

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

April 19-20, 2011

Pursuant to notice duly and properly given, the Second Regular Quarterly Meeting of the Board of Directors of the Colorado River Water Conservation District (CRWCD) was held on Tuesday and Wednesday, April 19-20, 2011 at the Hotel Colorado, 526 Pine Street, Glenwood Springs, Colorado.

Directors present during all or part of the meeting:

Thomas R. Sharp, President	James Newberry, Vice President
Tom Alvey	David H. Merritt
William S. Trampe	Gary Martinez
Steven Acquafresca	Tom Gray
Stephen M. Mathis	Andrew A. Mueller
John Ely	Forrest F. Nelson

Directors not present:

Jon Stavney	Warner Dewey
Rebie Hazard	

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
John Currier, Chief Engineer, 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
Audrey Hughes, Human Resources Specialist, CRWCD
Denise Hussain, Records Specialist, CRWCD
Martha Moore, Public Affairs Specialist, CRWCD
Gail Guentzel, Business Support Specialist/Legal Asst., CRWCD
Larry Sweeney, Colorado State Conservation Board
Dorothea Farris, Crystal Valley EPA
Bill Jochems, Crystal Valley EPA
Laurie Stevens, Crystal Valley EPA
John Hoffman, Town of Carbondale
Jim Cagney, Bureau of Land Management

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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.

Troy Clark, Ware & Hinds Ditch Co.
Pete Foster, Wright Water Engineers
Mark Nieslanik, Dinkle Lake Water Co.
David Hamilton, Roaring Fork Outdoor Volunteers
Mike King, Colorado Department of Natural Resources
Alex Davis, Colorado Department of Natural Resources
John Redifer, Colorado Mesa University
Mike Applegate, Northern Colorado Water Conservancy District
Eric Wilkinson, Northern Colorado Water Conservancy District
Don Carlson, Northern Colorado Water Conservancy District
Russell George, Colorado Water Conservation Board
Dave Sturges, City of Glenwood Springs
Steve Smith, Wilderness Workshop
Dennis Webb, Daily Sentinel
Brent Gardner-Smith

Quorum.

President Sharp found a quorum and called the meeting to order at 11:02 a.m.

Review Agenda and Meeting Objectives.

President Sharp proposed the following changes to the agenda: 1) removal of agenda item 2.d., Minutes of Special Joint Meeting, Telephone Conference, February 18, 2011, from the consent agenda for correction and separate action; 2) moving agenda item 13., Proposed Revisions to CRWCD Bylaws, and agenda item 14., Future Meetings, to immediately follow the consent agenda; and, 3) moving agenda item 8., Directors' Concerns to precede agenda item 5., General Counsel's Report. Director Trampe moved, seconded by Director Mueller, to approve the agenda as amended. Motion carried unanimously.

Consent Agenda.

Director Mueller moved, seconded by Director Trampe, to approve the consent agenda as modified. Motion carried unanimously.

Consent Agenda:

Approval of Minutes and Actions Taken:

- a. Minutes of First Regular Quarterly Meeting, January 19-20, 2011.
- b. Minutes of Information and Outreach Committee Meeting, January 20, 2011.
- c. Minutes of Special Joint Meeting, Telephone Conference, February 4, 2011.
- e. Minutes of Executive Committee Meeting, March 16, 2011.
- f. Minutes of Special Joint Meeting, Telephone Conference, March 16, 2011.
- g. Minutes of Special Meeting, Telephone Conference, March 25, 2011.
- h. Minutes of Special Meeting, March 31, 2011.
- i. Minutes of Special Joint Meeting, Telephone Conference, March 31, 2011.

Peter Fleming requested that the Minutes of the Special Joint Meeting, telephone conference, February 18, 2011 be edited on page 3 to reflect that Jason Turner presented General Counsel's report as Mr. Fleming was not present. Director Mueller moved, seconded by Director Nelson, to approved the minutes as amended. Motion carried unanimously.

Directors' Concerns.

Review of Proposals for Leadership Consultant:

Director Merritt moved, seconded by Director Alvey, to enter into a contract for Objective One of the Leadership Excellence Net's proposal-development of an evaluation process for the General Manager and General Counsel positions. Motion carried unanimously.

Future Meetings.

- a. Joint Meeting with Southwestern Water Conservation District, 2011?
- b. Third Regular Quarterly Meetings, **July 19-20, 2011, Glenwood Springs, CO.**
- c. Special Joint Meeting with Colorado Water Conservation Board, **September 14, 2011, Grand Junction, CO?**
- d. CRWCD 2012 Budget Workshop, **September 14, 2011, Grand Junction, CO.**
- e. CRWCD Water Seminar, **September 15, 2011, Grand Junction, CO.**
- f. Fourth Regular Quarterly Meetings, **October 18-19, 2011, Glenwood Springs, CO.**
- g. Other Meetings:
 - i. Salinity Control Forum, **May 23-26, 2011, Glenwood Springs, CO.**
 - ii. Four West Slope Roundtables Meeting, **May 26, 2011, Grand Junction, CO.**
 - iii. Western State Water Workshop, **July 20-22, 2011 Gunnison, CO.**
 - iv. CWC Summer Convention, **August 24-26, 2011, Steamboat Springs, CO.**
 - v. CRWUA Convention, **December 14-16, 2011, Las Vegas, NV.**

Presentation of 2010 CRWCD Audit by Kevin Smith of McGladrey & Pullen, LLP.

Kevin Smith of McGladrey & Pullen, LLP, reported that in their opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of the Colorado River Water Conservation District as of December 31, 2010. He also stated that the respective changes in financial position and cash flows, where acceptable for the year and conform with generally accepted accounting principles.

Acceptance of 2010 CRWCD Audit:

Director Merritt moved, seconded by Director Acquafresca, to accept the 2010 CRWCD audit as presented. Motion carried unanimously.

Financial Matters.

Acceptance of Treasurer's Reports and Check Registers for December 2010 and January 2011.

Director Mueller moved, seconded by Director Merritt, to accept the treasurer's reports and check registers for December 2010 and January 2011. Motion carried unanimously.

Proposed Revision to CRWCD Bylaws.

Director Mueller moved, seconded by Director Trampe, to amend Article III, Section 8 of the CRWCD Bylaws to conduct future board meetings in conformance with The Modern Rules of Order, 3rd Edition. Meeting procedures may be modified by the President as necessary to ensure the fair and efficient conduct of Board meetings. 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):

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, 03CW39, and 10CW265, 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.
- 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 Compact, Interstate and International Issues.
- vi. River District Conditional Water Rights/Project Development.

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

Director Ely recused himself from a portion of Executive Session based on a potential conflict of interest.

Peter Fleming stated that no further record of the Executive Session need be kept based on his opinion that the discussion will constitute privileged attorney-client communications.

President Sharp reconvened into Public Session at 3:09 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:

- i. Colorado River Basin Proposal, Blue River Decree and Moffat System Issues, including:
 - (a). Denver's Blue River System Diligence Applications, Case Nos. 06CW255, 03CW39, and 10CW265, 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.
- 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 Compact, Interstate and International Issues.
- vi. River District Conditional Water Rights/Project Development.

Case No. 03CW41, Flattops Project (Original Decrees W-2140, W-2138, W-3854, and W-2137, Water Division 5):

Director Alvey moved, seconded by Director Mathis, to direct counsel and staff to file a notice of intent to abandon the water rights for the Patterson Creek Collection System diversion point and Deep Lake Collection System components of the Flattops Project, to confirm the Board's intent to maintain the Wray Gulch

Reservoir and Strawberry Creek Reservoir rights associated with the Flattops Project, to direct staff to take the steps necessary to complete the appropriation in a reasonably expedient and efficient manner, consistent with Colorado law, and to further direct counsel and staff to file an application seeking a finding of reasonable diligence for the Wray Gulch Reservoir and Strawberry Creek Reservoir and associated water rights. Motion carried unanimously.

Case No. 03CW41, Rangely Project, (Original Decrees 81-CW145 and 82CW23, Water Division 5):
Director Merritt moved, seconded by Director Trampe, to direct counsel and staff to file a notice of intent to abandon the Wolf Creek Reservoir and associated water rights. Motion carried unanimously.

Case No. 03CW41, Wolcott Reservoir, (Original Decree C.A. 1529, Water Division 5):
Director Acquafresca moved, seconded by Director Alvey, to confirm the Board's intent to maintain the conditional portion of the Wolcott Pumping Pipeline and Wolcott Reservoir rights, to direct counsel and staff to take the steps necessary to complete the appropriation in a reasonably expedient and efficient manner, consistent with Colorado law, to further direct counsel and staff, in consultation with the Town of Gypsum, to file an application seeking a finding of reasonable diligence for the Wolcott Reservoir right, and to make absolute, in part, the Wolcott Pumping Pipeline. Motion carried unanimously.

Case No. 03CW41, Red Cliff Project, (Original Decrees C.A. 1193, W-3472 and 81CW345, Water Division 5).
Director Nelson moved, seconded by Director Merritt, to direct counsel and staff to file a notice of intent to abandon 38,042.72 a.f. of the Iron Mountain Reservoir right and 38,043 a.f. of the Iron Mountain Reservoir Second Fill, 280 cfs of the Cross Creek Extension right, and all of the River District's remaining interest in the Peterson and Fall Creek Feeder Conduit rights, and the Gilman Power Conduit of the Red Cliff Project; to confirm the Board's intent to maintain 30,000 a.f. of the Iron Mountain Reservoir and 30,000 a.f. of the Iron Reservoir Second Fill, 20 cfs of the Cross Creek Extension right, and all of the River District's remaining interest in the Pando Feeder Canal; to direct staff to take the steps necessary to complete the appropriation in a reasonably expedient and efficient manner, consistent with Colorado law, and to further direct counsel and staff to file an application seeking a finding of reasonable diligence for 30,000 a.f. of the Iron Mountain Reservoir and 30,000 a.f. of the Iron Mountain Reservoir Second Fill, 20 cfs of the Cross Creek Extension right, and all of the River District's remaining interest in the Pando Feeder Canal. Motion carried unanimously.

Case No. 03CW41, Basalt Project, (Original Decrees C.A. 4613, W-2889, and W-2890, Water Division 5):
Director Merritt moved, seconded by Director Alvey, to direct counsel and staff to file a notice of intent to abandon the remaining 300 cfs conditional right of the Ruedi Reservoir Power Plant right and the remaining 227 a.f. conditional right decreed for the Ruedi Reservoir Afterbay; to confirm the Board's intent to maintain the 450 cfs Basalt Conduit right, the 400 cfs Basalt Power Plant and Conduit right, the 130 cfs Landis Canal and Spring Valley Siphon right, and the 30 cfs right for the Stockman's Ditch Extension and Enlargement; and to direct counsel and staff to take the steps necessary, in consultation with the Basalt Water Conservancy District, to complete the appropriation in a reasonably expedient and efficient manner, consistent with Colorado law; and to further direct counsel and staff, in consultation with the Basalt Water Conservancy District, to file an application for reasonable diligence and to make absolute in part the 450 cfs Basalt Conduit right, and for a finding of reasonable diligence on the 400 cfs Basalt Power Plant and Conduit right,

the 130 cfs Landis Canal and Spring Valley Siphon right, and the 30 cfs right for the Stockman's Ditch Extension and Enlargement of the Basalt Project. Motion carried unanimously. Director Ely abstained from the vote.

Case No. 03CW41, West Divide Project, (Original Decrees C.A. 4613, C.A. 4954, C.A. 5884, W-3888, and 79CW31, Water Division 5):

Director Mathis moved, seconded by Director Merritt, to direct counsel and staff, in consultation with the West Divide Water Conservancy District, to file a notice of intent to abandon the 128,728.27 a.f. Osgood Reservoir right, 1,000 cfs Osgood Power Plant right, 58,009 a.f. of the Placita Reservoir right, 850 cfs of the Placita Power Plant right, 750 cfs of the Avalanche Canal and Siphon, 8,695 a.f. of the Yank Creek Reservoir right, 150 cfs of the Fourmile Creek diversion to the Fourmile Canal and Siphon, 150 cfs of the Threemile Creek diversion to the Fourmile Canal and Siphon and all of the 830 cfs decreed to the Fourmile Canal and Siphon diversion from the Crystal River; to confirm the Board's intent to maintain 4,000 a.f. of the Placita Reservoir right, 150 cfs of the Placita Power Plant right, 250 cfs of the Avalanche Canal and Siphon, 5,000 a.f. of the Yank Creek Reservoir right and 85 cfs of the Fourmile Canal, 50 cfs of the Fourmile Creek diversion to the Fourmile Canal and Siphon, 50 cfs of the Threemile Creek diversion to Fourmile Canal and Siphon, 15,450 a.f. of the Lower Kendig Reservoir right, 2,610 a.f. Kendig Reservoir 1st Enlargement, 300 cfs West Divide Canal right, 750 cfs Horsethief Canal right, 6,500 a.f. West Mamm Creek Reservoir right, 45,000 a.f. Dry Hollow Reservoir right, and 250 cfs Dry Hollow Feeder Canal of the West Divide Project. Staff was further directed to take the steps necessary, in consultation with the West Divide Water Conservancy District, to complete the appropriation in a reasonably expedient and efficient manner, consistent with Colorado law, and to file an application for reasonable diligence for 4,000 a.f. of the Placita Reservoir right, 150 cfs of the Placita Power Plant right, 250 cfs of the Avalanche Canal and Siphon, 5,000 a.f. of the Yank Creek Reservoir right and 85 cfs of the Fourmile Canal right, 50 cfs of the Fourmile Creek diversion to the Fourmile Canal and Siphon, 50 cfs of the Threemile Creek diversion to Fourmile Canal and Siphon, 15,450 a.f. of the Lower Kendig Reservoir right, 2,610 a.f. Kendig Reservoir 1st Enlargement, 300 cfs West Divide Canal right, 750 cfs Horsethief Canal right, 6,500 a.f. West Mamm Creek Reservoir right, 45,000 a.f. Dry Hollow Reservoir right, and 250 cfs Dry Hollow Feeder Canal of the West Divide Project, and to make absolute in part the Avalanche Canal and Siphon. Motion carried unanimously. Director Ely abstained from the vote.

Peter Fleming gave an overview of the proposed Colorado River Wild and Scenic Stakeholders Management Plan and reported that the plan was scheduled to be endorsed by the various governing boards of the Stakeholders Group.

Director Merritt moved, seconded by Director Acquafresca, to endorse the Colorado River Wild and Scenic Stakeholders Management Plan and to authorize the General Manager and General Counsel to withdraw the River District's endorsement if one or more significant Stakeholders withdraw their support for the plan. Motion carried unanimously.

Mr. Fleming reported that the Aspinall EIS process has encountered issues with the State regarding the use of water stored in the Aspinall Unit for the benefit of the Redlands Fish Ladder; however, progress is being made to resolve those concerns.

President Sharp adjourned the meeting at 4:20 p.m.

Wednesday, April 20, 2011.

President Sharp found a quorum and reconvened the meeting at 8:15 a.m.

External Affairs.

Information and Outreach Committee Report:

Director Martinez reported that the Committee reviewed "roll out" issues surrounding the proposed settlement agreement between Denver Water and the West Slope as well as potential questions and answers about the agreement. The roll out is scheduled for April 28th at Devil's Thumb in Grand County. A video of the event will be available on the River District website.

Jim Pokrandt directed the Board's attention to the 2010 CRWCD Annual Report which will be mailed to approximately 600 interested parties and distributed throughout the year at various events. Mr. Pokrandt also noted that the fourth annual Water Camp was underway at the Keystone Science School in cooperation with Denver Water and the City of Aurora. Upcoming events include five State of the River meetings held throughout the River District, and the CRWCD annual seminar in Grand Junction on September 15, 2011. Chris Treese discussed elements of the "roll out" of the Colorado River Cooperative Agreement with the Board. This discussion prompted questions from the Board which Jason Turner advised might be more appropriate for discussion in Executive Session.

Executive Session:

Mr. Turner reported that the following matter qualified for discussion in Executive Session pursuant to C.R.S. §§ 24-6-402(4)(b)(legal advice) and (e)(negotiations):

Negotiations with Denver Water.

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

Jason Turner stated that no further record of the Executive Session need be kept based on his opinion that the discussion will constitute privileged attorney-client communications.

President Sharp reconvened into Public session at 9:21 a.m.

Public Session:

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

Negotiations with Denver Water.

State Affairs:

House Joint Resolution 11-TBD: CONCERNING COST-EFFECTIVE NUTRIENT REGULATION IN COLORADO WATERS.

Recommendation: Support.

Chris Treese reported that this resolution addresses the ongoing development of water quality regulations for nutrient standards. The purpose of the resolution is to put the Legislature on record and the Water Quality Control Commission on notice that implementation costs must be addressed in the development of any nutrient standard by the Commission.

Director Acquafresca moved, seconded by Director Mathis, to support this **HJR (11-TBD)**. Motion carried unanimously.

Senate Bill 11-226: CONCERNING THE AUGMENTATION OF THE GENERAL FUND THROUGH TRANSFERS OF CERTAIN MONEYS, AND MAKING AN APPROPRIATION IN CONNECTION THEREWITH.

Recommendation: Oppose Section 6 of SB 11-226.

The purpose of **SB 11-226** is to assist in implementing the budget's priorities and policies, i.e., balance the budget. Section 6 authorizes the transfer of \$48.1 million from the CWCB's perpetual base account to the General Fund.

Director Merritt moved, seconded by Director Nelson, to oppose **Section 6 of SB 11-226**. Motion carried unanimously.

House Bill 11-1115: CONCERNING THE PAYMENT OF RETAINAGE IN CONSTRUCTION CONTRACTS INVOLVING PUBLIC ENTITIES.

Recommendation: Change position to neutral .

Mr. Treese reminded the Board of its opposition to this bill and its predecessor bills for the past four years; however, the bill has been amended to narrow its scope to address only retainage now set at 5%, a decrease from the current 10%.

Director Mueller moved, seconded by Director Acquafresca, to accept staff's recommendation to change the Board's position to neutral on **HB 11-1115**. Motion carried unanimously.

Mr. Treese relayed that a joint legislative committee is currently engaged in creating a recommendation for Congressional redistricting which occurs every 10 years after the census has been completed. After a lengthy discussion, President Sharp proposed deferring the remainder of the redistricting discussion to the end of the agenda.

Federal Affairs:

Mr. Treese reported that the District has deferred seeking federal legislation to make permanent a water service contract with the Bureau of Reclamation for 5,412.5 a.f of Ruedi Reservoir water to fulfill the West Slope's obligation to endangered fish species under the 15 Mile Reach PBO until the contract has been executed by the water users.

Annual Policy Discussion.

Director Mathis moved, seconded by Director Martinez, to reverse the order of agenda item 7.a., Annual Policy Discussion, and agenda item 9., Executive Committee Report. Motion carried unanimously.

Executive Committee Report.

Dave Kanzer reported that in the second year of the combined large and small grants program, a total of 24 applications were received with 11 applications being recommended by staff (4 large grants, 7 small grants). It was also noted that six of the recommended grant applications involve pre-1922 Colorado River Compact water rights. Mr. Kanzer reminded the Board of the grant funding criteria and guidelines used in the review process including: appropriateness of the project; project description; budget; funding; technical adequacy;

and project effectiveness.

Approval of Grant Recommendations:

Director Mathis moved, seconded by Director Trampe, to approve the list of grant applications as recommended by the Executive Committee and staff with the application of the Lower Gunnison Restoration-Hartland Dam being considered in a separate action. Motion carried unanimously. (A list of the grant applications is attached as Appendix A.).

Director Mueller moved, seconded by Director Trampe, to approve the Lower Gunnison Restoration - Hartland Dam Diversion grant application, with the additional conditions that the grant not be funded until such time as a contract to construct the dam has been awarded, the project proponents have indicated to staff the project has acquired full funding, and the River District funding is applied solely to construction. Motion carried unanimously.

Director Merritt moved, seconded by Director Mathis, to limit future financial assistance for grants associated with tamarisk removal to no more than \$15,000 per grant, and no more than one third of the total of small grant funding awarded. Motion carried unanimously. Director Alvey requested that staff examine the possibility of removing tamarisk eradication projects from the grant program and report to the Board at a future meeting.

Annual Policy Discussion.

Director Martinez moved, seconded by Director Trampe, to move agenda item 7., Annual Policy Discussion, to the end of the agenda. Motion carried unanimously.

Discussion with Northern Colorado Water Conservancy District (Northern).

Don Carlson gave an overview of Northern's current priorities as directed by the Northern Board, including: efficient delivery of water to its customers; conservation and protection of water supplies; and, planning for future water needs. Mr. Carlson also directed the Board's attention to Northern's second annual report which was reinitiated after a 25-year hiatus.

Eric Wilkinson reported that snowpack above Northern's facilities is ranging from 160% to 200% of normal, and preparations are underway to deal with the expected high runoff. Lake Granby is projected to fill and spill which is the first time since 2000. Mr. Wilkinson then updated the Board on the Windy Gap Firming Project on which a final Environmental Impact Statement (EIS) is expected by July 2011 and the Northern Integrated Supply Project (NISP) currently undergoing a supplemental draft EIS.

President Sharp relayed the River District's congratulations to Mr. Wilkinson for being the Colorado Water Congress' 2011 Wayne N. Aspinall Water Leader Award recipient.

Discussion with Colorado Department of Natural Resources (DNR).

Mike King and Alex Davis provided an update on current activities at DNR that include pending legislation to combine the Division of Wildlife and State Parks in light of continued budget constraints, participation in the Green Mountain Reservoir fill administration discussions, and participation in the Upper Colorado Wild and Scenic Stakeholders process. Mr. King also expressed DNR's support of the proposed Denver Water-West Slope settlement agreement and pledged DNR's assistance in the implementation process.

The Board relayed its concerns with the Division of Water Resources (DWR) and the role of the State Engineer's Office. It was relayed that in some instances the most vocal and sometimes only opposition to water rights applications come from the Division Engineer's office. Other concerns expressed were related to the State's position on the Aspinall Unit Reoperations EIS given how critical the EIS is to the success of the Gunnison River Basin PBO. Mr. King and Ms. Davis were receptive to the Board's concerns and reiterated DNR's commitment to listening to the concerns of water users and coming up with workable solutions for all parties.

Annual Policy Discussion.

Director Mueller moved, seconded by Director Ely, to table the Annual Policy Discussion to the July 2011 quarterly meeting. Motion carried unanimously.

General Manager's Report.

Eric Kuhn referred the Board to his updated memorandum as well as Dan Birch's report to the Board on the Orchard Mesa Irrigation District Improvement Project.

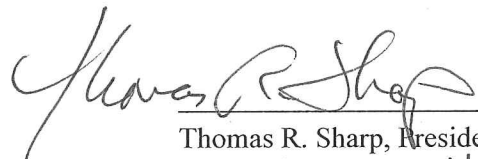
External Affairs, (Cont'd.).

Director Acquafresca moved, seconded by Director Merritt, to adopt the following position regarding Congressional redistricting. Motion carried unanimously.

"The River District believes watersheds are a critical "community of interest" consideration as the Colorado General Assembly redistricts Congressional boundaries. Accordingly, the River District Board adopts a position that the West Slope should be kept whole to the maximum extent possible and directs staff to communicate and advocate this position as legislation proceeds before the General Assembly".


Adjourn.

There being no further business before the Board, Vice President Newberry adjourned the meeting at 2:07 p.m.



Thomas R. Sharp, President
7-20-2011

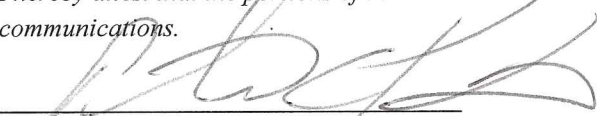
ATTEST:



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