

PAGOSA AREA WATER AND SANITATION DISTRICT)
)
ARCHULETA COUNTY) S.S.
)
STATE OF COLORADO)

NOTICE OF SPECIAL MEETING

NOTICE IS HEREBY GIVEN that a Special Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District has been scheduled for Monday, January 11, 2010 at 10:00 a.m. The primary purpose of this meeting is for discussions with the Board of Directors of the San Juan Water Conservancy District on water matters and the development of raw water projects. The Boards of Directors are expected to enter into executive session for the purposes of conferences with legal counsel for receiving legal advice on litigation and discussing matters related to land acquisition for development of raw water facilities and other matters subject to negotiation involving both Districts pursuant to Sections 24-6-402(4)(a), 24-6-402(4)(b), and 24-6-402(4)(e), C.R.S. The Meeting will be held at the District's administrative office located at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Executive Session Pursuant to Sections as Described Above
3. Return to Open Session
4. Discussion and Considerations of Dry Gulch Reservoir and Water Projects
 - A. Legal Updates/Supreme Court Opinion on Case No. 04CW085
 - B. Land Acquisition/USFS Land Exchange
 - C. Conservation Easement/Southwest Land Alliance Update
 - D. *Snowball Pipeline Replacement Evaluation in Vicinity of U.S. Hwy 160 Jackson Mountain Landslide Report*
 - E. 2010 Tasks
5. Ratify Letter to CWCB
6. Park Ditch
 - A. Improvements Project Update
 - B. Consideration of Shares
7. Discussion of *Archuleta County/Pagosa Springs Joint Impact Fee Analysis*
8. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Carrie S. Weiss
For the Board of Directors

SEAL

PAGOSA AREA WATER AND SANITATION DISTRICT
SAN JUAN WATER CONSERVANCY DISTRICT
MINUTES OF THE SPECIAL MEETING OF PAWSD AND SJWCD
JANUARY 11, 2010

Attendance

The following Directors were present:

Representing SJWCD: Ernie Amos, Carrie Weiss, Pat Ullrich, Fred Ebeling, Karen Wessels, Diane Bower, Windsor Chacey, Mark Garcia and Jack DeLange;

Representing PAWSD: Karen Wessels, Windsor Chacey, Steve Hartvigsen and Bob Huff.

Also present were Sheila Berger, Michelle Tressler, Steve Harris, Gregg Mayo, Gene Tautges, Allan Bunch and Chuck McGuire.

Call to Order

The Special Meeting of the Pagosa Area Water and Sanitation District and San Juan Water Conservancy District was called to order by Chairman Ernie Amos (representing SJWCD) at 10:18 a.m., Monday, January 11, 2010. On behalf of the PAWSD Board, a motion was made by Director Hartvigsen and seconded by Director Chacey to excuse Harold Slavinski who was out of town. The motion passed unanimously. On behalf of the SJWCD, a motion was made by Director Garcia and seconded by Director DeLange to excuse Director Harold Slavinski who was out-of-town. The motion passed unanimously.

Disclosure of Potential Conflicts of Interest

Carrie Weiss had previously reported that she had filed a Conflict of Interest Disclosure regarding her position on the San Juan Water Conservancy District Board of Directors and receiving compensation for services as Manager for the Pagosa Area Water and Sanitation District. Chairman Karen Wessels had previously submitted a Disclosure as a Board of Director for the San Juan Water Conservancy District, the Pagosa Area Water and Sanitation District and as owner of Alpha Engineering, where one might perceive a conflict could arise. Harold Slavinski had previously submitted a Disclosure as a Board of Director for the District and a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to potential conflicts.

Executive Session

A motion was made by Director Bower and seconded by Director DeLange, on behalf of the SJWCD Board, to enter into Executive Session at 10:18 a.m. for the purposes of conferences with legal counsel for receiving legal advice on litigation and discussing matters related to land acquisition for development of raw water facilities, pending litigation, and other matters subject to negotiation involving both Districts pursuant to Sections 24-6-402(4) (a), 24-6-402(4)(b), and 24-6-402(4)(e), C.R.S. The motion carried. A motion was made by Steve Hartvigsen and seconded by Windsor Chacey, on behalf of the PAWSD Board, for the above stated purposes. The motion carried.

The Directors returned to open session at 12:15 p.m.

Discussion and Considerations of Dry Gulch Reservoir and Water Projects

- A. Legal Updates/Supreme Court Opinion on Case No. 04CW085 – Director Weiss reported that a status conference between the attorneys and Judge Lyman has not yet been held, but that the timing of this was at the discretion of Judge Lyman. As soon as this status conference occurs, a trial date could be set. In a nutshell, not much has happened since the November remand. Chairman Amos suggested that a point of business should be whether the Districts wished to engage the firm BBC to provide data gathering services and expert opinion for the trial. Chairman Wessels voiced support for this. On behalf of the SJWCD, a motion was made by Director DeLange and seconded by Director Garcia to authorize the attorney to draft a letter of engagement with BBC for these services, not to exceed \$20,000, and authorize Chairman Amos to sign. The motion passed unanimously. On behalf of PAWSD, a motion as made by Director Hartvigsen and seconded by Director Chacey to authorize the attorney to draft a letter of engagement with BBC for these services, not to exceed \$20,000, and authorize Chairman Wessels to sign. The motion passed unanimously. Regarding the West Fork Diligence case, Carrie Weiss reported that the Districts are still in negotiation with the property owner, so no action has taken place.
- B. Land Acquisition – Sheila Berger provided maps and an overview of the status of the Ridge property, which is a portion of Running Iron Ranch property that the Districts own, that is not needed for the reservoir. She reported that based on Dean Schultz’s (surveyor with Davis Engineering) assessment, there is approximately 213 acres of property that could be sold as one large piece and it would cost him approximately \$2,500 to \$3,500 to survey and record the plat. She stated that she had spoken with the appraiser who originally appraised the entire Running Iron Ranch property, and that his estimate was approximately \$2,000 to come out and reappraise this piece provided the gravel pit lease was not an issue. If it was, the cost could increase accordingly. Director Chacey expressed concerns about selling the property, such as restricting future public access, having “trophy homes” on top of the ridge above the reservoir, the current economy and the amount of vacant land currently for sale. She questioned if it was financially astute to sell the property at this time. She also voiced concern about asking for grants and then turning around and selling the grant-funded property. Chairman Wessels responded that at issue is how to fund the land trade for the Forest Service property, and that this is a potential option. She expressed the importance of clearing such a transaction with the CWCB prior to moving forward on offering the property for sale. Ms. Berger asked the Boards to consider two things. First, whether or not to dispose of the property at all, and second, if to consider if they were willing to sell the property (as opposed to simply trying to exchange it). Chairman Amos stated he felt that the door for selling should be kept open, and if the Districts want to talk to anyone about purchasing the property, there is some information they will need to provide such as a survey. Director Ebeling felt the money should not be spent at this time for a survey. Director Hartvigsen voiced that if the survey and plat recording were done now, it would be good forever. Chairman Wessels agreed, stating that at a minimal cost, once the survey was completed further details about the property may come to light. Regarding the gravel pit lease, Director Weiss stated that she felt the Webers were not

willing to give up the lease and we would need to establish if they would be willing to transfer it to another party for a price. On behalf of PAWSD, a motion was made by Director Hartvigsen and seconded by Director Huff to authorize Davis Engineering to complete the survey and direct staff to put a package of information together, sharing costs 50% with the San Juan Water Conservancy District. The vote passed with one nay vote by Director Chacey. On behalf of SJWCD, a motion was made by Director Bower and seconded by Director DeLange to authorize Davis Engineering to complete the survey and direct staff to put a package of information together, sharing costs 50% with the Pagosa Area Water and Sanitation District. The vote passed with two nay votes by Directors Chacey and Ebeling.

Director Garcia suggested that with consensus approval by the Boards, he could approach the subject with the Southern Ute Indian Tribe (SUIT) of sharing in the cost of the Dry Gulch Reservoir, saying he had upcoming meetings planned with them. The Boards directed him to set up a meeting with the SUIT on this topic.

- C. USFS Land Exchange and Special Use Permit – Director Weiss reported that the application for the Special Use Permit has been made but due to staff cuts at the USFS, the application process had been put on the agency’s back burner. Director Hartvigsen added that the current backlog of lands issues at the USFS is approximately 2-3 years. Sheila Berger reported that no action, aside from the Ridge property initial investigation, had taken place regarding a land exchange.
- D. Conservation Easement – Director Weiss directed the Boards’ attention to an email from Michael Whiting with the Southwest Land Alliance. She expressed concern that the application for the GOCO grant will not be ready for the February 25th submittal deadline given that there are a number of tasks remaining to complete. She reported that draft easement language had been sent to the attorneys a week ago but that the acreage remained a question. She suggested that negotiations with Bill and Peggy Laverty need to begin and negotiations with the Laverty children need to resume.
- E. MWH Snowball Pipeline Replacement Evaluation Report – Gregg Mayo gave an overview of the final report that was provided by MWH Americas in December. He reported that MWH identified four options for dealing with the Jackson Mountain slide area. The ultimate recommendation was horizontal directional drilling under the slide. There would only be one property owner to deal with, the District wouldn’t have to deal with the USFS , and only temporary easements would be required in order to lay out the pipe. He stated that 130 feet under the slide lens would be the deepest point. He also reported that he, Art Holloman, Sheila Berger and Steve Harris had a meeting scheduled that afternoon with CDOT personnel to discuss the potential for collaboration and pooling of resources.
- F. 2010 Financial Report and Tasks – Shellie Tressler went over the Revised Dry Gulch Budget. She pointed out that an expense that had changed at the last minute was the Special Use Permit line item, for which 100% of the cost had been allocated to the SJWCD. She noted that the budget numbers associated with the purchase of the remaining private property is an allowance and not a certain number. She further noted

that this revised budget reflects cost estimates associated with pursuing the water rights remand court case.

Ratify Letter to CWCB

Director Weiss provided a background for the letter to the CWCB dated November 19, 2009. On behalf of SJWCD, a motion was made by Director DeLange and seconded by Director Garcia to ratify the letter. The motion passed unanimously. On behalf of PAWSD, a motion was made by Director Huff and seconded by Director Chacey to ratify the letter. The motion passed unanimously.

Park Ditch Company

Sheila Berger provided an update on the Park Ditch Improvements Project, reporting that the project was completed, a year ahead of schedule and several thousand dollars under budget, and the final report had been furnished to the CWCB, one of the granting agencies that helped fund the project.

EPS Impact Fee Report

Director Weiss provided an update on the status of the EPS report, stating that comments were due back to EPS via Greg Schulte by January 20, 2010. She stated that there are some flagrant misperceptions, and suggested that both Boards authorize the Districts' attorney to make comments on the report. Sheila Berger provided the PAWSD Board members with the list of concerns previously compiled at the SJWCD Board meeting. Director Weiss further suggested that BBC also be authorized to review the EPS report as part of the work that they are doing for the Districts on the Dry Gulch water rights remand case. On behalf of SJWCD, a motion was made by Director Garcia and seconded by Director DeLange to engage BBC and the District attorney to review the EPS report and to split the cost for this 50% with the PAWSD. The motion passed unanimously. On behalf of PAWSD, a motion was made by Director Hartvigsen and seconded by Director Chacey to engage BBC and the District attorney to review the EPS report and to split the cost for this 50% with the SJWCD. The motion passed unanimously.

Schedule of 2010 Meeting to Include Review of Water Rights and Strategy

The Directors discussed dates for the next joint meeting. March 8, 2010 after the SJWCD was the first choice with an alternate date of March 15, 2010.

Other Business

Director Weiss reported that there are some proposed ballot initiatives for the November, 2010 ballot that if pass, would be detrimental to revenues for the Districts. She reported, for example, that one of them would take away the SJWCD's ability to impose a property mill levy tax. She suggested that at the March or April meeting the Boards might consider a resolution of position on these initiatives, following resolutions by other entities such as the Special Districts Association.

Director Weiss stated that if a special meeting of the Boards is required prior to the March meeting in order to discuss the conservation easement language with the Southwest Land Alliance, she will let them know. Chairman Amos and Director Hartvigsen confirmed that they

will begin negotiations with Bill and Peggy Lavery and resume negotiations with the Lavery children.

There being no further business to come before the joint Boards, the meeting adjourned at 1:45 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer, PAWSD

Jack B. DeLange
Secretary, SJWCD

PAGOSA AREA WATER AND SANITATION DISTRICT)
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ARCHULETA COUNTY) s.s.
)
STATE OF COLORADO)

NOTICE OF WORK SESSION AND REGULAR MEETING

NOTICE IS HEREBY GIVEN THAT a Work Session and Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District have been scheduled for Tuesday, January 12, 2010, at 5:30 p.m. and 6:30 p.m. respectively. The Work Session and Regular Meeting will be held at the District's administrative office located at 100 Lyn Avenue, Pagosa Springs, Colorado. The proposed Agenda is as follows:

1. Call to Order
2. Approval of Consent Agenda
 - Minutes – 12/14/09 Regular Meeting
 - Staff Reports
 - Projects Update
 - Service Agreement – Trautner Geotech LLC
 - Flexible Spending Account Plan
 - Award of \$48,700 CWCB Water Conservation Grant
 - Financial, Investment, and Consultant Reports
3. Public Comment
4. Consideration of Resolution Regarding Posting for Meetings
5. Report on Automatic Meter Reading Project – Lisa Dermody
6. Ratify Revisions to 2010 Mill Levy Certifications and Budget Documents
7. Ratify Award of Bids and Change Orders for Centrifuge/Biosolids and Elimination of Highlands Lagoon Projects – Southwest Contracting, LLC and Triad Western Contractors, Inc.
8. Consideration of Award of Bids for 2010 Water and Sewer Pipeline Extensions
9. Consideration of Resolution Calling for the 2010 Regular District Election
10. Report on Fee Deferral Agreement with 49 Hickory Ridge/Opportunity Builders
11. Consideration of Revisions to District Personnel Handbook
12. Public Outreach
13. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Carrie S. Weiss
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JANUARY 12, 2010 REGULAR MEETING

Attendance

The following Directors were present: Karen Wessels, Steve Hartvigsen, Windsor Chacey and Bob Huff. Also in attendance were: Carrie Weiss, Gene Tautges, Art Holloman, Sheila Berger, Michelle Tressler, Lisa Dermody, Mat deGraaf, Chuck McGuire, Allan Bunch, Becca Smith and Ron Decker.

Disclosure of Potential Conflicts of Interest

Carrie Weiss had previously reported that she had filed a Disclosure of Conflict of Interest regarding her position on the San Juan Water Conservancy District Board of Directors and receiving compensation for services as Manager for the Pagosa Area Water and Sanitation District. Karen Wessels had previously submitted a Disclosure as a Board of Director for the District, as a member of the Board of Directors of the Pagosa Area Water and Sanitation District, and as owner of Alpha Engineering, where one might perceive a conflict could arise. Harold Slavinski and Windsor Chacey had previously submitted a Disclosure as a Board of Director for the District and as members of the Board of Directors of the Pagosa Area Water and Sanitation District. The Board noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to potential conflicts.

Call to Order

The Regular Meeting of the Pagosa Area Water and Sanitation District was called to order by Chairman Karen Wessels at 6:35 p.m. on January 12, 2010. A motion was made by Director Hartvigsen and seconded by Director Chacey to excuse Director Harold Slavinski who was out-of-town. The motion passed unanimously.

Approval of Consent Agenda

The minutes from the December 14, 2009 Regular Meeting, as well as other items from the Consent Agenda, were reviewed. Chairman Wessels requested an edit to the minutes. Director Chacey requested a status update on the Village Lake Dam repair, and expressed concern about draining the lake. Art Holloman was asked to clarify what was meant by repairs to "frozen services." Mr. Holloman reported that there was a recurring situation of a frozen line on Lewis Street which was planned for repair this summer. Gene Tautges provided a status update on the Highlands Lagoon Elimination Project. Chairman Wessels expressed congratulations to the staff on behalf of the Board on receiving the water conservation grant of \$48,700. Following discussion of Consent Agenda items, a motion was made by Director Chacey and seconded by Director Huff to approve the items on the consent agenda subject to the editorial change to the minutes. The motion passed unanimously.

Public Comment

Chairman Wessels asked if there were any public comments. None were offered.

Consideration of Resolution Regarding Posting for Meetings

The Board reviewed the resolution. There was no discussion. A motion was made by Director Huff and seconded by Director Chacey to approve the resolution. The motion passed unanimously.

Report on Automatic Meter Reading Project

Lisa Dermody provided the Board with an update of the Automated Meter Reading program and other customer service-related topics. She stated that PAWSD is now in the second season of reading residential meters in the winter; in November, 99.48% of the meters were reporting data and in December 98.22% were reporting, remarkable given the amount of snow that fell in December. That was the percentage of meter readings that reported in through the Mosaic Mesh Network; the rest were either read manually or estimated due to various reasons- mostly snow covering the Firefly repeater. She reported that seven solar-powered enhanced repeaters were installed which will help the meters report in a consistent manner, a key to profiling accounts. At no charge, Datamatics installed the seven replaced battery-powered repeaters around the District in order that the coverage remains excellent. She brought the Board's attention to the new leak rate policy adjusted figures, and stated that Water Conservation Coordinator Mat deGraaf was collecting and analyzing data from AMR in order to start tracking service line leaks. Through weekly data comparisons they had identified, for December, 30 accounts that had water leaks with a total amount of water lost to those leaks of 1,235,000 gallons. She pointed out that had those leaks gone undetected without the AMR capability for winter meter reading and data analysis, the amount of water lost would have been staggering. She stated that the number one cause of these leaks was ruptured pipes. Allan Bunch provided a testimonial to the success of the AMR program as one of the customers who was contacted for a leak. Ms. Dermody emphasized that although the technology provides District staff the ability to catch and intervene in leaks earlier than in the past, it is the property owner's responsibility, not the District's, to catch and repair service line and plumbing leaks. Ms. Dermody stated that five accounts are being tested with meter pulses in 100 gallon, as opposed to 1000 gallon, increments, with the long-term goal to convert all accounts to 100 gallon increments. This pilot program is a test of the data collection and billing system. Ms. Dermody gave an overview of other customer-related data such as data on credit card, online and 3rd party amounts processed. She informed the Board that the District will be switching from IntelliPay to Express Bill Pay service for customer online payments in February. The District will notify existing users by email about the new payment processing service; customers will be required to re-set up their accounts.

Ratify Revision to 2010 Mill Levy Certifications and Budget Documents

Finance Manager Shellie Tressler provided the revised 2010 budget. Carrie Weiss reported that due to a \$298 change in the tax revenues, it changed the entire budget, lessening the mill levy for each of District 1 and District 2 by 0.001. A motion was made by Director Huff and seconded by Director Hartvigsen to ratify the revisions to the 2010 Mill Levy Certifications and Budget Documents. The motion passed unanimously.

Ratify Award of Bids and Change Orders for Centrifuge/Biosolids and Elimination of Highlands Lagoon Projects

The Board reviewed the bid award and change order documents. Chairman Wessels requested a clarification/explanation of the biosolids facility pilot project and funding, referring to the last paragraph of Article One in the bid award document. Gene Tautges provided an explanation of why the biosolids component was framed as a pilot project, primarily in order to allocate the ARRA funding by the deadline in order to not lose any of the amount authorized for this project. He stated that as a pilot project, the preferred alternative method of treating biosolids for beneficial use may be tested without tying the District to that method, in order to ensure that method works for our climate and systems. Chairman Wessels requested that Mr. Tautges explore the possibility of using the authorized ARRA funding to try a different method in the case that the pilot project fails. After discussion by the Board, a motion was made by Director

Huff and seconded by Director Hartvigsen to ratify the bid award to Southwest Contracting, LLC in the amount of \$4,201,500. The motion passed unanimously. A second motion was made by Director Hartvigsen and seconded by Director Huff to ratify approval of a change order to Triad Western Contractors, Inc. in the amount of \$350,000 for Highlands Lagoon Elimination Project contingency. The motion passed unanimously. A third motion was made by Director Chacey and seconded by Director Hartvigsen to ratify approval of a change order to Southwest Contracting, LLC. in the amount of \$320,000 for Centrifuge/Biosolids Project contingency. The motion passed unanimously.

Consideration of Award Bids for 2010 Water and Sewer Pipeline Extensions

Carrie Weiss provided to the Board the staff recommendation that Hart Construction be awarded the bid for the 2010 District contractor, noting that their bid was \$190,975 and the only other bidder, TC Pipeline, was \$275,190. She also noted that Hart Construction has been the District contractor since 2007 and the District's working relationship with them is very positive. A motion was made by Director Huff and seconded by Director Hartvigsen to approve the award of the contract for 2010 Water and Sewer Pipeline Extensions to Hart Construction. The motion passed unanimously.

Consideration of Resolution Calling for 2010 Regular District Election

The Board reviewed the resolution for the District election in May 2010. Chairman Wessels noted the deadlines so stated in the resolution as well as the location of polling place, at the Upper San Juan Health Service District location on N Pagosa Blvd. A motion was made by Director Huff and seconded by Director Hartvigsen to approve the resolution. The motion passed unanimously.

Report on Fee Agreement with 49 Hickory Ridge/Oppportunity Builders

Carrie Weiss reported that the water service connection had been completed on November 30, 2009 and that a revised Deed of Trust and Promissory Note had been prepared reflecting the Board's direction on July 15, 2008, to recalculate the Water Resource Fee based upon the Universal Plumbing Code methodology and to allow a one-year delay in payments, after the final connection, of the amount assessed amortized over 40 years. Mrs. Weiss indicated that all documentation necessary to reflect the Boards direction had now been completed. Chairman Wessels questioned that the new monthly amount in the Deed of Trust seemed to be too high. Shellie Tressler stated that she would take a look at the math. A motion was made by Director Chacey and seconded by Director Huff to approve the revisions to the documents subject to the monthly payment amount being correct or corrected. The motion passed unanimously.

Considerations of Revisions to District Personnel Handbook

Chairman Wessels reported that some changes and edits have been made to the Personnel Handbook. She provided the other Directors with copies of Linda Alexander's letter and suggested revisions. She suggested that in order to save paper, that the handbook be placed on the web site and when there are revisions to the handbook in the future, that the employees can be alerted to the changes and they can view them at their convenience. Sheila Berger expressed misgivings about having an internal document, particularly one related to personnel issues, on a public website. Art Holloman expressed concern about how an employee would furnish a signature page agreeing to the terms of the handbook if the changes were on the web site. Following this discussion, a motion was made by Director Hartvigsen and seconded by Director Chacey to approve the revisions, as attached to the minutes, to the Personnel Handbook. The

motion passed unanimously. Further personnel matters will be discussed at the February Regular Board Meeting, and subsequent revisions to the Personnel Handbook will then be incorporated.

Public Outreach

Sheila Berger gave the Directors a brief overview of public outreach activities since the December meeting. Specifically, the first electronic newsletter would be sent out shortly and the KWUF January show on the 18th would be on the District accomplishments in 2009 and plans for 2010 with Carrie Weiss and Sheila Berger. Mat deGraaf provided the Directors with a description of the movie screening event, "Blue Gold," that the District would be hosting on March 1, 2010 at the Liberty Theater, stating that the Southwest Organization for Sustainability and the Pagosa Brewing Company had agreed to be co-sponsors. The Board members discussed the appropriateness of having alcohol available at the event versus the increased exposure it would provide. The consensus of the Board was to move forward with the co-sponsors but to downplay the beer component.

Other Business

Sheila Berger provided the Board with an overview of the Strategic Planning effort to date, suggesting that there would be an approximately 4-hour session with the Directors sometime in mid-February.

Chairman Wessels provided the Directors and audience with two articles from the Denver Post on country-wide water supply issues.

Chairman Wessels announced that with regard to the newly-implemented Enhanced Wellness Benefit Plan, Pagosa Fire Protection District Chief Ron Thompson thought it was highly possible that the PAWSD staff could use the fire district's gym facility for a minimum amount. He requested that PAWSD write a letter to the PFPD Board to make a formal request. A motion was made by Director Chacey and seconded by Director Hartvigsen to approve directing staff to write a request letter to the PFPD Board of Directors. The motion passed unanimously.

There being no further business to come before the Board, the meeting was adjourned at 7:58 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

PAGOSA AREA WATER AND SANITATION DISTRICT)
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ARCHULETA COUNTY) SS
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STATE OF COLORADO)

NOTICE OF SPECIAL MEETING

NOTICE IS HEREBY GIVEN that a Special Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District has been scheduled for Monday, January 25, 2010, at 5:00 p.m. The Board of Directors will immediately enter into executive session for the purpose of discussion of personnel matters pursuant to Section 24-6-402(4)(f), C.R.S. The meeting will be held at the District's administrative offices located at 100 Lyn Avenue, Pagosa Springs, Colorado. Proposed Agenda is as follows:

1. Call to Order
2. Executive Session (pursuant to Section 24-6-402(4)(f), C.R.S. as described above)
3. Return to Open Session
4. Consideration of Employment Benefits and Salary Comparison Study - August, 2009 and Merit Adjustments
5. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Carrie S. Weiss
For the Board of Directors

SEAL

**RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
JANUARY 25, 2010 SPECIAL MEETING**

Attendance

The following Directors were present: Chairman Karen Wessels, Bob Huff, Windsor Chacey, Steve Hartvigsen, and Harold Slavinski. District Manager Carrie Weiss was also present. No members from the public were in attendance.

Call to Order

The Special Meeting of the Pagosa Area Water and Sanitation District was called to order by Chairman Karen Wessels at 5:23 p.m. on Monday, January 25, 2010.

Disclosure of Potential Conflicts of Interest

Chairman Karen Wessels is owner of Alpha Engineering and a member of the Board of Directors of the San Juan Water Conservancy District ("SJWCD"). Harold Slavinski and Windsor Chacey are also members of the Board of Directors of the SJWCD. Carrie Weiss is also a member of the Board of Directors of the SJWCD, and as Manager of the Pagosa Area Water and Sanitation District contracts with the SJWCD for administrative services. Disclosures of Conflict of Interest Statements have been properly and previously filed, and the Board noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to potential conflicts.

Executive Session

Harold Slavinski moved to enter into executive session at 5:24 p.m. for the purposes of discussion of personnel matters subject to Section 24-6-402(4)(f), C.R.S. The motion was seconded by Windsor Chacey and carried.

Reconvene to Special Meeting

Directors returned to regular session at 8:28 p.m.

Manager's Evaluation

Directors commended Carrie Weiss on her job performance during 2009. Harold Slavinski moved to approve a 3% merit pay increase in accordance with her evaluation. The motion was seconded by Bob Huff and carried. Direction was given for revisions to certain Individual Performance Objectives specific to the Manager and supervisory staff to be incorporated in 2010, and a Core Competency revision for staff performing evaluations. Mrs. Weiss thanked the Board and stated that the significant accomplishments of the District would be not possible without skilled and dedicated staff as well as the Board of Directors.

Employment Benefits and Salary Comparison Study and Merit Adjustments

Carrie Weiss requested acceptance of the *Employment Benefits and Salary Comparison Study – August, 2009*. Discussion ensued with regard to the detail and previous meetings held by the personnel committee (consisting of two Board and four staff members) which led to further consideration by the entire Board in August, 2009. In reviewing the record, Mrs. Weiss realized that the Study had not been accepted by the Board, but noted that certain aspects had been implemented or were implied. She requested formal action to accept the Study and with the addition of numbers 5 and 6, Specific Conclusions, as indicated on the attached Executive

Summary of the Study. A motion was made by Harold Slavinski and seconded by Bob Huff to accept the Study with the stated additions.

Mrs. Weiss requested Board approval for merit and bonus pay adjustments for certain employees. Windsor Chacey moved to approve those recommendations as adjusted by the Board of Directors. The motion was seconded by Bob Huff. The motion carried with three ayes and two nays.

Other Business

Directors discussed a request from the Archuleta County Board of County Commissioners (BoCC). The Commissioners had responded to the District Board's invitation to a meeting between both Boards; however, the BoCC wants the meeting to be held at a larger facility and invite public comment. It was determined that this approach would defeat the purpose of the meeting and would accomplish nothing. It is hopeful the BoCC will concur that a Board to Board meeting is the most productive manner. It was noted that all District Regular Meetings provide for public comment. Seldom is there comment, not to mention minimal public attendance.

Adjournment

There being no further business to come before the Board, the meeting was adjourned at 9:25 p.m.

Respectfully submitted,

Windsor Chacey
Secretary

PAGOSA AREA WATER AND SANITATION DISTRICT)
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ARCHULETA COUNTY) S.S.
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STATE OF COLORADO)

NOTICE OF SPECIAL MEETING

NOTICE IS HEREBY GIVEN that a Special Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District has been scheduled for Monday, February 8, 2010, at 9:15 a.m. The primary purpose of this meeting is for discussions with the Board of Directors of the San Juan Water Conservancy District on water matters and the development of raw water projects. Towards the end of the meeting, the Boards of Directors are expected to enter into executive session for the purposes of conferences with legal counsel for receiving legal advice on litigation and discussing matters related to land acquisition for development of raw water facilities and other matters subject to negotiation involving both Districts pursuant to Sections 24-6-402(4)(a), 24-6-402(4)(b), and 24-6-402(4)(e), C.R.S. The Meeting will be held at the District's administrative office located at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Discussion and Considerations of Dry Gulch Reservoir and Water Projects
 - A. Conservation Easements
 - Status Report from Southwest Land Alliance - Michael Whiting
 - Conservation Easement Deed for Laverty Ranch
 - Application to GOCO
 - B. Land Acquisition
 - Laverty
 - USFS Land Exchange
 - C. CWCB Loan Contract Amendment
 - D. Court Case 04CW085
3. Consideration of Agreement with BBC Research
4. Executive Session Pursuant to Sections as Described Above
5. Return to Open Session
6. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Carrie S. Weiss
For the Board of Directors

SEAL

PAGOSA AREA WATER AND SANITATION DISTRICT
SAN JUAN WATER CONSERVANCY DISTRICT
MINUTES OF THE SPECIAL MEETING
FEBRUARY 8, 2010

Attendance

The following Directors were present:

Representing SJWCD: Ernie Amos, Carrie Weiss, Harold Slavinski, Fred Ebeling, Karen Wessels, Diane Bower, Mark Garcia and Jack DeLange;

Representing PAWSD: Karen Wessels, Harold Slavinski, Steve Hartvigsen and Bob Huff. Also present were Sheila Berger, Michelle Tressler, Gene Tautges, Steve Laverty, Michael Whiting, Allan Bunch and Bill Hudson.

Call to Order

The Special Meeting of the Pagosa Area Water and Sanitation District and San Juan Water Conservancy District was called to order by Acting Chairman Ernie Amos at 9:20 a.m., Monday, February 8, 2010. On behalf of the SJWCD, a motion was made by Director Garcia and seconded by Director Bower to excuse Director Pat Ullrich and Director Windsor Chacey who had called and indicated they were unable to attend. The motion passed unanimously. On behalf of the PAWSD Board, a motion was made by Director Huff and seconded by Director Slavinski to excuse Director Winsdor Chacey. The motion passed unanimously.

Disclosure of Potential Conflicts of Interest

Carrie Weiss had previously reported that she had filed a Conflict of Interest Disclosure regarding her position on the San Juan Water Conservancy District Board of Directors and receiving compensation for services as Manager for the Pagosa Area Water and Sanitation District. Chairman Karen Wessels had previously submitted a Disclosure as a Board of Director for the San Juan Water Conservancy District, the Pagosa Area Water and Sanitation District and as owner of Alpha Engineering, where one might perceive a conflict could arise. Harold Slavinski had previously submitted a Disclosure as a Board of Director for the District and a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to potential conflicts.

Discussion and Considerations of Dry Gulch Reservoir and Water Projects

A. Conservation Easements- Michael Whiting representing the Southwest Land Alliance (SLA) provided the Boards with a verbal status report on the conservation easement deed for the Laverty Ranch and application to Great Outdoors Colorado (GOCO). He reported that draft conservation easement language had been circulated to the Districts' attorneys Evan Ela and Kathryn Garner, with subsequent revisions. He had also provided a copy to the Laverty family, who was not receptive to some of the conditions. He acknowledged that progress was slow regarding negotiations with the Lavertys on the different areas the parcel in question – the piece below the 7410 foot contour and the piece above to the top of the watershed- but reminded the Boards that the Lavertys are three working families being asked to make decisions that affect the future of their property in perpetuity, and asked that the Districts have patience as this is typical of the conservation easement process. He

briefly mentioned the second Laverty parcel owned by parents Bill and Peggy Laverty, suggesting that the focus be kept, for the time being and for the purposes of this discussion, on the Laverty children's property (Laverty Ranch). Mr. Whiting stated that the title search confirmed clear access to the property. Chairman Amos asked what were the major steps to completing the conservation easement, to which Mr. Whiting responded 1) having legal access across the Bill and Peggy Laverty property; 2) having clear title; 3) the conservation easement appraisal; and 4) a baseline documentation report. On the latter point, he reported that SLA Land Stewardship Coordinator Karen Freeman had gathered sufficient data before snowfall to develop a conditional baseline report which will be completed after the property is clear of snow. He stated that this is standard practice, acceptable by the State and GOCO. He stated that the only piece left is the conservation easement appraisal which cannot be completed until the final deed, with its rights and restrictions, is nearly complete because the appraisal is only good for 60 days.

Chairman Amos asked for an estimate of when this all might come together, to which Mr. Whiting replied that it depends on how quickly the specific terms of the deed can be negotiated. He stated that he had spoken to Steve Laverty about phasing the conservation easement process, such that the first phase would entail placing an easement on the property below the 7410 foot contour rather than the PAWSD purchasing this portion of the Laverty Ranch fee simple. The second phase would be an easement from the 7410' contour to the watershed line, with considerations for the rights and restrictions there. He stated that in the second phase easement, the Lavertys would like a building envelope(s) within the watershed, which he felt would not be a deal-breaker. Chairman Amos asked if Mr. Whiting had a rough sketch of how the Lavertys' future plans lay out which would be helpful to the Districts' attorneys. Chairman Amos stated that he felt the attorneys should have as much information as possible and that there was a big disconnect in understanding between all of the parties. He further stated that he took responsibility for the parties going in two different directions and he wanted to get back to everyone going in the same direction.

Steve Laverty, who was in the audience, stated that the Lavertys wish to focus on the 7410 foot reservoir project boundary line and put a conservation easement below this contour (Phase One), because they would like to retain ownership of the property with the right to ranch on it until the time that the property is inundated. He stated that his family is hesitant to sell the property to the Districts fee simple. Director Weiss requested clarification to the statement that the inundated portion (that portion below the 7410 foot contour) would be placed into a conservation easement, but GOCO would not assist funding of this easement as had previously been determined. Mr. Whiting replied that GOCO does not do "under water" easements and that their funding would offset the cost of the second easement (that above the 7410 foot contour). He stated that this leaves the Districts the opportunity to do an easement purchase on Phase One without the GOCO complication, which results in the same total expenditure but in two different phases. His stated feeling was that given where the Lavertys are and given the Districts' desire to move forward, the phasing approach would seem to be in the best interest of both parties.

Chairman Amos requested verification that the contract with the SLA ends on May 12, 2010 and asked what happens after that, to which Mr. Whiting responded that he is working with the Lavertys and has been paid to finish the project and assured the Boards

that he is not going to walk away. He stated that no additional fees will be charged for an extended contract. Director Weiss stated that because the contract with the SLA is binding, it would be in everyone's best interest to extend it. Chairman Amos requested a monthly written report from Mr. Whiting, to which he agreed. Director Garcia asked how the GOCO application was coming together, to which Mr. Whiting responded that because GOCO will fund the second phase of the easement, he will aim to apply for the fall round. Director Weiss pointed out that up to a week ago, the parties were still looking to submit an application to GOCO for the spring (March 2) round. She requested a report in writing from Mr. Whiting stating what has been done to date, what still needs to be accomplished and a timeline for these tasks. She stated the Districts have time constraints for this purchase because the PAWSD loan contract ends in 2012, and she expressed concern as the process continues to drag out. Mr. Whiting responded that conservation easements require a tremendous amount of patience, requiring all parties to move at the pace of the landowner. He further stated that easements are not something to go into lightly as they permanently encumber property rights, and he felt that the Lavertys are operating in good faith with deep reservations. He stated that he could put together a tentative timeline and plug in the fall GOCO deadline but again, it will be subject to the pace of the landowner. Director Huff stated that he recognized that there will be a lot of time before build out and he is not comfortable being pushed by a loan deadline. Mr. Whiting stated that he felt the parties were close to having a deal in principle and it just needs to go back and forth between the attorneys.

Director Huff asked for clarification on the phasing approach, if the initial easement would identify "the shell." Mr. Whiting responded that yes, the first easement would describe the project boundary and the restrictions within that project boundary. Director Huff asked what happens 30 years from now if future Boards build a smaller reservoir – what happens to the "outer shell?" Mr. Whiting responded that this property will still, and always, belong to the Lavertys. If the Districts settle on a certain size that becomes the fixed size – if at some point the Districts say, "This is all we're ever going to build," and it is less than 35,000 acre-feet, then the Laverty Family will still have the right to graze and ranch within the first easement, upon the dry land. At this point Director Hartvigsen drew a diagram of the easement phasing on the white board. Audience member Bill Hudson took a picture of the diagram and asked why the Districts were planning for an easement based on a reservoir size of 35,000 acre feet rather than 19,000 acre feet. Mr. Whiting explained that a conservation easement is in perpetuity and that it is very difficult and costly to change an easement, so the parties were setting the easement for largest reservoir size topographically possible. He stated that it is better to use the largest possible project boundary on which to predicate a permanent, perpetual easement.

Director Hartvigsen asked Steve Laverty what he would recommend to the Districts regarding the Bill and Peggy Laverty property, to which Mr. Laverty responded that a lot depends upon resolving the building envelopes in the watershed portion of the Laverty Ranch property. He stated that Bill and Peggy have discussed gifting their property to the Laverty children but they have to investigate the tax ramifications of that. He suggested that the best approach for the Districts was to move forward with the Laverty Ranch as has been discussed and then move forward with Bill and Peggy on their property, because what affects the Laverty Ranch affects Bill and Peggy's property. Mr. Whiting indicated that there will be the potential to talk to Bill and Peggy on the second phase of the easement and

perhaps there will be an opportunity at that time to include a portion of their watershed into the easement. He noted that a demarcation along the watershed would cut the Bill and Peggy Laverty property in half, which is a concern to them.

- B. Land Acquisition/USFS Land Exchange – Sheila Berger reported that no progress had been made on the USFS land exchange or sale of the Ridge property. She stated that she planned to contact the State for information on the mining lease.
- C. CWCB Loan Contract Amendment – Sheila Berger requested the approval of both Boards for staff to work with the CWCB on potential changes to the terms of the loan contract in order to accommodate potential changes in the nature of the land acquisition, such as using conservation easements and using proceeds of a sale of loan-funded property (the Ridge property) to acquire other property needed for the project (Forest Service property). On behalf of the SJWCD, a motion was made by Director Garcia and seconded by Director DeLange to direct staff to work with the CWCB and attorneys on any required changes to the loan contract. The motion passed unanimously. On behalf of the PAWSD, a motion was made by Director Hartvigsen and seconded by Director Slavinski to direct staff to work with the CWCB and attorneys on any required changes to the loan contract. The motion passed unanimously.
- D. Court Case 04CW085 – Director Weiss reported that the attorney for Saddleback Ranch has requested a 90 day extension on the court settlement decree because they are in negotiations with a potential buyer. She stated that there are no updates to report on the Trout Unlimited/Dry Gulch water rights court case.

Consideration of Agreement with BBC Research

The Boards considered an agreement to engage BBC Research and Consulting (BBC). Director Weiss invited the Directors to take a copy of the agreement which was on the table. She provided the Boards with an overview of the agreement, stating that the firm will prepare and review data related to local economic and population growth and will serve as an expert witness in the Trout Unlimited water rights case. She reported that the cost estimate BBC had provided for this work was \$25,000-\$40,000 and noted that this was more than the Districts had budgeted for in 2010. Director Slavinski asked how the Districts would be billed, to which Director Weiss responded that BBC would submit for progress payments as they had done for their prior work. Director Ebeling asked if the Districts should be spending money to have consultants get up and say that the data we provided was accurate. Director Hartvigsen countered by stating that BBC's demonstrated past work and expertise directly ties with the Districts' situation. Director Huff stated his feeling that the Supreme Court is asking the Districts to slow down and take a look at realistic population projections, and that when the Districts can demonstrate need for the water rights they are requesting, they will get it. Director Garcia stated his feeling that the Supreme Court just wants the lower court to do due diligence. Director Hartvigsen expressed concern that the agreement states that BBC works at the direction of Mr. Ela, the Districts' attorney, and that he felt the Boards need to be more closely engaged in giving that direction. Chairman Amos added a suggestion that a list of questions and concerns about BBC be compiled for the attorney. Director Garcia expressed his opinion that Trout Unlimited has forced us to spend more money. The Directors continued to discuss the qualifications of BBC and the attorney's recommendations, reviewing the resumes of BBC

staff attached as part of the agreement. Following this discussion, on behalf of the SJWCD, a motion was made by Director Weiss and seconded by Director Bower to approve the agreement with BBC, authorizing up to \$40,000 to be spent split equally between the SJWCD and the PAWSD with the strong request to BBC to keep expenses to a minimum, and to change the agreement to reflect the first task as being the examination of the EPS Impact Fee Study, subject to Counsel approval given preparation timeline requirements for the Trout Unlimited court case. The motion passed unanimously. On behalf of PAWSD, a motion was made by Director Huff and seconded by Director Slavinski to approve the agreement with BBC, authorizing up to \$40,000 to be spent split equally between the SJWCD and the PAWSD with the strong request to BBC to keep expenses to a minimum, and to change the agreement to reflect the first task as being the examination of the EPS Impact Fee Study, subject to Counsel approval given preparation timeline requirements for the Trout Unlimited court case. The motion passed unanimously.

Executive Session

On behalf of the SJWCD Board, a motion was made by Director Bower and seconded by Director Garcia to enter into Executive Session at 10:49 a.m. for the purposes of conferences with legal counsel for receiving legal advice on litigation and discussing matters related to land acquisition for development of raw water facilities and other matters subject to negotiation involving both Districts pursuant to Sections 24-6-402(4) (a), 24-6-402(4)(b), and 24-6-402(4)(e), C.R.S. The motion carried. On behalf of the PAWSD Board, a motion was made by Director Slavinski and seconded by Director Hartvigsen for the above stated purposes. The motion carried.

The Directors returned to open session at 12:32 p.m.

Other Business

The Directors discussed the date and time for the next joint meeting. The joint meeting was set for March 15, 2010 at 5 p.m.

The Boards directed staff to draft a letter to the Kurt Laverty, Steve Laverty and Kitzel Farrah families regarding further land negotiations as was discussed in Executive Session.

Director Weiss provided the Directors with a flyer for the Southwest Watershed Workshop that will be held in Cortez on March 11, 2010 and requested that any Directors interested in attending contact her so that she could get them registered and notice the meeting if necessary.

Director Weiss reminded the Directors about the meeting at 8 a.m. on March 10, 2010 with the representative from the State Demographer's Office to be held at the County Courthouse, and asked for a headcount. The Directors that confirmed they will be at the meeting were Director Slavinski, Director Hartvigsen, Director Wessels, Director Weiss and Director Bower.

Director Weiss reported for the SJWCD that Director Ebeling, Director DeLange and Director Chacey's terms will expire on March 21, 2010. Applications to District Court for (re-) appointment are due by February 19, 2010.

Sheila Berger reminded the Directors that the first in a series of monthly river protection meetings for the East Fork and West Fork of the San Juan River would be held from 5:30 to 8:30 on February 25 at the community center.

There being no further business to come before the joint Boards, the meeting adjourned at 12:35 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer, PAWSD

Jack B. DeLange
Secretary, SJWCD

PAGOSA AREA WATER AND SANITATION DISTRICT)
)
ARCHULETA COUNTY) s.s.
)
STATE OF COLORADO)

NOTICE OF WORK SESSION, REGULAR MEETING, AND PUBLIC HEARING

NOTICE IS HEREBY GIVEN THAT a Work Session and Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District have been scheduled for Tuesday, February 9, 2010, at 5:30 p.m. and 6:30 p.m. respectively. The Work Session and Regular Meeting will be held at the District's administrative office located at 100 Lyn Avenue, Pagosa Springs, Colorado. The proposed Agenda is as follows:

1. Call to Order
2. Approval of Consent Agenda
 - Minutes – 01/11/10, 01/25/10 Special Meetings and 01/12/10 Regular Meeting
 - Staff Report
 - Projects Update
 - Change Order – Triad Western Contractors, Inc. - Highlands Lagoon Project
 - Annual Report – I & I, Grease, Sump Pumps, Cross-Connection, Valves
 - Service Agreements – Great West Institute, MWH Americas Inc.,
GK Fine Masonry
 - 49 Hickory Ridge Apartments, L.P. Promissory Note Modification Agreement
 - Consultant Reports
3. Public Comment
4. Water Conservation Program
 - Smart Water Audit Program - Tracy Bouvette
 - Toilet and Clothes Washer Rebate Programs – Mat deGraff
 - Ratify Resolution to Bureau of Reclamation Water Conservation Field Services
 - Program Water Marketing and Efficiency Grants
5. 7:00 Public Hearing – Inclusion of Real Property into the District
 - The Cecka Family Living Trust
6. Consideration of Request for Participation from Pagosa Outreach Connection
7. Consideration of Report and Request from Pagosa Lakes Property Owners Association Concerning Village Lake Dam Repairs
8. Ratification and Consideration of Notice of Award and Change Order
 - Southwest Contracting, LLC – Centrifuge/Biosolids Project
 - Weaver General Construction – Hatcher Water Treatment Plant Improvements
 - M.C. Company – Parking Lot Repairs
9. Consideration of District Schedule of Fees and Charges and Extended Amortization of Water Resource Fee
10. Consideration of Main Line Extension Permit – Pagosa Mesa Heights West LLC, David Scherer and Jack Searle
11. Consideration of Engagement Letters for 2009 Audit – Wall, Smith, Bateman & Associates, Inc.; Clark, White, & Associates, Inc.
12. Consideration of Refinancing 1998 Revenue Bond Issue
13. Consideration of Resolution Amending 2009 ARRA Program Loan Agreements Between District and Colorado Water Resources and Power Development Authority and Related Documents
14. Report on Strategic Planning
15. Public Outreach
16. Discussion of Revisions to District Rules and Regulations

17. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Carrie S. Weiss

For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
FEBRUARY 9, 2010 REGULAR MEETING

Attendance

The following Directors were present: Karen Wessels, Harold Slavinski and Bob Huff. Also in attendance were: Carrie Weiss, Gene Tautges, Art Holloman, Sheila Berger, Michelle Tressler, Mat deGraaf, Tracy Bouvette, Allan Bunch, Patrick O'Brien, Larry Lynch, Barbara Hendricks, Don Ford and Carlos Alvarez.

Disclosure of Potential Conflicts of Interest

Carrie Weiss had previously reported that she had filed a Disclosure of Conflict of Interest regarding her position on the San Juan Water Conservancy District Board of Directors and receiving compensation for services as Manager for the Pagosa Area Water and Sanitation District. Karen Wessels had previously submitted a Disclosure as a Board of Director for the District, as a member of the Board of Directors of the Pagosa Area Water and Sanitation District, and as owner of Alpha Engineering, where one might perceive a conflict could arise. Harold Slavinski and Windsor Chacey had previously submitted a Disclosure as a Board of Director for the District and as members of the Board of Directors of the Pagosa Area Water and Sanitation District. The Board noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to potential conflicts.

Call to Order

The Regular Meeting of the Pagosa Area Water and Sanitation District was called to order by Chairman Karen Wessels at 6:30 p.m. on February 9, 2010. A motion was made by Director Huff and seconded by Director Slavinski to excuse Director Windsor Chacey, whose mother passed away and is out-of-town, and Director Steve Hartvigsen, who is recovering from surgery. The motion passed unanimously.

Approval of Consent Agenda

The minutes from the January 12, 2010 Regular Meeting, January 11, 2010 Special Joint Meeting with the San Juan Water Conservancy District, and the January 25, 2010 Special Meeting as well as other items from the Consent Agenda, were reviewed. A motion was made by Director Slavinski and seconded by Director Huff to approve the items on the consent agenda. The motion passed unanimously.

Public Comment

Chairman Wessels asked if there were any public comments. None were offered.

Water Conservation Program

Tracy Bouvette of Great Western Institute provided an update on the Smart Water Audit Program. He reminded the Board that the District received a Water Efficiency Grant from the CWCB for \$48,700 to retrofit businesses with water-efficient appurtenances. The grant is providing the funds to purchase the toilets, waterless urinals, faucet aerators and showerheads. He noted that the total project cost is approximately \$74,000 including in-kind work, with PAWSD responsible for the labor to perform the audits and subsequent retrofits. He stated that the focus is on the businesses that use large volumes of water such as motels, hotels and restaurants. Mr. Bouvette explained the process of the Smart Water Audit Program. In addition

to the five pilot audits he conducted with Denise Rue-Pastin last year, he and Water Conservation Coordinator Mat deGraaf performed ten audits this week including the Pagosa Lakes POA Recreation Center, the Library and the Chamber of Commerce. He will analyze the results of these audits and they will decide where the retrofits will take place. He stated that the paybacks on retrofits were 5-8 years for toilets, a few weeks for faucet aerators and a few months for showerheads. Mr. Bouvette indicated that the installations will take place in March, and advised that this should be coordinated with messaging and press releases to make the largest public “splash.” He felt that between the demonstrated water savings from this project and the Automated Meter Reading (AMR) water use tracking ability, the District should be able to obtain additional grants from the State. Mr. Bouvette further stated that he is working with the State and its SWSI analysis to determine how to focus water conservation dollars and efforts for the greatest opportunities for water savings, noting that “You folks [the District] are a model for where the State is going with this thing.” He noted that the CWCB will be holding a meeting in Durango in May and recommended that it would be to the State’s and District’s benefit to attend and share our water conservation program.

Sheila Berger asked how would customers interested in having an audit performed get on the list for the next round. Mr. Bouvette recommended a wait-and-see approach; have interested businesses contact Mat deGraaf and then gather all of the inquiries and assess how many there are. He cautioned to steer away from performing residential audits, as they do not provide much “bang for the buck.” Gene Tautges asked Mr. Bouvette about water conservation mechanisms for outdoor irrigation, to which he suggested sub-metering automated systems for data capture, installing evapotranspiration (ET) controllers and encouraging xeriscaping.

Following Mr. Bouvette’s presentation, Mat deGraaf provided the Board an overview of the 2009 toilet and washing machine rebate programs (reports attached). He reported that 48 toilets were replaced and 32 washing machines were replaced in 2009, for a total program year-to-date expenditure of \$39,249 and a total avoided cost of \$190,882. He stated that these programs provide a large return on investment for the District, adding that the total average annual water savings due to the rebate programs is approximately 50 acre-feet. He noted that 2009 represented a resurgence of interest and participation in the program. Chairman Wessels asked about the difference in gallon requirements and energy usage between the high efficiency and replacement washing machines, to which Mr. deGraaf responded that a high efficiency washer uses 21 gallons per load versus the typical machine which uses 42 gallons per load. He added that most of the machines are “Energy Star” certified, requiring much less energy as well.

Mr. deGraaf also reported that Project Planet was launched in December. Of the ten targeted hotels, 8 are participating (one was unresponsive and one has closed). He stated that the feedback on the program has been very positive, with one hotel, the Oak Ridge Lodge, receiving several customer cards supporting the program and the hotel’s effort therein. Mr. deGraaf also reported that he is building a leak tracking spreadsheet to track water loss due to service line leaks, using the AMR data. He provided the Board with the leak statistics for 2009, noting that for the year approximately 5,390,000 gallons were lost. He stated that if these leaks had not been detected through the AMR technology and we still were not reading meters during the winter, this loss would have been much greater.

Next, the Board considered a Resolution to submit a grant proposal to the Bureau of Reclamation Water Conservation Field Services Program Water Marketing and Efficiency Grant Program. Sheila Berger provided the Board an overview of the project for which the District was submitting a proposal. She reported that the request was in the amount of \$50,000 to purchase an

additional 320 (approximately) water meters that could be programmed to read in increments of 100 gallons or less. If the grant is obtained, this would add to the already budgeted \$128,000 for the replacement of 500 older residential meters and reprogramming of 1000 of the newer, reprogrammable meters. Because the grant application needed to be submitted by February 5th, the Board was polled for approval. A motion was made by Director Slavinski and seconded by Director Huff to ratify approval of the Resolution. The motion passed unanimously.

Public Hearing – Inclusion of Real Property into the District

Chairman Wessels opened the Public Hearing regarding inclusion of real property into the District at 7:20 p.m. (She had asked if there was any objection from the public to delay opening to allow the aforementioned time to complete their presentations; there were no objections.) The Board reviewed a corrected Petition for Inclusion and Conditions of Inclusion for The Cecka Family Living Trust (“Petitioner”). The Petition was first presented and approved by the Board at the November 10, 2009 Regular Meeting. It was subsequently discovered that the legal ownership was in a different name. The Petitioner was seeking inclusion of 39.68 acres into the District and requesting the allocation of 1 Equivalent Unit for water and sewer service. Staff recommended approval of the inclusion. A motion was made by Director Huff and seconded by Director Slavinski to approve the Inclusion of Real Property into the District for water and sewer service. The motion passed unanimously. The Public Hearing was closed at 7:21 p.m.

Consideration of Request for Participation from Pagosa Outreach Connection

Pastor Don Ford representing the Community Methodist Church, Barbara Hendricks representing Archuleta County Department of Human Services and Father Carlos Alvarez representing the Sacred Heart of Mary Catholic Church assembled to present the Board with a request for the District’s participation in the Pagosa Outreach Connection (POC) program. First, Pastor Ford gave a brief overview of the program, stating that it is a consortium of faith-based and community-based service organizations working together to assist those in need. In 2009 this consortium provided \$99,264 in assistance. The types of assistance provided range from rent, mortgage and utility bill payments to prescriptions, hearing aids and car repairs. The County’s Department of Human Services receives and initially screens the applications for eligibility prior to the weekly discussion of representatives from the POC agencies. He stated that the idea for PAWSD’s participation would be similar to the LPEA “Round-Up” program wherein customers can designate an extra amount on their monthly utility bill to the POC. Director Huff asked if the District’s billing software is able to support this. Carrie Weiss responded that it did not but if a customer notes on his bill that the extra amount is to go to the POC, the District can design a way to track that. She noted that there have been property owners who have sent in extra money requesting it be distributed to those facing economic hardship.

Barbara Hendricks stated that if the Board decides to participate, a PAWSD representative could be part of the interagency committee. Ms. Weiss asked, for clarification, if this person needs to attend once a week. Pastor Ford responded that yes, someone needs to attend weekly or PAWSD would need to designate someone to allocate the funds collected by PAWSD customers that are specific to the POC program. A motion was made by Director Slavinski and seconded by Director Huff to participate with the Pagosa Outreach Connection. The motion passed unanimously.

Consideration of Report and Request from Pagosa Lakes Property Owners Association Concerning Village Lake Dam Repairs

Larry Lynch, representing the Pagosa Lakes Property Owners Association (PLPOA), provided the Board with an overview of the project need and status. He stated that the project involves

replacing 172 feet of galvanized steel corrugated pipe that is encased in concrete and almost completely corroded. This pipe is the only outlet pipe from Village Lake through the dam into Lake Forest. The State is requiring the repair, which will most likely involve draining Village Lake. Mr. Lynch requested permission from the Board to drain Village Lake this fall in order to make repairs to the outlet pipe and the dam. Director Huff asked if it had been determined that it was necessary to drain the lake? Mr. Lynch responded that PLPOA's engineering firm, URS, was exploring that but felt that repairs without draining would be expensive and problematic, if it could even be done. He stated that because of a land bridge that bisects the lake, there would still be a fair amount of water at the east end from where the irrigation water is pulled. He also stated that the timeframe would be about two weeks to make the repair, which would take place in the fall after irrigation was no longer an issue. Director Huff requested a staff recommendation. Gene Tautges stated that without additional information from PLPOA's engineering firm, giving conditional permission to drain the lake would be appropriate, because if the repairs are not made the State can dictate conditional storage. Mr. Lynch stated that URS does not feel that repairs can be done without draining the lake. Art Holloman added that if the Board gave the PLPOA permission to drain the lake, it would be PAWSD's job to do so.

Following this discussion, Mr. Lynch made a second request for the District to provide monetary assistance for this project, stating that PLPOA owns the dams but PAWSD owns the water. He presented the Board with the URS evaluation of project alternatives and cost estimates, noting that the PLPOA Board had directed him to pursue Alternative One in the estimated amount of \$117,200. Mr. Lynch suggested that some of the cost participation could be in the form of in-kind labor and equipment. He stated that costs will be more solid by early to mid-summer. Chairman Wessels asked about the life expectancy of the options, to which Mr. Lynch replied 30 to 50 years. Shellie Tressler stated that any money for this project would need to come from reserves as this is an unbudgeted project.

The Board discussed the project further, concurring with the need to make the repairs but concerned with the unbudgeted expenditure and the need to fill Stevens Reservoir this fall before water can spill down to fill Village Lake. A motion was made by Director Huff and seconded by Director Slavinski to continue to cooperate with the PLPOA on this project and directing staff to continue to work with the PLPOA staff. The motion passed unanimously.

Ratification and Consideration of Notice of Award and Change Order

Southwest Contracting, LLC – Centifuge/Biosolids Project. The Board considered ratification of a revised Notice of Award to Southwest Contracting, LLC. Carrie Weiss explained that this action was necessitated as a result of inaccurate information provided to the Board at the January meeting due to the involvement of many people and constantly shifting ARRA deadlines. She vehemently assured the Board that there had been no misappropriation of funds, merely a reporting error. A motion was made by Director Huff and seconded by Director Slavinski to ratify the revised Notice of Award to Southwest Contracting, LLC. in the amount of \$3,751,500. The motion passed unanimously.

Weaver General Construction – Hatcher Water Treatment Plant Improvements. The Board considered approval of Change Order #1 for an increase in labor costs in an effort to upgrade the plant's firm yield capacity. A motion was made by Director Slavinski and seconded by Director Huff to approve Change Order #1 for Weaver General Construction in the amount of \$38,071 for the Hatcher Water Treatment Plant Improvements. The motion passed unanimously.

M.C. Company – Parking Lot Repairs. A motion was made by Director Huff and seconded by Director Slavinski to approve issuing a Notice to Proceed to M.C. Company in the amount of \$57,750.93 for Lyn Avenue parking lot repairs and resealing. The motion passed unanimously.

Consideration of District Schedule of Fees and Charges and Extended Amortization of Water Resource Fee

Shellie Tressler provided the Board with an overview of the proposed revisions (attached) to the District's Schedule of Fees and Charges. She noted that no increase in water nor wastewater service charges is proposed. She stated that an additional proposed charge for the Board's consideration was related to damage to the AMR FireFly equipment, explaining that several units had been damaged this winter at District cost to replace or repair, including labor. Staff recommended adding a charge to customers equal to the current cost of replacing a FireFly (\$104) and one hour of labor if needed (\$45) if the customer either intentionally or inadvertently damaged the FireFly. Shellie requested that if this additional charge was approved by the Board, that a press release be let advertising this charge and cautioning customers to be careful when working around their meter pits. A motion was made by Director Slavinski and seconded by Director Huff to approve the revised Schedule of Fees and Charges, to include the new FireFly equipment replacement and repair charge. The motion passed unanimously.

Consideration of Main Line Extension Permit

Pagosa Mesa Heights West LLC, David Sherer and Jack Searle – The Board reviewed a request for a Main Line Extension Permit. Carrie Weiss stated that staff recommended approval. A motion was made by Director Huff and seconded by Director Slavinski to approve the Main Line Extension Permit for Pagosa Mesa Heights West LLC. The motion passed unanimously.

Consideration of Engagement Letters for 2009 Audit

Wall, Smith, Bateman and Associates, Inc. – The Board reviewed the letter of engagement and scope of work from Karla Willschau of Wall, Smith, Bateman and Associates, Inc. Director Huff asked if there was any reason to change firms, as this firm has performed the District's audit for the last two years, to which Carrie Weiss responded, "No." A motion was made by Director Huff and seconded by Director Slavinski to approve engagement of Wall, Smith, Bateman and Associates, Inc. for the 2009 audit. The motion passed unanimously.

Clark, White, and Associates, Inc. - The Board reviewed the letter of engagement and scope of work from Karla Clark of Clark, White, and Associates, Inc. Shellie Tressler explained that using Ms. Clark to compile the financials in compliance with GASB in preparation for the work of Wall, Smith, Bateman and Associates was an effective business practice. A motion was made by Director Huff and seconded by Director Slavinski to approve engagement of Clark, White, and Associates, Inc. for the 2009 audit. The motion passed unanimously.

Consideration of Refinancing 1998 Revenue Bond Issue

Shellie Tressler provided an overview of the refinancing question. She reported that the bond issue is scheduled to be paid off in 2013, but Don Diones of George K. Baum & Company and John Self of Wells Fargo had approached her with refinancing plans that would reduce the current interest rate. However, upon further investigation, the complications and cost of refinancing eliminated most of the net gain of a lower interest rate. Therefore, Ms. Tressler proposed a different option: that the District make accelerated payments, similar to making an extra mortgage payment on a house. She presented the Board with a payment schedule demonstrating that with an extra payment per year, this would provide a net savings to the District of \$51,123 with the debt paid off in December, 2012. She explained that the other

benefit to this approach is that the Board would not be locked into this accelerated payment schedule; they could assess doing this each year depending upon revenues and ability to do so. A motion was made by Director Slavinski and seconded by Director Huff to make an additional payment for 2010 in the amount of approximately \$200,000 towards the 1998 Revenue Bond debt service. The motion passed unanimously.

Consideration of Resolution Amending 2009 ARRA Program Loan Agreements Between District and Colorado Water Resources and Power Development Authority and Related Documents

Shellie Tressler provided a brief synopsis of the reason for this resolution. She reported that all recipients of American Reinvestment and Recovery Act (ARRA) funds were required to submit to the State what amount of their original authorization was under contract by December 31, 2009. Any authorized funds not under contract had to be returned back to the State for the State's reallocation. Ms. Tressler stated that of the District's original \$9,322,353 authorization, only approximately \$111,000 remained un-appropriated (not under contract) on December 31, 2009. She reported that many recipients lost more than that. Ms. Tressler further reported that because PAWSD had been at the funding cutoff resulting in half the loan being 0% ARRA and half being 0% State Revolving Fund base loan funding, the State was requesting that the District reallocate some of its base loan with ARRA and thus assist the State in utilizing all of its federal ARRA allocation. Otherwise, the State would forfeit that amount of unallocated ARRA funds back to the federal government and lose the ability to participate in a next round of federal funding. She assured the Board that this reallocation from base loan to ARRA loan makes no difference to the bottom line amount or the 0% interest rate but greatly assists the State, which is anxious for the Board to approve and submit this Resolution and amended documents. A motion was made by Director Huff and seconded by Director Slavinski to approve the Resolution amending the 2009 American Reinvestment and Recovery Act Program loan agreements and authorizing the Chairman and Acting Board Secretary Harold Slavinski to sign and execute the documents. The motion passed unanimously.

Report on Strategic Planning

Sheila Berger provided the Board with documents and an overview of the Strategic Planning process to date. She requested that the Board set two dates for two 4-hour work sessions in which they and staff will prioritize the District's Strategic Issues and develop the plan, which will become the Strategic Plan, for addressing these issues over the next five years. She stated that the hoped-for timeline was to have a document for consideration at the Board's April meeting. After discussion, the following tentative dates were set: March 8 or March 9 at 9 a.m. and April 2 at 9 a.m. Because two Board members were absent, it was recognized by all that these dates were subject to change.

Public Outreach

Sheila Berger provided the Board with an overview of public outreach activities for the past month and upcoming. She reported that she had submitted a press release for the groundbreaking of the second phase of the Highlands Lagoon ARRA-funded project, which was to occur on Friday, February 12 at 9 a.m. at the Vista Wastewater Plant, as well as a press release related to the new on-line bill pay system. She reported that due to the President's Day holiday, there would be no KWUF radio show in February. Finally, she reminded the Board of the PAWSD-sponsored movie "Blue Gold" that is scheduled for March 15, 2010 at the Liberty Theater.

Discussion of Revisions to District Rules and Regulations

Carrie Weiss reported that there was no copy to provide to the Board at this time but that they should receive it in about 1 ½ weeks in order to fully review prior to the March meeting. After their review and discussion, and incorporation of further comments, the Board would then consider the document for adoption at the April meeting.

Other Business

Chairman Wessels reported on her conversations with the County Commissioners (BoCC) regarding the joint meeting that had been scheduled and cancelled. She stated that Commissioner Moomaw did not understand that the PAWSD Board simply wanted to have a Board-to-Board meeting, not a public forum, and he had gone ahead and reserved an overly large meeting room at the Pagosa Lakes Clubhouse. She reported that she is working now with Commissioner Clifford Lucero, who is the new BoCC Chairman. She stated her position, which was that if people were concerned they would attend the PAWSD meetings and also that the District has met with or provided information to the County staff and BoCC seven times and that she felt the District had nothing to hide.

Director Huff interjected that he felt the meeting should be the kind of meeting they were having now: eight people sitting around a table having a conversation, seeking mutual understanding. He felt that the wrong kind of meeting – such as one designed to be a public forum – sets everyone backwards and becomes a public trial with political posturing. He stated that the three main points he would like the BoCC to understand through meaningful dialogue would be: 1) The Districts bought property for a future reservoir - there is no reversing that decision. PAWSD is funding those payments by Water Resource Fee assessments- the BoCC wants PAWSD to place the assessment on the rate-payers; 2) The San Juan Water Conservancy District has a conditional storage right of 6,300 acre-feet already, so there will be a reservoir at some point in the future; 3) 6,300 AF will not be sufficient storage. The problem is that building a reservoir for 6,300 AF would be terribly expensive – the larger the reservoir, the better the economy of scale. Director Huff further stated that his main objective for holding a Board-to-Board meeting with the Commissioners would be to have them support the District's future planning in some small way, but this would be difficult if they don't want to sit around and talk to the PAWSD Board. He stressed that this is not an athletic competition where a neutral court is needed; we invited them to our house and they said they did not want to come. He stated that the PAWSD Board needs to keep that invitation out there and keep inviting them, and that the County Commissioners are thinking large about economic development but thinking small about water planning which is a disconnect. Director Huff restated that the District needs to keep the invitation open with the message that the PAWSD Board is always available and wants to seek the support of the BoCC but does not want to get dragged off into an adversarial relationship. Chairman Wessels stated that she will follow up with Commissioner Lucero directly rather than directing District Manager Weiss to reply to County Administrator Schulte.

Following this discussion, Sheila Berger provided the Board with an update on the status of the Jackson Mountain Slide mitigation project on which PAWSD staff is working with CDOT staff. She reported that the Board will be phone polled later this month on approval of a Letter of Intent, to be ratified at their March meeting, which is being drafted by CDOT. This Letter of Intent shall state that CDOT will reimburse the District on certain costs associated with moving the water line due to their mitigation work. She reported that, unless our engineers advise replacing more pipeline than CDOT is directly impacting, all of the costs to replace this section of line should be borne by CDOT. She noted that the District's attorney will review the Letter of Intent prior to phone-polling the Board.

Sheila Berger reported that the District had recently obtained a \$10,000 no-match grant from the Colorado Department of Public Health and Environment for an energy efficiency audit on the Vista Wastewater Treatment Facility. Shellie Tressler noted that the audit was budgeted for 2010 so this grant lessens that expense. Ms. Berger stated that a press release would be submitted to the Pagosa Sun as soon as the award contract was executed.

There being no further business to come before the Board, the meeting was adjourned at 9:35 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

PAGOSA AREA WATER AND SANITATION DISTRICT)
)
ARCHULETA COUNTY) s.s.
)
STATE OF COLORADO)

NOTICE OF WORK SESSION AND REGULAR MEETING

NOTICE IS HEREBY GIVEN THAT a Work Session and Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District have been scheduled for Tuesday, March 9, 2010, at 6:00 p.m. and 6:30 p.m. respectively. The Work Session and Regular Meeting will be held at the District's administrative office located at 100 Lyn Avenue, Pagosa Springs, Colorado. The proposed Agenda is as follows:

1. Call to Order
2. Approval of Consent Agenda
 - Minutes – 02/08/10 Special Meeting and 02/09/10 Regular Meeting
 - Staff Report
 - Projects Update
 - Mesa Heights West Subdivision
 - Services Agreement – Briliam Engineering Services, LLC
3. Public Comment
4. Consideration of Participation with Pagosa Outreach Connection
5. Consideration of Agreements Related to Jackson Mountain Slide Area Mitigation Agreement with CDOT
 - Memo of Understanding for Storage of Excess Rock with Running Iron Ranch and Weber Family
6. Consideration of Request for Contribution/Sponsorship
 - Pagosa Mountain Hospital Golf Tournament
 - Relay for Life – American Cancer Society
7. Consideration of Request from Dennis and Marcilee Custer to Eliminate Availability of Service Charges
8. Consideration of Acknowledgement of Assignment from American National Bank to UMB Bank
9. Discussion of Revisions to District Rules and Regulations
10. Consideration of District Personnel Policy/Handbook
11. 2009 Connections Report
12. Public Outreach
13. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Carrie S. Weiss
For the Board of Directors

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
MARCH 9, 2010 REGULAR MEETING

Attendance

The following Directors were present: Karen Wessels, Steve Hartvigsen, Harold Slavinski and Bob Huff. Also in attendance were: Carrie Weiss, Gene Tautges, Sheila Berger, Michelle Tressler, Chuck McGuire, Allan Bunch, David Sherer, Roy Vega, Steve Van Horn, Bill Hudson, Lee Vorhies, Lisa Reeve and Janet Santopietro.

Disclosure of Potential Conflicts of Interest

Carrie Weiss had previously reported that she had filed a Disclosure of Conflict of Interest regarding her position on the San Juan Water Conservancy District Board of Directors and receiving compensation for services as Manager for the Pagosa Area Water and Sanitation District. Karen Wessels had previously submitted a Disclosure as a Board of Director for the District, as a member of the Board of Directors of the Pagosa Area Water and Sanitation District, and as owner of Alpha Engineering, where one might perceive a conflict could arise. Harold Slavinski and Windsor Chacey had previously submitted a Disclosure as a Board of Director for the District and as members of the Board of Directors of the Pagosa Area Water and Sanitation District. The Board noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to potential conflicts.

Call to Order

The Regular Meeting of the Pagosa Area Water and Sanitation District was called to order by Chairman Karen Wessels at 6:31 p.m. on March 9, 2010. A motion was made by Director Huff and seconded by Director Slavinski to excuse Director Windsor Chacey, whose mother passed away and is out-of-town. The motion passed unanimously.

Approval of Consent Agenda

The minutes from the February 9, 2010 Regular Meeting and February 8, 2010 Special Joint Meeting with the San Juan Water Conservancy District, as well as other items from the Consent Agenda, were reviewed. Chairman Wessels noted a couple minor corrections to both sets of minutes. The Board discussed the fire flow requirements for the Mesa Heights West subdivision. Carrie Weiss confirmed that these have been approved by the Pagosa Fire Protection District. A motion was made by Director Slavinski and seconded by Director Huff to approve the items on the consent agenda and the minutes as corrected. The motion passed unanimously.

Public Comment

Chairman Wessels asked if there were any public comments. Steve Van Horn, referring to a letter from the Archuleta County Board of County Commissioners (BoCC) that had been sent to the PAWSD Board earlier in the day, expressed that he was "shocked" at the letter and asked the Directors why they had refused to meet with the BoCC. Chairman Wessels replied that in actuality, the PAWSD Board had initially extended an invitation to the BoCC to informally meet, and it was they who had refused that invitation. Mr. Van Horn asked if that meant the BoCC was lying in their letter when they accused the PAWSD Board of refusing to meet. Chairman Wessels confirmed yes (specific to the District's initial invitation), not having had the opportunity yet to have read the letter to which Mr. Van Horn was referring to. Chuck McGuire asked if the emails between PAWSD and the County were available. Chairman Wessels replied that the emails

between her and Commissioner Bob Moomaw were available. Manager Carrie Weiss informed the audience that the BoCC had just approved the letter in a meeting that morning and it had only been given to the PAWSD Board that evening. There was no further public comment.

Consideration of Participation with Pagosa Outreach Connection

Chairman Wessels recapped the mission and request of the Pagosa Outreach Connection (POC) for the Directors and audience. She stated that the District's attorney had advised that statutorily, government agencies are not allowed to donate money to public organizations but that the risk in this case is minimal because the contribution is staff in-kind time. She reminded the Directors that PAWSD has donated to other causes such as the United Way, Relay for Life, and the Town of Pagosa Springs Fourth of July fireworks display. Director Slavinski asked how much staff time would be involved. Carrie Weiss responded that it would be minimal and if it becomes too much, the Board can always decide to withdraw from participation. She noted that the County is participating through their Department of Human Services involvement so the risk to PAWSD is minimal, and that the attorneys recognize that some local governments do donate to help the local communities they serve. Ms. Weiss also confirmed that it is not necessary to have a PAWSD representative on the POC Board attending the weekly meetings. By consensus, the Board decided to uphold their February vote of approval to participate.

Consideration of Agreements Related to Jackson Mountain Slide Area Mitigation

Agreement with CDOT

1. Letter of Intent with CDOT: Carrie Weiss presented the letter to the Directors for their consideration, noting that it was still in draft form. Chairman Wessels commented that it seemed as though the \$120,000 amount that CDOT budgeted for replacing 750 lineal feet of the District's raw water line was minimal. A motion was made by Director Huff and seconded by Director Slavinski to approve the Letter of Intent with CDOT. The motion passed unanimously.
2. Memorandum of Understanding (MOU) with Running Iron Ranch and the Weber Family: The Directors considered an MOU with the Running Iron Ranch and Weber Family to store waste rock from the Highlands Lagoon Elimination Project at the Dry Gulch Reservoir Running Iron Ranch property. Chairman Wessels asked for staff to clarify the exact location of this storage area, and asked if other storage locations had been considered. Gene Tautges and Sheila Berger explained the reasons for locating the waste rock storage near the operating gravel pit site. Director Hartvigsen asked about the term of the waste rock storage, to which Ms. Berger responded that the waste rock would be needed by CDOT for the Jackson Mountain project approximately the summer of 2011. A motion was made by Director Huff and seconded by Director Slavinski to approve the Memorandum of Understanding for Storage of Excess Rock with the Running Iron Ranch and the Weber Family. The motion passed unanimously.

Consideration of Request for Contribution/Sponsorship

1. Pagosa Mountain Hospital Gold Tournament: Carrie Weiss presented the letter of request from the Pagosa Mountain Hospital for PAWSD to sponsor a hole in the amount of \$100 for "The Scrubs" tournament to be held May 22, 2010, at the Pagosa Springs Golf Course. She noted that the Board has supported similar events in the past. After Board discussion and viewing the request as a benefit to the community, a motion was made by Director Hartvigsen and seconded by Director Slavinski to sponsor one hole for the Pagosa Mountain Hospital Golf Tournament in the amount of \$100. The motion passed unanimously.

2. Relay for Life, American Cancer Society: The Board discussed becoming a sponsor of the American Cancer Society's Relay for Life event that will be held in Pagosa Springs June 18 and 19, 2010. Carrie Weiss noted that a few years ago the Board sponsored this event in the amount of \$100. A motion was made by Director Huff and seconded by Director Slavinski to make a donation in the amount of \$100 for the American Cancer Society's Relay for Life event. The motion passed unanimously.

Consideration of Request from Dennis and Marcilee Custer to Eliminate Availability of Service Charges

Carrie Weiss provided the Directors with background to this request, stating that the Custers own a tract of land that is primarily marshland. Ecosphere Environmental Services has reported that although residential construction could occur on this parcel under a US Army Corps of Engineers Permit 29, there would be substantial wetlands mitigation costs. The County Building Department will not acknowledge the buildability of a parcel before someone requests a building permit. The County Assessor's office has this parcel classified as "greenbelt." She stated that it appears this lot is a wetland and unbuildable. Ms. Weiss recommended that if the Board decides to remove the Availability Charges, they should also direct staff to record an instrument declaring that if building occurs on this parcel, back charges will be due. A motion was made by Director Slavinski and seconded by Director Huff to cease the Availability Charges for the parcel owned by Dennis and Marcilee Custer, account number 815R, and to attach language to this account that if the property is built upon, back charges will be due. The motion passed unanimously.

Consideration of Acknowledgement of Assignment from American National Bank to UMB Bank.

Carrie Weiss provided a letter to the Directors from UMB Bank for their consideration. Chairman Wessels asked if there was any reason the Board should not agree to the change of assignment, to which Ms. Weiss replied no and that staff recommends approval. Shellie Tressler added that when staff had researched why assignment consent was being requested on some bond obligations and not others, the Acknowledgement was only required in the specific language in these bond resolutions. Staff had requested a letter (copy attached) to affirm that servicing and custodial obligations for all existing bond obligations as well as the 1998 revenue bond reserve fund invested in a Forward Purchase Agreement are being assigned to and accepted by UMB. A motion was made by Director Huff and seconded by Director Hartvigsen to approve the assignment from American National Bank to UMB Bank. The motion passed unanimously.

Discussions of Revisions to District Rules and Regulations

The Directors discussed the revisions to the District Rules and Regulations. Carrie Weiss stated that the draft document is for discussion only at this time and that any comments by the Directors will be incorporated into the final document, which will be presented for adoption at the April meeting. She noted that the last major revision to the Rules and Regulations was approximately three years ago, and that this revision incorporates all of the policy changes since then. Chairman Wessels asked if, in light of the Mesa Heights West fire flow situation, the definition for operating standards should be changed on Page 6. Gene Tautges replied that there are adequate provisions in the definition as written for the District to deviate from fire flow standards if so approved by the Pagosa Fire Protection District. He added that Section 7.4.2 was inapplicable and would be deleted. Ms. Weiss directed the Board's attention to Section 10.17. She reported that it is the attorney's recommendation to add language to this Section stating that the District will begin disconnect proceedings for property owners who do not submit meter sizing worksheets upon the District's request for this information. Ms. Weiss also requested that the

Board consider adding a clarification to the Leak Rate policy as to whether the leak rate ends at the structure or extends to service line leaks that originate from under the structure. She reminded the Board that extensive staff research indicates that the District is the only agency that offers a Leak Rate policy, and so is already generous in that regard. Audience member Lee Vorhies commented that as a plumber, he knows that the property owner has several options for controlling the freezing of service lines in the crawl space and under the property, such as freeze alarms and solenoid switches. A motion was made by Director Slavinski and seconded by Director Hartvigsen to amend the Leak Rate policy to specifically state that it applies only up to the perimeter of the foundation. The motion passed unanimously.

Consideration of District Personnel Policy/Handbook

Chairman Wessels noted that although a full Board was not in attendance, Director Chacey had sent in a statement of her position on the matters for discussion. This statement was distributed to the Directors. Chairman Wessels reviewed the issues that the Directors needed to discuss regarding the Personnel Policy: 1. Should decisions on all grievances stop at the District Manager level, unless the grievance involved the District Manager, or should staff have the ability to appeal the Manager's decision to the Board? 2. Should the Personnel Policy contain language clarifying the use of medical marijuana during work hours? 3. Should the Personnel Policy contain language pertaining to parental involvement and the Colorado K-12 Act? Chairman Wessels noted that she had previously suggested that the Policy be placed on the website in order to curb paper use but had since concluded that this was not a concern for her at this time. She also noted that attorney Linda Alexander had stated that the grievance policy could be written to allow staff to appeal to the Board, and that Ms. Alexander had also suggested that additional language pertaining to medical marijuana use and the K-12 Act may be appropriate.

The Directors discussed the grievance policy section. Chairman Wessels reiterated that she had asked Ms. Alexander if the District could go further than the District Manager with regard to the grievance policy to which Ms. Alexander had responded yes, but that this would be a different methodology than what we typically see in place at special districts. Director Huff asked where this question was coming from and if the District was experiencing problems with some staff desiring to go around the decision of the District Manager? Chairman Wessels replied that over the course of the last 11 years she has had half a dozen employees approach her about this issue. She has always told them that they needed to follow the chain of command but if they were not satisfied, they could go before the Board of Directors. She acknowledged that she had been remiss in giving this direction since the Personnel Handbook revision in January of 2006, but that staff had not pointed out that change to her. She noted that in Director Chacey's absence, her written statement supported grievances being heard by the Board and supported that language being incorporated into the policy. Director Hartvigsen expressed his feeling that the District's attorney was providing inconsistent recommendations and that he did not want to usurp the role of the District Manager. He stated that at the Forest Service, grievances can be heard by an internal arbitration group. Director Slavinski added to this, saying that the Board did not know enough about day-to-day operations to make a good decision. Chairman Wessels expressed that she thought it would decrease the agency's exposure to lawsuits. Director Huff opined that if the Board didn't side with the Manager, they should fire the Manager, to which Chairman Wessels responded it seemed harsh to go to that extreme. By consensus of the majority of the Board, it was agreed to direct staff to remove inconsistent language in the Drug-Free Workplace and Impairment Testing Policy and make it consistent overall with standard special district policy, which is that the decision of the District Manager is final. A motion was made by Director Slavinski and seconded by Director Hartvigsen to change the first line of the grievance section to include the verbiage "any current employee." The motion passed unanimously.

The Directors discussed the medical marijuana issue. Linda Alexander had suggested that additional language may be appropriate. Shellie Tressler opined that the District is subject to federal transportation laws for CDL drivers and that an acknowledgement of state law regarding medical marijuana would not affect the District's policy or actions because the District is acting in accordance with federal law which would be more restrictive than state law. Chairman Wessels pointed out that the language applies to all employees, not just those holding a CDL. A motion was made by Director Hartvigsen and seconded by Director Huff to approve incorporating the medical marijuana language recommended and provided by the PAWSD attorneys. The motion passed unanimously.

The Directors discussed parental involvement and the K-12 Act. Carrie Weiss pointed out that historically staff has been allowed to take time off for any reason, provided they have the compensation time banked. She noted that since there was a great deal of flexibility already built into the District's practices of allowing time off for parenting needs or school related activities she didn't feel additional K-12 Act language was necessary. A motion was made by Director Hartvigsen and seconded by Director Huff to not include additional language regarding the Colorado K-12 Act. The motion passed unanimously.

The Board discussed a petition by field staff to request that the Board reinstate the use of the shop for personal use. Ms. Weiss recapped the basis of the decision to suspend this use, stating that although it has been a privilege since the formation of the District, there have been abuses and the Personnel Committee had recommended to discontinue the privilege. She noted that it was also a liability issue for the District. Director Huff asked what affect the suspension of this privilege had on staff morale, to which Ms. Weiss responded that the morale of some employees is low because of the suspension. Following a discussion of the liability issue, a motion was made by Director Huff and seconded by Director Hartvigsen to deny the reinstatement of use of the shop for personal use by the employees. The motion passed unanimously.

2009 Connections Report

Carrie Weiss noted that there was a correction to the 2009 report, stating that 24 connections worth 42 Equivalent Units had been completed in 2009. Of these connections, 19 were single family, 4 were multi-family and 1 was for irrigation. She reported that as of a month ago there were 171 accounts (230 EUs) available for connection (that haven't yet been built upon) that were not subject to the Water Resource Fee and that had paid the minimum Capital Investment Fee.

Public Outreach

Sheila Berger provided the Directors with a report on recent and upcoming public outreach activities. She noted that EPA's Fix a Leak Week was March 15-21st, and she had sent a press release out regarding this. She said that she and Conservation Coordinator Mat deGraaf would be on KWUF 1400 am at 8:05 Monday the 15th to talk about Fix a Leak Week and the water conservation program, which would be followed Monday evening by a free screening of "Blue Gold" at the Liberty Theater. She invited everyone in the audience to attend, noting that it was co-sponsored by the Southwest Organization for Sustainability and Pagosa Brewing Company with all profits going to the Farmer's Market this summer. Ms. Berger noted that the commercial water audit plumbing retrofits were beginning to take place, and that she had submitted a second press release regarding that initiative. She informed the Board that another e-newsletter had gone out last week, that website updates were on-going, and reminded them that they were hosting the Colorado Federation for Water Education on June 11, 2010. She also told the Directors she was

working with the library to create some programming in concert with their summer reading program, the theme of which is “Water Your Mind – Read.” Carrie Weiss noted that because the Colorado Water Conservation Board viewed the District as one of the most proactive, it has sought us out to assist with its Drought Management and Water Conservation planning.

Other Business

Gene Tautges mentioned that staff was planning a visit with the District engineer and possibly one Board member to some of the biosolid beneficial use facilities already in operation in other parts of the west. He also reported that work on I&I reduction is looking very favorable for the upcoming run-off.

Chairman Wessels opened a discussion of the letter from the Board of County Commissioners (BoCC). She reported that earlier that morning, the BoCC had held a special meeting to approve sending a letter to the District requesting an annual report. She stated that she and District Manager Carrie Weiss had attended the meeting. She stated that they had pointed out that the BoCC could have just picked up the phone and made their request, and she had asked why did the BoCC accuse PAWSD of criticizing people who requested information when this was blatantly untrue. Chairman Wessels expressed that she found it hard to believe that one person (Al Bledsoe) without a background in Special Districts could disseminate all the information from six different consulting firms, and claim to know more. She expressed her incredulity that the BoCC is not asking him to summarize his findings in any kind of written report.

Chairman Wessels further explained the background on the Board to Board meeting that never took place. She stated that in emails and phone conversations with Commissioner Moomaw, he refused to accept the District’s invitation to a casual Board to Board meeting. She asserted for the record that the District has never refused to provide information upon request from the County and has never refused to meet with the County. She stated that Commissioner Moomaw had gone ahead and booked the Pagosa Lakes Clubhouse without consent of the Board. Ms. Wessels went on to say that following this, she had a conversation with Commissioner Lucero upon his appointment as Board Chairman. She had expressed to him that the PAWSD Board didn’t feel the need to have a meeting in a large venue, that they did not feel it was appropriate to have a large venue for what they had hoped would have been a friendly conversation. At this point, Chairman Wessels indicated to the audience and noted that the 6 people there were the largest group of attendees in months. She reiterated her feeling of: why spend taxpayers’ money to rent a place when the PAWSD meeting room was adequate to service the need of asking the BoCC what they wanted from the District? Chairman Wessels went on to note that, “Our infrastructure is good, we incessantly uphold our mission statement, we have brought in millions to this community, we have low staff turnover, we are way ahead of other agencies in regard to planning for future needs, we accommodate the public, our financial house is in order and we have great staff.” She stated that the District is scratching its head and wondering why this is going on? She further wondered why, if the court will decide on the District’s growth projections, does the County feel like it needs to also put us on trial? Carrie Weiss added concern that it was probably not possible to provide all of the information that the County is requesting by their April 30, 2010 deadline.

Steve Van Horn read a portion of the BoCC letter and stated that if the accusations in the letter are a fabrication by the County, that is pretty serious. Chairman Wessels and Director Huff both declared that they were totally false. Director Huff went on to reiterate the statement he had made at the February 9, 2010 meeting, recorded in the approved minutes. He had hoped that the Boards could sit down and talk but not in a public circus as it would be impossible to have a

meaningful discussion. He stated that what the PAWSD Board wanted and what the County wanted were two different meetings, that it was apparent the County wanted some sort of public trial. He further stated that it was inconsistent to think large about growing the economy but to think small about water. He expressed that he was very upset by the letter and did not want staff's time to be consumed by playing political theater with the BoCC. He stated that he would like to refer the matter to the attorneys and follow their guidance. If the BoCC really believes that PAWSD is detrimental to this County then they can start the process to dissolve as that is how the democratic process works. Chairman Wessels pointed out that the outcome of this letter will be to cost the taxpayers a lot of money. Mr. Van Horn expressed that no one comes to the PAWSD meetings because they feel like there is no point because the Board does not listen to the public.

Lee Vorhies stated that he is talking to a lot of people while campaigning and the general perception is that this is one of the most arrogant Boards and that there are way more Executive Sessions than any other Board. He stated that there is agreement that we need to plan for more water. He suggested holding a public forum and letting people vent because that would increase the Board's credibility. He stated that most people do not feel like they are being represented. He stated there has been a real lack of communication in the right forum.

Director Huff replied to Mr. Vorhies that he was talking about two different meetings – one, a public forum and two, an informal but still public discussion with the BoCC. Director Huff reiterated and expanded on points from his February 9, 2010 statement: 1. The PAWSD Board is taking a long-range (decades long) view and is not going back and forth in reaction to economic ups and downs; 2. For every dollar the District collects from growth, that is one less dollar the District must collect from service charges; 3. The District has a 40-year Capital Plan and if the money to finance the Dry Gulch Project is not available from Water Resource Fees, funds may be used from those allocated towards some of the 40-year capital plan improvements projects; 4. The District has adequate unrestricted reserves – several million in reserves; 5. The PAWSD underwriters are not in the business of issuing junk bonds. Gene Tautges added, regarding the District's impact on the local economy, that PAWSD is 30 days away from beginning \$12-13 million in capital improvement projects.

Chuck McGuire said that he had attended almost every Board meeting over the past 4 ½ years and that on the vast majority of occasions he was the only public in attendance. He stated that the only time the room is full is when the discussion is perceived to affect the attendees' interests. He stated that as a taxpayer, he doesn't want to pick up the burden of paying for a water storage project that has been determined by more entities than just PAWSD to be required in the future. Carrie Weiss stated that there is much information in the letter that is blatantly wrong. She suggested that staff work with District attorneys to address the requests in the letter. She expressed her frustration that this will require a significant amount of time and money. Roy Vega stated that if he was sitting on the Board, he would pay attention to the perception issue mentioned by Mr. Vorhies. Chairman Wessels responded that the District has had every meeting and program imaginable, including personal invitations to the County representatives, but cannot force people to read or attend. She wondered aloud what would be "the magic meeting" to which people come? Lisa Reeve stated that it is important to have a public forum, that it would show that the Board cares. She asked that the Board take the opportunity to be out there and honest and show the public and the BoCC that it has nothing to hide.

Director Slavinski announced that he would be out for at least the next two weeks.

There being no further business to come before the Board, the meeting was adjourned at 9:26 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

PAGOSA AREA WATER AND SANITATION DISTRICT)
)
ARCHULETA COUNTY) S.S.
)
STATE OF COLORADO)

NOTICE OF SPECIAL MEETING

NOTICE IS HEREBY GIVEN that a Special Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District has been scheduled for Monday, March 15, 2010, at 3:00 p.m. The primary purpose of this meeting is for discussions with the Board of Directors of the San Juan Water Conservancy District on water matters and the development of raw water projects. The Boards of Directors are expected to enter into executive session for the purposes of conferences with legal counsel for receiving legal advice on litigation and discussing matters related to land acquisition for development of raw water facilities and other matters subject to negotiation involving both Districts pursuant to Sections 24-6-402(4)(a), 24-6-402(4)(b), and 24-6-402(4)(e), C.R.S. The Meeting will be held at the District's administrative office located at 100 Lyn Avenue, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. General Discussion on Water Rights
3. Southwest Land Alliance - Status Report and Consideration of Amended Conservation Easement Transaction Fee Agreement
4. Consideration of Amended Intergovernmental Agreement Concerning the Dry Gulch Project Between the Pagosa Area Water and Sanitation District and San Juan Water Conservancy District
5. Discussion of San Juan River Protection Work Group
6. Discussion of CWCB Funding/Population Projections
7. Discussion of Proposed Amendments 60 and 61 and Proposition 101
8. Executive Session Pursuant to Sections as Described Above
9. Return to Open Session
10. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Carrie S. Weiss
For the Board of Directors

SEAL

PAGOSA AREA WATER AND SANITATION DISTRICT
SAN JUAN WATER CONSERVANCY DISTRICT
MINUTES OF THE SPECIAL MEETING
MARCH 15, 2010

Attendance

The following Directors were present:

Representing SJWCD: Ernie Amos, Carrie Weiss, Fred Ebeling, Karen Wessels, Pat Ullrich and Jack DeLange;

Representing PAWSD: Karen Wessels, Steve Hartvigsen and Bob Huff.

Also present were Evan Ela, Steve Harris, Sheila Berger, Michelle Tressler, Jodi Blankenship, Chuck McGuire, Allan Bunch, Pete Kasper and Mat deGraaf.

Call to Order

The Special Meeting of the Pagosa Area Water and Sanitation District and San Juan Water Conservancy District was called to order by Acting Chairman Ernie Amos at 3:15 p.m., Monday, March 15, 2010. On behalf of the SJWCD, a motion was made by Director Weiss and seconded by Director DeLange to excuse Directors Harold Slavinski, Diane Bower, Mark Garcia and Windsor Chacey who had called and indicated they were unable to attend. The motion passed unanimously. On behalf of the PAWSD Board, a motion was made by Director Hartvigsen and seconded by Director Huff to excuse Directors Windsor Chacey and Harold Slavinski. The motion passed unanimously.

Disclosure of Potential Conflicts of Interest

Carrie Weiss had previously reported that she had filed a Conflict of Interest Disclosure regarding her position on the San Juan Water Conservancy District Board of Directors and receiving compensation for services as Manager for the Pagosa Area Water and Sanitation District. Chairman Karen Wessels had previously submitted a Disclosure as a Board of Director for the San Juan Water Conservancy District, the Pagosa Area Water and Sanitation District and as owner of Alpha Engineering, where one might perceive a conflict could arise. Harold Slavinski had previously submitted a Disclosure as a Board of Director for the District and a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to potential conflicts.

General Discussion on Water Rights

District attorney Evan Ela gave the Boards and the audience an in-depth presentation on water rights, in general, and PAWSD and SJWCD water rights, specifically.

Specific Discussion:

Mr. Ela used a watershed map to explain the connection between watershed contribution (total quantity of water available) and water rights (total amount of use claimed). He stated that this connection illustrates the wisdom of planning the Dry Gulch reservoir in a large watershed.

Specific District Rights – Mr. Ela provided the Boards with a list of the water rights owned by each District that included the status of each right (absolute vs. conditional, adjudication and appropriation dates, next diligence date). He spoke about the West Fork of the San Juan at the

Snowball Treatment Plant intake and the West Fork Reservoir right, the latter for which diligence is coming up in April 2011. Regarding the Dry Gulch water rights application, Mr. Ela stated that the remand trial date remains unknown. He had not yet heard from Judge Lyman about setting a status conference with him and Drew Peternell, attorney for Trout Unlimited. Director Huff asked Mr. Ela to verify the security of the SJWCD's 6,300 AF Dry Gulch reservoir storage right. Mr. Ela stated that this right will not be fully secure until the reservoir is filled to 6,300 AF with this right, but that both Districts have performed strong due diligence towards perfecting this conditional water right. Mr. Ela went over the PAWSD rights on the mainstem of the San Juan River at the San Juan River Intake, explaining the history on those rights and pointing out that the adjudicated water right amount does not mean that this amount can be diverted all year long.

Southwest Land Alliance – Status Report and Consideration of Amended Conservation Easement Transaction Fee Agreement

Director Hartvigsen directed the Boards' attention to a status memo from Michael Whiting of the Southwest Land Alliance (SLA). He stated that he and Chairman Amos had met with the Lavertys and he felt a draft conservation easement deed could be in place soon. Chairman Amos suggested that after the Lavertys are satisfied with the deed, he and Director Hartvigsen will sit down and negotiate any final terms, then get it to the District Board and attorneys for final approval. He stated that they are still looking at the phasing of the two easements, with the first easement to incorporate a bit more land than up to the 7410' contour. Director Ebeling asked if the Lavertys are still unwilling to sell the future inundated portion of the property, and stated his feeling that the Districts should not be funding the conservation easement work. Director Hartvigsen replied that he felt they were "in a bit of a spot" because the Lavertys do not want to sell until they know what the Districts are allowed by Water Court to build. Evan Ela stated that if the SLA holds the easement then we will have a partner in the reservoir. Director Ebeling opined that the Districts should not place an easement that restricts the actions of future Boards, to which Chairman Amos responded that if we do not do this now, then the future Boards might be restricted by land full of condos. He further clarified that the direction from the Boards has been to secure the land to hold 35,000 acre feet in whichever manner possible in order to assure the land is available when it is needed in the future.

Mr. Ela asked if the District was planning to purchase the easement from the Lavertys, stating that if the land will be inundated the value of a conservation easement would be of similar value as fee title. He suggested that since the Districts are paying for the easement, they should put language in the deed that the easement will convert to District fee title ownership once the water line is known, otherwise there will always be a third party in the reservoir and the District will have to buy the land twice to buy out that third party. He stated his reservations about having a third party in the project as it could potentially add future complications. Shellie Tressler pointed out that PAWSD has authorization from the Colorado Water Conservation Board (CWCB) for up to a certain amount of funding at a very low interest rate for the Laverty property purchase.

Director Weiss reported that the CWCB does not consider securing the land by an easement versus fee title constitutes a material change to the loan terms that would require an amendment. She questioned the acreage reflected in Mr. Whiting's memo and asked Steve Harris to verify the correct number. Chairman Amos explained that the acreage difference may be due to putting more land than up to the 7410' contour under Phase 1 easement, to which

Director Weiss reminded the Directors that the Districts have already paid to survey to the 7410' countour.

Chuck McGuire asked for clarification on Mr. Ela's concern about SLA holding the conservation easement. Mr. Ela replied that the SLA as owner of the easement would be charged with enforcing the easement qualities and terms. This is not an issue as long as the deed language foresees all potential future situations but if it does not, the future SLA Board could have issues with the reservoir that would constrain the Districts' operations. He cautioned that the Districts need to look out for their interests.

Consideration of Amended Intergovernmental Agreement Concerning the Dry Gulch Project Between the Pagosa Area Water and Sanitation District and the San Juan Water Conservancy District

Director Weiss provided the Directors with background and reasons for amending the IGA. Currently the IGA reads generally that the two Districts will split project costs. Since it has been determined that the SJWCD will commit to \$10,027,000 million in environmental accommodations costs, the IGA should reflect that. Shellie Tressler added that since the environmental accommodations component had been split out, other costs had come to the Districts which they had agreed to share such as the costs to prepare for the water rights remand trial and on-going costs related to the Southwest Land Alliance and Lavery Agreement. Chairman Amos requested that flexibility be built in to the language of the amended IGA. Mr. Ela confirmed that the Boards will have a draft amended IGA to consider at their April meeting.

Discussion of San Juan River Protection Workgroup

Director Weiss provided background for this initiative. She stated that the US Forest Service is considering the suitability of Wild and Scenic River designation for the West and East Forks of the San Juan River in their Forest Plan. She stated that the Districts' concerns have been voiced about the affect of WSR designation on the Snowball intake structure and development of water rights. She encouraged that a letter from both Boards be sent to the San Juan River Protection Workgroup steering committee. By consensus the Directors directed staff to draft such a letter from each Board.

Discussion of CWCB Funding/Population Projections

Director Weiss reported on a conversation she and Sheila Berger had with Kirk Russell of the CWCB. She reported that he had stated that the PAWSD's acquisition of Lavery property though a conservation easement, versus a fee title purchase, did not constitute a material change to the loan terms, nor did acquiring the Lavery property as two parcels rather than one, even if collectively the two parcels constituted more or less property than was originally estimated to be purchased. She stated that Mr. Russell had indicated that use of proceeds from the sale of land (Weber) originally purchased by loan funds to buy land needed for the reservoir but not identified in the loan contract would probably need to be taken to the CWCB Board for consideration and would probably constitute a material change.

Director Weiss reported that, as facilitated by the Districts, on March 10, a representative from the CWCB (Greg Johnson) and the State Demographer's Office (Elizabeth Garner) were here for a meeting with the County and the Town and District staff. She noted that no one from the Town was in attendance. She stated that the Districts had been struggling for some time to get

the point across about the difference between using permanent population and transient population in water planning, but that this difference has been recognized by the CWCB. She noted that a similar presentation was given to the SW Basins Roundtable later in the afternoon and that following discussion the Roundtable had agreed to consider a letter to the CWCB about recognizing the effect of transient population to growth and demand projections. Audience member Allan Bunch, who had attended the earlier SDO presentation, added that Ms. Garner had admitted that the SDO does not track its historical accuracy of population projections.

Discussion of Proposed Amendments 60 and 61 and Proposition 101

Directors were provided a memo and information from The Bell Policy Center and counsel regarding these November state ballot initiatives. Director Weiss suggested that later this summer both Districts should consider a resolution of opposition because of the detrimental ramifications they would have to governing entities.

Executive Session

On behalf of the SJWCD Board, a motion was made by Director Ebeling and seconded by Director DeLange to enter into Executive Session at 6:38 p.m. for the purposes of conferences with legal counsel for receiving legal advice on litigation and discussing matters related to land acquisition for development of raw water facilities and other matters subject to negotiation involving both Districts pursuant to Sections 24-6-402(4) (a), 24-6-402(4)(b), and 24-6-402(4)(e), C.R.S. The motion carried. On behalf of the PAWSD Board, a motion was made by Director Wessels and seconded by Director Hartvigsen for the above stated purposes. The motion carried.

The Directors returned to open session at 8:06 p.m.

Other Business

The Directors discussed the date and time for the next joint meeting. The joint meeting was set for April 12, 2010 at 3:30 p.m., following the regular meeting of the SJWCD which would be rescheduled from 9:00 a.m. to begin at 3:00 p.m.

There being no further business to come before the joint Boards, the meeting adjourned at 8:07 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer, PAWSD

Jack B. DeLange
Secretary, SJWCD

PAGOSA AREA WATER AND SANITATION DISTRICT
SAN JUAN WATER CONSERVANCY DISTRICT
MINUTES OF THE SPECIAL MEETING
April 12, 2010

Attendance

The following Directors were present:

Representing SJWCD: Ernie Amos, Carrie Weiss, Harold Slavinski, Karen Wessels, Pat Ullrich, Jack DeLange, Windsor Chacey and Diane Bower;

Representing PAWSD: Karen Wessels, Harold Slavinski, Steve Hartvigsen, Windsor Chacey and Bob Huff.

Also present were Sheila Berger, Michelle Tressler, Jodie Blankenship, Chuck McGuire, Allan Bunch, Pete Kasper and Roy Vega.

Call to Order

The Special Meeting of the Pagosa Area Water and Sanitation District and San Juan Water Conservancy District was called to order by Acting Chairman Ernie Amos at 3:59 p.m., Monday, April 12, 2010. On behalf of the SJWCD, a motion was made by Director Weiss and seconded by Director Wessels to excuse Director Mark Garcia who had called and indicated he was unable to attend. The motion passed unanimously.

Disclosure of Potential Conflicts of Interest

Carrie Weiss had previously reported that she had filed a Conflict of Interest Disclosure regarding her position on the San Juan Water Conservancy District Board of Directors and receiving compensation for services as Manager for the Pagosa Area Water and Sanitation District. Chairman Karen Wessels had previously submitted a Disclosure as a Board of Director for the San Juan Water Conservancy District, the Pagosa Area Water and Sanitation District and as owner of Alpha Engineering, where one might perceive a conflict could arise. Harold Slavinski had previously submitted a Disclosure as a Board of Director for the District and a member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to potential conflicts.

Southwest Land Alliance – Status Report and Consideration of Amended Conservation Easement Transaction Fee Agreement

Director Weiss stated there was nothing new to report; she had requested a status report and draft amended agreement from Michael Whiting of the Southwest Land Alliance (SLA) but nothing had been provided. Chairman Amos and Director Hartvigsen stated they had nothing new to report on negotiations with the Lavertys. Chairman Amos and Chairman Wessels said they would give Mr. Whiting a personal call to request the amended agreement. Director Weiss pointed out that Mr. Whiting's Letter to the Editor in the Pagosa SUN expressed the untrue statement that the Districts had considered eminent domain as a way to acquire the Laverty property. She stated for the record that it was never an intent of the Districts to ever pursue condemnation of this property. Chairman Amos and Chairman Wessels offered to ask Mr. Whiting for a retraction or correction of this misstatement when they contact him.

Consideration of Amended Intergovernmental Agreement Concerning the Dry Gulch Project Between the Pagosa Area Water and Sanitation District and the San Juan Water Conservancy District

Director Weiss noted a slight correction on the SJWCD agreement. Director Hartvigsen requested a clarification and correction to paragraph 2(e). Further corrections were suggested by Director DeLange. Following this discussion, on behalf of the SJWCD, a motion was made by Director DeLange and seconded by Director Chacey to accept and sign the amended intergovernmental agreement as corrected. The motion passed unanimously. On behalf of the PAWSD, a motion was made by Director Hartvigsen and seconded by Director Huff to accept and sign the amended intergovernmental agreement as corrected. The motion passed unanimously.

Discussion of San Juan River Protection Workgroup

Director Weiss provided background for this initiative and an overview of the workgroup's purpose, which is to work towards a consensus on management tools that would protect the values of the East and West Forks of the San Juan River. She stated that there was some reason for concern for a Wild and Scenic Designation on the West Fork, because the intake to the Snowball Water Treatment Plant is located there and both Districts hold undeveloped water rights on the West Fork. She stated that letters formally documenting the Districts' concerns had been sent to the Work Group Steering Committee, but that facilitator Marsha Porter-Norton did not deem these letters as necessary to distribute to the entire work group at this time, but to do so at a subsequent meeting in coming months.

Discussion of CWCB Loan Contract and Other Funding Requests

Director Weiss provided a letter, copy attached, from Mr. Kirk Russell of the CWCB documenting their position with regard to the Laverty land acquisition and what might constitute a potential material changes from the loan agreement. The position of the CWCB is that acquiring the property under a conservation easement and acquiring the property in more than one parcel do not constitute material changes that would require an amendment to the agreement. The Directors suggested contacting Mr. Russell and changing the verbiage in the letter clarifying that purchasing the property in more than one parcel, whether through fee title or through a conservation easement, did not constitute a material change.

Executive Session

On behalf of the SJWCD Board, a motion was made by Director Slavinski and seconded by Director Chacey to enter into Executive Session at 4:40 p.m. for the purposes of discussing matters related to land acquisition for development of raw water facilities and other matters subject to negotiation involving both Districts pursuant to Sections 24-6-402(4) (a) and 24-6-402(4)(e), C.R.S. The motion carried. On behalf of the PAWSD Board, a motion was made by Director Slavinski and seconded by Director Huff for the above stated purposes. The motion carried.

The Directors returned to open session at 6:43 p.m.

Other Business

There being no further business to come before the joint Boards, the meeting adjourned at 6:43 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer, PAWSD

Jack B. DeLange
Secretary, SJWCD

PAGOSA AREA WATER AND SANITATION DISTRICT)
)
ARCHULETA COUNTY) s.s.
)
STATE OF COLORADO)

NOTICE OF WORK SESSION AND REGULAR MEETING

NOTICE IS HEREBY GIVEN THAT a Work Session and Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District have been scheduled for Tuesday, April 13, 2010, at 5:30 p.m. and 6:30 p.m. respectively. The Work Session and Regular Meeting will be held at the District's administrative office located at 100 Lyn Avenue, Pagosa Springs, Colorado. The proposed Agenda is as follows:

1. Call to Order
2. Approval of Consent Agenda
 - Minutes – 03/09/10 Regular Meeting and 03/15/10 Special Meeting
 - Staff Reports
 - Projects Update
 - Investment Report
 - Financial Statements
3. Public Comment
4. Update on Agreements with CDOT and Weber Family Related to Jackson Mountain Slide Area
5. Discussion of Demand from Archuleta County Board of County Commissioners for Annual Report
6. Consideration of Revisions to District Rules and Regulations
7. Consideration of District Personnel Policy/Handbook
8. Discussion of District Strategic Plan
9. Consideration of Renewal of Health Insurance Plan with CEBT
10. Public Outreach
11. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Carrie S. Weiss
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
APRIL 13, 2010 REGULAR MEETING

Attendance

The following Directors were present: Karen Wessels, Steve Hartvigsen, Windsor Chacey, Harold Slavinski and Bob Huff. Also in attendance were: Carrie Weiss, Gene Tautges, Sheila Berger, Michelle Tressler, Chuck McGuire, Allan Bunch, and Roy Vega.

Disclosure of Potential Conflicts of Interest

Carrie Weiss had previously reported that she had filed a Disclosure of Conflict of Interest regarding her position on the San Juan Water Conservancy District Board of Directors and receiving compensation for services as Manager for the Pagosa Area Water and Sanitation District. Karen Wessels had previously submitted a Disclosure as a Board of Director for the District, as a member of the Board of Directors of the San Juan Water Conservancy District, and as owner of Alpha Engineering, where one might perceive a conflict could arise. Harold Slavinski and Windsor Chacey had previously submitted a Disclosure as a Board of Director for the District and as members of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to potential conflicts.

Call to Order

The Regular Meeting of the Pagosa Area Water and Sanitation District was called to order by Chairman Karen Wessels at 6:30 p.m. on April 13, 2010.

Approval of Consent Agenda

The minutes from the March 9, 2010 Regular Meeting and March 15, 2010 Special Joint Meeting with the San Juan Water Conservancy District, as well as other items from the Consent Agenda, were reviewed. Chairman Wessels noted a couple minor corrections to the regular meeting minutes. Carrie Weiss reported that Stevens Reservoir was 3 feet from spilling, but that it would need to be lowered prior to the final wetlands plantings. A motion was made by Director Huff and seconded by Director Hartvigsen to approve the items on the consent agenda and the minutes as corrected. The motion passed unanimously.

Public Comment

Chairman Wessels asked if there were any public comments. None were offered.

Update on Agreements with CDOT and Weber Family Related to Jackson Mountain Slide Area

1. Letter of Intent with CDOT: Gene Tautges reported that CDOT remains adamant that they want the District to guarantee the quantity and size of rock. Staff does not want the District put in that position. He clarified that CDOT would haul from the Dry Gulch staging site. He noted that Triad's contract extends 10 miles from the Highlands Project such that there may be an additional cost to haul beyond the 10 mile radius to the Dry Gulch site, but if Weber is backhauling that might not be an issue. He further stated that if CDOT does not want the rock, the District will be able to use it on future projects.

2. Memorandum of Understanding (MOU) with Running Iron Ranch and the Weber Family: Gene Tautges reported that the MOU remains unsigned because the Webers wanted to insert additional language related to reclamation activities. A motion was made by Director Hartvigsen and seconded by Director Huff to approve the additional language. The motion passed unanimously.

Discussion of Demand from Archuleta County Board of County Commissioners for Annual Report

Carrie Weiss reminded the Directors that at the March 8 BOCC meeting, she and Chairman Wessels had expressed that it would be greatly difficult to meet their April 30 deadline for the report. She stated that although it is still greatly difficult, the staff is striving to furnish the report to the County by April 30. She stated that the Directors should anticipate a report for consideration of approval at their Special April 26, 2010 Meeting. She clarified that the attorneys are assisting and have made a commitment to meet that timeframe. Director Chacey asked if other local Special Districts are under similar pressure from the County to produce an annual report, to which Mrs. Weiss replied that she was unsure. Chairman Wessels stated that the San Juan Water Conservancy District is organized under different statutes and therefore is not subject to this reporting requirement.

Consideration of Revisions to District Rules and Regulations

The Directors discussed the revisions to the District Rules and Regulations. Carrie Weiss noted that because the Board had discussed these at their March meeting, the redlined document before them reflected only changes made since that meeting. She pointed out some small changes that had been made and suggested further revisions to Definition 2.45 in order to address areas that for various reasons presently do not, and perhaps will never, meet Operating Standards as it relates to the Upgrade List. Also the current Schedule of Fees and Charges will be incorporated. She confirmed that this document had been subject to comprehensive and intensive legal review. Chuck McGuire, referring to the on-going airport water service situation, asked if there were any federal or state rules requiring bringing all areas up to operating standards, to which Mrs. Weiss replied that she was not away of any regulations of this type. A motion was made by Director Hartvigsen and seconded by Director Chacey to adopt the resolution amending the PAWSD Rules and Regulations with corrections as noted and direction to revise the aforementioned section on Operating Standards with counsel review. The motion passed unanimously.

Consideration of District Personnel Policy/Handbook

The Directors discussed the revisions to the District Personnel Policy/Handbook. The issue of medical marijuana usage was discussed. Shellie Tressler stated that language had been drafted by the attorneys specifically to address this issue. The Board directed staff to strike the section regarding the Personal Day, as this section is no longer relevant given their decision made last August, 2009 eliminating this as an employee benefit. Further changes were suggested to clarify the Discipline - Grievance section. A motion was made by Director Hartvigsen and seconded by Director Chacey to approve the revised District Personnel Policy/Handbook, subject to the changes as discussed. The motion passed unanimously.

Discussion of District Strategic Plan

Sheila Berger presented the Directors with a draft document, explaining that it was close in form to what the final document would look like, and requesting that the Directors deliver their comments to her by Monday, April 19 in order that they could be incorporated into the final document that would be on their agenda for consideration on April 26, 2010. She stated that

although the document was not finalized, some pressing issues had already emerged from the process that were already being focused upon, primarily personnel-related internal communication issues. Shellie Tressler reported that staff had begun developing a Board Code of Conduct document based on the Kansas Water Board Bible, a draft of which she provided to the Directors. She also requested comments back by April 19, 2010.

Consideration of Renewal of Health Insurance Plan with CEBT

Shellie Tressler provided the Directors with an overview of the health insurance changes that the Board had made last year based upon recommendations of the Personnel Committee. She stated that the employees have had a year's advance notice of these changes which would go into effect July 1, 2010. She further reminded the Directors that they had authorized an employee Flexible Spending Account and Enhanced Wellness Benefit which went into effect January 1, 2010 and was being widely used. Carrie Weiss reported that the Pagosa Fire Protection District had declined allowing use of its gym facilities. A motion was made by Director Huff and seconded by Director Slavinski to approve the renewal of the health insurance plan with Colorado Employee Benefit Trust (CEBT). The motion passed unanimously.

Public Outreach

Sheila Berger provided the Directors with a report on recent and upcoming public outreach activities. She gave an overview of activities planned to support the library's summer reading program which begins June 7. She provided them with other dates for upcoming public education events in which staff will be participating: the Earth Day event at the Community Center on April 24, the Children's Water Festival in Durango on May 5, the Home and Garden Show at the High School May 15-16, and the Colorado Federation for Water Education tour on June 11. She noted that the District continued to be on KWUF 1400 am the third Monday morning of each month, and that the spring newsletter was planned to go out with the early May billing statements but given huge time constraints created by the County's demand for an Annual Report April 30 deadline, she couldn't promise that it would be ready. Shellie Tressler added an update on the commercial water auditing program, stating that initial reports should be prepared by mid-May.

Other Business

Carrie Weiss provided the Directors with suggested clarifying a minor language revision from the attorney on the intergovernmental agreement with the San Juan Water Conservancy District, specifically the notification process to counsel. A motion was made by Director Hartvigsen and seconded by Director Slavinski to accept the changes to the intergovernmental agreement with the SJWCD as provided by counsel. The motion passed unanimously.

Director Weiss publicly recognized and thanked Chairman Wessels and Director Slavinski for their service to the District, stating that this is their last regular meeting. She stated that Director Slavinski was appointed by the Board of County Commissioners in 1989 and was Chairman until 2004, and that Chairman Wessels was appointed in 1999 and became Chairman in 2004. Director Huff and Chacey added that they will be missed. Director Wessels remarked that this has been the best Board she has ever served on, that no one has an agenda and everyone is truly serving their constituency. She continued that she has really enjoyed her time on the Board and appreciates all everyone has done.

Carrie Weiss reminded everyone that there would be a Special Meeting of the Board on April 26, 2010 at 5:00 pm, after which they would adjourn to a work session and have dinner in honor of

Chairman Wessels and Director Slavinski. Given the agenda items to be considered at this meeting, it was determined to begin the meeting at 4:00 pm. There being no further business to come before the Board, the meeting was adjourned at 8:10 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

PAGOSA AREA WATER AND SANITATION DISTRICT)
)
ARCHULETA COUNTY) SS
)
STATE OF COLORADO)

NOTICE OF SPECIAL MEETING AND WORK SESSION

NOTICE IS HEREBY GIVEN that a Special Meeting and Work Session of the Board of Directors of the Pagosa Area Water and Sanitation District have been scheduled for Monday, April 26, 2010, at 4:00 p.m. The Special Meeting will be held at the District's administrative offices located at 100 Lyn Avenue, Pagosa Springs, Colorado. Following the Special Meeting, the Board of Directors will adjourn to a Work Session to accommodate the attendance of the Board honoring out-going members. The Work Session will be held at Colorado Café located at 565 Village Drive, Pagosa Springs, Colorado.

Proposed Agenda is as follows:

1. Call to Order
2. Consideration of District's Strategic Plan
3. Consideration of District's Annual Report
4. Consideration of Resolution Supporting Proposal to Bureau of Reclamation WaterSMART Water and Energy Efficiency Grant Program
5. Any Other Business Brought Before the Board Will Be Duly Considered.
6. Adjourn to Work Session

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Carrie S. Weiss
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
APRIL 26, 2010 SPECIAL MEETING

Attendance

The following Directors were present: Karen Wessels, Steve Hartvigsen, Windsor Chacey, Harold Slavinski and Bob Huff. Also in attendance were: Carrie Weiss, Gene Tautges, Sheila Berger, Art Holloman, Michelle Tressler, Randi Pierce, Jodie Blankenship, Allan Bunch, and Roy Vega.

Disclosure of Potential Conflicts of Interest

Carrie Weiss had previously reported that she had filed a Disclosure of Conflict of Interest regarding her position on the San Juan Water Conservancy District Board of Directors and receiving compensation for services as Manager for the Pagosa Area Water and Sanitation District. Karen Wessels had previously submitted a Disclosure as a Board of Director for the District, as a member of the Board of Directors of the San Juan Water Conservancy District, and as owner of Alpha Engineering, where one might perceive a conflict could arise. Harold Slavinski and Windsor Chacey had previously submitted a Disclosure as a Board of Director for the District and as members of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to potential conflicts.

Call to Order

The Special Meeting of the Pagosa Area Water and Sanitation District was called to order by Chairman Karen Wessels at 4:03 p.m. on April 26, 2010.

Consideration of District's Strategic Plan

Sheila Berger provided the Directors with an overview of the Strategic Planning process and the final document, explaining that the second round of all-staff comments had been incorporated as well as comments from the Board since the April 13 Special Meeting. Director Chacey expressed that the Plan was an extremely valuable future planning tool, particularly as it focuses on the development of alternative energy and efficiency measures. Ms. Berger pointed to the final page which illustrated the timeline for implementing action steps in the Plan, stating that the staff will be quite busy in the next several months. She elaborated on the level of involvement of all staff in the Strategic Planning process, particularly regarding suggestions for action steps to resolve issues of internal communication and technical systems optimization. Director Hartvigsen suggested a wording change to Objective 1.2.

Following this discussion, the Directors turned their attention to a revised District organization chart, one of the first outcomes of the Strategic Plan. Shellie Tressler explained that it incorporated many of the staff suggestions regarding optimization of personnel systems and improved internal communication as well as incorporating succession planning and identifying training needs. She noted that this is a living document, like the Strategic Plan, and subject to change over time, but that staff had given it a lot of thought and was not only looking at existing staffing but looking forward to future District needs. Director Huff asked how quickly the seven "future" positions as noted on the organization chart were expected to be filled, to which Ms. Tressler replied over the next five years. Director Chacey pointed out that PAWSD personnel do a lot of work with a minimum amount of people.

Following the organization chart discussion, Ms. Tressler directed the Board's attention to the Board of Directors' Code of Conduct, another outgrowth of the Strategic Plan. She pointed out a couple changes that had been made since the April 13 Regular Board Meeting and explained that if something is already specifically addressed in the District By-Laws or another over-riding document, it was not included in the Code of Conduct. A motion was made by Director Chacey and seconded by Director Huff to approve the Strategic Plan with the change suggested by Director Hartvigsen, the organization chart and the Code of Conduct. The motion passed unanimously.

Carrie Weiss requested that the Board give her the authority to make salary adjustments to the modified positions where they involved increased duties, these changes to be considered at mid-year evaluations. Director Huff requested that the modifications, if made, were done within the approved salary ranges, to which Mrs. Weiss confirmed that the adjustments would be between 5-8% and that adjustments would not be applicable to all modified positions, only those with a significantly higher level of responsibility, and that she would provide the Board with an update in June during the mid-year evaluation process. She affirmed that any increases would be within budgeted parameters. A motion was made by Director Hartvigsen and seconded by Director Huff to give the District Manager the authority to make salary modifications. The motion passed unanimously.

Consideration of District's Annual Report

Carrie Weiss provided the Board with an overview of the final Annual Report to the County. She stressed that much staff and attorney time, effort, and expense had been put into responding to the County's additional 25 requests outside of a typical annual report, the total staff time being 156.5 hours and total legal time being 52 hours. Pointing to the three binders of exhibits she stated that much of the 600-plus pages of supporting documentation had already been provided to the County in their preceding other seven requests for information. She reported that a letter had been sent to the County last week indicating that PAWSD would be providing the report prior to their April 30, 2010 deadline and that we would be ready to present the report publicly at their May 4 regular meeting. She said that the County had responded that they would need more time than that to read through the report and prepare for our presentation. Mrs. Weiss informed the Board that the report would be provided to the County the following day, and that the Directors would be advised once the BoCC notifies us of a time and date to present it. Shellie Tressler stated that doing this report has made us a better organization, hopefully perceived as less defensive and more open and sharing. She opined that this document would be a basis to begin a new attitude of sharing and community involvement. Director Chacey commended the work. Mrs. Weiss pointed out that in the County's initial March 8, 2010 letter demanding this report and additional responses, the original District Service Plan was continually called into question as a basis to attack the validity of our work and planning 33 years later. Director Huff pointed out that the community of Parker, CO is building a new reservoir and although a general obligation bond was approved, so far it had been paid for entirely by growth fees. He went on to say that what the Board has done regarding Dry Gulch planning is to establish the location and purchase some of the property so that future Boards can have the opportunity to build the size of reservoir the community desires at that time.

Sheila Berger went over the redline changes in the report. Ms. Tressler pointed out that the report followed a template provided by the Colorado State Auditor's office and that future reports would be much smaller in size. The Board discussed the wording of the cover letter, also included in the final paragraph of the report. Ms. Berger presented the Board with a proposal for

the Dry Gulch Community Work Group, stating that the details would be formulated in the next week prior to the May Board meeting. Director Huff suggested that the four main decisions that would be required from the work group would be: 1. Should PAWSD be planning for storage? 2. Should the storage be at the Dry Gulch site? 3. How much storage should PAWSD plan for? 4. How should the project be paid for?

Following discussion of the Annual Report, cover letter and Dry Gulch Community Work Group, a motion was made by Director Huff and seconded by Director Slavinski to approve the Annual Report and accompanying cover letter with changes as noted, and to direct staff to continue to proceed with developing the Dry Gulch Community Work Group as proposed. The motion passed unanimously.

Consideration of Resolution Supporting Proposal to Bureau of Reclamation WaterSMART Water and Efficiency Grant Program.

Sheila Berger provided the Board with an overview of a grant proposal to the Bureau of Reclamation (BOR) for approximately \$182,000. These funds would match money that had already been budgeted for 2010 to begin implementing the Water Meter Replacement project. Specifically, the grant, if successful, would allow the District to purchase nearly 1000 more water meters programmable to 10 gallon reading increments which would greatly enhance the leak detection and water loss initiatives that have begun since installation of the Automated Meter Reading technology. A motion was made by Director Slavinski and seconded by Director Hartvigsen to adopt the resolution obligating PAWSD to the required BOR reporting and financial commitments if the WaterSMART grant is received. The motion passed unanimously.

Other Business

There being no further business to come before the Board, the meeting was adjourned at 5:48 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer

PAGOSA AREA WATER AND SANITATION DISTRICT)
)
ARCHULETA COUNTY) s.s.
)
STATE OF COLORADO)

NOTICE OF WORK SESSION, REGULAR MEETING, AND PUBLIC HEARING

NOTICE IS HEREBY GIVEN THAT a Work Session and Regular Meeting of the Board of Directors of the Pagosa Area Water and Sanitation District have been scheduled for Tuesday, May 11, 2010, at 5:30 p.m. and 6:30 p.m. respectively. The Work Session, Regular Meeting, and Public Hearing will be held at the District's administrative office located at 100 Lyn Avenue, Pagosa Springs, Colorado. The proposed Agenda is as follows:

1. Call to Order
2. Election of Officers and Consideration of Work Session(s)
3. Approval of Consent Agenda
 - Minutes – 04/12/10 and 04/26/10 Special Meetings, 04/13/10 Regular Meeting
 - Staff Report
 - Projects Update
 - Services Agreements – Browns Hill Engineering and Controls, Ross Enterprises, Computer Medics
4. Public Comment
5. Consideration of Agreement with CDOT Related to Jackson Mountain Slide Area Mitigation
6. 7:00 p.m. – Public Hearing on Amended 2009 Budget
7. Consideration of Presentation of Annual Report to the BoCC
8. Consideration of Dry Gulch Reservoir Project
 - A. Southwest Land Alliance Update and Consideration of Amended Conservation Easement Transaction Fee Agreement (Third Party)
 - B. Community Work Group
9. Consideration of Archuleta County/Pagosa Springs Joint Impact Fee Analysis
10. Discussion of Cloud Seeding Workshop
11. Any Other Business Brought Before the Board Will Be Duly Considered.

PAGOSA AREA WATER AND SANITATION DISTRICT

By /s/ Carrie S. Weiss
For the Board of Directors

SEAL

RECORD OF PROCEEDINGS
PAGOSA AREA WATER AND SANITATION DISTRICT
MAY 11, 2010 REGULAR MEETING

Attendance

The following Directors were present: Steve Hartvigsen, Windsor Chacey, Bob Huff, Allan Bunch and Roy Vega. Also in attendance were: Carrie Weiss, Gene Tautges, Sheila Berger, Art Holloman, Michelle Tressler, Bill Hudson, Jodie Blankenship, Pete Kasper, Michael Whiting, Steve Van Horn, Ernie Amos, Bruce Dryburgh, Marilyn Bunch, Chalyn Fitzgerald, Kathy Vega, Lee Vorhies, Steve Laverty, and Janet Santopietro.

Disclosure of Potential Conflicts of Interest

Carrie Weiss had previously reported that she had filed a Disclosure of Conflict of Interest regarding her position on the San Juan Water Conservancy District Board of Directors and receiving compensation for services as Manager for the Pagosa Area Water and Sanitation District. Windsor Chacey had previously submitted a Disclosure as a Board of Director for the District and as member of the Board of Directors of the San Juan Water Conservancy District. The Board noted, for the record, that these disclosures are restated at this time with the intent of fully complying with laws pertaining to potential conflicts.

Call to Order

The Regular Meeting of the Pagosa Area Water and Sanitation District was called to order by Chairman *pro temp* Steve Hartvigsen at 6:30 p.m. on May 11, 2010.

Election of Officers and Consideration of Work Session(s)

Director Huff proposed that Director Steve Hartvigsen be named Board Chairman and that Director Windsor Chacey retain her position as Secretary/Treasurer. A motion was made by Director Vega and seconded by Director Bunch to nominate Steve Hartvigsen as Board Chairman and President. The motion passed unanimously.

Following this, a nomination was made by Director Vega for Director Bunch as Vice Chairman and Vice President of the District for the remainder of his term unless he sooner vacates the office and that he be elected by acclamation. Carrie Weiss stated that she believed a Vice Chairman position was not necessary to create. Director Chacey further asked Director Vega to clarify his intent as in the past, all the Directors were *de facto* Vice Presidents, to which Director Vega responded that he did not understand how all Board members could be Vice-Presidents and also that the District Bylaws did not provide for this. He went on to add that there were numerous inconsistencies in the Bylaws and that he would recommend, at some point, that a committee be put together to review and rewrite them. Director Hartvigsen called for a vote on Director Vega's nomination. The nomination failed by a three (Hartvigsen, Chacey, Huff) to two (Vega, Bunch) vote.

Director Huff opined that it would stand the District in good stead to have more experienced Directors as officers until the Bylaws document was reviewed for inconsistencies. Director Bunch nominated Director Vega as Treasurer. There were no other nominations. The motion failed with a three-two vote. Director Chacey requested that she remain as the Secretary and Treasurer, stating that there was competent staff to support her in those roles. Director Vega clarified that he was not calling into question staff competence, but was speaking to the fact that the Board needs to be as educated as possible, that the District budget was very complicated and he felt the Board and public would be better served if it had one Board member whose job it was to fully understand the budget. Director Huff responded that there is nothing to prevent any Board member from becoming as informed as possible. A

discussion of the separation of official duties and the Bylaws ensued. Following this, Director Vega nominated Director Chacey as Secretary. The nomination failed with a three (Hartvigsen, Chacey, Huff) to two (Vega, Bunch) vote.

Director Huff nominated Director Chacey as Secretary/Treasurer for the duration of her term unless she sooner vacates the office. There were no other nominations. The nomination passed with a three (Hartvigsen, Chacey, Huff) to two (Vega, Bunch) vote.

Director Hartvigsen asked that staff review the Bylaws, note inconsistencies and bring these before the Board at their regular June meeting. Director Huff added that staff should consult with the District's attorneys. Ms. Weiss pointed out that these Bylaws had been adopted in August, 2009 after final attorney review. Director Vega stated that he did not want the attorneys to double-bill the District and did not feel it needed to go to attorneys for review but rather it should be reviewed by an ad-hoc committee assembled by the Board. A motion was made by Director Vega and seconded by Director Bunch to commit a study and rewrite of the District Bylaws to a committee composed of one member of the Board and two members of the community. Director Huff expressed that this was an internal document, and Director Chacey further expressed that a re-write of the Bylaws was the sole responsibility of the Board. The motion failed with a three (Hartvigsen, Chacey, Huff) to two (Vega, Bunch) vote.

At this point the discussion was suspended until after the Public Hearing.

Public Hearing on Amended 2009 Budget

Chairman Hartvigsen opened the Public Hearing on the Amended 2009 Budget at 7:00 p.m. Assistant Manager Shellie Tressler presented a second amendment to the 2009 Budget. She explained that the first amendment to the 2009 Budget had been due to paying off the Wells Fargo Bridge loan for the Dry Gulch property in early 2009, which at the time of the 2009 Budget adoption had been anticipated to be paid off in late 2008. She stated that the second amendment was due to receiving invoices in January and February of 2010 for Stevens Reservoir wetlands work and Highlands Lagoon Elimination project work that had occurred in late 2009 due to favorable weather conditions that allowed for further work to continue. The amended budget appropriated additional monies to be expended from the water and wastewater enterprise funds to pay for this late 2009 work. A motion was made by Director Huff and seconded by Director Vega to approve the Amended 2009 Budget. There was no further public comment or Board discussion. The motion passed unanimously. The Public Hearing was closed at 7:05 p.m.

(Continued): Election of Officers and Consideration of Work Session(s)

Director Bunch requested that the Board continue with its discussion of the Vice-President issue. A nomination was made by Director Vega for Director Bunch as Vice-President for the remainder of his term unless he sooner vacates the office. The nomination passed with a unanimous vote.

Approval of Consent Agenda

The minutes from the April 13, 2010 Regular Meeting, the April 12, 2010 Special Joint Meeting with the San Juan Water Conservancy District, and the April 26, 2010 Special Meeting, as well as other items from the Consent Agenda, were reviewed. Director Bunch noted a correction to the Conflict of Interest statements. The Directors discussed the Project Status report. A motion was made by Director Bunch and seconded by Director Huff to accept the Consent Agenda with corrections to the minutes as noted. The motion passed unanimously.

Public Comment

Pete Kasper with the Division of Water Resources introduced himself to the Board of Directors and passed out the current Sno-Tel and San Juan River gauge reports. He noted that snowmelt is approximately a month ahead of normal and that correspondingly, the San Juan River flows are above-average. He stated this early melt was a trend throughout the southwest. He also spoke about the Children's Water Festival that had occurred in Durango on May 5, the Colorado Foundation for Water Education tour that would be hosted by PAWSD and the San Juan Water Conservancy District on June 11, and the San Juan River Protection Work Group effort that was on-going. Finally, he offered his services to go over water rights.

Audience member Bruce Dryburgh requested that the Board shares more information with the audience when discussing documents that the audience does not have a copy of. Bill Hudson asked the three previous Board members to clarify who they ran against in their last election, to which the reply was that because they were unopposed, the election had been canceled.

Consideration of Agreement with CDOT Related to Jackson Mountain Slide Area Mitigation

Carrie Weiss reported that the Board did not have an agreement to consider at this meeting since it was still undergoing CDOT review and approval.

Consideration of Presentation of Annual Report to the BoCC

The Directors discussed the PAWSD 2009 Annual Report document. Director Vega stated that he reluctantly objected to the draft of the annual report that he felt in his analysis it was materially flawed and not ready for presentation to the Board of County Commissioners. Chairman Hartvigsen clarified that the annual report in final form already had been submitted to the BoCC. Carrie Weiss stated that the intent of this agenda item was not to discuss the report itself, which had been delivered, but rather how the Board felt the report should be presented. She reported that the County had proposed an evening meeting on May 24, 2010, but the time and location had not been confirmed. She asked the Board to consider a presentation by a combination of PAWSD Board members, staff and legal counsel. Chairman Hartvigsen asked to the new Board members that if there were items they could support in the annual report, that they do, and if there are items they cannot support, that they do not speak to these in front of the BoCC as this report was delivered from the previous Board. He cited a section from Robert's Rules which describe that a new Board member should not question a previous Board's decisions in public.

Director Chacey wondered why no concern about the annual report document has been made until now, to which Director Bunch replied that they did not have a copy of the report until after it had been published and delivered to the BoCC, and that this was the first opportunity the new Directors have had to comment. Director Vega suggested that the Board could move to reconsider the April 26, 2010 motion that accepted the report. He stated that he would prepare, for the edification of the PAWSD Board, a list of problems that exist in the annual report so that they understand the exposure they are inviting for a potential injunction from the BoCC because of these insufficiencies. He stated he felt the document was not studied carefully enough by the Board prior to its approval. Director Huff replied that he had read the full document twice and the Board had attorney substantiation. He suggested that Director Vega argue law with the attorneys. Director Vega replied that the issue is with the substance of the report. He stated that in his opinion, it defends an untenable position, which is that the District does not need to file an amended Service Plan. He felt the document did not adequately address the Service Plan issue and believed it had flawed conclusions.

Shellie Tressler pointed out that the attorneys hold the position that the state statute is not specific on the exact requirements to amend a service plan, and that the attorneys' position is that the District is not in

violation of the Service Plan. Director Vega replied that the attorneys are not responsible for running the District. He stated that it is clear that the County government has a duty to act if it feels its citizens are in jeopardy due to what a Special District is doing. Director Vega recommended that a letter be sent to the BoCC asking for a revision to the Service Plan. Director Huff replied that he would like to hear from the BoCC after the May 24 presentation, and if the BoCC has further concerns or wish a revision of the Service Plan, that the PAWSD Board waits to receive that direction directly from them.

Discussion ensued regarding the role of the District attorneys. Director Vega stated that a perceived weakness of the previous Board was that it referred anything requiring ardent thinking to its attorneys. Resentment was expressed by Directors Chacey and Huff that Director Vega was insinuating the previous Board abrogated its duty by using attorneys. Chairman Hartvigsen brought the discussion back to the question of the format for the annual report presentation. Director Bunch stated he did not believe the District should have an attorney there, to which Director Huff strongly disagreed. Director Vega stated that if the document cannot be defended by this Board without an attorney then it has no business going before the BoCC. Chairman Hartvigsen remarked that having an attorney was not intended to present an adversarial position but rather it was appropriate to have someone who could interpret legal statutes. A motion was made by Director Vega and seconded by Director Bunch to not bring legal counsel to the presentation of the annual report to the BoCC. The motion failed with a three-two vote. Director Vega expressed embarrassment by the inability of the Directors to represent themselves without an attorney. A motion was made by Director Vega and seconded by Director Bunch to have a report provided to the Board of the full cost to have an attorney at the annual report presentation. The motion passed unanimously.

Ms. Weiss requested clarification from the Board members on their desired level of participation in the presentation. The directors agreed by consensus that they should each have the opportunity for a five minute part in the presentation to present their perspective, and directed staff to organize the presentation as such.

Consideration of Dry Gulch Reservoir Project

A. Southwest Land Alliance Update and Consideration of Amended Conservation Easement Transaction Fee Agreement (Third Party)

Michael Whiting, Executive Director for the Southwest Land Alliance, addressed the Board. He stated that he is resigning his position with the Southwest Land Alliance (SLA) and as part of this transition, the SLA Board is reviewing all contracts and agreements. Therefore, he did not have an amended conservation easement transaction fee agreement for the PAWSD Board to consider. He suggested that the Board rely upon his integrity to complete the Dry Gulch property project. Absent of an agreement for the Board to consider, he stated he was there to provide a status report and explore if the new Board members had any questions. Mr. Whiting then presented a project background and a status report. He reported that the water districts and the Laverty family have been in negotiations on a conservation easement for three-quarters of a year. He explained that the SLA Board was not prepared to execute an amended transaction fee agreement until they understood what Mr. Whiting understood. He questioned if a service agreement was needed to proceed, since the SLA Board would not be willing to sign it immediately. He reported that a Sample Deed of Conservation Easement for Laverty Ranch had recently been provided to the District and counsel. Ms. Weiss informed the Directors that she had not provided a copy to them yet in anticipation of first acknowledging comments from counsel.

Director Vega asked if the pending Trout Unlimited litigation had any bearing on the negotiations, to which Mr. Whiting responded no. Director Vega asked what difference it would make to the negotiations if the PAWSD Board withdrew from the agreement with SLA, to which Mr. Whiting

responded it would make no difference. Director Vega asked what legal expenses were being incurred by PAWSD as a result of participating in these negotiations, to which Carrie Weiss responded several thousands of dollars. Bill Hudson asked if the community consensus decides that a small reservoir is desired, will PAWSD need the Lavery property? Director Huff responded that the Lavery acquisition is a long-term plan and that having a conservation easement in place provides future Boards and the community the possibility to meet future needs regardless of what the community determines is the short-term need. Director Vega stated his feeling that it is a misappropriation of taxpayer money to spend money on legal counsel if PAWSD does not need to be part of the negotiations. Director Chacey asked Director Vega why he believed it was not PAWSD's responsibility to store water, to which Director Vega responded that he felt it was totally the responsibility of the San Juan Water Conservancy District to store water at the Dry Gulch location. Chairman Hartvigsen responded that the Board is most of the way there and he couldn't see moving backward at this point. Gene Tautges pointed out that a future Dry Gulch reservoir will be the raw water supply for PAWSD customers.

Ms. Weiss asked if the District should continue to work through Mr. Whiting, to which Mr. Whiting responded in the affirmative. Ms. Weiss asked if he anticipated submitting a fall Great Outdoors Colorado (GOCO) grant application, to which Mr. Whiting responded that that could be possible if everything is lined up. Ms. Weiss reported that the San Juan Water Conservancy District, in their previous day's regular meeting, had directed Ernie Amos and the PAWSD Chairman to meet with Michael Whiting. She asked Mr. Whiting about his availability to attend a June 14, 2010 4:00 p.m. special joint meeting between PAWSD and the SJWCD. Mr. Whiting confirmed that he would be there. Ms. Weiss requested a progress report from Mr. Whiting for that meeting.

B. Community Work Group

The Directors discussed the Dry Gulch Community Work Group desired outcomes and intent. Director Vega expressed displeasure that it seemed the workgroup was being developed with a narrow focus limited to studying the question of the size for the reservoir rather than a broader focus as stated in the minutes of the April 26, 2010 meeting where the Board approved the work group concept. Sheila Berger claimed responsibility for the poor communication of intent, stating that she did not mean to be disingenuous and that the intent was the broader focus as reflected accurately in the minutes of that meeting. A motion was made by Director Vega and seconded by Director Bunch to rescind the motion from April 26, 2010 that created the Dry Gulch Community Work Group. The motion failed with a three to two vote. A motion was made by Director Huff and seconded by Director Vega that the four points of discussion as stated in the April 26, 2010 minutes, as well as a fifth point of consideration for alternative mechanisms for water storage, comprise the beginning points of discussion for the Dry Gulch Community Work Group. The motion carried unanimously with Director Chacey abstaining.

The Directors discussed the facilitator for the work group. Sheila Berger provided a synopsis of three candidates. Director Vega suggested that the District advertise for a facilitator locally prior to making a decision. The directors discussed the pros and cons of the expense and experience of a neutral facilitator. A motion was made by Director Huff and seconded by Director Chacey to engage Maro Zagoras as the facilitator for the Dry Gulch Community Work Group and direct Sheila Berger to work with her to begin the project. The motion passed with a four (Hartvigsen, Chacey, Huff, Bunch) to one (Vega) vote.

Consideration of Archuleta County/Pagosa Springs Joint Impact Fee Analysis

Carrie Weiss reported that the final EPS study ignored the January 20, 2010 letter and corrections from the water districts. She requested that the Board take action at this meeting on a response. Director Vega stated that he had read the January letter and felt that if the Districts' issues had validity, the concerns should have been quantified. He further stated that no legal theories were propounded and therefore it

would be a waste of money to have an attorney respond. Ms. Weiss confirmed that the SJWCD had directed its attorney to write a response letter to EPS, the County, Town and the Department of Local Affairs (DOLA) who provided financial assistance with the study. Chairman Hartvigsen pointed out that the January letter did in fact quantify the water districts' concerns and because EPS did not respond in its final report, it led one to believe that they had completely ignored the letter. Ms. Weiss suggested that it was appropriate for staff to write a letter expressing PAWSD's concerns. Director Bunch added that the letter should ask why EPS did not respond to any of the concerns in the January letter. A motion was made by Director Vega and seconded by Director Bunch to direct Carrie Weiss to send a letter to EPS reiterating the District's concerns and requesting a response to the January 20, 2010 letter. The motion passed unanimously.

Discussion of Cloud Seeding Workshop

Carrie Weiss reported that there would be a cloud seeding workshop held in the PAWSD meeting room on July 12 from 2 to 4 P.M. Director Vega asked what the PAWSD financial commitment was for "stand-by," to which Shellie Tressler reported it had been \$2500 the previous winter.

Other Business

Carrie Weiss provided the Directors with information on the San Juan River Protection Work Group.

Ms. Weiss reported that any Board member interested in participating in the Colorado Foundation for Water Education tour June 9-11 needed to let her know so she could register them by May 24. She said that because the District and the SJWCD were participating in hosting the tour, they had one free spot. She asked for Board consensus to send Director Chacey, since she could represent both Districts. The Board so consented. She stated that the District would be hosting a BBQ for the tour in Centennial Park on June 11 from 11:30 to 1:00 P.M., and she encouraged all Board members to attend stating she needed a head count by June 1.

Ms. Weiss requested a change in the June regular meeting date from June 8 to either June 7 or June 15 in order to accommodate the schedule of auditor Karla Clark and her report of 2009 financial statements. The date of June 15, 2010 was set.

Ms. Weiss suggested that work sessions to review certain policies, budget, strategic plan, etc. (as has been done in previous years) would be advantageous particularly to the new Directors. Directors Vega and Bunch did not feel it necessary to meet for such reviews.

Sheila Berger provided the Directors with a brief overview of some of the upcoming public outreach events, such as the Home and Garden Show and the library summer reading programs.

Director Vega requested that a discussion of the Service Plan be on the June meeting agenda.

There being no further business to come before the Board, the meeting was adjourned at 11:00 p.m.

Respectfully submitted,

Windsor Chacey
Secretary/Treasurer