

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

HELD

February 10, 2011

The regular meeting of the Board of Directors ("Board") of the La Plata Archuleta Water District ("District") was held on February 10, 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 of Harris Water Engineering, Inc.
Brett Sherman of Harris Water Engineering, Inc.
Cheryl Lynn, Secretary of the Board
Barb Prose of FredrickZink & Associates
Karmen King of Grayling
Ann McCoy Harold, Public Relations
Justin Clifton, Bayfield Town Manager
Debbie Renfro, Town of Bayfield
Ron Saba, Town of Bayfield

In Attendance by Telephone Were:

Eric Jorgenson of Collins Cockrel and Cole
Micki Wadhams of 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.

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

The Board reviewed the Minutes of the January 13, 2011 regular Board meeting, and discussed the revision of "CWBC" should be changed to "CWCB" on page 2. Upon motion duly made by Director Johnson, seconded by Director Williams, and unanimously carried, the Board approved the Minutes of the January 13, 2011 regular Board meeting as amended. Upon motion duly made by Director Johnson, seconded by Director Williams, and unanimously carried, the Board approved the Minutes of the February 2, 2011 special Board meeting.

ENGINEER REPORT

Mr. Sherman reported on the proposals received in response to the District's RFP for preparation of the Joint Treatment Plant Feasibility Study. The Review Committee recommended the engagement of Brilliam Engineering. The representatives of the Town of

Bayfield reported that the Town Trustees will be meeting on Tuesday, February 15th, and they will make the same recommendation to the Trustees. It is anticipated that the Study should be complete by May 24th. Upon discussion and motion duly made by Director Lynn, seconded by Director Johnson, and unanimously carried, the Board authorized contract negotiations with Brilliam Engineering of Pagosa Springs, Colorado, to complete the Scope of Work at a contract price not to exceed \$30,000 to be split evenly between the Town of Bayfield and the District, and authorized the Board officers to execute the final Contract

Thereupon, the representatives from the Town of Bayfield left the meeting.

FINANCIAL REPORT

Mr. Jorgenson summarized the requirement that now as a result of the Directors being compensated, the IRS considers the Directors "employees" of the District and any such compensation must be reflected on W-2s rather than 1099 forms. Ms. Prose discussed the option of each Board member receiving such Director fees through direct deposit into each Director's bank account. Upon discussion and motion duly made by Director Johnson, seconded by Director Williams, and unanimously carried, the Board approved the processing of such Director fee checks by stamped signature and direct deposit.

Ms. Prose reported that the District's audit firm, Clark, White, and Associates, Inc., will prepare the Application for Audit Exemption for Fiscal Year 2010 for filing with the State Auditor prior to March 31, 2011.

Upon review and motion made by Director Johnson, seconded by Director Williams, and unanimously carried, the Monthly Accounts Payable in the amount of \$14,859.55 were approved.

FINANCE COMMITTEE REPORT

The committee had no new information to report.

PUBLIC RELATIONS/ COMMUNICATIONS COMMITTEE REPORT

Ms. Harold presented a proposed plan for quarterly newsletters and revamping the District's website. Upon discussion and motion duly made by Director Lynn, seconded by Director Johnson, and unanimously carried, the Board accepted Ms. Harold's proposal in an amount not to exceed \$23,875, and authorized the officers to enter into an Independent Contractor Services Agreement with the Scope of Work as provided by Ms. Harold.

The Board then discussed the timing to conduct a debt authorization election. The next election day is November 1, 2011. The Board will further discuss this issue at the March 10th regular meeting.

LEGAL REPORT

Mr. Jorgenson reported that a meeting with the legal counsel for the SUTT is scheduled for February 22, 2011, to discuss opportunities for cooperative arrangements between the District and the SUTT.

ENGINEER REPORT, cont.

Mr. Harris reported that the Southwest Seminar will be held on April 1st, at the Doubletree, and recommended that the Board members consider attending. The registration fee is \$20-\$25 and could be paid by the District. Mr. Harris reported that the next meeting of the Animas La Plata project with the two (2) Indian Tribes is scheduled for March 2nd. Mr. Harris reported on continued work by the Bureau of Reclamation in preparation of a design of a treatment plant below the dam on Lake Nighthorse.

Mr. Sherman reviewed with the Board the Gantt chart of the construction and overall project schedule.

ENVIRONMENTAL
REPORT

Ms. King reported that she has met extensively with the utility engineers from CDOT to discuss location of utilities within corridor acquired rights-of-way. Mr. Sherman has been involved in discussions regarding utility location along county roads and within their rights-of-way with La Plata County. Ms. King reported that CDOT has encouraged work in the Highway 160 corridor to begin sooner than work in the Highway 550 corridor. Ms. King reported that ERO Resources will conduct a classified level 2 cultural resources inventory at a cost of approximately \$25,000 that will meet the needs of the Army Corps of Engineers and CDOT. She further reported that a team of students will conduct a wetlands inventory between May and September, 2011, at a cost of \$30,000 to \$35,000 (approximately \$15,000 per month); this inventory will be valid for five (5) years. Most of this work can be paid for with grant funding.

GENERAL MANAGER
SEARCH STATUS

Chairman Lunceford reported that the Employment Agreement has been submitted to Tim Connor, but no response has yet been received from Mr. Connor. Upon motion made by Director Johnson, seconded by Director Lynn, and unanimously carried the Board authorized Chairman Lunceford to execute the Employment Agreement with Mr. Connor, as written.

PROPERTY TAXES

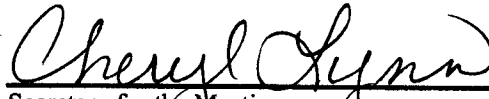
Chairman Lunceford reported that the County Assessor has erroneously taxed personal property on real property that has been excluded from the District. Once real property is excluded or included into the District, any personal property on such real property is also excluded or included without any further action by such property owner. It will be the County Assessor's responsibility to correct these errors.

GRANDVIEW


Chairman Lunceford advised the Board that the City of Durango has determined not to supply water to the Grandview area, and this issue will be part of discussions with La Plata County. Chairman Lunceford disclosed that he would participate in such meeting as an owner of property in the Grandview area.


ADJOURNMENT


The meeting was adjourned at 10:50 a.m.

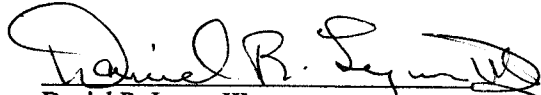

Secretary for the Meeting

APPROVED


Richard T. Lunceford


Gregg Johnson


Mark Williams


Daniel R. Lynn, III


Marvin Conrad