

RECORD OF PROCEEDINGS
MINUTES OF THE MEETING OF THE
LA PLATA ARCHULETA WATER DISTRICT

HELD

December 8, 2011

The regular meeting of the Board of Directors ("Board") of the La Plata Archuleta Water District ("District") was held on December 8, 2011, at 9:00 a.m. at 255 Ute Street, Ignacio, Colorado.

ATTENDANCE:

Directors in Attendance Were:

Dick Lunceford
Daniel R. Lynn, III
Marvin Conrad
Mark Williams

Director Absent Was:

Gregg Johnson, whose absence was excused

Also in Attendance Were:

Ed Tolen, General Manager
Steve Harris, Harris Water Engineering, Inc.
Brett Sherman, Harris Water Engineering, Inc.
Cheryl Lynn, Secretary of the Board
Barb Prose, FredrickZink & Associates
Karmen King, Grayling
Ann McCoy

In Attendance by Telephone Were:

Don Diones, George K. Baum and Associates
Eric Jorgenson, Collins Cockrel & Cole
Micki Wadhams, Collins Cockrel & Cole

DISCLOSURE OF
POTENTIAL CONFLICTS
OF INTEREST

Disclosure of potential conflicts of interest will be a topic of discussion at every Board meeting to address potential conflicts of interest that may arise as new agenda items are introduced. District Directors who have disclosed potential conflicts of interest can vote as issues arise. Chairman Lunceford disclosed to the Board that he is the owner of property in the Grandview area. Remaining Directors in attendance reported no conflicts of interest.

PUBLIC COMMENTS

There were no public comments.

MINUTES

Upon motion duly made by Director Lynn, seconded by Director Williams, and unanimously carried, the Minutes of the November 10, 2011, regular Board meeting were approved.

FINANCIAL REPORT

Upon review and motion duly made by Director Lynn, seconded by Director Conrad, and unanimously carried, the Board approved the payment of invoices as shown on the attached Accounts Payable statement.

2012 BUDGET

Chairman Lunceford then opened the public hearing to consider the proposed 2012 Budget, after noting that the Notice Concerning Proposed Budget was published pursuant to statute.

Following review and discussion, the Board acknowledged that the proposed 2012 Budget was in compliance with Article X, Section 20 of the Colorado Constitution.

Upon discussion and motion duly made by Director Lynn, seconded by Director Conrad, and unanimously carried, the Board approved and certified the 2012 Budget, and thereby adopted the Resolution to Adopt Budget, Set Mill Levy and Appropriate Sums of Money, approving the mill levy of 5.0 mills, in compliance with Article X, Section 20 of the Colorado Constitution.

Thereupon, Chairman Lunceford closed the public hearing.

PUBLIC RELATIONS/
COMMUNICATIONS
COMMITTEE REPORT

Ms. McCoy reported that she is preparing a newsletter to be distributed in January, 2012. Ms. McCoy will push for email distribution to reduce expenses. She will report at the January meeting.

LEGAL REPORT

Mr. Jorgenson advised the Board of actions necessary to issue bonds. It is anticipated that the Board will consider at the January 12, 2012 meeting an engagement letter from Sherman and Howard to serve as Bond Counsel, and information from George K. Baum and Associates, including rates. Mr. Jorgenson suggested that the 2011 audit process be accelerated to have the District's first audit report available if bonds are issued in 2012.

The Board and Mr. Jorgenson discussed putting in place a process to ensure that new oil and gas production is not incorrectly being excluded from the District's tax rolls. The Board acknowledged that there may be some difficulty in tracking parcels as a result of the changes in parcel numbers effected by the County Assessor. Mr. Tolen will contact people who can research the La Plata County Assessor's database to ensure properties are being properly added or excluded.

Mr. Jorgenson then presented and reviewed for the Board the Reimbursement Resolution, which creates reimbursement options for bond-related expenditures prior to issuance of any bonds. Upon discussion and motion duly made by Director Conrad, seconded by Director Williams and unanimously carried, the Board adopted the Reimbursement Resolution, a copy of which is attached hereto and incorporated herein by this reference.

Mr. Jorgenson then presented and reviewed for the Board the Resolution Adopting the Colorado Special District Records Retention Schedule, which will allow retention of proper District documents and disposal of documents no longer required to be retained. Upon discussion and motion duly made by Director Conrad, seconded by Director Lynn and unanimously carried, the Board adopted the Resolution, a copy of which is attached hereto and incorporated herein by this reference.

Directors reviewed the 2012 Schedule of Board Meetings. Ms. Wadhams advised the Board of the regular election scheduled for May 8, 2012, and advised Directors if there are enough candidates to fill the three (3) positions up for election, then the election can be cancelled. The Board will consider an Election Resolution at the January 12, 2012, Board meeting.

ENGINEER REPORT

Mr. Harris reported that two (2) recommendations have resulted from the rate setting work sessions conducted in October and November. The first recommendation is a dollar figure for a capital investment fee for a single family home; the second recommendation is a rate structure for a single family home based on gallons used.

Mr. Harris further reported that CWCB may request that the District purchase the total amount of water the District requested in order to arrive at 10,500 acre feet of water purchased for an estimated \$36 million. CWCB may assist with financing.

Mr. Harris reported that applications for Water and Power Authority grants will be due this Spring. He noted that funding provided by the Authority will help supplement the lack of funding by DOLA for the last three to four years. Governor Hickenlooper has proposed leaving \$10 million in the DOLA account for fiscal year 2013. Applications for DOLA grants are due in the Fall, 2012. Mr. Harris and Mr. Tolen will work on the grant application for filing with the Water and Power Authority. The Bureau of Reclamation Water and Conservation Management grant applications are due February 7, 2012.

Mr. Sherman provided copies of CDOT Oxford intersection plans to the Board. Mr. Sherman has provided the County with the District's design criteria for placing sleeves in the intersection. Mr. Sherman has requested that the District's intersection design criteria be included in CDOT's bid package.

ENVIRONMENTAL REPORT

Ms. King reported that any changes to current pipe design alignment should be made with consideration for the amount of disturbance to biological, cultural, endangered species, and wetlands issues related to the project. When the final alignment has been determined she will submit the paperwork in early January, 2012.

GENERAL MANAGER REPORT

Mr. Tolen advised the Board of the Water Congress meeting to be held January 25-27, 2012, at the Hyatt Regency at the Denver Tech Center. Mr. Harris and Mr. Tolen will attend the Water Congress meeting. Mr. Harris, Ms. Lile, and Mr. Tolen will also attend a Portfolio and Tradeoff Workshop that will discuss water needs in the year 2050 time frame.

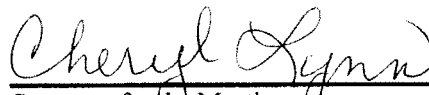
Mr. Tolen submitted and reviewed a proposed Employee Benefits Package, a copy of which is attached hereto. Upon discussion and motion made by Director Lynn, seconded by Director Williams, and unanimously carried the Board approved the attached Employee Benefit Package.

EXECUTIVE SESSION

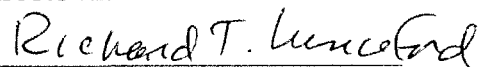
Upon motion made by Director Williams, seconded by Director Lynn, and unanimously carried the Board convened in executive session to confer with an attorney for purpose of receiving legal advice on specific legal questions (Section 24-6-402(4)(b), C.R.S.) and for determining positions relative to matters that may be subject to negotiations, developing strategies for negotiations, and instructing negotiators (Section 24-6-402(4)(e), C.R.S.). The Board reconvened in regular session at 11:30 a.m.

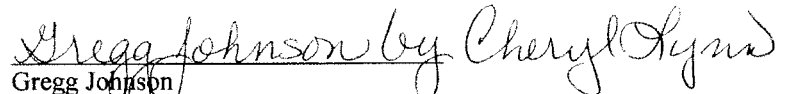
ADJOURNMENT


The meeting was adjourned at 11:35 a.m.

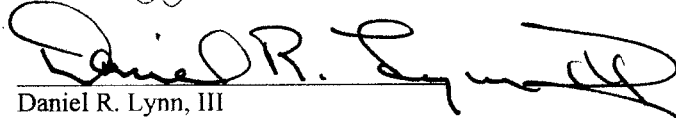

Secretary for the Meeting


APPROVED


Richard T. Lumceford


Gregg Johnson


Mark Williams


Daniel R. Lynn, III


Marvin Conrad