

RECORD OF PROCEEDINGS
MINUTES OF THE MEETING OF THE
LA PLATA ARCHULETA WATER DISTRICT
HELD
May 12, 2016

The regular meeting of the Board of Directors ("Board") of the La Plata Archuleta Water District ("District") was held on May 12, 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
Steve Harris, Harris Water Engineering, Inc.
Brett Sherman, Harris Water Engineering, Inc.
Karmen King, Grayling LLC
Barb Prose, FredrickZink & Associates
Cheryl Lynn, Secretary of the Board
Ron Archer, Property Owner

In Attendance by Telephone Were:

David Greher, Collins Cockrel and Cole
Micki Wadhams, Collins Cockrel and Cole
Don Diones, George K. Baum & Associates

OATHS OF OFFICE

Mr. Tolen, as a notary public, administered the Oaths of Office to re-elected Directors Dent, Johnson, and Lunceford.

ELECTION OF
BOARD OFFICERS

Upon motion duly made by Director Lynn, seconded by Director Johnson, and unanimously carried, the Board retained current officers. Officers are: Chair: Dick Lunceford; Vice-Chair: Dan Lynn; Treasurer: Mark Williams; and Secretary: Cheryl Lynn.

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

Mr. Archer asked the Board for a progress report regarding water lines going to County Road 311 by the year 2018. He reminded the Board that he has been hauling house water since 1980 and that the need for hauled water at his home is affecting his ability to sell his home as people do not want to buy his property under those circumstances.

APPROVAL OF
MINUTES

Upon motion duly made by Director Lynn, seconded by Director Williams, and unanimously carried, the Minutes of the April 14, 2016, regular Board meeting were approved.

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FINANCIAL REPORT Ms. Prose distributed the Accounts Payable Report and Accountant's Compilation Report to the Board. After a thorough review and upon motion duly made by Director Lynn, seconded by Director Johnson, and unanimously carried, the Board approved the payment of invoices as shown on the attached Accounts Payable statement dated May 11, 2016, with the addition of a check for the June bond interest payment.

FINANCE COMMITTEE REPORT Ms. Prose advised the Board that the 2015 Audit is near completion and should be ready for the June Board meeting.

PUBLIC RELATIONS/ COMMUNICATIONS COMMITTEE REPORT No report was given.

LEGAL REPORT Phases 1B and 1C – Mr. Greher advised the Board that in an update from Kyle Kreischer, Ciancio, Ciancio, Brown, PC, he reported that Higgins has tested the pipe, and in their opinion, over-inserting the pipe does not appear to be the cause of the breaks in the line, and that SBSA will contact the pipe manufacturer to determine if the manufacturer has data concerning the effects of over-inserting the pipe joints. Each side's experts will continue to gather documentation supporting their positions.

Subdivision Financing Options – Mr. Greher advised the Board that a Board Policy related to water line financing options should be developed and included in District Rules and Regulations. This policy could delineate the conditions under which formation of a Subdistrict or Special Improvement District would be undertaken. Legal Counsel will work with Manager Tolen to develop a draft policy to be presented at the June Board Meeting.

ENGINEER REPORT Consider Awarding Contract for Phase 1E – Part 1 – Upon motion duly made by Director Dent, seconded by Director Johnson, and unanimously carried, the Board awarded the Contract for Phase 1E – Part 1 to TRC Construction at the Bid price of \$366,650.00.

ENVIRONMENTAL REPORT Ms. King reported that she continues to adjust permits for Phases 1F through 1H. She also noted that CDOT is interested in utilizing some of the information she has gathered to update their records. She further noted that Phase 2C contains a number of historical pieces which she will continue to document.

GENERAL MANAGER REPORT Consider Approving Change Orders #7 and #8 to Water Treatment Plant Expansion Project – Upon motion duly made by Director Dent, seconded by Director Williams, and unanimously carried, the Board approved Change Order #7 in the amount of \$6,945.05 and Change Order #8 in the amount of \$70,000, as submitted. The Town of Bayfield will reimburse the District for Change Order #8.

Reclamation Policy on Use of Water for Marijuana Operations – Manager Tolen also advised the Board that he had received numerous inquiries regarding use of District water for marijuana operations. The Board discussed this at length and reviewed the related policy of the Bureau of Reclamation. Manager Tolen and legal counsel will continue to gather information to be used in formulating a future policy.

Service to Commercial Properties and Commercial Water Rates – Mr. Tolen noted that, per his report, he had met with staff at the Durango/La Plata County Airport to discuss the possibility of the District providing water to the airport and surrounding businesses. Manager Tolen will continue to gather pertinent information in anticipation of water service to the area, including sources of potential funding.

General Manager's Report - Please refer to Manager Tolen's April, 2016, General Manager's Report for detail of the District's overall work progress.

EXECUTIVE
SESSION

Upon motion duly made by Director Dent, seconded by Director Lynn, and unanimously carried, the Board moved that the regular meeting of the Board be temporarily adjourned and that the Board reconvene in Executive Session to confer with an attorney for purposes of receiving legal advice on specific legal questions (Section 24-6-402(4)(b), C.R.S.) and to determine positions relative to matters that may be subject to negotiations, developing strategies for negotiations, and instructing negotiators (Section 24-6-402(4)(e), C.R.S.). The motion carried unanimously. The Board reconvened in regular session at 10:24 a.m.


ANY OTHER MATTER
WHICH MAY COME
BEFORE THE BOARD

Attending Meetings by Telephone - Director Johnson asked that the Board consider an enhanced system of communication during Board meetings for times when Directors must attend the meeting by telephone. Manager Tolen will research and advise the Board.

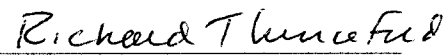
Initiatives 40 and 63 - Manager Tolen advised the Board that he had received communication related to potential upcoming ballot initiatives. This will be discussed at the June, 2016 meeting.

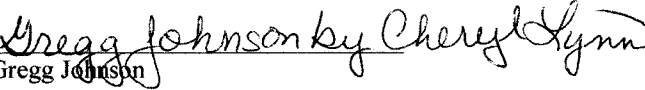
ADJOURNMENT


The meeting was adjourned at 10:31 a.m. The next regular meeting of LAPLAWD is scheduled for June 9, 2016, at 9:00 a.m. at 255 Ute Street, Ignacio, Colorado.


Secretary for the Meeting

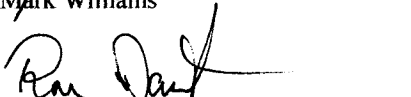
APPROVED


Richard T. Lunceford


Gregg Johnson


Mark Williams


Daniel R. Lynn, III


Ron Dent