

MINUTES¹

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

December 6, 2012

Pursuant to notice duly and properly given, a special joint meeting telephone conference 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 Thursday December 6, 2012 at the offices of the Colorado River Water Conservation District, 201 Centennial Street, Glenwood Springs, Colorado.

Directors participating during all or part of the meeting:

Thomas R. Sharp, President	Tom Alvey
David H. Merritt	Steve Acquafresca
John Ely	Jon Stavney
Rebie Hazard	Kai Turner
Stephen M. Mathis	

Directors not participating:

Gary Martinez	James Newberry, Vice President
William S. Trampe	Warner Dewey
Tom Gray	Andrew A. Mueller

Others 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
Chris Treese, Manager, External Affairs, CRWCD
Jim Pokrandt, Communication & Education Specialist, CRWCD
Laurie DePaolo, Executive Assistant, CRWCD
Audrey Turner, Administrative Chief, CRWCD
Dave Kanzer, Sr. Water Resources Engineer, CRWCD
Denise Hussain, Records Specialist, CRWCD
Lorra Nichols, Paralegal, CRWCD
Alesha Frederick, Business Support Specialist, CRWCD
Loyal Leavenworth, Attorneys at Law

¹An 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 12:08 p.m.

Review and Approval of Agenda

President Sharp proposed the addition of Executive Committee Report as agenda item 1., with all subsequent agenda items renumbered accordingly. Director Alvey moved, seconded by Director Ely, to approve the agenda as amended. Motion carried unanimously.

Executive Committee Report.

President Sharp reported that the Executive Committee approved the salary range adjustments as recommended by the Owens Group 2012 salary survey including the adjusted recommendation for the External Affairs Manager position.

Board Action Items.

Approval of Contract with SC Environmental, Hydros Consulting and Ratification of Stipulation in Case No. 09CW28, Water Division 5:

Director Stavney moved, seconded by Director Hazard, to approve the following items: a contract with SC Environmental in an amount not to exceed \$40,000; a contract amendment with Hydros Consulting in an amount not to exceed \$20,000; and, ratification of Stipulations with the State and Division Engineers and Colorado Water Conservation Board in the Homestake Exchange, Case No. 09CW28, Water Division 5. Motion carried unanimously.

Approval of Contract with Colorado Department of Public Health and Environment (CDPHE), Re: 319 Study:

Director Acquafresca, moved, seconded by Director Hazard, to approve pass through contract with CDPHE on behalf of the Middle Colorado River Watershed for implementation of a 319 study, with the River District Enterprise receiving a 1% management fee. Motion carried unanimously with Director Merritt abstaining from the vote.

Ruedi Reservoir Contracting Update.

Dan Birch summarized agreements necessary to obtain Ruedi Reservoir water contracts for implementation of the 10,825 solution which will benefit endangered fishes and fulfill the Colorado River water users' obligation pursuant to the 15-Mile Reach Programmatic Biological Opinion as well as agreements related to the purchase of all remaining Ruedi Reservoir contract water.

Contracts for fulfilling the 10,825 solution include 5,412.5 and 2,000 acre-feet contracts for Ruedi Reservoir water. The River District's Enterprise will contribute \$1.1 million for the 5,412.5 af contract and will be reimbursed in the amount of \$500,000 by the CWCB. The remainder of the purchase price will be funded by installment by Reclamation's allocation of excess capacity contract revenues from the Fryingpan-Arkansas Project. This will satisfy the West Slope's one-half obligation of the water users' 10,825 obligation. The River District will purchase the 2,000 af "insurance pool" to offset impacts to water users that may be caused by the implementation of the Red Top Valley Ditch/Granby Reservoir one-half of the 10,825 solution. The River District will be reimbursed by Denver Water.

The purchase agreements for the remainder of available Ruedi Reservoir water include the Contributed Funds Act Agreement with the Bureau of Reclamation (Reclamation) to cover Reclamation's costs associated with

the NEPA process and contracting expenses (approved at the October 2012 quarterly meeting), and a West Slope cost share agreement among West Slope entities purchasing the remaining available Ruedi Reservoir water.

Mr. Birch also reported that Encana and the Battlement Mesa Metropolitan District have withdrawn their purchase requests totaling 4,498 af of Ruedi Reservoir water. As a result, there will be more water available for contracting by other West Slope entities.

Approval of Financial Agreement with U.S. Bureau of Reclamation:

Director Stavney moved, seconded by Director Acquafresca, to authorize staff to enter into a financial agreement with the Bureau of Reclamation for the purpose of fixing Ruedi contract prices at 2012 levels for future contracts (following NEPA) for up to 6,538.5 af of Ruedi Reservoir water and to direct staff to work with the Ute Water Conservancy District and others to divide the remaining water made available by Encana and the Battlement Mesa Metropolitan District withdrawing their contract requests. Motion carried unanimously.

Approval of West Slope Cost Share Agreement for Ruedi Reservoir Contributed Funds Act Agreement:

Director Merritt moved, seconded by Director Hazard, to approve the West Slope Cost Share Agreement for the Ruedi Reservoir Contributed Funds Act. Motion carried unanimously.

Approval of Ruedi Reservoir 5,412.5 af Contract:

Director Merritt moved, seconded by Director Mathis, to approve a contract with the Bureau of Reclamation for 5,412.5 af of Ruedi Reservoir water and authorize approval of non-substantive changes to the General Manager and General Counsel. Motion carried unanimously.

Approval of Denver Water IGA and Ruedi Reservoir 2,000 af Contract:

Director Alvey moved, seconded by Director Acquafresca, to approve an IGA with Denver Water and a 2,000 af contract for Ruedi Reservoir water, with the contract being contingent upon the execution of the Denver Water IGA for full reimbursement to the River District for the purchase price, and subject to final approval of both the General Manager and General Counsel. Motion carried unanimously.

General Counsel's Report.

Peter Fleming reported that issues remain regarding the Green Mountain Reservoir protocol agreement, however progress is being made toward resolution. He also relayed that the Grand County Board of County Commissioners have executed a 1041 permit for the Windy Gap Firing Project.

General Counsel's Report - Executive Session.

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

Joint Diligence Application of River District and West Divide Water Conservancy District, Case No. 11CW93, Water Division 5.

Director Merritt moved, seconded by Director Hazard, 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 1:09 p.m.

General Counsel's Report - Public Session.

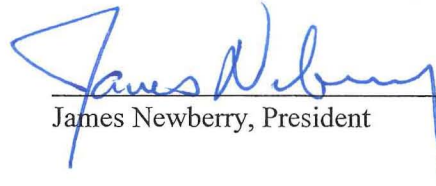
Peter Fleming reported that during Executive Session, the Board provided guidance to staff and General Counsel on the following matter:

Joint Diligence Application of River District and West Divide Water Conservancy District, Case No. 11CW93, Water Division 5.

Mr. Fleming also reported that Director Ely did not participate in Executive Session.

Adjourn.

There being no other business before the Board, President Sharp adjourned the meeting at 1:10 p.m.


James Newberry, 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