

MINUTES¹

2013 BUDGET WORKSHOP AND SPECIAL JOINT MEETING 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 12, 2012

Pursuant to notice duly and properly given, the 2013 budget workshop and special joint meeting 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 12, 2012 at the Montrose Pavilion, 1800 Pavilion Drive, Montrose, Colorado.

Directors participating during all or part of the meeting:

Thomas R. Sharp, President	James Newberry, Vice President
Tom Alvey	David H. Merritt
William S. Trampe	Steve Acquafresca
Stephen M. Mathis	Kai Turner
Jon Stavney	Tom Gray
Andrew A. Mueller	

Directors not participating:

John Ely	Warner Dewey
Rebie Hazard	Gary Martinez

Staff participating 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
Mary Kalmes, Chief Accountant, CRWCD
Jason Turner, Associate Counsel, CRWCD
Jim Pokrandt, Education and Outreach Specialist, CRWCD
Ray Tenney, Deputy Chief Engineer, CRWCD
Ian Philips, Accountant, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Denise Hussain, Records Manager, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Dave Kanzer, Sr. Water Resources Engineer, CRWCD

Quorum.

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

Review and Approve Agenda and Meeting Objectives.

Jason Turner requested the addition of Approval of Contract with Aqua Ria, Ltd. as agenda item 4.d. and Approval of Contract with Western Colorado Conservation Corps as agenda item 4.e. and renumber the current agenda item 4.d., Ruedi Reservoir Contracting Update, as agenda item 4.f. Director Mathis, moved, seconded by Director Stavney, to approve the agenda as amended. Motion carried unanimously.

2013 CRWCD Budget Workshop, General Fund and Capital Project Fund.

Eric Kuhn reported that the River District's preliminary assessed valuation for 2012 (which is used for the 2013 budget) has increased slightly; however, it's expected that assessed valuations will decrease by approximately 10% during the next assessment. This will reduce the District's tax revenues which will likely impact the 2014 and 2015 budgets. Another contributing factor is a slowdown in new oil and gas production as well as reduced natural gas prices. Mr. Kuhn also noted that the River District has been prepared for several years for a reduction in tax revenues and is in stable financial condition.

2013 Colorado River Water Projects Enterprise Workshop.

Dan Birch reported that the 2013 budget will reflect ongoing monitoring and settlement investigations at Wolford Mountain Reservoir as well as O&M costs at Elkhead Reservoir. He also relayed that refinancing/restructuring options are being pursued with the CWCB in order to reduce interest rates on loans for Wolford Mountain and Elkhead Reservoirs, and a line item has been included in the budget to examine a hydropower project at Elkhead Reservoir.

General Counsel's Report-Executive Session.

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

- i. Upper Blue Reservoir and Wolford Mountain Reservoir Operations.

Director Stavney 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). 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 11:22 a.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 matter:

- i. Upper Blue Reservoir and Wolford Mountain Reservoir Operations.

Director Stavney moved, seconded by Director Mueller, to supplement the Board's prior direction by providing that in addition to previously agreed terms, that the stipulation with Grand County in Case No. 10CW298, Water Division 5, also include a provision that the River District will not oppose future applications by Grand County for diligence for the RICD or to make the RICD right absolute. Motion carried unanimously with Director Newberry abstaining from the vote.

Director Stavney moved, seconded by Director Merritt, to direct staff to draft a letter of support for Grand

County's grant application to the CWCB's water supply reserve account for construction of the aforementioned Grand County RICD. Motion carried unanimously with Director Newberry abstaining from the vote.

General Manager's Report.

Approval of Contract with Geosurv:

Director Mathis moved, seconded by Director Stavney, to approve a contract with Geosurv in an amount not to exceed \$35,000 for continued monument surveying at Ritschard Dam at Wolford Mountain Reservoir. Motion carried unanimously.

Approval of Contract Amendment with Hydros Consulting:

Director Mueller moved, seconded by Director Trampe, to approve a contract amendment with Hydros Consulting in an amount not to exceed \$10,000 for continued work on the Compact Water Bank. Motion carried unanimously.

Approval of Contracts for Relief Ditch Diversion Dam Reconstruction Project:

After discussion, Director Mueller moved, seconded by Director Trampe, to table this agenda item until the October 2012 quarterly meeting. Motion carried unanimously.

Approval of Pass-Through Contract with Aqua Ria, Ltd.:

Director Alvey moved, seconded by Director Acquafresca, to approve entering into a pass-through contract with Aqua Ria, Ltd. on behalf of the Middle Colorado River Watershed Partnership in an amount not to exceed \$100,000 with the River District's Enterprise receiving a 1% management fee. Motion carried unanimously.

Approval of Pass-Through Contract with Western Colorado Conservation Corps:

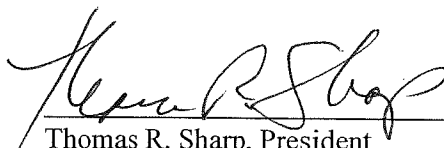
Director Merritt moved, seconded by Director Acquafresca, to approve entering into a pass-through contract with the Western Colorado Conservation Corps on behalf of the Middle Colorado River Watershed Partnership in an amount not to exceed \$66,000 with the River District's Enterprise receiving a 1% management fee. Motion carried unanimously.

Ruedi Reservoir Contracting Update:

Eric Kuhn referred the Board to a memo from Dan Birch summarizing three Ruedi Reservoir water contracts the River District is currently negotiating with the Bureau of Reclamation.

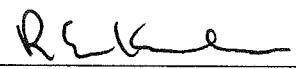
Adjourn.

There being no other business before the Board, President Sharp adjourned the meeting at 12:14 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.

A handwritten signature in black ink, appearing to read 'Peter Fleming', written over a horizontal line.

Peter Fleming, General Counsel