

MINUTES¹

SPECIAL JOINT MEETING AND 2011 CRWCD 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 15, 2010

Pursuant to notice duly and properly given, a special joint meeting and 2011 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 Wednesday, September 15, 2010, at the Hampton Inn, 205 Main Street, Grand Junction, Colorado.

Directors present during all or part of the meeting:

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

Directors not present:

Forrest F. Nelson	Gary Martinez
Rebie Hazard	

Others present during all or part of the meeting:

Eric Kuhn, 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
Mary Kalmes, Senior Accountant/Administrative Chief, CRWCD
Jason Turner, Associate Counsel, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Audrey Hughes, Human Resources Specialist, CRWCD
Ray Tenney, Sr. Water Resources Engineer, CRWCD

Quorum.

President Mueller found a quorum and called the meeting to order at 1:45 p.m.

Review and Approve Agenda and Meeting Objectives.

Peter Fleming requested the addition of Proposed Stipulations in the Applications of Ginn Battle South, LLC,

et.al and Town of Minturn ,Case Nos. 06CW264 and 07CW225, Water Division 5 as agenda item 2.a. Director Merritt moved, seconded by Director Staveny, to approve the agenda as amended. Motion carried unanimously.

2011 CRWCD Budget Workshop, General Fund and Capital Project Fund.

Eric Kuhn provided an overview of the District's various funding mechanisms. Mr. Kuhn also reported that the District's assessed valuation is expected to decrease for 2010 by approximately \$2 billion from 2009 levels. Lower assessed valuations are also anticipated in 2011 The reduction can be attributed to lower property values and a decrease in natural gas production and prices. Reassessment will occur in June of 2011 which in turn will impact the 2012 and 2013 budgets.

A discussion ensued of potential policy issues that may arise as a result of reduced revenues for the next several years, including future salary increases and containment of health care costs. Staff was directed to draft a health care benefits policy for presentation at a subsequent meeting.

The potential impacts of three ballot initiatives, Amendment 60, Amendment 61 and Proposition 101 were also discussed. Passage of any or all of the initiatives would have an adverse effect on the River District. A resolution opposing the initiatives was unanimously adopted at the Board's July 2010 quarterly meeting.

Mr. Kuhn directed the Board's attention to a memo from Peter Fleming outlining the proposed 2011 legal budget which will be reduced from 2010 levels.

2011 Colorado River Water Projects Enterprise Budget Workshop.

Eric Kuhn reminded the Board that Enterprise Fund revenues are comprised of water contract sales, Denver lease revenues and interest earnings. Interest income has decreased in recent years reflecting the current state of the economy, water sales have temporarily leveled off, and the Denver lease will be fully paid in 2019. However, all major debts will also be paid by 2019, including Ruedi Reservoir water contracts and construction loans for Wolford Mountain Reservoir and Elkhead Reservoir.

Dan Birch reported that while the financial condition of the Enterprise Fund remains sound, there is the potential for increased expenditures in 2011 attributable to possible remedial actions for the dam settlement that is occurring at Wolford Mountain Reservoir. An ongoing study of the issue is being conducted by URS Engineering. Mr. Birch also reported that expenditures in 2011 for water quality monitoring and testing will be reduced. Water marketing opportunities are being pursued for Elkhead Reservoir, and there is the potential for increased water marketing contracts for Wolford Mountain Reservoir water as a result of the "global settlement" with Denver Water.

Proposed Stipulations in the Applications of Ginn Battle South, LLC, Et.al and Town of Minturn, Case Nos. 06CW264 and 07CW225, Water Division 5:

Director Merritt moved, seconded by Director Proctor, to enter into stipulations in the Applications of Ginn Battle South, LLC, et.al and Town of Minturn ,Case Nos. 06CW264 and 07CW225, Water Division 5. Motion carried unanimously

General Manager and General Counsel Informational Items.

Peter Fleming 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):

Denver Water Negotiations and Mediation.

Director Sharp 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 discussed would be kept based on his opinion that the discussion will constitute privileged attorney-client communications.

President Mueller reconvened into Public Session at 5:48 p.m.

Public Session.

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

Denver Water Negotiations and Mediation.

Adjourn.

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



Andrew A. Mueller, President

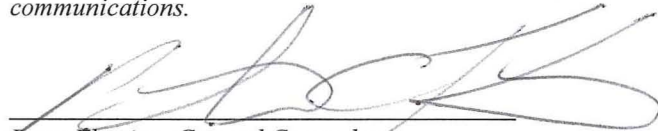
ATTEST:



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.



Peter Fleming, General Counsel