

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

July 17, 2012

Pursuant to notice duly and properly given, the Third 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 Tuesday July 17, 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	Jon Stavney
David H. Merritt	William S. Trampe
Warner Dewey	Steve Acquafresca
Tom Gray	Stephen M. Mathis
Andrew A. Mueller	John Ely
Rebie Hazard	Gary Martinez

Directors not present:

Kai Turner

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
Laurie DePaolo, Executive Assistant, CRWCD
Ray Tenney, Deputy Chief Engineer, CRWCD
Don Meyer, Senior Water Resources Engineer, CRWCD
Dave Kanzer, Senior Water Resources Engineer, CRWCD
Mike Eytel, Water Resources Specialist, CRWCD
Dave Smith, Engineering Technician, CRWCD
Jim Pokrandt, Communication and Education Specialist, CRWCD
Martha Moore, Public Affairs Specialist, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Denise Hussain, Records Manager, CRWCD
Lorra Nichols, Paralegal, CRWCD

Quorum.

President Sharp found a quorum and called the meeting to order at 9:07 a.m.

Review and Approve Meeting Agenda and Objectives.

President Sharp proposed the addition of Approval of Minutes and Actions Taken at the Water Supply Projects Committee meeting, telephone conference, April 6, 2012 as agenda item 2.a. Director Mathis moved, seconded by Director Stavney, to approve the agenda as amended. Motion carried unanimously.

Approval of Minutes and Actions Taken.

Director Stavney moved, seconded by Director Alvey, to approve the minutes and actions taken at Water Supply Projects Committee meeting, telephone conference, April 6, 2012 and the Second Regular Quarterly Meeting, April 18, 2012. Motion carried unanimously.

Financial Matters.

Director Alvey moved, seconded by Director Martinez, to accept the treasurer's reports and check registers for March, April and May 2012. Motion carried unanimously.

Refinancing/Restructuring Colorado Water Conservation Board (CWCB) Loans:

Eric Kuhn reported that refinancing/restructuring options are currently being explored with the CWCB in order to reduce interest rates on loans for Wolford Mountain and Elkhead Reservoirs.

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):

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

Director Mathis moved, seconded by Director Stavney, 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 1:23 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. Wolford Mountain Reservoir Operations.
- ii. Upper Blue River Water Marketing Contracts.
- iii. Wolford Mountain Reservoir Water Marketing Contracts.
- iv. Application of Eagle Park Reservoir Co. and Colorado River District for Homestake Exchange, Case No. 09CW28, Water Division 5.

Director Martinez moved, seconded by Director Dewey, to authorize the issuance of new contracts for Wolford Mountain Reservoir water in an aggregate amount of 250 acre feet and a maximum of 100 acre feet

per contract and to direct staff to review the contracting limits in the future if warranted. Motion carried with President Sharp and Director Gray voting against the motion.

Director Trampe moved, seconded by Director Mueller, to approve one-year contracts for Upper Blue River water at \$390/acre foot and to make Upper Blue water available to Summit County under similar terms and conditions as provided for in its 2010 and 2011 contracts. Motion carried unanimously.

Director Alvey moved, seconded by Director Trampe, to direct staff to enter into discussions with Colorado Springs Utilities (CSU) and others as staff determines appropriate regarding the reduction or elimination of the River District's substitution obligation to CSU for the next several years. Motion carried unanimously.

Director Mueller moved, seconded by Director Trampe, to direct counsel to draft a new ten-year access license agreement with James and Linda Mahon (to terminate on the same date as the Mahons' Wolford Mountain water marketing contract) to access a portion of Wolford Mountain Reservoir property for the purpose of maintaining a pump for lawn and garden watering at their residence. Motion carried unanimously.

Adoption of Resolution for USBR Grant.

Director Mueller moved, seconded by Director Alvey, to adopt a resolution supporting a Bureau of Reclamation-administered grant for the purpose of watershed modeling to understand potential climate change impacts in the Upper Colorado River and to authorize the General Manager or General Counsel to negotiate and execute any legal agreements, actions or commitments necessary for the grant. Motion carried unanimously. (The resolution is attached as Appendix A.).

Project Operations Update.

Wolford Mountain Reservoir:

Don Meyer reported that Wolford Mountain Reservoir filled and spilled on April 20th in spite of a snowpack that was 33% of average. This can be attributed to a high level of storage held over from 2011. He also noted that demands on the reservoir will be approximately 40,000 af in 2012, much higher than average due to dry conditions in 2012.

Approval of Contract with URS Engineering:

Director Mathis moved, seconded by Director Hazard, to amend the URS Engineering consulting agreement in an amount not to exceed \$85,000. Motion carried unanimously.

Approval of Contract with Red Mountain RV Park:

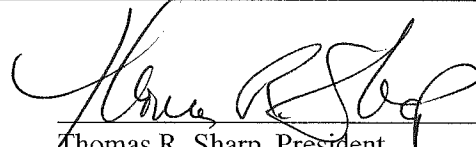
Director Stavney moved, seconded by Director Mathis, to approve a contract with Red Mountain RV Park for services at Wolford Mountain Reservoir with an increase of \$250 per month from the previous contract and to authorize up to 100 hours of work at \$25 per hour for special projects at the reservoir as needed. Motion carried unanimously.

Elkhead Reservoir:


Ray Tenney reported that the repair effort on the movable fish screen was successful and also reported that staff is examining a small hydroelectric facility at Elkhead Dam.

Adjourn.

There being no further business before the Board, President Sharp adjourned the meeting at 1:47 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