

RECORD OF PROCEEDINGS
MINUTES OF THE MEETING OF THE
LA PLATA ARCHULETA WATER DISTRICT
HELD
September 15, 2016

The regular meeting of the Board of Directors ("Board") of the La Plata Archuleta Water District ("District") was held on September 15, 2016, at 9:00 a.m. at 255 Ute Street, Ignacio, Colorado.

ATTENDANCE: Directors in Attendance Were:

Dick Lunceford
Dan Lynn
Ron Dent
Mark Williams
Gregg Johnson

Also in Attendance Were:

Ed Tolen, Manager
Nora Miller, Customer Service Representative
Brett Sherman, Harris Water Engineering, Inc.
Karmen King, Grayling LLC
Cheryl Lynn, Secretary of the Board

In Attendance by Telephone Were:

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

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 in attendance reported no conflicts of interest.

PUBLIC COMMENTS No members of the public were present.

APPROVAL OF
MINUTES

Upon motion duly made by Director Williams, seconded by Director Dent, and unanimously carried, the Minutes of the August 11, 2016, regular Board meeting were approved.

FINANCIAL REPORT

In Ms. Prose's absence, Brett Sherman distributed the September, 2016, Accounts Payable Report and September, 2016, Accountant's Compilation Report to the Board. After a thorough review and upon motion duly made by Director Williams, seconded by Director Dent, and unanimously carried, the Board approved the payment of invoices as shown on the attached Accounts Payable statement dated September 14, 2016.

FINANCE COMMITTEE
REPORT

Manager Tolen called the Board's attention to the Certification of Valuation by La Plata County Assessor for 2016, noting that the District's assessed valuation has been significantly reduced, but also informing them that the price of natural gas has rebounded to the 2014 price levels. As a result of the decreased assessed valuation, the general property tax income for 2017 is expected to be approximately \$900,000 less than 2016 income.

2017 Draft Budget – Mr. Tolen presented the draft 2017 Budget and requested the Board to carefully review and advise of any questions or revisions.

PUBLIC RELATIONS/COMMUNICATIONS

COMMITTEE REPORT The Board commended Manager Tolen for his proposed newsletter articles.

LEGAL REPORT Update on Phase 1C Issues – Executive Session

Update on Agreement with Los Pinos Ditch – Counsel Jorgenson and Manager Tolen jointly reported to the Board that the Los Pinos Ditch Board found the proposed terms of the Agreement between the District and the Los Pinos Ditch Company as proposed by the District Board unacceptable. The Board now expects to make improvements to the existing pipeline from Bayfield’s Pine River Pump Station when its raw water needs increase.

ENGINEER REPORT Water Haul Station – Mr. Sherman reported that four contractors had been requested to provide cost proposals on the water haul station. The fill station has been ordered. Six weeks are required for fabrication and transportation to our location. Upon motion duly made by Director Lynn, seconded by Director Dent, and unanimously carried, the Board authorized purchase of a second fill station. Mr. Sherman advised the Board that he has met with La Plata County Road and Bridge Department. Formal La Plata County engineering approval is required before the County will issue a Right of Way permit.

Project Phase Updates - Mr. Sherman continues his discussions with the Colorado Department of Transportation to obtain their approval for Phase 1H.

Agreement with City of Durango for Joint Water Treatment Plant – Mr. Sherman and Ms. King reported that they had toured the outlet at Lake Nighthorse. Of particular interest was the two hundred (200) foot extension and requirements to move this project forward. Information gathering and discussions will continue.

ENVIRONMENTAL REPORT

Ms. King reported that the New Mexico Meadow Jumping Mouse has introduced another level of complexity to District and other projects where the mouse has been located. Following Endangered Species Act requirements will very likely lead to increased time to manage through design and construction of these projects. Areas currently identified as habitat are primarily along the Florida River.

GENERAL MANAGER REPORT

Change Orders 12-26 for the Bayfield Water Treatment Plant Expansion – Manager Tolen and the Board discussed the proposed change orders in depth. While they are many in number, the total amount of the change orders is approximately three percent (3%) of the total project costs, which is within a reasonable range. Upon motion duly made by Director Lynn, seconded by Director Dent, and unanimously carried, the Board approved Change Orders 12 through 26, with the exclusion of Change Order 22.

Bulk Water Fill Station- At Director Johnson’s suggestion, Manager Tolen will ensure that security monitors are installed at the water hauling stations.

Update on Water Treatment Plant Expansion Project – The Board discussed the sheer number of change orders as relates to engineering services received.

Crossing SUIT Lands on County Road 510 – New regulations that came out after the District submitted its ROW application to the Tribe and received approval from Tribal Council that now requires BIA to complete processing of an application within 30 days. Applications for crossing SUIT lands will be submitted on the new forms and will use the new process with the 30-day approval process.


Water Information Program – When Director Lynn inquired as to an agenda for the upcoming Southwestern Water Conservation District workshop he was advised that it was available online.

Please refer to Manager Tolen's September, 2016, General Manager's Report for a summary of the proposed Change Orders as well as detail of the District's overall work progress.

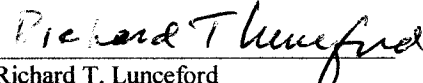
EXECUTIVE SESSION Upon motion duly made by Director Lynn, seconded by Director Dent, and unanimously carried, the Board entered Executive Session at 9:45 a.m. for the purpose of receiving advice from legal counsel on specific legal questions related to the Phase 1C construction issues and mediation, as authorized by Section 24-6-402(4)(b), C.R.S. and pursuant to Section 24-6-402(4)(e), C.R.S. for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators concerning an Agreement with Los Pinos Ditch Company and obtaining capacity in the Ridges Basin 36" Valve. The Board reconvened in regular session at 10:35 a.m.

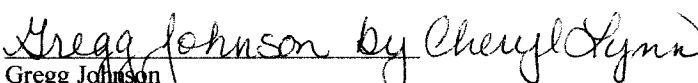
ANY OTHER MATTER WHICH MAY COME BEFORE THE BOARD No other matters were introduced for discussion.

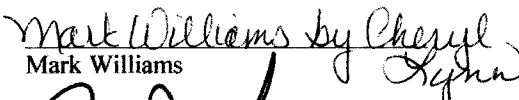
ADJOURNMENT The meeting was adjourned at 10:36 a.m. The next regular meeting of LAPLAWD is scheduled for October 13, 2016, at 9:00 a.m. at 255 Ute Street, Ignacio, Colorado.


Secretary for the Meeting

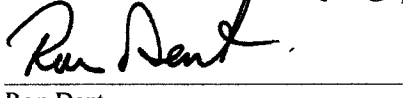
APPROVED


Richard T. Lunceford


Gregg Johnson


Mark Williams


Daniel R. Lynn, III


Ron Dent