

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

November 11, 2010

The meeting of the Board of Directors ("Board") of the La Plata Archuleta Water District ("District") was held on November 11, 2010, 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  
Sidny Zink, FredrickZink & Associates  
Barb Prose, FredrickZink & Associates  
Ann McCoy Harold

In Attendance by Telephone Were:

Eric Jorgenson, Collins Cockrel and Cole  
Micki Wadhams, Collins Cockrel and Cole  
Eric Marburger, ESM Consulting Services

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.

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.

APPROVAL OF  
MINUTES

Upon motion duly made by Director Lynn, seconded by Director Conrad, and unanimously carried, the Board approved the Minutes of the October 14, 2010 Regular Board Meeting. Upon motion duly made by Director Johnson, seconded by Director Lynn, and unanimously carried, the Board approved the Minutes of the October 19, 2010 Special Board Meeting.

FINANCIAL REPORT

Upon review and motion made by Director Williams, seconded by Director Lynn, and unanimously carried, the Monthly Accounts Payable were approved. Mr. Harris noted that an invoice had been presented to Southwest Water Conservancy District for reimbursement, primarily for the cost of the General Manager search.

It was discussed that the District will be required to maintain Workers Compensation insurance coverage once the Directors start receiving Director fees, as well as for any

employee of the District. Upon motion made by Director Williams, seconded by Director Johnson, and unanimously carried the Board approved payment of the Workers Compensation insurance premium, anticipated to be approximately \$100 annually. Ms. Zink further reported on discussions with the District's auditor, Karla Clark regarding determining the District is an Enterprise. Following discussion, the Board agreed that it would not determine to be an Enterprise at this time.

## 2011 BUDGET

Chairman Lunceford then opened the public hearing to consider the proposed 2011 Budget, after noting that the Notice Concerning Proposed Budget was published pursuant to statute. Following review and discussion, the Board acknowledged that the 2011 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 Johnson, and unanimously carried, the Board approved and certified the 2011 Budget, and thereby adopted the Resolution to Adopt Budget, Set Mill Levy and Appropriate Sums of Money, approving the mill levy of 5.000 mills, in compliance with Article X, Section 20 of the Colorado Constitution, and the approval of the electors at the May 4, 2010 regular election.

Thereupon, Chairman Lunceford closed the public hearing.

## ENGINEER REPORT

Mr. Sherman reported that Justin Clifton, Bayfield Town Manager, continues work on the RFQ for the District and the Town of Bayfield to hire an engineering firm to conduct a feasibility study for cooperative water efforts between the two entities. The goal is to hire a firm by the end of the year.

Mr. Sherman further reported that BLM continues to work on power sources for the diversion point(s) for the Animas La Plata Project.

Mr. Harris reported on PRID issues. The PRID service area is the Pine River Basin, the Florida River Basin South of Highway 160 and East of the Florida River, and Arboles. PRID is continuing to pursue a final water decree.

Mr. Harris reported that there has been no movement in USDA's Rural Development program to allow funding for the District

## LEGAL REPORT

Mr. Jorgenson reported on the status of the appeal of the Southern Ute Indian Tribe. The Notice of Appeal was filed with the District Court on November 10, 2010. Mr. Jorgenson summarized the briefing schedule and discussed the importance of engaging local counsel to assist with the briefs and any Court appearance. Mr. Jorgenson has discussed this with Michael Chapman of Shand, Newbold & Chapman, a law firm in Durango, who has provided an engagement letter from his firm. The engagement letter provides that the legal fees will be paid when funds are available, with no interest through July 31, 2011. Upon motion made by Director Lynn, seconded by Director Johnson, and unanimously carried the Board authorized the engagement of Shand, Newbold & Chapman as local counsel and authorized Chairman Lunceford to sign the engagement letter. Mr. Harris and Mr. Sherman will continue, as they have in the past, to work on behalf of the District to seek an amicable working relationship with the Southern Ute Indian Tribe.

Mr. Jorgenson reported on the status of the filings of the Applications for Finding of Reasonable Diligence with the Water Court on the District's existing conditional water rights. Upon review and motion duly made, seconded and unanimously carried, the Board approved the filing of such Applications.

Thereupon, Mr. Harris and Mr. Sherman left the meeting. Mr. Marburger joined the meeting via telephone.

FINANCE COMMITTEE  
REPORT

No report.

PUBLIC RELATIONS/  
COMMUNICATIONS  
COMMITTEE REPORT

Chairman Lunceford asked that Ms. McCoy Harold participate in public relations and communications efforts after the first of the year.

ENVIRONMENTAL  
REPORT

No report. Ms. King was not present for the meeting.

GENERAL MANAGER  
SEARCH COMMITTEE  
REPORT

The Board continues to search for a well qualified person to serve as the General Manager for the District.

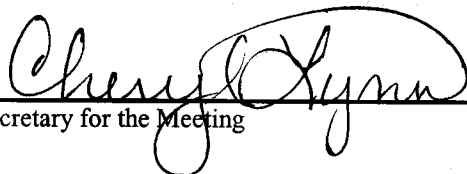
EXECUTIVE SESSION

Chairman Lunceford then moved that the regular meeting of the Board be temporarily adjourned and that the Board reconvene in Executive Session for the sole purpose of receiving legal advise on negotiation issues in accordance with Section 24-6-402(4)(b) and (e), C.R.S. The motion was seconded and unanimously carried. The Board temporarily adjourned the regular meeting at 10:30 a.m. and reconvened in Executive Session.

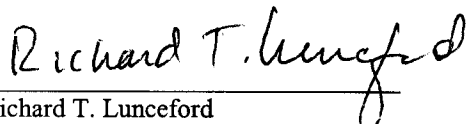
The Board then reconvened in regular session at 11:37 a.m.


ADJOURNMENT

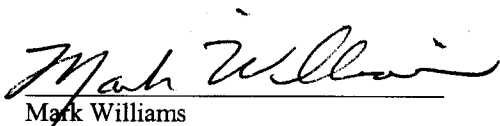
The meeting was adjourned at 11:37 a.m.

  
Secretary for the Meeting

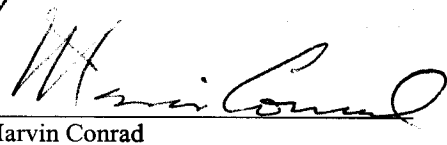
APPROVED

  
Richard T. Lunceford

  
Gregg Johnson

  
Mark Williams

  
Daniel R. Lynn, III

  
Marvin Conrad