

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

HELD

June 9, 2011

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

ATTENDANCE

Directors in Attendance Were:

Richard T. Lunceford, Chairman
Daniel R. Lynn, III
Marvin Conrad
Mark Williams
Gregg Johnson

Also in Attendance Were:

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 Harold, Public Relations

In Attendance by Telephone Were:

Eric Jorgenson, Collins Cockrel and Cole
Micki Wadhams, Collins Cockrel and Cole

NOTICE

Chairman Lunceford stated that Notice had been properly posted at least twenty-four (24) hours prior to the meeting at the designated posting location, 255 Ute Street, Ignacio, Colorado. Notice was also posted at the La Plata County Clerk's office.

**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. Directors present reported no conflicts of interest.

MINUTES

Upon motion duly made by Director Williams, seconded by Director Johnson, and unanimously carried, the Board approved the Minutes of the May 12, 2011, Regular Board Meeting.

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, following receipt of the property tax revenue check to be issued to the District on June 10th by the County Treasurer.

**FINANCE COMMITTEE
REPORT**

The Board reviewed the schedule of payables presented by Barb Prose, including the anticipated cash report based on information provided by the La Plata County Treasurer concerning the check to be issued to the District on June 10th. Funds that are or will be available for investment after payment of all outstanding bills in the next 30 days are in the

amount of \$1,567,000, plus an additional \$104,012.15 from PILT payment received earlier this year that has been held in escrow. The Board reviewed the bids received from local banks for certificates of deposit. Eight banks were asked to bid on minimum deposits of \$100,000; five banks submitted bids for maturities of 3 months to 47 months. Upon motion made, seconded and passed, the Treasurer was directed to invest \$1,000,000 in \$250,000 increments in certificates of deposit for:

3 months at Bank of Colorado (bid 0.25%);
6 months at First Southwest (bid 0.65%);
12 months at First Southwest (bid 0.90%); and
18 months at First Southwest 1.00%.

Only one signature will be required to open and redeem certificates of deposit and at least two alternate signatories will be designated for each certificate of deposit in addition to the Treasurer. Any periodic interest payments on any certificate of deposit shall be added to the certificate of deposit and paid to the District at maturity.

Discussion concerning investment of the PILT proceeds in a Certificate of Deposit earmarked for future purchase of water was tabled until the June meeting.

The rate on the Colorado Local Government Liquid Asset Trust (COLO TRUST) as of June 8, 2011 was 0.11 %. It was recommended that the District defer opening a COLO TRUST Account at this time. Rates from local banks for money market, savings or other similar accounts will be considered at the next meeting for other liquid assets that will be carried by the District for the remainder of 2011.

Office Lease – Chairman Lunceford executed the Office Lease Agreement previously approved by the Board. Ms. Prose will send it to the Pine River Soil Conservation District for signature. Upon receipt of the fully executed Agreement Ms. Prose will forward the rent checks.

PUBLIC RELATIONS/
COMMUNICATIONS
COMMITTEE REPORT

Ms. Harold reported that the LAPLAWD newsletter has been mailed, and she is working on updating the website.

LEGAL REPORT

Mr. Jorgenson reported that the Stipulation and Joint Motion for Final Disposition of Appeal has been filed with the Court. Judge Dickinson was on vacation in May and has not yet issued the Order.

ENGINEER REPORT

Mr. Harris updated the Board on the ALP water availability and the opportunities LAPLAWD may have in purchasing water through the Colorado Water Conservation Board. Based on the Master Plan, LAPLAWD would want approximately 1,400 AF. One concept would be for LAPLAWD to request an option from the Colorado Water Conservation Board for a certain amount of water, which could require LAPLAWD paying the annual operation, maintenance and replacement fee for the water, which is currently estimated at \$10/AF. Mr. Jorgenson and Mr. Harris will prepare a Term Sheet for the proposal.

Mr. Harris reviewed the rate setting process and options for the Board. Based on information gathered from those present, Mr. Harris will develop a draft rate setting process option for the July 14, 2011, Board meeting.

Mr. Sherman reported that Brilliam Engineering has presented a draft Feasibility Study on the joint treatment plant to the engineers and the Town of Bayfield. The Board can expect the final report at their July 14, 2011, meeting. Mr. Sherman further reported that the Animas La Plata Study and Recommendations will be ready for review by the end of the month.

Harris Water Engineering is also proceeding with a plan to define the pipeline routes and is working on the LAPLAWD Rules and Regulations. The Board will need to discuss the TMF (Technical, Managerial, and Financial) rules and regulations outlining how various situations will be handled.

ENVIRONMENTAL
REPORT

Ms. King reported that the agencies with which she is working (BLM and Forest Service) will require Environmental Assessments to be completed when LAPLAWD crosses their respective properties. She will assemble involved parties to inform and discuss aspects of the project so all are familiar with what is being planned. An Environmental Assessment has a public review requirement which will fit well with the pre-construction meetings that will take place to keep people informed as LAPLAWD moves into the construction phase of the project.

GENERAL MANAGER
SEARCH STATUS

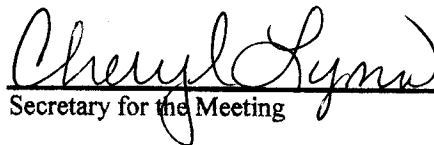
After discussion the Board set Monday, July 11, 2011, as the date to interview the top candidates for the position, with July 18, 2011, as the alternate date.

ANY OTHER MATTER
WHICH MAY COME
BEFORE THE BOARD

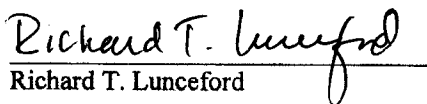
Director Johnson requested that funds be pursued for use by LAPLAWD from the Tribe's Economic Development Fund. Mr. Harris will provide information to the Board regarding how the funds can be used and what steps need to take place to request the funds.

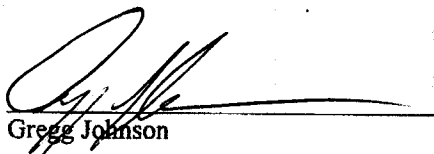
ADJOURNMENT

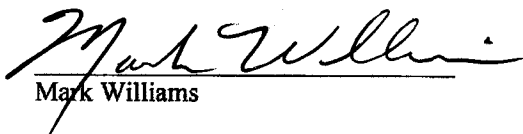
The meeting was adjourned at 10:55 a.m.

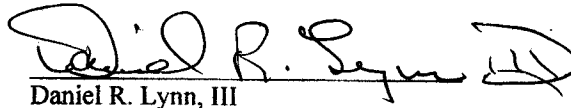

Secretary for the Meeting

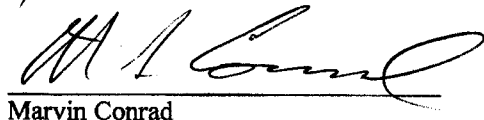
APPROVED


Richard T. Lunceford


Gregg Johnson


Mark Williams


Daniel R. Lynn, III


Marvin Conrad