

**MINUTES<sup>1</sup>**  
**FOURTH REGULAR QUARTERLY MEETING OF THE**  
**BOARD OF DIRECTORS OF THE**  
**COLORADO RIVER WATER PROJECTS ENTERPRISE OF THE**  
**COLORADO RIVER WATER CONSERVATION DISTRICT**

**October 17, 2012**

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Pursuant to notice duly and properly given, the Fourth 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 October 17, 2012 at the Hotel Denver, 402 7<sup>th</sup> Street, Glenwood Springs, Colorado.

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**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
Kai Turner	Gary Martinez

**Directors not present:**

Rebie Hazard

**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  
Mary Kalmes, Senior Accountant, CRWCD  
Laurie DePaolo, Executive Assistant, CRWCD  
Ray Tenney, Deputy Chief Engineer, CRWCD  
Don Meyer, Senior Water Resources Engineer, CRWCD  
Mike Eytel, Water Resources Specialist, CRWCD  
Jim Pokrandt, Communication and Education Specialist, CRWCD  
Audrey Turner, Administrative Chief, CRWCD  
Denise Hussain, Records Specialist, CRWCD  
Martha Moore, Public Affairs Specialist, CRWCD  
Alesha Frederick, Business Support Specialist, CRWCD  
Larry Sweeney, Colorado Conservation Board  
Lindsay George, The Applegate Group

**Quorum.**

President Sharp found a quorum and called the meeting to order at 10:54 a.m.

**Review and Agenda and Meeting Objectives.**

Peter Fleming requested the addition of Organization Resolution and Agreement for Credit Card Program as agenda item 8.b.vi., moving the current agenda item 8. b. vi. to 8. b. vii. Director Merritt moved, seconded by Director Stavney, to approve the agenda as amended. Motion carried unanimously.

**Approval of Minutes and Actions Taken.**

Director Alvey moved, seconded by Director Mueller, to approve the minutes and actions taken at the Third Regular Quarterly Meeting, July 17, 2012. Motion carried unanimously.

**Financial Matters.**

Director Mueller moved, seconded by Director Mathis, to accept the treasurer's reports for June, July and August 2012. Motion carried unanimously.

**Budget Hearing.**

President Sharp opened the 2013 budget hearing.

Eric Kuhn reported that the budget notice was published in local papers and that copies of the budget were sent to each county to be posted and were available to the public at the district office and on the district's website. Comments were requested from the public on the website. No public comment was received.

**Resolution for 2012 Enterprise Fund Budget Amendments:**

Director Alvey moved, seconded by Director Dewey, to adopt a resolution summarizing expenditures and revenues for the Colorado River Water Projects Enterprise and adopting an amended budget for the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise for the calendar year beginning on the first day of January 2012 and ending on the last day of December 2012. Motion carried unanimously.

**Resolution to Adopt 2013 Enterprise Fund Budget:**

Director Alvey moved, seconded by Director Dewey, to adopt a resolution summarizing expenditures and revenues for the Colorado River Water Projects Enterprise and adopting a budget for the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise for the calendar year beginning on the first day of January 2013 and ending on the last day of December 2013. Motion carried unanimously.

**Resolution to Appropriate Sums of Money:**

Director Alvey moved, seconded by Director Dewey, to adopt a resolution appropriating sums of money to the Colorado River Water Projects Enterprise of the Colorado River Water Conservation District acting by and through its Colorado River Water Projects Enterprise in the amount of \$9,529,351 and for the purpose as set forth below for the 2013 budget year. Motion carried unanimously. (The resolutions are attached as Appendices A.-C.)

**Discussion of Refinancing/Restructuring CWCB Loans.**

Director Merritt moved, seconded by Director Mathis, to authorize the payoff of the River District's

outstanding Wolford Mountain Reservoir loan with the Colorado Water Conservation Board. Motion carried unanimously.

**Pass-Through Contract Management Issues.**

Eric Kuhn recounted the Board's discussion of pass-through contract management issues that occurred during the October 5, 2012 special joint meeting and the process the River District employs for pass-through contracts. This includes weighing factors such as: Does this activity further the District's mission, TABOR implications to the Enterprise, and potential liability issues. In addition to the aforementioned process, for future requests, staff will require a formal statement from any entity requesting a pass-through contract explaining the reasons for the pass-through contract request and the benefits of the project to the District. Also, legal analysis of potential risk factors will continue to be conducted on any contract request.

**Project Operations Update.**

**Wolford Mountain Reservoir Operations:**

John Currier reported that monitoring of dam settlement is continuing and noted that the reservoir will be at its lowest level since 2003. It will be approximately 35 feet below full pool.

**Approval of Contract Amendment with Expert Excavation:**

Director Mathis moved, seconded by Director Alvey, to approve a contract extension amendment with Expert Excavation for a period of one year through October 31, 2013. Motion carried unanimously.

**Approval of Contract with Ed's Excavating Raindrop Water:**

Director Mueller moved, seconded by Director Trampe, to approve a contract with Ed's Excavating d/b/a Raindrop Water in an amount not to exceed \$32,000 for water hauling and other tasks as directed by staff. Motion carried unanimously.

**Elkhead Reservoir Operations:**

Ray Tenney reported that approximately 6,500 acre feet of water was released this year to benefit endangered fishes. He also reported that ongoing investigations, discussions, and preliminary study results for a hydropower plant at Elkhead Reservoir are promising.

**Approval of Craig III Agreement:**

Director Merritt moved, seconded by Director Trampe, to approve the Craig III agreement for OM&R at Elkhead Reservoir. Motion carried unanimously.

**10,825 Update:**

Dan Birch reported that contract negotiations are continuing with the Bureau of Reclamation for the 5,412.5 acre-foot and 2,000 acre-foot Ruedi Reservoir water contracts. Completion of the contracts is expected by the end of 2012.

**Approval of Out-of-Basin Use for 5,412.5 and 2,000 Acre-Foot Ruedi Reservoir Water Contracts:**

Pursuant to the River District's authority granted by the Fryingpan-Arkansas Project Operating Principles, Director Trampe moved, seconded by Director Martinez, to approve the use of the 5,412.5 and 2,000 acre-foot Ruedi Reservoir water contracts as contemplated, with the water being used within Water Division 5, but facilitating transmountain uses outside the Colorado River in association with the 10,825 process. Motion carried unanimously.

**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. Joint Application of River District and Eagle Park Reservoir Co. for Homestake Exchange, Case No. 09CW28, Water Division 5.
- ii. River District Conditional Water Rights for Tyler Tailwater Pump, Pipeline, and Exchange.
- iii. River District Conditional Water Rights for Wolford Mountain Reservoir Refill Storage Right.
- iv. Elkhead Reservoir Fish Screen.

Director Mueller 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 11:59 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 matters:

- i. Joint Application of River District and Eagle Park Reservoir Co. for Homestake Exchange, Case No. 09CW28, Water Division 5.
- ii. River District Conditional Water Rights for Tyler Tailwater Pump, Pipeline, and Exchange.
- iii. River District Conditional Water Rights for Wolford Mountain Reservoir Refill Storage Right.
- iv. Elkhead Reservoir Fish Screen.

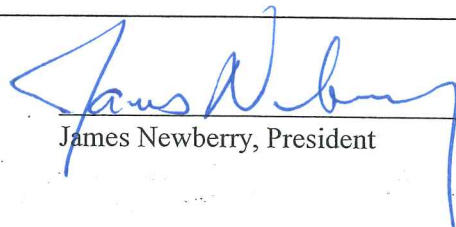
Director Mueller moved, seconded by Director Trampe, to ratify the River District's Water Projects Enterprise Amended Resolution. Motion carried unanimously.

Jason Turner reported that a request had been received from EMRE for a Wolford Mountain Reservoir water marketing contract with the option of treating the water for potable purposes or using it to irrigate its property that lies adjacent to Wolford Mountain Reservoir's Red Dirt Arm. Because of uncertainties related to the Water Quality Control Commission's recent Direct Use Water Supply classification and an outstanding access dispute with EMRE, the District has opted not to enter into water marketing contract negotiations until the access issue has been resolved.

Director Stavney moved, seconded by Director Mueller, to adopt an organization resolution and agreement for the purpose of obtaining gas-only credit cards for the River District fleet. Motion carried unanimously.

**Adjourn.**


There being no further business before the Board, President Sharp adjourned the meeting at 12:16 p.m.



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James Newberry, President

ATTEST:




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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.*



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Peter Fleming, General Counsel