

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

HELD

May 12, 2011

The regular meeting of the Board of Directors ("Board") of the La Plata Archuleta Water District ("District") was held on May 12, 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
Paul Hanley, George K. Baum and Associates
Don Diones, George K. Baum and Associates

In Attendance by Telephone Was:

Eric Jorgenson, 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

Upon motion duly made by Director Lynn, seconded by Director Conrad, and unanimously carried, the Board approved the Minutes of the April 14, 2011, Regular Board Meeting.

FINANCIAL REPORT

Ms. Prose reported that a larger tax payment will be received on June 10, 2011. She will obtain new investment rates for a variety of term lengths for review by the Finance Committee and full Board of Directors. An investment plan to place some of the anticipated reserves in interest bearing accounts will be presented by the Finance Committee to the Board for their approval at the June 9, 2011 Board meeting.

Directors Johnson and Lynn advised the Board of their purchase of used furniture and equipment for the office. Upon motion duly made by Director Williams, seconded by Director Lynn, and unanimously carried, the Board approved the payment of current invoices, including the \$100,000 balance due to Collins Cockrel & Cole, Phase II; \$50,000 of

the \$327,173.24 balance due to Collins Cockrel & Cole, Phase III; and the \$62,434.04 balance due to Harris Water Engineering from District Formation through 2010.

Director Lynn asked if the monthly rent payable to the Pine River Conservation District had been paid or scheduled for payment. He reminded the Board that this rent was to commence at a rate of \$500 per month once funds became available to the District. He suggested that these rent payments should have commenced on March 1, 2011. A Lease will be prepared to formalize this arrangement. This payable will be presented for payment, including any past due amounts, at the June meeting, together with the Lease for the Board's approval.

FINANCE COMMITTEE REPORT

The Board discussed with Mr. Hanley and Mr. Diones the feasibility and costs associated with a debt authorization election and the preparatory work necessary to educate the electorate. Upon motion duly made by Director Lynn, seconded by Director Williams, and unanimously carried, the Board directed Mr. Hanley and Mr. Diones to conduct a mail survey and compile and report results to the Board in anticipation of the possibility of placing the debt authorization question on the ballot for the November 1, 2011 election. The Board was reminded that this election could be conducted as a coordinated election through the County Clerk's Office.

PUBLIC RELATIONS/ COMMUNICATIONS COMMITTEE REPORT

Mr. Hanley informed the Board that the first quarterly District newsletter is being printed and will be distributed, one per household, soon.

LEGAL REPORT

Mr. Jorgenson reported that the Stipulation and Joint Motion for Final Disposition of Appeal has now been approved by legal counsel for the District and the Tribe and it was presented to the Tribal Council on May 10, 2011 for approval. Mr. Jorgenson summarized the key points in the Stipulation:

1. The District acknowledges that Tribe's consent was required for inclusion of tribal lands in the District;
2. The Tribe consents to inclusion of Tribal Trust Lands and Tribal Fee Lands in the District;
3. Tribal Trust Lands and Tribal Fee Lands are not excluded from the District.

Upon motion duly made by Director Lynn, seconded by Director Johnson, and unanimously carried, the Board approved the Stipulation in the form presented; authorized Chairman Lunceford's to execute the Stipulation for the District; and approved forwarding the signed Stipulation to legal counsel for the Southern Ute Indian Tribe.

ENGINEER REPORT

Mr. Sherman reported that engineering plans are becoming more specific. With that in mind he and Mr. Harris reported that it may be necessary to acquire easements on private property from time to time when use of the public road right-of-way is precluded. He suggested that guidance from the Board will be needed on this issue to establish a process for negotiations and acquisition of such private easements for the District. The Board discussed the importance of having input in acquisitions and easements after a General Manager has been hired. Harris Water Engineering will hire a surveyor and a draftsman to assist with specific engineering plans.

Mr. Sherman reported informal findings to date of Brilliam Engineering regarding the Bayfield treatment plant and coordinated efforts with the District. A draft copy of the feasibility study is expected by May 20, 2011, to be reviewed and comments made by the Board. The final feasibility study is expected to be delivered June 17, 2011.

Mr. Harris discussed with the Board the importance of initiating a discussion regarding rates to be charged related to Capital Investment Fees and Water Service Charges, including possible provision for citizen input on these important issues. The Board agreed to continue this discussion in a future Board meeting.

ENVIRONMENTAL
REPORT

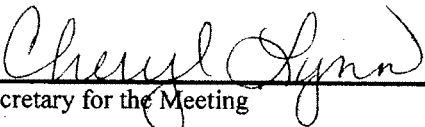
Ms. King reported that through discussions with involved agencies she has learned that the wetlands inventory will need to be conducted in segments rather than in a broadbased fashion as she had planned. The wetlands inventory is key to the cultural resources inventory. She distributed a list of parcels included in the Phase 1a part of the project. As part of the permitting process environmental assessments may be required on some of the parcels.

GENERAL MANAGER
SEARCH STATUS

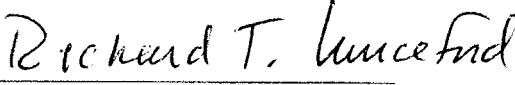
Directors Lynn and Johnson discussed with the Board their findings related to the recent applicants for the General Manager position. Additional resume' information will be forwarded by Mr. Marburger to assist the Search Committee and Board in their decision regarding candidates to be interviewed.


ADJOURNMENT

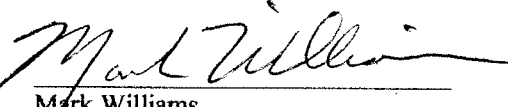
The meeting was adjourned at 12:12 p.m.



Secretary for the Meeting

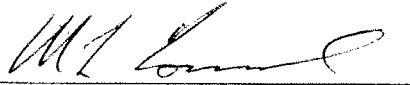
APPROVED:


Richard T. Lunceford


Gregg Johnson


Mark Williams


Daniel R. Lynn, III


Marvin Conrad