

RECORD OF PROCEEDINGS  
MINUTES OF THE MEETING OF THE  
LA PLATA ARCHULETA WATER DISTRICT  
HELD  
December 14, 2017

The regular meeting of the Board of Directors ("Board") of the La Plata Archuleta Water District ("District") was held on December 14, 2017, at 9:00 a.m. at 255 Ute Street, Ignacio, Colorado.

ATTENDANCE:                    Directors in Attendance Were:

Dick Lunceford  
Dan Lynn  
Ron Dent  
Gregg Johnson  
Mark Williams

Also in Attendance Were:

Ed Tolen, Manager  
Yvonne Brunson, Customer Service Representative  
Steve Harris, Harris Water Engineering  
Brett Sherman, Harris Water Engineering  
Barb Prose, FredrickZink & Associates  
Karmen King, Grayling, LLC  
Cheryl Lynn, Secretary of the Board

In Attendance by Telephone Were:

David Greher, Collins Cockrel and Cole  
Micki Mills, 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. Following clarification of litigation by Counsel Greher, Directors in attendance reported no conflicts of interest.

PUBLIC COMMENTS        There were no public comments.

APPROVAL OF  
MINUTES

Upon motion duly made by Director Williams, seconded by Director Dent, and unanimously carried, the Minutes of the November 9, 2017, regular Board Meeting were approved.

FINANCIAL REPORT

Reports - Ms. Prose distributed the November, 2017, Accounts Payable Report and November, 2017, Accountant's Compilation Report to the Board. Ms. Prose advised the Board that a check would need to be written to the Colorado Water Conservation Board to replace the check written to ALP OM&R Associates in the same amount, \$41,670.34. Arrangements were made for a second signature. After review and including the aforementioned correction and upon motion duly made by Director Lynn, seconded by Director Dent, and unanimously carried, the Board approved payment of invoices as shown on the attached Accounts Payable statement dated December 13, 2017.

FINANCE COMMITTEE

REPORT

2018 Budget – Public Hearing – Chairman Lunceford opened a public hearing to consider the proposed 2018 Budget. The Notice Concerning Proposed Budget was published pursuant to statute. Manager Tolen advised the Board of changes made since the last draft of the budget, all of which are necessary due to the incorporation of the Sundance /Farraday Subdistrict No. 1 budget into the District’s 2018 Budget. Chairman Lunceford closed the public hearing.

Following review and discussion the Board acknowledged that the 2018 Budget is in compliance with Article X, Section 20 of the Colorado Constitution.

Upon motion duly made by Director Lynn, seconded by Director Johnson, and unanimously carried the Board adopted the Resolution to Adopt Budget, Set Mill Levy, and Appropriate Sums of Money, Certification of the Tax Levy, and Certification of Budget. Ms. Mills will file the Certification of Tax Levy with the La Plata Board of County Commissioners and the Certified Budget with the Division of Local Government.

Retain Beckstead and Associates for 2017 Audit – Upon motion duly made by Director Johnson, seconded by Director Lynn, and unanimously carried the Board approved the retention of Beckstead and Associates to complete the 2017 District Audit. An engagement letter will be forthcoming for signature in the near future.

PUBLIC RELATIONS/  
COMMUNICATIONS  
COMMITTEE REPORT

Manager Tolen advised the Board that the District Newsletter will be distributed the week of December 18, 2017. He noted that there was a significant increase in number of newsletter recipients to approximately 3,800 for this distribution as compared to the prior distribution of approximately 2,400.

LEGAL REPORT

Phase 1B and 1C Litigation – Counsel Greher advised the Board that this agenda item will be discussed in Executive Session.

Public Hearing – Inclusion of Real Property – Chairman Lunceford opened a public hearing to consider a Petition for Inclusion filed by Constance Veretto for property located at 12150 County Road 310, Ignacio, Colorado 81137. No public comments were received or presented. The hearing was then closed. Upon discussion and motion duly made by Director Johnson, seconded by Director Lynn, and unanimously carried the Board approved the inclusion and adopted the Order for Inclusion of Real Property, a copy of which is attached hereto and incorporated herein by this reference. Counsel Greher will process the inclusion with the La Plata District Court. This property as included in the District will be part of the 2019 property tax collection.

ENGINEER REPORT

City of Durango – Mr. Harris distributed a proposed Agenda and a Study Session Briefing Paper to be used as information for the Durango City Council and District Board of Directors Study Session to be held on Tuesday, January 9, 2018, beginning at 4:30 p.m. in City Council Chambers at Durango City Hall. As a reminder, all sites discussed by the Board to date remain under consideration for use as a water treatment plant site. In addition, the Board will ask the Durango City Council to devote modest staff resources to continue work on the agreement between the two entities.

Pine River Irrigation District (PRID) Augmentation Plan. – Mr. Harris advised the Board that new wells will be required to have an augmentation plan, though existing wells are grandfathered in. Until research is completed and people notified, current wells can be used for augmentation.

Phase 1 G 1 – Mr. Sherman advised the Board that due to a delayed utility permit it is unlikely that Phase 1 G 1 will break ground before early January, 2018. Also, the Colorado Department of Transportation (CDOT) has asked the District to submit an application for an access permit for our property next to Lon’s Automotive.

Phase 1 G 2 – Mr. Sherman told those present that work is underway to have the easements finalized in this Dry Creek section of the project.

ENVIRONMENTAL  
REPORT

Ms. King reported that due to diligence and communication with potentially affected governmental agencies, it appears that Phase 1 G will require only one tier of State review. She will have confirmation of the exact requirement in January, 2018. She noted that a public presentation will be required for the Sundance/Farraday Subdistrict No. 1 Environmental Assessment. Manager Tolen advised the Board that a public presentation will also be required as part of the loan process and it is almost assured that these two public presentations can be combined.

GENERAL MANAGER  
REPORT

2018 Schedule of Board Meetings – Manager Tolen called attention to the meeting schedule, asking that he be informed if Directors are unable to attend particular meetings.

Sundance/Farraday Subdistrict No. 1 Progress – Please see items below.

Consider Establishing Inclusion/Exclusion Fees for Sundance/Farraday Subdistrict No. 1 – After discussion of the effects of Inclusion and Exclusion Fees on the District and the Subdistrict and upon motion duly made by Director Johnson, seconded by Director Lynn, and unanimously carried the Board agreed that Inclusion and Exclusion Fees for Sundance/Farraday Subdistrict No. 1 should be the same as those for the District, currently \$500 for Inclusion and \$1,000 for Exclusion, with up to two fees charged for each inclusion and exclusion based on each entity having its own process and, therefore, its own costs. Additional discussion ensued causing Directors to reconsider their previous decision and vote. With an interest in the common good of the District and the Subdistrict to best serve constituents and upon a motion duly made by Director Williams, seconded by Director Dent, and unanimously carried the Board rescinded its earlier vote and tabled this decision and vote until January, 2018. In the intervening time information related to costs will be gathered and quantified and legal counsel will confirm processes to be used for inclusion and exclusion from either the Subdistrict or the District or both.

Consider Approving a Reimbursement Resolution for Costs Incurred by the District for Design of the Sundance/Farraday Distribution System – Manager Tolen advised the Board to table this discussion until further clarification is obtained related to what expenditures are allowable for reimbursement.

Consider Approving a Resolution Authorizing the District to Apply for an Energy/Mineral Impact Assistance Fund (EIAF) Grant from DOLA for the Sundance/Farraday Subdistrict No. 1 Project – Upon motion duly made by Director Dent, seconded by Director Williams, and unanimously carried the Board approved a Resolution Authorizing the District to Apply for an EIAF Grant from DOLA. Counsel Greher reminded the Board that this project has but one purpose – to take out a loan, build the water line, and pay back the loan all of which needs to be considered as part of the grant process.

Consider Approving a Memorandum of Understanding (MOU) with CDOT for Acquisition of Property at County Road 225/Highway 160 – Following discussion confirming costs involved and upon motion duly made by Director Lynn, seconded by Director Johnson, and unanimously carried, the Board approved a Memorandum of Understanding with CDOT for Acquisition of Property at County Road 225/Highway 160 to be used as a bulk water fill station.

Mike Smith Pipeline – Manager Tolen advised the Board that Mr. Smith has purchased property on Highway 172 just west of Oxford to utilize as a marijuana grow facility. He is willing to pay the cost of approximately \$100,000 for pipeline upfront to get water to his property, as long as he will be reimbursed by the District at some time in the future. He indicated that he only wanted to

use the water for domestic purposes and not for irrigation of his grow facility. With the discrepancies in state and federal legislation related to water and water facilities as they relate to their use for marijuana grow facilities, Director Johnson requested legal advice to ensure that the District is protected in the event of litigation. Counsel Greher will discuss these issues with attorneys in his law firm and will report at the January, 2018 Board meeting. Manager Tolen requested that a policy be developed to address these situations rather than addressing them on a case by case basis.

Request for Funding From Colorado Water Stewardship Project – Upon motion duly made by Director Lynn, seconded by Director Dent, and unanimously carried the Board agreed to provide \$500 in funding to support Colorado Water Congress activities in 2018.

Los Pinos Fire District Bulk Water – Manager Tolen advised the Board that he has advised Los Pinos Fire Protection District that they will not be charged for bulk water use as it is for the public good.

General Manager’s Report – December 2017 - Those present were encouraged to review the General Manager’s Report for additional details related to District operations.

EXECUTIVE SESSION

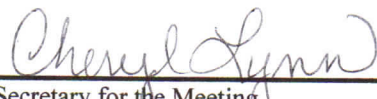
Upon motion duly made by Director Dent, seconded by Director Johnson, and unanimously carried, the Board entered into Executive Session at 10:20 a.m. to confer with an attorney for purposes of receiving legal advice on specific legal questions (Section 24-6-402(4)(b), C.R.S.); and/or for determining 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.); and/or for discussing personnel matters, except if the employee who is the subject of the session has requested an open meeting (Section 24-6-402(4)(f), C.R.S.). Issues to be discussed include Phase 1B and 1C litigation. The Board reconvened in regular session at 10:30 a.m.

ANY OTHER MATTER WHICH MAY COME BEFORE THE BOARD


No other matters were discussed.

ADJOURNMENT

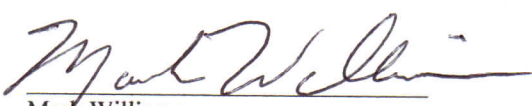
The meeting was adjourned at 10:30 a.m. The next regular meeting of the District is scheduled for January 11, 2018, at 9:00 a.m. at 255 Ute Street, Ignacio, Colorado. The Board will participate in a study session with the Durango City Council on January 9, 2018, at 4:30 p.m. at the Durango City Hall.

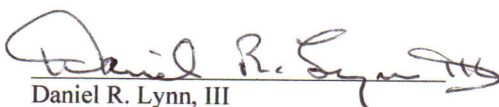
  
Secretary for the Meeting

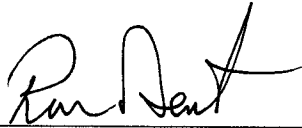
APPROVED

  
Richard T. Lunceford

  
Gregg Johnson

  
Mark Williams

  
Daniel R. Lynn, III



\_\_\_\_\_  
Ron Dent

Pursuant to Section 24-6-402(2)(d.5)(I)(B), C.R.S., I hereby attest that I am the attorney of the District, that I was in attendance during the Executive Session of the Board convened on December 14, 2017, and that the discussion during the Executive Session constituted a privileged attorney-client communication for which no record is required to be kept by law.

\_\_\_\_\_  
David A. Greher, General Counsel