

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

July 17-18, 2012

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 17-18, 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	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
Chris Treese, Manager, External Affairs, CRWCD
John Currier, Chief Engineer, CRWCD
Jason Turner, Associate Counsel, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Ray Tenney, Deputy Chief Engineer, CRWCD
Dave Kanzer, 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
Audrey Turner, Administrative Chief, CRWCD
Dave Smith, Engineering Technician, CRWCD
Denise Hussain, Records Manager, CRWCD
Lorra Nichols, Paralegal, CRWCD
Jonathan King, Legal Intern, CRWCD
Tambi Katieb, Eagle River Watershed Council
Melissa MacDonald, Eagle River Watershed Council

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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 1:52 p.m.

Review Agenda and Meeting Objectives.

President Sharp proposed a change to agenda item 2.g., Appointment of Treasurer, to Appointment of Roger Maggard as Treasurer. Peter Fleming requested the addition of Discussion and Potential Action on Filing an Amicus Brief in the Applications of Montrose County, Case Nos. 10CW166 and 10CW167, Water Division 4 as agenda item 3.b.vii. Director Merritt moved, seconded by Director Stavney, to approve the agenda as amended. Motion carried unanimously.

Consent Agenda.

Director Merritt moved, seconded by Director Stavney, to approve the following consent agenda as amended. Motion carried unanimously.

Approval of Minutes and Actions Taken:

- a. Minutes of Executive Committee Meeting, March 9, 2012.
- b. Minutes of Special Joint Meeting, Telephone Conference, March 29, 2012.
- c. Minutes of Second Regular Quarterly Meeting, April 17-18, 2012.
- d. Minutes of Special Meeting in Conjunction with the Colorado Water Conservation Board, May 15, 2012.
- e. Minutes of Special Joint Meeting, May 15, 2012.
- f. Minutes of Special Joint Meeting, Telephone Conference, June 4, 2012.
- g. Appointment of Roger Maggard as Treasurer.

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. Proposed Colorado River Cooperative Agreement- Implementation Issues.
- ii. Green Mountain Reservoir Administrative Fill and Climax C.A. 1710 Priority Issues.
- iii. C-BT Project Operations, Windy Gap Firing Project and Upper Colorado Stream Flow Management.
- iv. Ruedi Reservoir Repayment Negotiations.
- v. Application of Grand County for RICD, Case No. 10CW298, Water Division 5.
- vi. Application of Pitkin County for RICD, Case No. 10CW305, Water Division 5.
- vii. Interstate, Compact and Water Bank Matters.

Director Stavney moved, seconded by Director Alvey, 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 4:23 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. Proposed Colorado River Cooperative Agreement- Implementation Issues.
- ii. Green Mountain Reservoir Administrative Fill and Climax C.A. 1710 Priority Issues.
- iii. C-BT Project Operations, Windy Gap Firming Project and Upper Colorado Stream Flow Management.
- iv. Ruedi Reservoir Repayment Negotiations.
- v. Application of Grand County for RICD, Case No. 10CW298, Water Division 5.
- vi. Application of Pitkin County for RICD, Case No. 10CW305, Water Division 5.
- vii. Interstate, Compact and Water Bank Matters.

Mr. Fleming also stated that Directors Newberry and Ely were not present during the discussion of items 3.a.v. and 3.a.vi. respectively.

Director Acquafresca moved, seconded by Director Alvey, to authorize staff and Counsel to stipulate to a proposed decree in the Application of Grand County for RICD, Case No. 10CW298, Water Division 5. Motion carried unanimously with Director Newberry abstaining from the vote.

Peter Fleming reported that in May the Bureau of Reclamation issued its Record of Decision for Reoperation of the Aspinall Unit.

Regarding a complaint filed by the National Ski Areas Association (NSAA) against the United States Forest Service, the River District recently filed a joint *amicus brief* in Federal District Court in support of the NSAA.

Director Mathis moved, seconded by Director Trampe, to authorize staff and Counsel to file an *amicus brief* in the Applications of Montrose County, Case Nos. 10CW166 and 10CW167, Water Division 4. Motion carried unanimously.

President Sharp recessed the meeting at 4:38 p.m.

Wednesday, July 18, 2012

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

General Manager's Report.

HB-117 Roundtables/IBCC Update:

Eric Kuhn reported that the IBCC is continuing to focus on developing different scenarios for future water supplies and demands. The next step will be the development of strategies to meet each scenario's needs. He also reported that during a recent discussion at the IBCC, it was suggested that in order to succeed in saving East Slope agriculture, the element of land use planning must be utilized in conjunction with water use planning.

West Slope Roundtable members reported that the Yampa/White, Gunnison and Colorado River Roundtables are reviewing grant proposals for non-consumptive projects in their basins.

Colorado River Basin Conditions:

Eric Kuhn noted that drought conditions in the Colorado River Basin are continuing. He also relayed that the River District has assembled a drought mitigation pool that includes unscheduled Ruedi and Wolford

Mountain Reservoir contract water. The proposal has been presented to the Bureau of Reclamation for approval.

General Manger and General Counsel Appraisal Process Update:

The Board was referred to a final draft evaluation form to be employed during the annual performance review of the General Manager and General Counsel.

Review of Goals and Objectives for 2012:

Eric Kuhn reiterated the River District's goals and objectives for 2012 which include completion and implementation of the Colorado River Cooperative Agreement, resolution of Green Mountain Reservoir administration issues, and the Windy Gap Firing Project IGA, among others.

Update Memo from Technical Staff:

It was reported that a recent study has shown a significant decline in selenium concentrations in the Colorado and Gunnison Rivers. This is attributed in part to selenium control programs which the River District sponsors and participates in.

Ruedi Reservoir Update.

Ruedi Reservoir Repayment Negotiations:

Chris Treese reported that progress has been made to contract all remaining uncontracted water in Ruedi Reservoir with various West Slope parties.

Approval of Ruedi Reservoir Contract Request:

Director Merritt moved, seconded by Director Acquafresca, to direct staff to enter into negotiations with the Bureau of Reclamation for the purchase of up to 3,000 af of Ruedi Reservoir water. Motion carried unanimously.

10,825 Update.

Director Alvey moved, seconded by Director Hazard, to approve an amendment to the 10,825 NEPA Management and Cost Sharing Agreement in an amount not to exceed \$16,000. Motion carried unanimously.

Compact Water Bank Process Update.

Dan Birch reported that Phase II of the Compact Water Bank Feasibility Study is now underway. The focus of Phase II is pilot studies of eight operating irrigation systems and if and how fallowing or deficit irrigation could be used in a banking concept.

External Affairs.

75th Anniversary Report:

Jim Pokrandt recounted recent events the River District has participated in including a children's water festival, the Hartland Dam Reconstruction dedication and the coordination of six State of the River meetings. Mr. Pokrandt also reminded the Board of the annual CRWCD seminar to be held in Grand Junction on September 13. The theme of this year's seminar is "The Past, Present and Future" and will include a celebration of the River District's 75th anniversary. As part of the celebration, a book titled "Water Wranglers: the 75-Year History of the Colorado River District" will be introduced.

State Affairs:

Chris Treese referred the Board to a memo summarizing the 2012 legislative session. He also relayed that the Interim Water Committee is scheduled to meet in September to review potential legislative issues for the 2013 session. Finally, because of redistricting, term limits, retirements, etc., there is a possibility of the 2013 General Assembly having as much as 50% new legislators.

Federal Affairs:

Chris Treese reported that legislation has been introduced to reauthorize funding for the Upper Colorado River and San Juan River Recovery Programs and a bill facilitating and advancing small hydropower projects on non-federal infrastructure passed the House.

Financial Matters.

Director Merritt moved seconded by Director Mueller, to accept the treasurer's reports for March, April and May 2012. Motion carried unanimously.

Directors' Concerns.

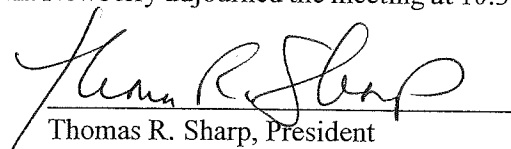
No concerns were expressed.

Future Meetings.

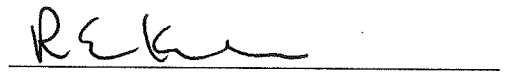
- a. CRWCD 2013 Budget Workshop/Special Meeting in Conjunction with the Southwestern Water Conservation District, **September 12, 2012, Montrose, CO.**
- b. CRWCD Water Seminar, **September 13, 2012, Grand Junction, CO.**
- c. Fourth Regular Quarterly Meetings, **October 16-17, 2012, Glenwood Springs, CO.**
- d. Other Meetings:
 - i. Western State Water Workshop, **July 18-20, 2012, Gunnison, CO.**
 - ii. CWC Summer Convention, **August 14-17, 2012, Steamboat Springs, CO.**
 - iii. 2012 CWCB Statewide Drought Conference, **September 18-20, 2012, Denver, CO.**
 - iv. CRWUA Convention, **December 12-14, 2012, Las Vegas, NV.**

Adjourn.

There being no further business before the Board, Vice President Newberry adjourned the meeting at 10:35 a.m.

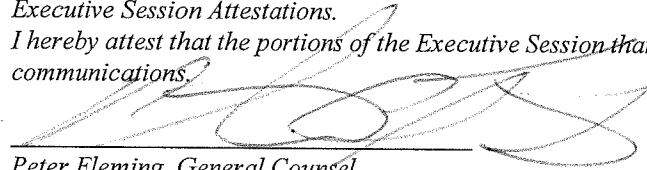

Thomas R. Sharp, President

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