

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

April 18, 2012

Pursuant to notice duly and properly given, the Second 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 April 18, 2012 at the Hotel Denver 402 7th 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
Gary Martinez	Andrew A. Mueller
Stephen M. Mathis	John Ely
Kai Turner	

Directors not present:

Rebie Hazard	Jon Stavney
Warner Dewey	Tom Gray
William S. Trampe	Steve Acquafresca

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, Chief Accountant, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Jason Turner, Associate Counsel, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Ray Tenney, Deputy Chief Engineer, CRWCD
Dave Kanzer, Sr. Water Resources Engineer, CWCD
Don Meyer, Sr. Water Resources Engineer, CRWCD
Jim Pokrandt, Communication and Education Specialist, CRWCD
Martha Moore, Public Affairs Specialist, CRWCD
Ian Philips Accountant, CRWCD
Denise Hussain, Records Manager, CRWCD
Alesha Frederick, Business Support Specialist, CRWCD
Scott Fifer, Resource Engineering

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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.

Quorum.

President Sharp found a quorum and called the meeting to order at 10:35 a.m.

Review and Agenda and Meeting Objectives.

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

Approval of Minutes and Actions Taken.

Director Martinez moved, seconded by Director Alvey, to approve the minutes and actions taken at the First Regular Quarterly Meeting, January 18, 2012. Motion carried unanimously.

Financial Matters.

Acceptance of Treasurer's Reports and Check Registers for December 2011, January and February 2012:

Director Mueller moved, seconded by Director Merritt, to accept the treasurer's reports and check registers for December 2011, January and February 2012. Motion carried unanimously.

Projects Operations Update.

Wolford Mountain Reservoir:

John Currier reported that data on the Ritschard Dam settlement is continuing to be gathered and analyzed by staff and URS Engineering. A discussion ensued regarding possible future directions.

Director Mueller 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). Peter Fleming reminded the Board that Wolford Mountain Reservoir Operations was listed as an agenda item in Executive Session. Directors Mueller and Mathis then withdrew the motion.

Elkhead Reservoir:

Ray Tenney informed the Board that repairs have commenced on the movable fish screen at Elkhead Reservoir that was not operating properly. The repairs are scheduled to be completed by the end of April. Mr. Tenney also reported that the reservoir was expected to fill in spite of poor snowpack conditions.

Upper Blue River Water Marketing.

Eric Kuhn recounted the series of events that led to the creation of a 250 acre feet water supply from Colorado Springs Utilities' (CSU) Upper Blue Reservoir which the River District markets in the Upper Blue headwaters. In return, the River District supplies an amount of up to 1,750 acre feet of water in Wolford Mountain Reservoir to CSU that it utilizes in substitution years to pay back Green Mountain Reservoir. The Upper Blue contract water price is based on the impact the CSU pool has on Wolford Mountain's marketable yield.

John Currier relayed that after 9 years, a final decree for the River District/CSU agreement is awaiting signature by Judge Boyd, and once the decree is entered, long-term water marketing contracts could be issued as opposed to the yearly contracts entered into in the past. He went on to state that a permanent pricing policy at a rate of 3 times the contract price of Wolford Mountain municipal and industrial water would be appropriate as this reflects the impact to Wolford Mountain's marketable yield.

On behalf of Summit County, Director Martinez requested the Board table further discussion or decisions on this item until the July 2012 Board meeting to allow time for further discussion with staff on the pricing methodology. Scott Fifer, consultant for Summit County and Vail Resorts, indicated that he would welcome the opportunity and additional time to discuss the Upper Blue pricing with staff.

After discussion, Director Merritt moved, seconded by Director Mueller, to table the Upper Blue River Water pricing issue until the July 2012 Board meeting and to refer a review of pricing options to the Water Supply Projects Committee with a recommendation to be made to the Board in July. Motion carried unanimously with Director Martinez abstaining from the vote.

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. Upper Blue River Water Marketing.
- ii. Green Mountain Reservoir Alternative Source Water Marketing Contracts.
- iii. Application of Eagle Park Reservoir Co. and Colorado River District for Homestake Exchange, Case No. 09CW28, Water Division 5.
- iv. Wolford Mountain Reservoir Operations.

Director Alvey moved, seconded by Director Merritt, 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 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 1:00 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 with the exception of agenda item 6.a.i.:

Matters Proposed for Executive Session:

- i. Upper Blue River Water Marketing.
- ii. Green Mountain Reservoir Alternative Source Water Marketing Contracts.
- iii. Application of Eagle Park Reservoir Co. and Colorado River District for Homestake Exchange, Case No. 09CW28, Water Division 5.
- iv. Wolford Mountain Reservoir Operations.

Director Turner moved, seconded by Director Mueller, to direct counsel and staff to trigger the right of first refusal for Ruedi water as provided for in the contracts with Encana Oil & Gas, Inc. and if necessary West Divide Water Conservancy District. Motion carried unanimously.

Pursuant to the River District's Water Rights Litigation Policy, Director Alvey moved, seconded by Director Mathis, to authorize counsel and staff to exceed 100 hours of staff time as necessary, on litigation activities associated with the Joint Application of the Eagle Park Reservoir Co. and Colorado River District, Case No. 09CW28, Water Division 5.

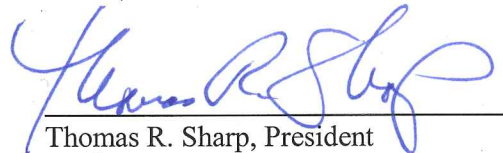
Director Mathis moved, seconded by Director Mueller, to ratify a Stipulation with the Board of Commissioners of Pitkin County in Joint Application of the Eagle Park Reservoir Co. and Colorado River District, Case No. 09CW28, Water Division 5. Motion carried unanimously.

Director Merritt moved, seconded by Director Mathis, to ratify a Stipulation in Applications of Peak Ranch, Inc., Case Nos. 08CW56, 08CW66, and 10CW93, Water Division 5 between the Colorado River District's Enterprise and Peak Ranch. Motion carried unanimously.

Director Merritt moved, seconded by Director Alvey, to ratify a Stipulation in Application of Colorado Springs Utilities, Case No. 03CW314, Water Division 5 between Colorado Springs Utilities and the Colorado River District's Enterprise. Motion carried unanimously.

Adjourn.

There being no further business before the Board, President Sharp adjourned the meeting at 1:06 p.m.

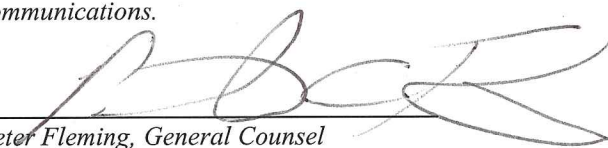

Thomas R. Sharp, President

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