

RECORD OF PROCEEDINGS
MINUTES OF THE MEETING OF THE
LA PLATA ARCHULETA WATER DISTRICT
HELD
January 14, 2016

The regular meeting of the Board of Directors ("Board") of the La Plata Archuleta Water District ("District") was held on January 14, 2016, at 9:00 a.m. at 255 Ute Street, Ignacio, Colorado.

ATTENDANCE: Directors in Attendance Were:
Dick Lunceford
Dan Lynn
Ron Dent
Gregg Johnson

Director Absent Was:
Mark Williams, whose absence was excused

Also in Attendance Were:
Ed Tolen, Manager
Nora Miller, Customer Service Representative
Steve Harris, Harris Water Engineering, Inc.
Brett Sherman, Harris Water Engineering, Inc.
Barb Prose, Fredrick, Zink, and Associates
Karmen King, Grayling
Cheryl Lynn, Secretary of the Board

In Attendance by Telephone Were:
Eric Jorgenson, Collins Cockrel and Cole
Kim Crawford, Bond Counsel, Butler Snow, LLP

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
APPROVAL OF
MINUTES

No public was present.

Upon motion duly made by Director Dent, seconded by Director Johnson, and unanimously carried, the Minutes of the December 10, 2015, regular Board meeting were approved.

FINANCIAL REPORT

Ms. Prose distributed the Accounts Payable Report and Accountant's Compilation Report to the Board. After a thorough review and clarifying questions and answers and upon motion duly made by Director Johnson, seconded by Director Lynn, and unanimously carried, the Board approved the payment of invoices as shown on the attached Accounts Payable statement dated January 13, 2016.

FINANCE COMMITTEE
REPORT

Approval of Engagement Letter with FredrickZink and Associates – Upon motion duly made by Director Lynn, seconded by Director Dent, and unanimously carried the Board, with

particular thanks to Ms. Prose for her detailed, thorough, and accurate work, approved the Engagement Letter with FredrickZink and Associates for 2016.

Year 2015 Audit – Upon motion duly made by Director Lynn, seconded by Director Johnson, and unanimously carried, the Board approved the engagement of Beckstead and Company to conduct the District’s 2015 financial audit. The cost will be \$8,500. Work will commence February 20, 2016.

Current Banking Arrangements – Manager Tolen and Ms. Prose advised the Board of operating and cost issues they have encountered with Community Banks of Colorado since its acquisition of Pine River Valley Bank. After a discussion regarding the use of a local bank the Board authorized Manager Tolen and Ms. Prose to explore banking options at other area banks and report to the Board in February with a recommendation.

Resolution 2016-01 - Determination to Issue General Obligation Indebtedness in the form of a Loan Agreement with the Colorado Water Resources and Power Development Authority in the amount of \$2,500,000 – After a discussion with Kim Crawford of Butler-Snow, LLP, Bond Counsel, and David A. Greher & Eric Jorgenson of Collins Cockrel and Cole, General Counsel, regarding the District’s conditions of borrowing and ability to repay the debt, and questions to Counsel from Board members followed by a thorough discussion, the Board, upon motion duly made by Director Dent, seconded by Director Lynn, and unanimously carried, the Board approved Resolution Number 2016-01 – A RESOLUTION APPROVING A LOAN FROM THE COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY; AUTHORIZING THE FORM AND EXECUTION OF THE LOAN AGREEMENT AND A GOVERNMENTAL AGENCY BOND TO EVIDENCE SUCH LOAN; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS RELATED THERETO; AND PRESCRIBING OTHER DETAILS IN CONNECTION THEREWITH.

PUBLIC RELATIONS/COMMUNICATIONS

COMMITTEE REPORT Chairman Lunceford reported that Ann McCoy, hired by the District to conduct Public Relations and Communications for the District, had advised him she has taken a full time position in U.S. Senator Cory Gardner’s local office. She will advise Director Lunceford as to her ability to continue her work for the District.

LEGAL REPORT

Resolution 2016-02 - Resolution Designating Location to Post Notices – Upon motion duly made by Director Dent, seconded by Director Johnson, and unanimously carried, the Board approved Resolution 2016-02, Resolution Designating Location to Post Notices.

Resolution 2016-03 - Resolution Calling for the 2016 Regular District Election – Upon motion duly made by Director Johnson, seconded by Director Lynn, and unanimously carried, the Board approved Resolution 2016-03 calling for the 2016 Regular District Election. This election is scheduled for May 3, 2016, to elect three Directors for terms from 2016 through 2020. The terms of Board members from District 1, currently represented by Ron Dent, District 3, currently represented by Gregg Johnson, and District 5, currently represented by Dick Lunceford end in 2016 and this election is for the purpose of electing their successors. A Call for Nominations will be published. Nominating petitions are available at the District Office.

Petitions for Inclusion of Real Property into the District for the Winnicki Property and the Lienert & Koscielniak Property – Chairman Lunceford opened a public hearing to consider Petitions for Inclusion filed by Charles M. Winnicki, Senior, for property located at 357 Farraday Road, Durango, Colorado, 81303, and Carl Lienert and Janis Koscielniak, for property located at 38 Farris Road, Durango, Colorado, 81303. 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. Legal counsel will process the inclusions with the La Plata District Court. These properties as included in the District will be part of the 2017 property tax collection.

ENGINEER REPORT

Mr. Sherman reported that Phase 1H plans await only cursory updates and funding to go to construction, Phase 1G continues progress with a meeting with the Colorado Department of Transportation the week of January 19, 2016, to ensure a coordinated effort, and Phase 2C requires Ms. King's input.

Mr. Harris reported that he and Chairman Lunceford will not be present at the February, 2016, Board meeting. Chairman Lunceford reported that he will also miss the March, 2016 Board meeting. Director Lynn and Secretary Lynn reported they will not be present at the June, 2016, Board meeting. Changes to meeting times will be made as the need arises but right now plans are to leave the meeting dates as scheduled for 2016.

ENVIRONMENTAL REPORT

Ms. King advised the Board that the post construction compliance certificate for Phase 2B has been sent. At the same time she inventoried the section south of Phase 2B. Phase 2C is waiting for funding.

GENERAL MANAGER REPORT

Pine River Irrigation Annual Meeting – Upon motion duly made by Director Lynn, seconded by Director Johnson, and unanimously carried the Board appointed Mark Williams as a proxy for the Pine River Irrigation Annual Meeting to be held on Saturday, January 23, 2016.

Colorado Rural Water Association Meeting – This February 5, 2015, meeting will not be attended by a representative of the District. Darrel Davis of Creede, Colorado, is the designated proxy.

2016 Water Leaders Course – Upon motion duly made by Director Dent, seconded by Director Lynn, and unanimously carried, the Board approved District expenditures related to Manager Tolen's participation in this program which meets four times in 2016 in various Colorado locations.

Letter from Sundance Hills Homeowners Association I Regarding Water Infrastructure Costs – Following a lengthy discussion with Manager Tolen and legal counsel Jorgenson regarding the above-referenced letter and related subdistrict and special improvement district structure and cost options the Board suggested that Manager Tolen obtain additional related information from La Plata County Administration, JoAnn Spina, and La Plata County Attorney, Adam Smith, in an effort to assist the Sundance Hills 1 Homeowners Association in their development of a plan to finance their water distribution infrastructure and related costs.

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

EXECUTIVE SESSION


Upon motion duly made by Director Lynn and seconded by Director Dent 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 with the Southern Ute Indian Tribe, developing strategies for negotiations, and instructing negotiators (Section 24-6-402(4)(c), C.R.S.). The motion carried unanimously. The Board reconvened in regular session at 11:07 a.m.

ANY OTHER MATTER WHICH MAY COME

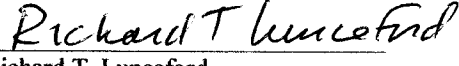
{00481009.DOCX / 2}

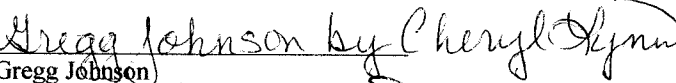
BEFORE THE BOARD No other matters were presented.

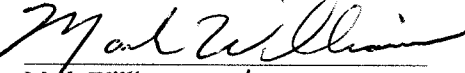
ADJOURNMENT The meeting was adjourned at 11:08 a.m. The next regular meeting of LAPLAWD is scheduled for February 11, 2016, at 9:00 a.m. at 255 Ute Street, Ignacio, Colorado.


Secretary for the Meeting

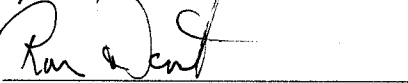
APPROVED


Richard T. Lunceford


Gregg Johnson


Mark Williams


Daniel R. Lynn, III


Ron Dent