will be again in 2011. Regarding water-related bills, several water conservation bills passed that included River District-supported amendments. Additionally, interim committee meetings for the summer were suspended for 2010, including the Water Resources Review Committee (WRRC); however, the WRRC, which was threatened with deauthorization, remains in statute. In the absence of any official Interim Committee meetings, the Colorado Water Congress will convene meetings of its State Affairs Committee to work on water-related legislation.

Federal Affairs:

Chris Treese reported the following: 1) The Clean Water Restoration Act has been reintroduced as "America's Commitment to the Clean Water Act" and includes substantive changes addressing concerns of water users and property owners from past bills; however, not all issues were addressed. The River District is continuing to work with other western water entities to express ongoing concerns. 2) The Recovery Program legislation for funding appropriations has been making progress, but was amended to be an annual appropriation, not an automatic appropriation. Efforts are underway to reverse the amendment. 3) The River District is continuing to work with its partners and the Bureau of Reclamation to resolve concerns regarding the 10,825 Ruedi legislation to make non-reimbursable 5,412.5 acre feet of Ruedi Reservoir water in order to comply with the requirements of the 15 Mile Reach Programmatic Biological Opinion for endangered fishes.

Gunnison Basin Selenium Issues and Proposed Selenium Basin Memorandum of Understanding (MOU).

Dave Kanzer reviewed a proposed MOU formalized by the Bureau of Reclamation to be signed by participating agencies for the development of the Selenium Management Program in the Gunnison River Basin pursuant to the Gunnison Basin Programmatic Biological Opinion. Director Merritt moved, seconded by Director Stavney, to delegate the authority to the General Manager to sign a MOU for the development of a selenium management program, subject to revisions being made to the agreement, if deemed necessary by the General Counsel. Motion carried unanimously.

Vice President Sharp adjourned the meeting at 3:55 p.m.

Wednesday, July 21, 2010

Vice President Sharp found a quorum and reconvened the meeting at 8:32 a.m.

General Manager's Report.

HB-1177 Roundtables/IBCC Update:

Eric Kuhn reported that the IBCC has been reviewing various scenarios of water supplies and potential demands for future water management planning but has yet to examine the medium-demand, low-supply scenario. He also noted that there is growing concern about the purpose and direction of the IBCC and if the process should be continued.

Mr. Kuhn relayed that the Gunnison Basin and Arkansas Basin Roundtables met recently to discuss the marketable pool in Blue Mesa Reservoir and the possibility of the State of Colorado negotiating a water contract with the Bureau of Reclamation. There is concern on the West Slope that the marketable pool may

not exist or is much smaller than originally estimated and should be held in reserve in the event of a Colorado River Compact call, not utilized for future development within the state.

Dan Birch reported that the Yampa/White Roundtable would receive a presentation on Phase II of the water needs assessment for energy development at its next meeting. If approved by both the Yampa/White Basin Roundtable and the Colorado River Basin Roundtable, the results will be forwarded to the state as a portion of the basins' water needs assessment.

Science Policy Issues:

Eric Kuhn reviewed current efforts that the River District is involved in, including: support of the USGS stream gaging program to compile an extensive data base on water quality, flows and temperature; and sponsorship, in cooperation with the Colorado Water Institute (CWI), of research on the impact of forest management on stream flows, and more recently, a cooperative project with CWI to reconstruct the historical flows of the Colorado River at Yuma, AZ.

2011 CRWCD Budget Topics:

Mr. Kuhn outlined potential topics of discussion for the 2011 CRWCD Budget Workshop on September 15. The topics range from support of the USGS stream gaging program to reductions in assessed valuations and expenditures for possible remedial action at Wolford Mountain Reservoir's Ritschard Dam.

Colorado Interstate Issues:

Mr. Kuhn reported that discussions among the United States (Departments of State and the Interior), the Republic of Mexico and the seven basin states are continuing with the focus on a concept that Mexico would accept voluntary shortages in return for the United States allowing Mexico to store intentionally created surpluses in Lake Mead. He also noted that the Bureau of Reclamation is continuing its work on the Colorado River Basin Study to assess water supplies and demands.

Service Anniversary Recognition:

Chris Treese expressed the River District's appreciation to Jim Pokrandt for his past five years of service at the River District.

Approval of Treasurer's Reports for March, April and May 2010.

Director Mathis moved, seconded by Director Dewey, to approve the Treasurer's reports for March, April and May 2010. Motion carried unanimously.

Directors' Concerns.

Several directors requested that staff prepare a summary of potential impacts to the River District in the event of passage of Amendments 60, 61 and Proposition 101, to be presented at the CRWCD Budget Workshop on September 15.

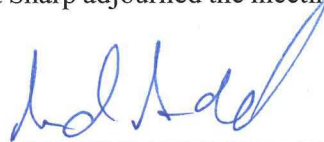
Future Meetings.

- a. CRWCD 2011 Budget Workshop, **September 15, 2010, Grand Junction, CO.**
- b. CRWCD Water Seminar, **September 16, 2010, Grand Junction, CO.**
- c. Fourth Regular Quarterly Meetings, **October 19-20, 2010, Glenwood Springs, CO.**
- d. Water Supply Projects Committee Meeting, **late 2010.**

- e. Other Meetings:
 - i. Western State Water Workshop, **July 21-23, 2010, Gunnison, CO.**
 - ii. CWC Summer Convention, **August 26-27, 2010, Vail, CO.**
 - iii. CRWUA Convention, **December 15-17, 2010, Las Vegas, NV.**

Adjourn.

There being no further business before the Board, Vice President Sharp adjourned the meeting at 9:58 a.m.



Andrew A. Mueller, President

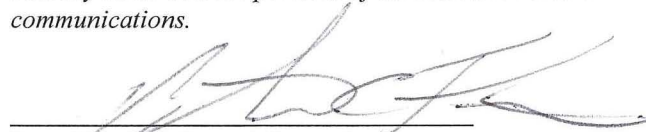
ATTEST:



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

