

RECORD OF PROCEEDINGS

MINUTES OF THE MEETING OF THE

LA PLATA ARCHULETA WATER DISTRICT

HELD

July 8, 2010

The meeting of the Board of Directors ("Board") of the La Plata Archuleta Water District ("District") was held on July 8, 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 of Harris Water Engineering
Amy Kraft of Harris Water Engineering
Cheryl Lynn, Secretary of the Board

In Attendance by Telephone Were:

Eric Jorgenson of Collins Cockrel and Cole
Micki Wadhams of Collins Cockrel and Cole
Don Diones of George K. Baum & Company
Eric Marburger of ESM Consulting Services (9:20 a.m. to 9:45 a.m.)

NOTICE

Chairman Lunceford stated that Notice had been properly posted at least seventy-two (72) 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 Johnson, seconded by Director Lynn, and unanimously carried, the Minutes of the June 2, 2010 regular Board meeting were approved.

GENERAL MANAGER
SEARCH

The Board then discussed with Mr. Marburger the scope of services he could provide to the District in searching and selecting a General Manager. Mr. Jorgensen outlined the legal requirements as set forth in the Open Records Act. Upon discussion and motion duly made by Director Conrad, seconded by Director Lynn, and unanimously carried, the Board authorized Mr. Jorgenson to work with Mr. Marburger in finalizing a Letter of Engagement with ESM Consulting Services, and authorized Chairman Lunceford to

execute such Letter of Engagement after the Letter of Engagement is circulated to the members of the Search Committee.

The Board reviewed the General Manager job description. Upon discussion, the Board requested Mr. Harris to revise such job description and circulate it to the Search Committee, Mr. Jorgenson and Mr. Marburger.

FINANCIAL REPORT

Mr. Harris reported that the Southwestern Water Conservation District (SWCD) has approved up to a \$50,000 grant to the District in fiscal year 2010 and up to a \$50,000 loan in fiscal year 2011 for costs associated with retaining a General Manager. SWCD provided a Document of Understanding between the District and SWCD for such funding. Upon review the Board authorized Chairman Lunceford to execute the Document of Understanding and return to SWCD.

Upon motion made by Director Williams, seconded by Director Lynn, and unanimously carried, the disbursements were approved for payment. The Board noted that the semi-annual payment was due to Timothy Pacheco under the Landscape Maintenance Agreement.

FINANCE

COMMITTEE REPORT

Mr. Jorgenson reviewed the memorandum describing the impacts of the proposed Amendments 60 and 61 and Proposition 101 on special districts, if passed at the November election. At the request of Director Williams, he will provide a Resolution to oppose all three statewide ballot issues for discussion and possible adoption at the August 12, 2010, Board meeting.

Ms. Kraft reported that the District remains in good standing on the Project Eligibility List for the Drinking Water Revolving Fund with the Water Quality Control Division of the Colorado Department of Public Health and Environment. The annual update has been completed in anticipation of remaining on this Project Eligibility List.

PUBLIC RELATIONS/ COMMUNICATIONS

COMMITTEE REPORT

There was no Public Relations/Communications Committee report.

EXCLUSION HEARING

Chairman Lunceford opened the public hearing to consider the Petitions for Exclusion filed with the Board. Upon motion made by Director Johnson, seconded by Director Conrad and unanimously carried the Board approved such exclusions and approved the Order for Exclusion of Real Property, a copy of which is attached hereto and incorporated herein by this reference. The Board directed Mr. Jorgenson to process the exclusion with the La Plata County District Court. Thereupon, Chairman Lunceford closed the public hearing.

LEGAL REPORT

Exclusion Policy – The Board reviewed the Exclusion Policy and discussed the cost of processing each exclusion request. Upon discussion and motion duly made by Director Johnson, seconded by Director Lynn, and unanimously carried, the Board approved the revised Exclusion Policy, providing a fee of \$1,000 per property must be submitted with a Petition for Exclusion, and the addition of the following sentence to Paragraph 5 of the Exclusion Petition: “Petitions for Exclusion of property that is exempt from taxation shall not be considered by the Board and any such Petition shall be returned to the property owner.”

Inclusion Policy – The Board determined to table discussion of the Inclusion Policy until the August 12, 2010 Board meeting.

Pending Petitions for Exclusion – Mr. Jorgenson reported that the Southern Ute Indian Tribe has filed a Notice of Appeal of the Board's Order to deny the Tribe's three (3) Petitions for Exclusion of tax-exempt properties with the La Plata County Board of County Commissioners.

The Board discussed the pending Petitions which were insufficient and returned to the property owners for corrections and which have not yet been returned. Ms. Kraft further reported that she has received additional Petitions for Exclusion since the expiration of the Temporary Amendments to the Exclusion Policy. Upon discussion and motion made by Director Johnson, seconded by Director Lynn, and unanimously carried, the Board authorized Ms. Wadhams to send a letter to all the property owners who have not yet returned their corrected Petition, informing them that the deadline for returning such corrected Petition shall be August 27th in order for the Petition to be considered at the Board's September 9th regular meeting, and if not returned they would be subject to the new Exclusion Policy and fee for filing. Further, that the Petitions received by Ms. Kraft after April 17, 2010, shall be returned to the property owner with the instruction to execute the long form Petition for Exclusion and return the completed Petition with the exclusion fee of \$200, which was the policy current at the time such Petitions were filed with Ms. Kraft. In summary, the Board approved the exclusion fee structure as follows: Petitions received prior to the expiration of the Temporary Amendments to the Exclusion Policy will be exempt from an exclusion fee; Petitions received after the expiration of the Temporary Amendments to the Exclusion Policy, but before July 7, 2010, will be required to pay a \$200 exclusion fee, which was the Exclusion Policy in force at that time; and any Petitions received on or after July 8, 2010, shall be subject to the amended Exclusion Policy, requiring the exclusion fee of \$1,000 per property.

ENGINEER REPORT

Mr. Harris reported that four (4) environmental firms have submitted Statements of Qualifications to provide 404 Permitting services for the District. The Board determined to interview each of these firms on August 12, 2010, during the regular Board meeting and make a selection at that time. Ms. Kraft will forward evaluation criteria to the Board.

Mr. Harris reviewed with the Board documentation regarding the Colorado River Water Availability Study.

The Colorado Water Conservation Board (CWCB) retained Brown and Caldwell to prepare Phase 1 of the Animas-La Plata Project (ALP) Water Marketing Supply and Demand Study in early 2010. In order to fully evaluate the ALP marketing options a Phase 2 has been developed which is separated into three subphases, 2A, 2B, and 2C. The CWCB has requested that the District fund Phase 2C through a \$25,000 grant from the CWCB which will be paid to Brown and Caldwell, upon submission of an invoice, prior to the end of 2010. The scope of work for Phase 2C has been provided to the District and a letter agreement between the District and Brown and Caldwell has been developed. The CWCB will be primarily responsible for monitoring the work of Brown and Caldwell in relation to the scope of work. ~~Upon motion made by Director Williams, seconded by Director Conrad, and unanimously carried, the Board approved acceptance of a \$25,000 grant from the CWCB to be used to pay Brown and Caldwell for Phase 2C of the ALP Marketing and Demand Study according to the scope of work and authorized Chairman Lunceford to sign the letter agreement with Brown and Caldwell to conduct Phase 2C.~~

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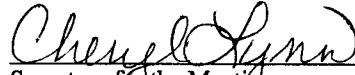
EXECUTIVE SESSION

Upon motion duly made, seconded and unanimously carried, Board adjourned to Executive Session for consultation with attorney for purposes of receiving legal advice (Section 24-6-402(4)(b), C.R.S.). The Board temporarily adjourned the regular meeting and reconvened in Executive Session.


The Board then reconvened in regular session.


ADJOURNMENT

The meeting was adjourned at 12:35 p.m.

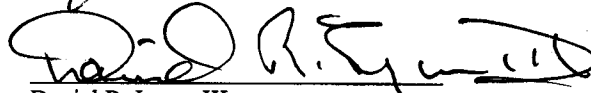

Secretary for the Meeting

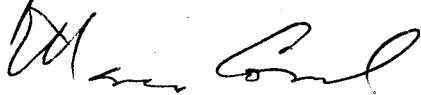
APPROVED


Richard T. Lunceford


Gregg Johnson


Mark Williams


Daniel R. Lynn, III


Marvin Conrad